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BOARD OF TRUSTEES
MIAMI UNIVERSITY
Minutes of the Finance and Audit Committee Meeting
December 13, 2018
Room 180-6, Marcum Conference Center

The Finance and Audit Committee of the Miami University Board of Trustees met on December 13, 2018 in Marcum Conference Center, on the Oxford campus. The meeting was called to order by Committee Chair John Altman at 1:30 p.m., with a majority of members present, constituting a quorum. Roll was called; attending with Chair Altman, were Committee members; Trustees Jagdish Bhati, David Budig, Sandra Collins, Mark Ridenour, and Rod Robinson; and National Trustees Michael Armstrong, and Robert Coletti. Also attending were Trustees Thomas Gunlock, Zachary Haines, John Pascoe, and Robert Shroder, along with National Trustees Terry Hershey and Diane Perlmutter, and Student Trustee Megan Cremeans.

In addition to the Trustees, David Creamer, Senior Vice President for Finance and Business Services, and Treasurer; Phyllis Callahan, Provost and Executive Vice President; Tom Herbert, Senior Vice President for Advancement; Michael Kabbaz, Senior Vice President for Enrollment Management and Student Success; Vice Presidents Jayne Brownell, David Seidl, and Michele Sparks; and Robin Parker, General Counsel; were present. Also present to address or assist the Committee were; David Ellis, Associate Vice President for Budgeting and Analysis; Representatives from the external auditors, RSM US, Cody Powell, Associate Vice President for Facilities Planning and Operations; Bruce Guiot, Chief Investment Officer; Gary Cornett, Controller; Barbara Jena, Chief Audit Officer; and Ted Pickerill, Executive Assistant to the President, and Secretary to the Board of Trustees; along with many members of the Miami University community present to observe or assist.

Executive Session

Trustee Bhati moved, Trustee Budig seconded and by roll call vote the Committee entered Executive Session to discuss the purchase or sale of property, and to consult with counsel, per the Ohio Open Meetings Act.

Following Executive Session, the Committee entered the Public Session.

Public Business Session

Approval of the Minutes

Trustee Robinson moved, Trustee Armstrong 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 from independent auditors RSM US LLP addressed the Committee. He stated the audit went well, just as it has in years past. He provided an overview of the report, including disclosures, such as GASB 75, and the introduction of a proportionate share of unfunded healthcare liability. He informed the Committee that no disagreements with management, and no significant difficulties were encountered.

The Committee waived the opportunity for a private meeting.

The Fiscal Year 2018 Financial Reports from the University, and the Foundation, along with RSM's report to the University, are included as Attachment A.

Construction and Capital Projects

Associate Vice President Cody Powell updated the Committee on major construction and renovation projects. He relayed that the major projects are making good progress, are on time, and on budget.

He highlighted the renovation of Glos House, which will be used by Advancement, stating it is on schedule for a February 2019 move-in.

MacCracken, Richard and Porter residence halls are on schedule for completion before next academic year. During the next year, Stanton Hall is planned for renovation, and Dodds Hall may also be advanced a year, and begin renovation in FY2020, instead of FY2021. Funding for these planned renovations will be drawn from reserves, rather than issuing additional bond issues.

Residence Halls currently planned for eventual deconstruction or an alternative use, rather than renovation, include Wells, Thompson, McKee, and Miami Inn Halls.

Pearson Phase II should be complete by August 2020. The South Chiller water tank should be in service by June 2019, with full project completion by December 2019. And Shriver Center Phase III will be complete before the end of calendar year 2018.

SVP Powell's presentation and materials are included as Attachment B.

Budget Planning

Senior Vice President Creamer provided an overview of why a budget problem is looming – stating the budget concerns are not due to short-term misalignments, but to micro and macro-economic changes. Many issues are contributing to these changes, some include:

All consumers are placing greater importance on affordability

The high cost of a residential experience makes Miami one of the most expensive public universities in the nation

Miami is the second most tuition dependent public university in the nation

Major demographic changes are occurring in Miami's primary recruitment areas – Ohio, the Midwest, and the Northeast

A weakening non-resident application trend and declining yield rate

Declining interest by international students in enrolling at a U.S. university

A rapid rise in the tuition discount rate; the total undergraduate cohort scholarship cost has grown from $10 million in FY 2010 to an estimated $92 million for FY 2020

Increased competition not only from new providers, but also from flagship universities seeking to grow their enrollment

Faster changes in the majors and programs students are choosing to study today, which can influence where a student enrolls

Greater focus on career-oriented fields and reduced interest in traditional fields of study

Rapid technological change is impacting fields of study and research, as well as how students learn and how education can be delivered

Increased financial pressures on state budgets that are likely to be worse in future years

State funding that is about 9% less than it was in fiscal year 2001; and

Greater competition for university employees leading to higher salaries and wages, and rising health care costs

He then reviewed the trend in Net Instructional Fee Revenue (NTR) for first-time Oxford students. While annual NTR generally rose from FY2014 to FY2018, projections are for it to now decline nearly $5 million to a final FY2019 level which is less than in FY2015. During this same time period, he also displayed a graph of the growth in annual financial aid costs, which have risen from $45 million per year in FY2014 to over $77 million in FY2018, with growth projected to continue to $92 million in FY2020.

SVP Creamer next presented optimistic and pessimistic budget model projections for Oxford and the Regional campuses which showed that new programs and initiatives are vital to securing Miami's future. Please see Attachment C for graphs of the model projections.

He concluded with an overview of the trends in administrative permanent staff salary expenditures.

The Committee discussed the danger in waiting to take action until a crisis had begun, especially because it is difficult for higher education organizations to change quickly, and because new resources, investment and time will be needed for successful execution.

A resolution on strategic direction was then proposed. Trustee Bhati moved to recommend approval by the full Board of Trustees, Trustee Ridenour seconded, and by unanimous voice vote, the Committee recommended approval by the full Board of Trustees.

Associated materials are included as Attachment C.

Strategic Direction And
Budget Plan
Resolution R2019-14

WHEREAS, every college and university is facing profound change and, in order to flourish, must identify solutions to a plethora of issues and problems; and

WHEREAS, as Miami University's faculty and staff commence the preparation of a new strategic plan that will guide the University during the next decade, the Board of Trustees desires to provide guidance to the strategic planning steering committee to help ensure the resulting plan is consistent with the needs of Ohio and will sufficiently address the challenges the University is facing; and

WHEREAS, the Board of Trustees also seeks to ensure that the University remain in a strong financial position to be able to invest in the priorities identified in the new strategic plan; and

WHEREAS, affordability is the greatest challenge confronting public higher education today but other issues include: major demographic shifts as the population ages and migrates southward, westward and to urban centers; declining numbers of U.S. high school graduates especially in the Midwest and Northeast; significant uncertainty regarding future international enrollment; greater financial need by today's enrolling students with even more financial need likely for future students as we work to correct disparity in college participation rates; concerns about the value of a college education given its high cost versus slower salary and wage growth for graduates; increased emphasis on career opportunities
by prospective students in evaluating both the institution and selected majors; increased interest in new disciplines and careers while demand for some traditional degree programs decline; employer and political leaders' concerns about recent graduates' preparedness and the gap between today's economic needs and the graduates higher education is producing; the impact of rapid technological change on the creation of new areas of study and research, as well as on how students learn and how education could be delivered; increased competition from new education providers as well as from flagship universities needing to grow in response to mounting budget pressures; and increased expectations from state legislatures and governors even as state appropriations regularly decline and are unlikely to keep pace with inflation going forward; and

WHEREAS, Miami University through the successful implementation of the Strategic Priorities Task Force recommendations enhanced its quality and reputation during a decade when many universities experienced unending financial challenges, diminished student interest and questions about the value they offer; and

WHEREAS, in a period when higher education is facing unrelenting change, the accomplishments brought about by the Strategic Priorities Task Force aren't sufficient to sustain Miami into the future and Miami must learn to continuously adapt to the changing needs and demands of the 21st century;

NOW, THEREFORE BE IT RESOLVED, that, in order to address the profound and dynamic changes facing higher education, the Board of Trustees views it as imperative that the University, through the new strategic plan: become more affordable for future students through improved productivity throughout all operations of the University; identify scholarships as the highest priority for the new comprehensive campaign; adapt all levels of its academic programs and degrees faster in the future in response to emerging societal needs and diminished interest in some programs; ensure academic departments prioritize innovation in teaching and learning outcomes in the allocation of faculty time in order for Miami to continue to be recognized as one of the premier undergraduate universities in the nation and achieve breakthroughs in teaching that lead to improved learning outcomes for students and greater efficiency in the delivery of academic programs; and ensure greater integration occurs between the curricular, co-curricular and career experiences of students that lead to improved graduation rates, enhanced leadership development, and improved student success beyond graduation; and

BE IT FURTHER RESOLVED, that the Board of Trustees directs the President and the Senior Vice President for Finance and Business Services to develop a detailed five year plan to be presented at the February meeting of the Board of Trustees that fully addresses the anticipated budget challenges during the new decade, accomplishes the priorities identified by the Board of Trustees in this resolution, provides for sufficient investment in the priorities identified in the new strategic plan, and prioritizes for faculty and staff annual salary improvements; and

BE IT FURTHER RESOLVED, that the objectives and goals outlined in this resolution are only the beginning of a difficult journey for Miami University that will require constant adjustment in a rapidly changing world. However, by beginning the journey from the positive position created in the previous decade by the outstanding accomplishments of the University's faculty and staff, there is reason for optimism that we will look back at the end of the next decade and find Miami University has both a stronger reputation and greater financial stability.

The resolution is also included as Attachment D.

Scholarship Needs and Fundraising
Advancement

Senior Vice President Herbert began by discussing scholarships, specifically scholarships available to incoming, first-year students. Such scholarships provide better financial planning to families, and assist in recruiting top students to Miami. He explained that one step to increase first-year student scholarships, is to repurpose existing scholarships currently applied to upper-level students to incoming students (while continuing to honor donor intentions). Approximately $2 million annually could be repurposed for this use.

Also study abroad scholarships could be awarded in a manner such that incoming students could be informed of the award of study aboard aid with their initial financial aid letter – providing additional financial planning for the family, and aiding in recruitment.

He then looked forward to new scholarships, proving historic information on gift levels, endowments, and expendable cash available. He explained that most large scholarship gifts are bequests, and that to increase cash immediately received would require a shift in the focus of development officers from planned giving to increasing the number of cash-based gifts received, which are typically smaller gifts. He stated such a shift to increase the annual cash flow for scholarships would impact other priorities, and might also require an extension of the timeframe for the campaign.

There was discussion on how this is not a shift to increase the role of scholarships in the campaign – scholarships have been a primary focus of the campaign from the very beginning - rather it was a discussion on how to increase or accelerate the receipt of cash, so that scholarships may actually be awarded sooner. There was also discussion that rather than reducing planned gift efforts, opportunities to shift known bequests to include scholarship components could be pursued.

The presentation is included as Attachment E.

Scholarship Needs and Fundraising
EMSS

Senior Vice President Kabbaz approached the topic from a marketing perspective of “price, product, and promotion”. Stating Miami is in a “Brand Arms Race” with peer institutions in an increasingly competitive market.

He reiterated that the demographics in the market are shrinking, with decreasing numbers of high school graduates each year in Ohio, the Midwest and the Northeast.

He stated that price is a vulnerability and that even with increased scholarships offered, the yield has decreased. When asked, students who were admitted but did not select Miami, stated their number one reason as to why, were the scholarship offers.

For product, Miami has a product many students desire, and the number one, most important reason students select a university is academic reputation. Therefore it is important that academic quality not be eroded, and one proxy to measure such quality is the academic profile of each entering class.

With the trend being increased scholarship costs to maintain the same entering ACT average, there is a need to prioritize the features of the incoming class profile to balance net tuition revenue with scholarship offers and the profile.

He stated that in recruiting students and their evaluation of Miami's "product," potential students do not view majors through a prism of academic divisions, but rather through clusters areas, such as Health and Data Analytics.

For the future he stated that Miami needs to recruit to the brand of the institution - a residential experience second to none. To market academic clusters rather than divisions; to leverage faculty experts as what makes Miami unique; and to overhaul the website.

The Committee discussed the topic, with it being noted that Miami must offer Academic programs which align with the desires of the market. And that Miami cannot strive to be all things to all people, rather Miami must identify, support, and feature its premier "cathedrals".

The presentation is included as Attachment F.

Year to Date Operating Results

Senior Vice President Creamer then focused on year-to-date operating results. He reported that the results to date are consistent with the report made in September. He added that for the past several years, Miami has benefited from healthcare costs which have grown only modestly, year-to-year; however, thus far this year, the healthcare cost increase is trending towards double digit annual growth. He also added that given the recent market performance, a loss in the value of the endowment and non-endowment are likely.

SVP Creamer's presentation is included as Attachment G.

Annual Efficiency Report

Senior Vice President Creamer stated that the Efficiency Report, as discussed with the Committee in September, has already been submitted to State, and the proposed resolution documents the submission and the Board's acceptance of the report.

Trustee Ridenour then moved to recommend approval by the full Board of Trustees, Trustee Budig seconded, and by unanimous voice vote, the Committee recommended approval by the full Board of Trustees.

The resolution is included as Attachment H.

Farmer School of Business PMBA Tuition.

Senior Vice President Creamer spoke in support of the ordinance, explaining that it will maintain the current tuition level for the third consecutive year. Trustee Ridenour then moved to recommend approval by the full Board of Trustees, Trustee Budig seconded, and by unanimous voice vote, the Committee recommended approval.

The ordinance is included as Attachment I.

Practice Standards

Bruce Guiot explained that the revision to the practice standards was to update practices which were put in place in 2005, to meet Sarbans/Oxley requirements.

Trustee Budig then moved to recommend approval by the full Board of Trustees, Trustee Armstrong seconded, and by unanimous voice vote, the Committee recommended approval.

The resolution is included as Attachment J.

Update on Non-Endowment Transition

Bruce Guiot updated the Committee on the transfer of the non-endowment funds to Strategic Investment Group identified investments. The total for operating cash, long-term capital and core cash is approximately $700 million. To date, approximately 80% of the long-term capital has been transitioned.

PNC Bank

Bruce Guiot took the opportunity to also inform the Committee of a recent national topic of interest, regarding the practice of many university-associated banks to charge large fees of their depositors, normally students. He stated that Miami's partner bank, PNC, charges only very reasonable fees, and that the average depositors pays no fees at all (median = $0). And, of Miami's payments from PNC, they are exclusively used for student scholarships.

Forward Agenda

Trustee Altman returned to the Strategic Direction resolution, reiterating that at the February meeting the Senior Vice President for Finance and Business Services will present a detailed five year plan that fully addresses the anticipated budget challenges during the new decade, accomplishes the priorities identified by the Board of Trustees in the resolution, provides for sufficient investment in the priorities identified in the new strategic plan, and prioritizes for faculty and staff annual salary improvements.

Trustee Altman also commented on this being his final meeting as the Chair, and of how beneficial it had been for him to rely heavily upon those who had previously served as Chair, a practice which he recommended should continue.

Additional Reports

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

Cash and Investments, Attachment K
Internal Audit Reporting Update, Attachment L
Lean Project Update, Attachment M

Adjournment

With no more business to come before the Committee, following a motion by Trustee Ridenour, a second by Trustee Budig, and unanimous voice vote, with all in favor, and none opposed, the Committee adjourned at 4:30 p.m.

Theodore O. Pickerill II
Secretary to the Board of Trustees

Miami University

Report to the Finance and Audit Committee
December 13, 2018

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December 13, 2018

Finance and Audit Committee
Miami University
Oxford, OH

We are pleased to present this report related to our audit of the financial statements of Miami University (the University) as of and for the year ended June 30, 2018. 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

Contents

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 April 27, 2018. 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 dated April 27, 2018 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.
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. The University adopted Government Accounting Standards Board (GASB) 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). The adoption of GASB Statement No. 75, as illustrated in Note 9, had a significant impact on the University's financial statements. The University also adopted a number of other GASB pronouncements in the current year as illustrated in Note 1 of the financial report, however, these did not have a material impact on the financial statements for the year ending June 30, 2018. **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	An audit adjustment, other than those that are clearly trivial, proposed by us and recorded by Miami University are shown in the attached Summary of Recorded Audit Adjustments.

Area	Comments
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatement that are clearly trivial.
Departure From the Auditor's Standard Report	As discussed in Note 9 to the basic financial statements, the University adopted GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* and we have included an Emphasis of Matter paragraph in the Independent Auditor's Report relating to the implementation of GASB No. 75. Our opinion is not modified with respect to this matter.
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.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed 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, 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, 2018.
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.

Summary of Significant Accounting Estimates

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, 2018 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.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
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.
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, 2018 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 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.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Other Post-Employment Benefits (OPEB)	The University has two other post-employment benefit 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 OPEB liability and its components, based on the percentage of contributions to the post-employment benefit plans compared to other participating employers in the respective post-employment benefit plans.	Management relies on STRS and OPERS actuaries to determine the University's net OPEB liability and OPEB expense. Management records the University's proportionate share in the financial statements.	We tested the payroll 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

Summary of Recorded Audit Adjustments

	Effect - Debit (Credit)					
	Assets					
Description	Pledges Receivable	Funds Held in Trust	Liabilities	Net Position	Revenue	Expense
To adjust pledges receivable and funds held in trust for externally managed fund	$ (1,765,786)	$ 1,945,703	$ -	$ (179,917)	$ (179,917)	$ -
Total Statement of Revenues, Expenses, and Changes in Net Position effect					$ (179,917)	$ -
Statement of Net Position effect	$ (1,765,786)	$ 1,945,703	$ -	$ (179,917)		

Exhibit A—Significant Written Communications Between Management and Our Firm

Senior Vice President for Finance and Business Services

MIAMI UNIVERSITY

ROUDEBUSH HALL ROOM 218
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(513) 529-4226

October 15, 2018

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

This representation letter is provided in connection with your audit of the basic financial statements of Miami University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2018 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

We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 27, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

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.

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

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.

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 15, 2018
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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.

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

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.

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.

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.

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

Information Provided

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 Finance and Audit Committee.

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

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.

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.

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, regulators or others.

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

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.

RSM US LLP
October 15, 2018
Page 3

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.

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

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

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

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

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, 2018 and we believe all applicable controls are in place as of June 30, 2018.

The University has outstanding commitments for future contractual obligations for capital expenditures of approximately $114.7 million at June 30, 2018.

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 of 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 that management:

Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

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

Disclosed no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

Disclosed no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts

Disclosed no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements

Is responsible 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.

Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

Has a process to track the status of audit findings and recommendations.

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October 15, 2018
Page 4

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

The University has complied, in all material respects with the 2018 Ohio Compliance Supplement.

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:

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

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.

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 University 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 in existence prior to December 26, 2014, as well as for funding increments and new awards obtained after that date.

Management has prepared the schedule of expenditures of federal awards in accordance with the 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.

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

Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program. Management has further identified each award resulting from programs in existence prior to December 26, 2014 and funding increments or new awards obtained after that date.

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.

Management has disclosed to the auditor there are no amounts questioned nor any known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

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

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.

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

RSM US LLP
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Management has disclosed to the auditor any communications from federal awarding agencies 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.

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.

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

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.

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

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

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.

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.

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

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

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

The reporting package does not contain protected personally identifiable information.

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

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

Management has disclosed to the auditor there are no communications from service organizations relating to noncompliance at those organizations.

We did participate in CFDA 19.009 – Academic Exchange Programs – Undergraduate Programs, CFDA 45.025 – Promotion of the Arts Partnership Agreements, CFDA 47.049 – Mathematical and Physical Sciences, CFDA 47.074 – Biological Sciences, CFDA 45.162 – Promotion of the Humanities Teaching and Learning Resources and Curriculum Development and CFDA 84.367B – Supporting Effective Instruction State Grants, which were not previously listed in the preliminary schedule of expenditures of federal awards.

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October 15, 2018
Page 6

Supplementary Information

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.

We believe such information, including its form and content, is fairly presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.

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

With respect to the management discussion and analysis, pension plan and OPEB plan information presented 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.

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.

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

The information required as part of the implementation of GASB 75 is complete and accurate.

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

Gary Cornett

Mr. Gary Cornett
Controller

Business
Session Item 2

2018

Financial Report

MIAMI UNIVERSITY

OXFORD, OH • EST. 1809

Senior Vice President for Finance and Business Services

MIAMI UNIVERSITY

ROUDEBUSH HALL ROOM 218
OXFORD, OH 45056-3653
(513) 529-4226

Treasurer's Report

Financial Highlights

For the ninth consecutive year, the University reported positive financial results. For fiscal year 2017-18, the improved financial position is reflected in total assets, which rose 3.4 percent to a total of $2.32 billion. Net position increased by $83.7 million.

Operating revenues improved once again increasing by $7.14 million or 1.32 percent largely due to modest enrollment growth and resulting increases in tuition and room and board revenues. Investment portfolios posted a positive return of 3.0 percent resulting in net investment income of $ 29.8 million for the year. Total revenues from all sources increased from the prior year by 3.2 percent or $22.7 million. The overall decrease in operating expenses of $78.4 million or 13.08 percent resulted from an increase of 2.11 percent in Miami-funded scholarships and fellowships and a 3.0 percent salary increase for faculty and staff and offset by a $97.7 million decrease in pension expense due to changes in actuarial assumptions.

Future Outlook and Challenges

The higher education landscape continues to be influenced by disruptive forces resulting from technological change, the national conversation regarding affordability and efficiency, and economic and demographic issues. In Ohio, the issues mirror those of much of the nation.

The focus of the Ohio General Assembly continues to be on improving affordability and graduation rates at Ohio's public colleges and universities. Ohio's demographic trends are a barrier to both Miami's goal of growing its enrollment and Ohio's desire to increase the number of Ohio residents with a college degree as the number of high school graduates in Ohio continues to decline. Similar declines in high school graduation numbers in the surrounding states and the northeastern United States also negatively impact Miami's Oxford Campus as these regions have historically contributed students to Miami's incoming freshmen classes.

Ohio's demographic trends are also expected to negatively affect future state support for higher education as the proportion of the state's population in the workforce declines and the aged population increases the demand on state programs like Medicaid. The immediate outlook for state funding for higher education in Ohio is also unclear as Ohio will have a new governor for the first time in eight years. And as a result of term limits, will likely experience significant changes in the representation in the Ohio General Assembly. Miami's state funding for 2019 in nominal dollars is about 8 percent below what it received in 2001.

Fiscal year 2019 will mark the third year of President Crawford's presidential tenure at Miami and bring a focus on developing a new strategic plan for the University. In anticipation of the new strategic plan and in response to the rapid change confronting higher education, President Crawford announced in 2018 the creation of a strategic investment fund totaling $50 million. The fund will be used to make investments in already strong academic programs with the intent of building a greater national profile for the program and in new areas where technological and economic changes suggest that enrollment interest in these degree programs or certificates is likely to increase in the future. Some program targets that have already been identified include health professions, entrepreneurship, and data analytics. The strategic planning process will be used to further refine these strategies as well as introduce additional strategies.

Higher education across the nation continues to experience rapid change in contrast to much of its history. Technological change is not only creating the need for new academic disciplines and degree programs but impacting delivery systems and introducing greater competition in an already highly competitive industry. Public accountability for the high cost of tuition and rising student debt continue to influence the national conversation and state legislative policies negatively affecting revenue growth. But Miami's strong commitment to undergraduate teaching, the 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 it well to respond to these challenges and to maintain its financial performance in the face of transformational change.

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, 2018

INVESTMENT POOLS

Total investment assets for Miami University and Miami University Foundation approached $1.2 billion at fiscal year-end, up from $1.1 billion the previous year. The Pooled Investment Fund, the combined University and Foundation endowment, grew assets to $534.7 million from $512.4 million. The fiscal year-end asset values among the pools are as follows:

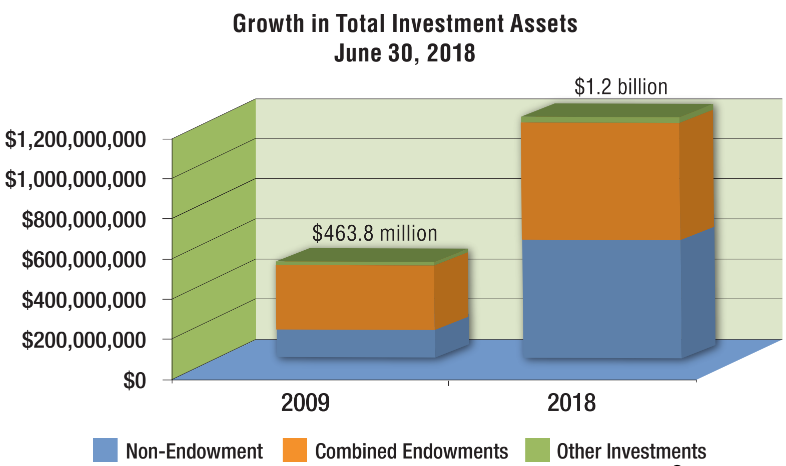
Pool	Type of Funds	Invested as of June 30, 2018
University Non-Endowment	Working capital and cash reserves to support operating activities	$628,584,000
Pooled Investment Fund (University & Foundation Endowments)	Funds donated to the University and the Foundation to establish endowments in perpetuity	$534,686,000
Trusts, Annuities, and Separately Invested Assets	Gifts managed independently of the pooled funds	$ 25,032,000
Total Investments		**$1,188,302,000**

As Miami's leadership contemplates its future fundraising plans and anticipated growth, an abundance of thoughtful consideration has been given to the appropriate governance structure, infrastructure, and resource allocation necessary to ensure impeccable management and stewardship. One outcome of this comprehensive planning process was the decision to retain a firm which has been granted discretionary portfolio decision making authority over both the Pooled Investment Fund and the non-endowment pool. Strategic Investment Group (SIG) was selected by the boards of both the University and the Foundation after an exhaustive national search process. SIG, based in Arlington, VA, was founded in 1987 and manages over $29 billion for 29 discretionary relationships with a team of 43 investment professionals. As part of this process, a new master custody platform was established to hold all investment assets, an extensive asset allocation and risk review was conducted, and new investment policy statements were adopted. These arrangements and transitions were implemented during the spring of 2018. As a result, the investment allocation and manager roster of both pools ended the fiscal year poised to be strategically restructured during the first half of the new fiscal year.

The Miami University Foundation's Investment Committee provides governance oversight to the Pooled Investment Fund, the unified endowment pool for the University and the Foundation, while the University Board of Trustees maintains oversight of the non-endowment pool.

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. As the size of this pool has grown, the long-term portion of the pool is increasingly invested similar to the endowment, except for the exclusion of less liquid asset classes.

The Pooled Investment Fund 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 understanding 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 generations. The investment policy governing the endowment pool recognizes that the portfolio can tolerate year-to-year fluctuations in returns 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 time periods.



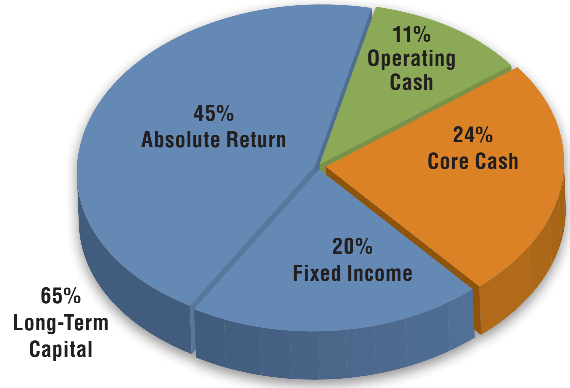
The University and Foundation also hold assets given by donors in the form of trusts, annuities, insurance policies, real estate, and other assets. These funds are managed separately from the endowment pool.

Over the last decade, total investment assets have more than doubled. The non-endowment pool has more than quadrupled, while the endowment has grown in size by 71 percent. At June 30, 2009, market values were just starting to recover from the trough in March of 2009 as the economy struggled to climb out of the recession. Over the subsequent nine years, which now marks the second longest economic recovery on record in U.S. history, we grew the size of the non-endowment through prudent fiscal discipline, modest enrollment growth, and wise leadership of our trustees and directors. Concurrently, unprecedented stimulus by global economic policy makers that helped drive a recovery in capital markets and the enthusiastic support of our alumni and friends have pushed the endowment pool to new heights.

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. At fiscal year-end, it was invested in a mix of longer maturity debt securities and absolute return hedged strategies.

Miami University Non-Endowment Asset Allocation June 30, 2018

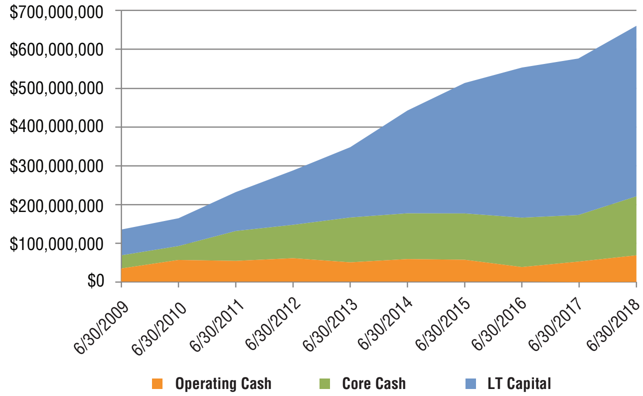


Cash flow generation was again strong for the University due to the large incoming first year class of students. Overall, the mix among categories was steady, with operating cash ending the year higher than previous years in anticipation of changes that will be implemented under the new investment policy. One rebalancing action was taken during the year which resulted in $20 million being reallocated from operating cash to core cash. In addition, $1.5 million in new quasi-endowments were created. No managers were liquidated. Looking ahead, the new investment policy adopted by the board will preserve the three categories of this pool, but reduce the weight to core cash. Furthermore, the investment mix within the long-term capital segment will be invested in a well-diversified portfolio with an endowment-like mandate that excludes illiquid investments.

Pooled Investment Fund
Investment Policy Target Allocation, Ranges, & Benchmarks

Asset Class	Policy Target Allocation / Benchmark Weight	Policy Ranges Min	Policy Ranges Max	Benchmark Index
Equities	**40%**	**-10%**	**+10%**	
U.S. Equities	16%	-10%	+10%	*Russell 3000 Index*
Developed Non-U.S. Equities	12%	-10%	+10%	*MSCI World ex-US Investible Market Index (Net)*
Emerging Markets Equities	12%	-10%	+10%	*MSCI Emerging Markets Index (Net)*
Alternatives (Net)	**33%**	**-13%**	**+10%**	
Private Equities	20%	-10%	+5%	*Custom Private Equity Index*
Hedge Funds (Net Exposure)	13%	-13%	+10%	*HFRX Equal Weighted Strategies Index*
Hedge Funds (Gross Exposure)	*20%*	*-20%*	*+5%*	
Portable Alpha Overlay	*(7)%*	*-7%*	*+10%*	
Real Assets	**7%**	**-7%**	**+10%**	
Real Estate	3%	-3%	+5%	*NCREIF Fund Index – Open End Diversified Core Equity Index*
Timber	0%	0%	+6%	*Thomson Reuters Cambridge Timber Index*
Commodities	2%	-2%	+6%	*S&P GSCI Total Return Index*
TIPS	2%	-2%	+6%	*Bloomberg Barclays 1-10 Year U.S. TIPS Index*
Fixed Income	**20%**	**-10%**	**+10%**	
U.S. Investment Grade Fixed Income	18%	-15%	+10%	*Bloomberg Barclays U.S. Aggregate Index*
U.S. High Yield	2%	-2%	+10%	*BofA Merrill Lynch High Yield Cash Pay Index*
Non-U.S. Fixed Income	0%	0%	+10%	
Opportunistic	**0%**	**0%**	**+10%**	
Cash	**0%**	**0%**	**+20%**	
TOTAL	***100%***			

Miami University Non-Endowment Asset Allocation History

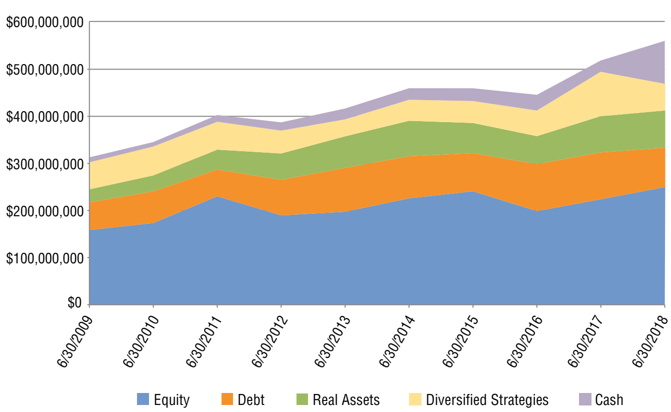


The Pooled Investment Fund's strategic allocation policy considers not just asset exposure, but also the sources of risk and the interaction among the various assets and strategies. Under the previous investment policy, this pool's primary strategic allocation categories were global equity, global debt, global real assets, diversifying strategies, and cash, with sub-categories that established the manner in which that exposure was derived. Managers employed tended to have broad, unconstrained mandates, allowing them great flexibility to pursue opportunities on a global basis.

The new investment policy adopted by the board at fiscal year end and to be implemented during fiscal year 2019, maintains a similar philosophy, but adjusts the asset categories, target weights, and tactical ranges.

At fiscal year-end, equity related strategies remained the largest exposure at about forty six percent of the combined portfolio, up slightly from last year's level. The mix of exposures within the category, however, reflected more public equity and less hedged equity, as liquidations were made in anticipation of the planned changes. Debt exposure declined slightly as some credit sensitive strategies were reduced ahead of the broader changes. Real asset exposure increased slightly. Diversifying strategies were cut nearly in half in order to accommodate their more restrictive liquidity provisions. The net result of these actions was a temporarily high cash position at year end. This added liquidity will aid in the allocation and manager mix changes to be implemented at the beginning of the new fiscal year.

Combined University & Foundation Endowment Asset Allocation History



Liquidity measures how quickly the exposure to a particular manager can be redeemed and turned into cash. The portfolio ended the year with an overweight to cash which reflected the liquidation of some managers in anticipation of the broader changes planned early in fiscal year 2019. Nearly two-thirds of the portfolio could be converted to cash within a quarter. This posture allowed us to maintain desired market exposures while providing for efficient redeployment as we transition toward the new allocation targets in the new fiscal year.

Combined University & Foundation Endowment Liquidity as of June 30, 2018

	Global Equity	Global Debt	Real Assets	Div Strat	Cash	Total by Liquidity	Policy
Liquid *(< quarter)*	41.5%	10.3%	1.0%	0.0%	11.0%	**63.9%**	**40% min**
Semi Liquid *(> quarter)*	2.1%	3.1%	3.7%	5.6%		**14.5%**	**40% max**
Illiquid *(> 2 years)*	2.8%	3.6%	10.7%	4.5%		**21.6%**	**35% max**
Total by Category	**46.4%**	**17.0%**	**15.4%**	**10.2%**	**11.0%**	**100%**	

At year end, the pooled investment fund held 32 external managers, some with multiple mandates. Five hedged strategies were liquidated during the year, with the proceeds invested in either long-only public strategies or cash. No new managers were engaged during the fiscal year, though significant manager turnover is expected in the coming year as the new investment policy is implemented.

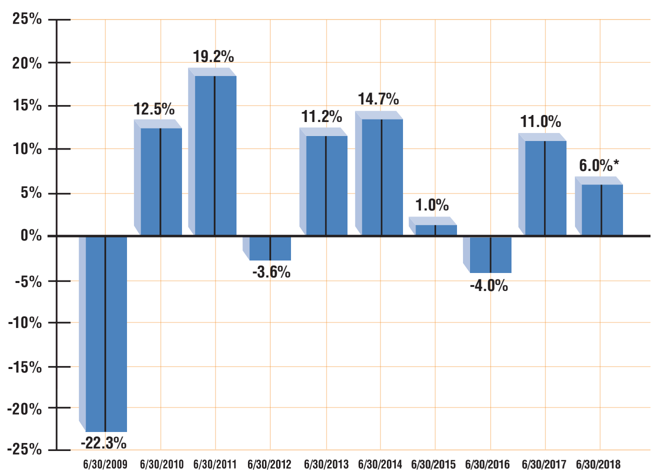
INVESTMENT RETURNS

Global capital markets showed remarkable strength during the first half of the fiscal year, aided by federal tax law changes and the expectation for strong corporate earnings that would drive improved economic growth. While the current economic cycle in the United States has completed its ninth year of expansion, the second longest on record, plenty of threats persist. Continued interest rate increases by the U.S. Federal Reserve and concerns over tariffs and trade wars contributed to flat capital markets in the second half of the fiscal year and increased volatility after an extended period of extremely calm levels.

The University's non-endowment pool posted a gain of 3.0 percent for the fiscal year ended June 30, 2018, down from a return of 4.5 percent earned in the previous year. Annualized performance for the trailing five years was 2.7 percent, providing annualized added return over the 90-day Treasury bill during that period of 2.3 percentage points. Additional overnight interest rate increases by the U.S. Federal Reserve boosted yields on operating cash, but put pressure on returns for the short and intermediate term bond investments in core cash. Improving corporate earnings aided by federal tax cuts helped equities and led to tighter credit spreads, leading to solid positive results of 5.9 percent for the absolute return strategies.

The pooled investment fund earned an estimated 6.0 percent for the fiscal year, down from the double digit gain posted for the previous year. This figure excludes the private capital portion of the portfolio that reports on a significant delay. Estimated annualized performance for the trailing five years was 5.7 percent. Global public equity, up 11.2 percent, was the most significant contributor to results due to both its large weighting and the managers collectively exceeding the global public equity benchmark. Public interest rate sensitive investments were down 0.4 percent, in line with the benchmark.

Combined Rates of Return
FY2009 - FY2018



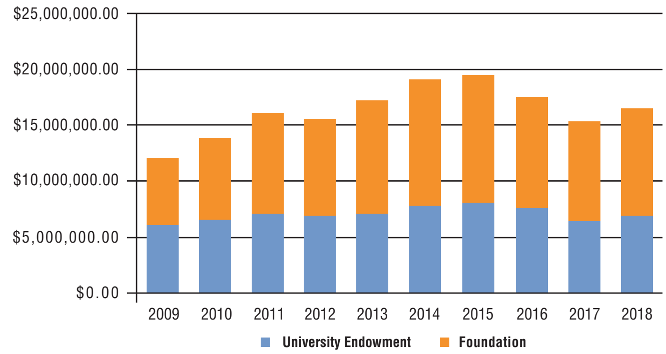
*preliminary, without private capital

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.

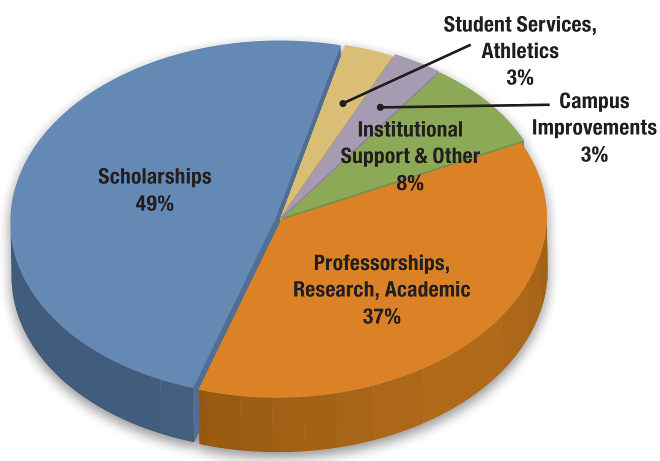
The endowment spending policies for both the University and Foundation, adopted in fiscal year 2017, distribute four percent of the average of the previous twelve quarterly market values as of March 31st of each fiscal year. The policies are intended to provide consistent, predictable, and sustainable annual distributions, while maintaining intergenerational equity and preserving the purchasing power of the endowed principal.

Annual University & Foundation Endowment
Actual Earnings Distributions



The combined endowment distribution for fiscal year 2018 was about $16.6 million, $1.1 million more than the previous year. Over the last ten years, the cumulative distributions have totaled over $163 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 2018 distributions.

Miami University and Foundation Endowments
Programs Supported by Endowment
Fiscal Year 2018



The continued generosity of the Miami community resulted in our second best annual fundraising year, after setting a new record the year before. This momentum produced $83.9 million of support and was concentrated in our three current primary campaign initiatives: scholarships, intercollegiate athletics, and Farmer School of Business. Thank you for helping Miami reach these new heights.

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 year ended June 30, 2018, 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 audit 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, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Continued)

Emphasis of Matter
As disclosed in Note 9 to the financial statements, the University restated net position at June 30, 2017 by $108,413,278. The restatement was required to be made for the implementation of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matter
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-9 as well as required supplementary data for certain retirement plan data and other postemployment benefits (OPEB) data on pages 44-47 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 15, 2018

Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2018. 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 ninth 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, 2018. Total assets rose 3.5 percent from $2.24 to $2.32 billion. Liabilities decreased $48.0 million and totaled $1.19 billion. Significant financial events during fiscal year 2018 were:

- The University's fall 2017 cohort, at a confirmed size of 3,828 first-year resident undergraduate students, was the second enrolled cohort under the Miami Tuition Promise program. Each year of their enrollment, the incoming cohort of first-year first-time undergraduate resident students at the Oxford campus will have a guaranteed tuition amount due each year of their full-time enrollment for the four years of the guarantee. Total undergraduate enrollment rose 0.5 percent to 21,763 students for fall 2017 compared to 21,664 total undergraduate students in the fall 2016 class. Graduate enrollment for fall 2017 decreased by 5.2 percent to a total of 2,519 compared to 2,658 graduate students in the fall 2016 class.

- The University's commitment to increase selectivity, diversity, and maintain quality with strong academic credentials in enrollment goals was evidenced by a confirmed ACT average in excess of 28.0 and a confirmed GPA average in excess of 3.76 for the fall 2017 class. The profile of the incoming class for fall 2017 consisted of 42.7 percent non-resident, and 16.9 percent students of color. The fall 2017 categories of transfer students and relocation students decreased by 40 students or 16.1 percent and 44 students or 14.7 percent, respectively. The Hamilton campus incoming class size decreased by 15 students from fall 2016 to fall 2017, and the Middletown campus increased from 324 students to 334 first time incoming students for the fall 2017 class.

Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Financial Highlights (Continued)

- The investment portfolios experienced positive results during the fiscal year, though at lower levels than the previous year. Operational investments posted a positive return of 3.0 percent, down from the previous year's return of 4.5 percent. While rising interest rates boosted yields on operating cash balances, it presented a challenge for the short-intermediate term bond exposures. The pooled investment fund, which includes the University and Foundation endowments, experienced an estimated gain of 6.0 percent, down from the 11.8 percent realized in the previous year. Global capital markets showed remarkable strength during the first half of the fiscal year, aided by federal tax law changes and the expectation for strong corporate earnings that would drive improved economic growth. The current economic cycle in the United States has completed its ninth year of expansion, the second longest on record. Plenty of threats persist, including continued interest rate increases by the U.S. Federal Reserve and concerns over tariffs and trade wars, all of which contributed to flat capital markets in the second half of the fiscal year and increased volatility after an extended period of extremely low levels.

- For fiscal year 2018, the University increased salaries by 3.0 percent. General fund salary and benefit expense on all three campuses increased by $1.9 million to $266.1 million, which was $20.6 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.

- As noted above, total liabilities decreased $48.0 million. This decrease consisted of a $118.8 million decrease in the University's proportional share of the Net Pension Liability (NPL) for the non-student employees' retirement plans offset by the liability incurred as the result of the University adopting GASB 75. GASB 75 required the University to record its proportional share of the OPEB liability for the State Teachers Retirement System (STRS) and Ohio Public Employees Retirement System of Ohio (OPERS) OPEB plans, resulting in a liability of $103,128 at June 30, 2018. The decrease in the NPL stemmed from an update in mortality tables and elimination of the cost of living adjustment utilized by STRS to measure NPL.

Statement of Net Position

The Statement 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.

Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Statement of Net Position (Continued)

	2018	2017	2016
Assets:			
Current assets	$ 742,497	$ 756,058	$ 677,619
Capital assets, net	1,355,726	1,266,306	1,166,752
Long-term investments	214,570	211,096	176,132
Other assets	5,409	6,877	10,651
Total assets	2,318,202	2,240,337	2,031,154
Deferred outflows of resources	92,676	102,572	61,893
Total assets and deferred outflows of resources	$ 2,410,878	$ 2,342,909	$ 2,093,047
Liabilities:			
Current liabilities	$ 118,973	$ 116,596	$ 111,389
Noncurrent liabilities	1,072,362	1,122,705	943,323
Total liabilities	1,191,335	1,239,301	1,054,712
Deferred inflows of resources	43,215	3,414	21,870
Net Position:			
Net investment in capital assets	710,249	682,581	626,844
Restricted – nonexpendable	95,227	91,156	86,290
Restricted – expendable	60,503	41,966	51,099
Unrestricted – allocated	295,022	155,908	235,875
Unrestricted – unallocated	15,327	20,169	16,357
Total net position	1,176,328	991,780	1,016,465
Total liabilities, deferred inflows of resources and net position	$ 2,410,878	$ 2,234,495	$ 2,093,047

Total assets of the institution increased 3.5 percent or $77.8 million in fiscal year 2018. This increase was the primary result of an increase in capital assets of $89.4 million. Details of the increase in capital assets are provided in the Capital Assets and Debt Administration section of this report.

As noted previously, total liabilities decreased $48.0 million. This decrease consisted of a $118.8 million decrease in the University's proportional share of the Net Pension Liability (NPL) for the non-student employees' retirement plans offset by the liability incurred as the result of the University adopting GASB 75. GASB 75 required the University to record its proportional share of the OPEB liability for the State Teachers Retirement System of Ohio (STRS) and Ohio Public Employees Retirement System of Ohio (OPERS) OPEB plans, resulting in a liability of $103,128 at June 30, 2018. The decrease in the NPL stemmed from an update in mortality tables and elimination of the cost of living adjustment utilized by STRS to measure NPL. Overall, net position increased by $184.5 million excluding the impact of the implementation of GASB 75.

Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Statement of Revenues, Expenses and Changes in Net Position

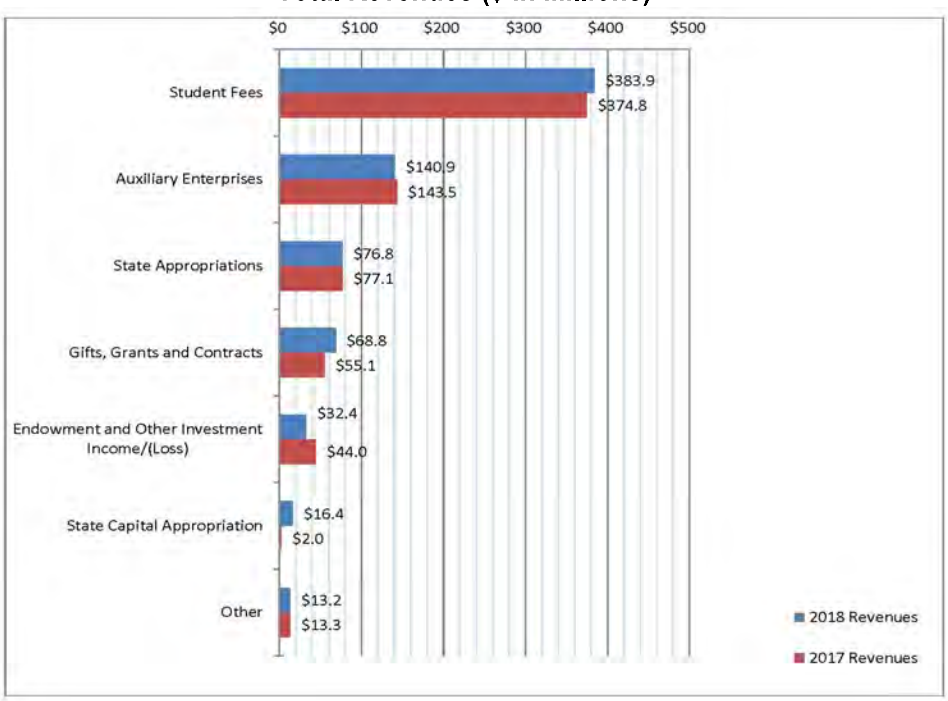
The Statement of Revenues, Expenses, and Changes in Net Position presents the University's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and 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 2018, total revenues of the institution from all sources were approximately $732.4 million, which represents a $22.7 million or 3.2 percent increase from the prior year. Approximately 75.3 percent of revenues were classified as operating, and 24.7 percent were classified as non-operating or other revenues.

	2018	2017	2016
Operating revenues	$ 551,696	$ 544,553	$ 522,244
Non-operating revenues	156,723	158,059	106,825
Other revenues	23,972	7,087	16,590
Total revenues	732,391	709,699	645,659
Operating expenses	(521,118)	(599,516)	(557,505)
Non-operating expenses	(26,725)	(26,455)	(23,049)
Total expenses	(547,843)	(625,971)	(580,554)
Change in net position	$ 184,548	$ 83,728	$ 65,105

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 52.4 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount at 19.2 percent. State appropriations are 10.5 percent of the total. Gifts, grants, and contracts represent 9.4 percent, and net endowment and investment income contributed to a 4.4 percent increase in the total. State capital appropriations are 2.2 percent.

Total Revenues ($ in Millions)

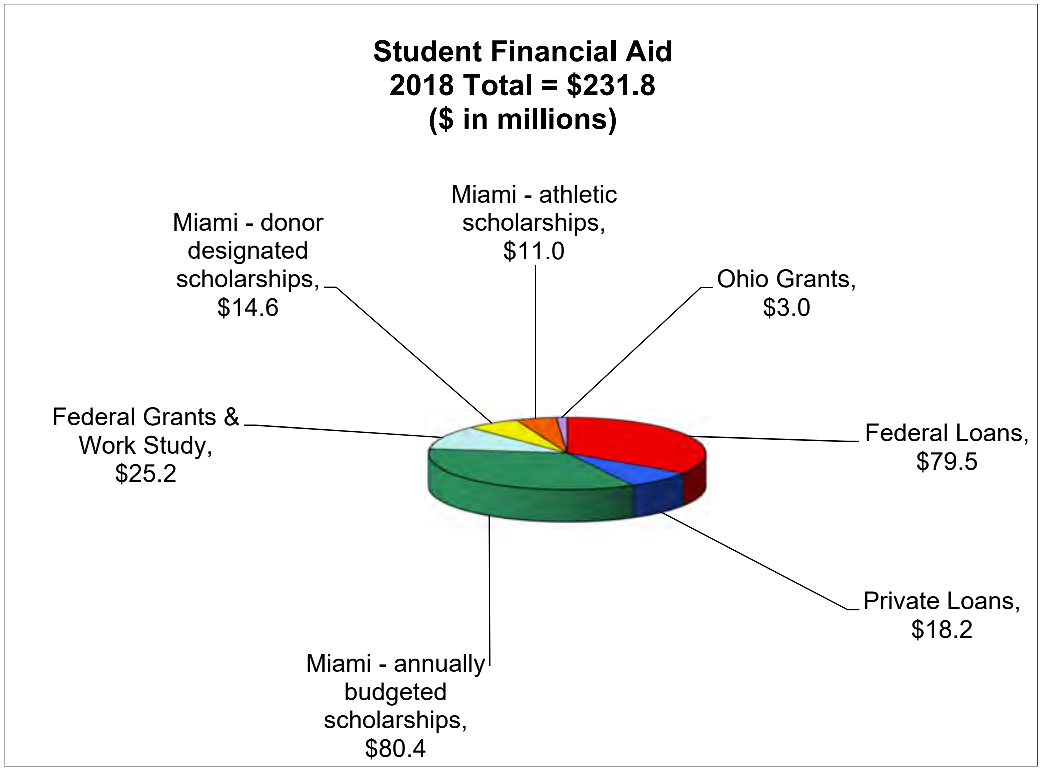


Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Statement 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 2018, Miami-funded financial aid increased by $4.8 million or 2.1 percent. In total, financial aid awards were $231.8 million.



Statement of Cash Flows

The Statement 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.

	2018	2017	2016
Net cash provided by operating activities	$ 19,260	$ 31,732	$ 17,875
Net cash provided by noncapital financing activities	125,599	114,421	121,670
Net cash used in capital and related financing activities	(187,842)	(75,354)	(186,754)
Net cash provided by (used in) investing activities	50,724	(85,358)	38,825
Net increase (decrease) in cash and cash equivalents	7,741	(14,559)	(8,384)
Cash and cash equivalents:			
Beginning of year	77,323	91,882	100,266
End of year	$ 85,064	$ 77,323	$ 91,882

Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Statement of Cash Flows (Continued)

The net $7.7 million increase in the fiscal year 2018 cash and cash equivalents balance primarily relates to improved operating performance during the year ended June 30, 2018.

Throughout the year, cash was used for capital acquisitions, payment of debt, investment 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 2018, 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 2014 and 2017 Series General Receipts Revenue Bonds totaling $88.9 million combined. Major projects completed in 2018 include renovation projects to Clawson Hall, Hamilton Hall, Hughes Hall, Irvin Hall, Recreational Sports Center, and the Steam Plant. Other infrastructure improvements included Western Geothermal Infrastructure. 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.

No new debt was issued in fiscal year 2018.

Economic Factors That Will Affect the Future

The higher education landscape continues to be influenced by disruptive forces resulting from technological change, the national conversation regarding affordability and efficiency, and economic and demographic issues. In Ohio, the issues mirror those of much of the nation.

The focus of the Ohio General Assembly continues to be on improving affordability and graduation rates at Ohio's public colleges and universities. Ohio's demographic trends are a barrier to both Miami's goal of growing its enrollment and Ohio's desire to increase the number of Ohio residents with a college degree as the number of high school graduates in Ohio continues to decline. Similar declines in high school graduation numbers in the surrounding states and the northeastern United States also negatively impact Miami's Oxford Campus as these regions have historically contributed students to Miami's incoming freshmen classes.

Ohio's demographic trends are also expected to negatively affect future state support for higher education as the proportion of the state's population in the workforce declines and the aged population increases the demand on state programs like Medicaid. The immediate outlook for state funding for higher education in Ohio is also unclear as Ohio will have a new governor for the first time in eight years. And as a result of term limits, will likely experience significant changes in the representation in the Ohio General Assembly. Miami's state funding for 2019 in nominal dollars is about 8 percent below what it received in 2001.

Miami University

Management's Discussion and Analysis
June 30, 2018
(Dollars in Thousands)

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

The Oxford Campus' fall 2018 class continued the recent pattern of modestly larger classes and more academically prepared students. However, the recent trend of an increased proportion of nonresident international students in the new class did not continue. As of the first day of classes, there were 3,977 new freshmen with an average ACT score of 28.0 which is one percent larger than the fall 2017 class on the first day. The nonresident composition of the new class fell from 43 percent to 41 percent largely as a result of a 10 percent (52 students) decline in international enrollment. Overall the enrollment on the Oxford Campus grew from 19,766 to 20,020 students. The decline in international enrollments generally occurred across all institutions of higher education as a result of policy changes in Washington. Future international enrollment trends remain difficult to predict given the current national conversation.

Enrollment at Miami's regional campuses for fall 2018 declined by 3.7 percent to 4,733 but enrollment on these campuses is stabilizing. Enrolling international students on these campuses actually increased by 16 students. Lackluster enrollment results over the last five years for these campuses reflects the national enrollment trend for open enrollment campuses as employment in the region and the nation has improved. New academic program offerings, a tuition guarantee, and new enrollment strategies are continuing to be implemented for these campuses in response to the downward enrollment trend.

Fiscal year 2019 will mark the third year of President Crawford's presidential tenure at Miami and bring a focus on developing a new strategic plan for the University. In anticipation of the new strategic plan and in response to the rapid change confronting higher education, President Crawford announced in 2018 the creation of a strategic investment fund totaling $50 million. The fund will be used to make investments in already strong academic programs with the intent of building a greater national profile for the program and in new areas where technological and economic changes suggest that enrollment interest in these degree programs or certificates is likely to increase in the future. Some program targets that have already been identified include health professions, entrepreneurship, and data analytics. The strategic planning process will be used to further refine these strategies as well as introduce additional strategies.

Higher education across the nation continues to experience rapid change in contrast to much of its history. Technological change is not only creating the need for new academic disciplines and degree programs but impacting delivery systems and introducing greater competition in an already highly competitive industry. Public accountability for the high cost of tuition and rising student debt continue to influence the national conversation and state legislative policies negatively affecting revenue growth. But Miami's strong commitment to undergraduate teaching, the 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 it well to respond to these challenges and to maintain its financial performance in the face of transformational change.

Miami University

Statement of Net Position
June 30, 2018
(Dollars in Thousands)

	Miami University	University Foundation
Assets		
Current assets:		
Cash and cash equivalents	$ 85,064	$ 25,392
Investments	609,414	-
Accounts, pledges and notes receivable, net	39,963	10,099
Inventories	2,104	-
Prepaid expenses and deferred charges	5,952	-
Total current assets	742,497	35,491
Noncurrent assets:		
Restricted cash and cash equivalents	-	38,891
Investments	214,570	479,129
Pledges and notes receivable, net	4,477	33,598
Net pension asset	932	-
Nondepreciable capital assets	212,691	-
Depreciable capital assets, net	1,143,035	-
Total noncurrent assets	1,575,705	551,618
Total assets	2,318,202	587,109
Deferred outflows of resources:		
Pensions	85,137	-
OPEB (Note 9)	7,539	-
Total deferred outflows of resources	92,676	-
Total assets and deferred outflows of resources	$ 2,410,878	$ 587,109
Liabilities		
Current liabilities:		
Accounts payable	$ 43,134	$ 14,825
Accrued salaries and wages	16,834	-
Accrued compensated absences	1,379	-
Unearned revenue	12,719	-
Deposits	12,529	-
Current portion of long-term debt	31,577	-
Other current liabilities	801	575
Total current liabilities	118,973	15,400
Noncurrent liabilities:		
Accrued compensated absences	16,844	-
Bonds payable	659,572	-
Capital leases payable	2,030	-
Federal Perkins loan program	3,287	-
Net pension liability	287,503	-
Net OPEB liability (Note 9)	103,126	-
Other noncurrent liabilities	-	219,539
Total noncurrent liabilities	1,072,362	219,539
Total liabilities	1,191,335	234,939
Deferred inflows of resources:		
Deferred gains on refunding	1,129	-
Pensions	32,777	-
OPEB (Note 9)	9,309	-
Total deferred inflows of resources	43,215	-
Net position:		
Net investment in capital assets	710,249	-
Restricted:		
Nonexpendable	95,227	222,824
Expendable	60,503	128,722
Unrestricted	310,349	624
Total net position	1,176,328	352,170
Total liabilities, deferred inflows and net position	$ 2,410,878	$ 587,109

See notes to financial statements.

Miami University

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018
(Dollars in Thousands)

	Miami University	University Foundation
Operating revenues:		
Tuition, fees, and other student charges	$ 481,191	$ -
Less allowance for student scholarships	(97,323)	-
Net tuition, fees, and other student charges	383,868	-
Sales and services of auxiliary enterprises	147,079	-
Less allowance for student scholarships	(6,158)	-
Net sales and services of auxiliary enterprises	140,921	-
Federal contracts	12,321	-
Gifts	-	2,531
Sales and services of educational activities	2,801	-
Private contracts	2,912	-
State contracts	1,314	-
Local contracts	100	-
Other	7,459	-
Total operating revenues	551,696	2,531
Operating expenses:		
Education and general:		
Instruction and departmental research	109,923	-
Separately budgeted research	11,822	-
Public service	2,590	-
Academic support	61,539	-
Student services	30,232	-
Institutional support	62,775	-
Operation and maintenance of plant	34,253	-
Scholarships and fellowships	20,400	-
Auxiliary enterprises	117,314	-
Depreciation	59,810	-
Other	10,460	-
Total operating expenses	521,118	-
Net operating income	30,578	2,531
Non-operating revenues (expenses):		
State appropriations	76,832	-
Gifts, including those from the University Foundation	27,266	-
Federal grants	18,276	-
Net investment income, net of investment expense of $2,602,537 for the University and $3,293,612 for the Foundation	29,764	16,171
State grants	1,671	-
Interest on debt	(26,725)	-
Payments to Miami University	-	(18,181)
Other non-operating revenues (expenses)	2,914	(80)
Net non-operating revenues (expenses)	129,998	(2,090)
Income before other revenues, expenses, and gains or losses	160,576	441
Other revenues, expenses, gains or losses:		
State capital appropriation	16,433	-
Capital grants and gifts	4,895	-
Additions to permanent endowments	2,644	12,346
Total other revenues, expenses, gains, or losses	23,972	12,346
Change in net position	184,548	12,787
Total net position at beginning of year, as restated (Note 9)	991,780	339,383
Total net position at end of year	$ 1,176,328	$ 352,170

See notes to financial statements.

Miami University

Statement of Cash Flows
Year Ended June 30, 2018
(Dollars in Thousands)

Cash flows from operating activities:	
Tuition, fees, and other student charges	$ 482,450
Sales and services of auxiliary enterprises	145,750
Contracts	18,232
Other operating receipts	10,343
Payments for employee compensation and benefits	(365,631)
Payments to vendors for services and materials	(145,734)
Student scholarships	(123,882)
Loans issued to students and employees	(3,951)
Collection of loans from students and employees	1,683
Net cash flows provided by operating activities	19,260
Cash flows from noncapital financing activities:	
State share of instruction funds	78,995
Grants for noncapital purposes	19,947
Gifts	26,657
Net cash flows provided by noncapital financing activities	125,599
Cash flows from capital and related financing activities:	
State capital appropriation	16,433
Grants for capital purposes	4,662
Other capital and related receipts	617
Payments to construct, renovate, or purchase capital assets	(147,632)
Principal paid on outstanding debt	(29,964)
Interest paid on outstanding debt	(31,958)
Net cash flows used in capital and related financing activities	(187,842)
Cash flows from investing activities:	
Proceeds from sale of investments	259,774
Purchases of investments	(221,161)
Endowment income	1,095
Other investment income	11,016
Net cash flows provided by investing activities	50,724
Net increase in cash and cash equivalents	7,741
Cash and cash equivalents:	
Beginning	77,323
Ending	$ 85,064

(Continued)

Miami University

Statement of Cash Flows (Continued)
Year Ended June 30, 2018
(Dollars in Thousands)

Reconciliation of operating gain to net cash flows provided by operating activities:	
Operating income	$ 30,578
Adjustments to reconcile net operating gain to net cash provided by operating activities:	
Depreciation expense	59,810
Accounts receivable bad debt adjustments	87
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Accounts receivable	2,060
Inventories	(232)
Prepaid expenses and deferred charges	(90)
Notes receivable	744
Net pension asset	(562)
Deferred outflows of pension resources	17,435
Deferred outflows of OPEB resources	(7,539)
Accounts payable	2,990
Accrued salaries and wages	482
Accrued compensated absences	(650)
Unearned revenue and deposits	(203)
Federal Perkins loans	(1,469)
Net pension liability	(118,841)
Net OPEB liability	(5,287)
Deferred inflows of pension resources	30,638
Deferred inflows of OPEB resources	9,309
Net cash flows provided by operating activities	$ 19,260
Supplemental disclosure of noncash information:	
Capital assets included in accounts payable	$ 23,296
Capital assets acquired by gifts in kind	$ 233

See notes to financial statements.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

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, 2018 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 Nos. 34 and 35.

Recent and pending accounting pronouncements: Effective July 1, 2017, the University adopted GASB 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 adoption of this statement, further detailed in Note 9, required the restatement of prior year net position to conform to the 2018 presentation.

Effective July 1, 2017, the University adopted GASB 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. There has been no significant impact to the University financial statements due to the adoption of Statement No. 81.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. An asset retirement obligation is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The University has not yet determined the impact this statement will have on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities and the focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The University has not yet determined the impact this statement will have on the financial statements.

Effective July 1, 2017, the University adopted GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and postemployment benefits (OPEB) amongst other things. There has been no significant impact to the University financial statements due to the adoption of Statement No. 85.

Effective July 1, 2017, the University adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. There has been no significant impact to the University financial statements due to the adoption of Statement No. 86.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The University has not yet determined the impact this statement will have on the financial statements.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The University has not yet determined the impact this statement will have on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The University has not yet determined the impact this statement will have on the financial statements.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amended of GASB Statements No. 15 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The University has not yet determined the impact 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 at the time of purchase.

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 fair 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.

Accounts, pledges and notes receivable allowance: The allowance for doubtful accounts is determined based on management's judgment of potential uncollectible amounts, based on historical experience, analysis of the aging of payment schedules and type of receivable.

Inventories: The University reports inventories at the lower of first-in, first out cost or market.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

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 publications; 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 for building renovations and $5 for other capitalized items. The capitalization threshold for intangible assets is $100 except for internally generated computer software which has a threshold of $500. Interest on construction projects is capitalized until substantial completion of the project.

Unearned revenue: Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying Statement 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 asset, 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 Pension Plans) any additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension 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.

Postemployment benefits other than pensions (OPEB): For purposes of measuring the OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to healthcare costs, and employer OPEB expense, information about the fiduciary net position of the OPERS OPEB Plan as well as the STRS Ohio OPEB Plan (collectively referred to as, the OPEB Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, deductions are recorded when the liability is incurred and revenues are recognized when earned. OPEB plan liabilities are recognized when due and payable in accordance with the health care terms. Investments are reported at fair value.

Operating and non-operating revenue: The University defines operating activities, for purposes of reporting on the Statement 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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

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 as expenditures are incurred for cost reimbursement grants and contracts or when restricted funds are received. Gifts and interest on student loans are recognized when received.

Allowance for student scholarships: Allowances for student tuition and fee revenues, and certain other revenues from students, are reported in the Statement 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 non-operating 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.

Bond premiums, discounts and issuance costs: Bond premiums and discounts costs are deferred and amortized over the life of the bonds using the effective interest 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 position by the University that is applicable to a future reporting period. Deferred outflows of resources of the University consist of certain changes in the net pension liability and net OPEB liability not included in pension expense and OPEB expense, respectively. Employer contributions to the pension plan and OPEB plan subsequent to the measurement date of the net pension liability and OPEB liability, respectively, are also required to be reported as a deferred outflow of resources of the University. Deferred inflows of resources are an acquisition of net positions by the University that is applicable to a future reporting period. Deferred inflows of resources consist of deferred gains on debt refundings and certain changes in net pension liability not included in pension expense and net OPEB liability not included in OPEB expense.

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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

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 position was $295,022 as of June 30, 2018 and is to be used for loans, scholarships, investments and capital projects. Unallocated unrestricted net positions 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.

Subsequent events: The University has evaluated subsequent events occurring between the end of our most recent fiscal year and October 15, 2018, the date the financial statements were available to be issued.

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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 2. Cash and Investments (Continued)

Cash and cash equivalents: At year-end, the carrying amount of the University's cash and cash equivalents was approximately $85,100 in 2018. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Asset 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 is a statewide fund managed by the State Treasurer of Ohio with the carrying amount of the assets reported at amortized cost.

Approximately $22,000 in 2018 of cash and cash equivalents was covered by federal depository insurance; $53,600 in 2018 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, 2018 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+. For an investment, custodial credit risk is the risk that, in the event of the failure of the custodian, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University had no exposure to custodial credit risk for the year ended June 30, 2018.

The investments as of June 30, 2018 are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 77,024	$ -	$ 77,024	$ -	$ -
U.S. Agency bonds	44,362	-	44,362	-	-
U.S. Treasury strips	2,341	-	2,341	-	-
Government-backed bonds	77,783	-	77,783	-	-
Corporate bonds	24,372	-	1,450	22,922	-
Municipal bonds	1,876	-	-	1,876	-
Common and preferred stocks	575	575	-	-	-
Commingled funds	595,310	525,914	2,879	55,296	11,221
Real estate and other	341	341	-	-	-
Total investments	$ 823,984	$ 526,830	$ 205,839	$ 80,094	$ 11,221

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 2. Cash and Investments (Continued)

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, 2018 are summarized as follows:

Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	$ 77,024	$ 39,196	$ 25,164	$ 11,748	$ 916
U.S. Agency bonds	44,362	21,308	19,273	3,164	618
U.S. Treasury strips	2,341	-	1,463	-	879
Government-backed bonds	77,783	6,245	20,072	22,139	29,326
Corporate bonds	24,372	2,017	17,204	3,848	1,303
Municipal bonds	1,876	-	1,144	324	407
Commingled bond funds	69,396	7,654	21,216	38,558	1,968
Total bonds	$ 297,154	$ 76,420	$ 105,536	$ 79,781	$ 35,417

Fair value of financial instruments: Fair value is defined in the accounting standards as 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
(Dollars in Thousands)

Note 2. Cash and Investments (Continued)

The following table presents the investments by fair value hierarchy as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investment assets:				
U.S. Treasury bonds	$ 77,024	$ -	$ -	$ 77,024
U.S. Agency bonds	44,362	-	-	44,362
U.S. Treasury strips	2,341	-	-	2,341
Government-back bonds	-	77,783	-	77,783
Corporate bonds	-	24,372	-	24,372
Municipal bonds	-	1,876	-	1,876
Global public debt	34,230	-	-	34,230
Domestic public equity	500	-	-	500
Non-public equity	-	26,165	75	26,240
Real estate and other	-	-	340	340
Miami University Foundation investment pool	-	-	213,730	213,730
	$ 158,457	$ 130,196	$ 214,145	$ 502,798
Funds reported at fair value based on net asset value:				
Non-publicly traded funds [(a)]				$ 65,539
Hedged equity funds [(b)]				228,891
Hedged debt funds [(c)]				26,756
Total investment assets				$ 823,984

The redemption frequency, if eligible, ranged from daily to quarterly for the various funds reported at fair value based on net asset value at June 30, 2018, with a redemption notice period, if applicable, ranging from 1 day to 90 days. As of June 30, 2018, the University has made commitments to limited partnerships of approximately $900 that have not yet been funded.

Certain investment 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 statement of net position.

[(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. 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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 2. Cash and Investments (Continued)

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 globally oriented strategies that include exposure to non-U.S. equity and debt securities. While providing a potential diversification benefit, such international investments are exposed to foreign currency risk. Less than half of the investments have exposure to foreign currency risk. The University's investments that are exposed to concentration risk consist of securities issued by the U.S. agencies or instrumentalities of the U.S. government which represent 24.5 percent of investments at June 30, 2018. No other single issuer represents more than 5 percent of investments. Commingled 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.

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 in 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 $213,730 managed by the Foundation as of June 30, 2018. The assets held on behalf of the University are included in other noncurrent liabilities on the statement of net position. 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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 2. Cash and Investments (Continued)

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 to other funds. The policy distributes four percent of the average of the previous twelve quarterly market values as of March 31st of each fiscal year. The authorized spending amount was $7,546 in 2018. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $6,726 was distributed for expenditure for 2018. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

Note 3. Accounts, Pledges and Notes Receivable, net

The accounts, pledges and notes receivable as of June 30, 2018 are summarized as follows:

Accounts receivable:		
Student receivables	$	10,670
University Foundation		14,719
Grants and contracts		3,869
Other receivables		5,300
Total accounts receivable		34,558
Less allowances for doubtful accounts		(1,285)
Net accounts receivable	$	33,273
Pledges receivable:		
Pledges receivable	$	3,562
Less allowance for doubtful pledges		(489)
Net pledges receivable	$	3,073
Notes receivable:		
Federal loan programs	$	5,810
University loan programs		4,258
Total notes receivable		10,068
Less allowance for doubtful notes		(1,974)
Net notes receivable		8,094
Total	$	44,440

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 4. Capital Assets

The capital assets and accumulated depreciation as of June 30, 2018 are summarized as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets:					
Land	$ 5,792	$ 233	$ -	$ -	$ 6,025
Collections of works of art and historical treasures	9,338	550	-	-	9,888
Construction in progress	131,692	132,923	-	(67,837)	196,778
Total nondepreciable capital assets	146,822	133,706		(67,837)	212,691
Land improvements	54,194	6,748	-	-	60,942
Buildings	1,406,093	966	-	54,906	1,461,965
Infrastructure	155,878	1,238	-	12,931	170,047
Machinery and equipment	86,923	5,419	(4,195)	-	88,147
Library books and publications	71,050	945	-	-	71,995
Vehicles	7,048	208	(393)	-	6,863
Intangible assets	17,069	-	(4,198)	-	12,871
Total depreciable capital assets	1,798,255	15,524	(8,786)	67,837	1,872,830
Total capital assets	1,945,077	149,230	(8,786)	-	2,085,521
Less accumulated depreciation:					
Buildings	482,142	44,973	-	-	527,115
Infrastructure	74,580	5,934	-	-	80,514
Land improvements	19,869	2,057	-	-	21,926
Machinery and equipment	28,805	3,821	(4,195)	-	28,431
Library books and publications	50,709	2,001	-	-	52,710
Vehicles	5,597	1,024	(393)	-	6,228
Intangible assets	17,069	-	(4,198)	-	12,871
Total accumulated depreciation	678,771	59,810	(8,786)	-	729,795
Total capital assets, net	$ 1,266,306	$ 89,420	$ -	$ -	$ 1,355,726

Note 5. Long-Term Liabilities

The long-term liabilities as of June 30, 2018 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and leases payable:					
Bonds payable	$ 671,655	$ -	$ (29,840)	$ 641,815	$ 31,450
Capital leases payable	2,281	-	(124)	2,157	127
Premiums	51,561	-	(2,354)	49,207	-
Total bonds and leases payable	725,497	-	(32,318)	693,179	31,577
Other liabilities:					
Compensated absences	18,873	7,951	(8,601)	18,223	1,379
Federal Perkins loans	5,558	287	(1,757)	4,088	801
Total other liabilities	24,431	8,238	(10,358)	22,311	2,180
Total	$ 749,928	$ 8,238	$ (42,676)	$ 715,490	$ 33,757

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

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 6. Indebtedness

During the year ended June 30, 2017, the University issued $154,635 in General Receipts Revenue Bonds with interest rates ranging from 2.00 percent to 5.00 percent and maturities from 2017 to 2042. A part of the proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 2007. The net change in cash flows related to the refunding was approximately $5,800 and the net present value savings was approximately $5,000. In 2017, the University defeased a portion of the Series 2007 bonds by placing some of the proceeds from the Series 2017 bonds into an escrow account to provide for future debt service. The outstanding balance of defeased bonds were $45,165 as of June 30, 2018.

The February 14, 2017 bond refunding resulted in a difference between the net carrying amount of the old debt and the reacquisition price of $599. The unamortized difference of $549 at June 30, 2018 is reported in the accompanying financial statements as a deferred inflow of resources and is being amortized through the year 2028.

During the year ended June 30, 2016, the University issued $52,335 in General Receipts Revenue Bonds with a 1.88 percent coupon and maturities from 2016 to 2025. The proceeds were used to retire existing debt obligations.

During the year ended June 30, 2014, the University issued $135,035 in General Receipts Revenue Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2015 to 2040.

During the year ended June 30, 2013, the University issued $116,065 in General Receipts Revenue Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2014 to 2038.

During the year ended June 30, 2012, the University issued $148,775 in General Receipts Revenue Bonds with interest rates ranging from 2.00 percent to 5.00 percent and maturities from 2012 to 2037. A part of the proceeds were 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 $2,100 and the net present value savings was approximately $1,600. 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 were $20,590 as of June 30, 2018.

The proceeds from the 2017, 2014, 2013, and 2012 issuances have been and will continue to be used to fund the multi-phase effort to renovate all campus student housing and dining facilities as well as to retire outstanding indebtedness of the University for more favorable borrowing terms as described in the proceeding paragraphs.

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. The unamortized difference of $580 at June 30, 2018 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
(Dollars in Thousands)

Note 6. Indebtedness (Continued)

During the year ended June 30, 2011, the University issued $125,000 in General Receipts Revenue Bonds consisting of $105,445 Series 2010A (Federally Taxable Build America Bonds – Direct Payment) and $19,555 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.

During the year ended June 30, 2007, the University issued $83,210 in General Receipts Revenue Bonds with interest rates ranging from 3.25 percent to 5.25 percent and maturities from 2009 to 2027. The proceeds were used to fund capital asset additions. As noted previously, a significant portion of these bonds were refunded during 2017 with the issue of the Series 2017 General Receipt Revenue Bonds and these bonds were paid in full during 2018.

The University incurred total interest costs of $26,725 as of June 30, 2018. The interest costs that were capitalized were $1,811 as of June 30, 2018.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2018 are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds payable:			
Series 2017 general receipts	2019 - 2042	4.00% - 5.00%	$ 152,560
Series 2015 general receipts	2019 - 2025	1.88% - 1.88%	38,995
Series 2014 general receipts	2019 - 2040	3.50% - 5.00%	125,490
Series 2012 general receipts	2019 - 2038	3.00% - 5.00%	102,450
Series 2011 general receipts	2019 - 2037	4.00% - 5.00%	120,665
Series 2010A general receipts	2019 - 2036	5.41% - 6.77%	101,655
Total bonds payable			641,815
Bond premiums			49,207
Total bonds payable, net			$ 691,022

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 6. Indebtedness (Continued)

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

	Principal	Interest	Total
2019	$ 31,450	$ 29,611	$ 61,061
2020	31,845	28,233	60,078
2021	33,205	26,732	59,937
2022	34,690	25,143	59,833
2023	36,190	23,499	59,689
2024 - 2028	155,015	94,114	249,129
2029 - 2033	132,395	68,868	201,263
2034 - 2038	144,485	22,858	167,343
2039 - 2042	42,540	2,794	45,334
Total	$ 641,815	$ 321,852	$ 963,667

The University has $2,157 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, 2018, are:

2019	$ 195
2020	194
2021	193
2022	195
2023	193
2024 - 2028	967
2029 - 2032	768
Total minimum lease payments	2,705
Less amount representing interest	(548)
Net minimum lease payments	$ 2,157

Buildings are financed with capital leases. The carrying amount of the buildings related to these capital leases as of June 30, 2018 is $2,442.

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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 7. Net Pension Liability / Asset (Continued)

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.

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. The statutory employer rate and member contribution rate for fiscal year 2018 and subsequent years is 14 percent of covered payroll.

During calendar year 2017, 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 this same year. 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 year 2017. For these employees, the University was required to contribute 18.1 percent of covered payroll for this same year. 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 1.0 percent during the calendar year 2017 (Note 9). Effective January 1, 2018, the portion of employer contributions allocated to health care decreased to 0.0 percent.

The payroll for employees covered by STRS Ohio for the year ended June 30, 2018 was approximately $74,262. The payroll for employees covered by OPERS for the year ended June 30, 2018 was approximately $96,874.

Pension liabilities and assets, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2018, the University reported a liability of $287,503 for its proportionate share of the net pension liability for the OPERS Traditional plan and the STRS Ohio plan, in the amounts of $104,072 and $183,431, respectively. The net pension liability was measured as of December 31, 2017 for the OPERS traditional plan and June 30, 2017 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 .663383 percent for OPERS Traditional and .772173 percent for STRS Ohio.

At June 30, 2018, the University reported an asset of $932 for its proportionate share of the net pension asset for the OPERS Combined plan. The net pension asset was measured as of December 31, 2017. 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 .684872 percent for OPERS Combined plan.

For the year ended June 30, 2018, the University recognized pension expense (income) of approximately $(48,438) consisting of pension expense (income) of approximately $21,915 for the OPERS Traditional plan, approximately $(70,492) for the STRS Ohio plan and an expense of $139 for the OPERS Combined plan, respectively.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 7. Net Pension Liability / Asset (Continued)

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual actuarial experience	$ 6,907	$ 106	$ 7,013
Changes in assumptions	40,118	12,546	52,664
Changes in proportion and differences between University contributions and proportionate share of contributions	7,249	1,366	8,615
University contributions subsequent to the measurement date	10,397	6,448	16,845
Total	$ 64,671	$ 20,466	$ 85,137
Deferred inflows of resources:			
Differences between expected and actual actuarial experience	$ 1,478	$ 2,321	$ 3,799
Net difference between projected and actual earnings on pension plan investments	5,881	22,779	28,660
Changes in proportion and differences between University contributions and proportionate share of contributions	-	318	318
Total	$ 7,359	$ 25,418	$ 32,777

Deferred inflows and outflows of resources related to the net difference between projected and actual earnings on pension plan investments are amortized over five years. The remaining deferred inflows and outflows of resources are amortized over the average remaining service lives of the active and inactive participants in the plan. Deferred outflows of resources includes $16,845 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

	STRS-Ohio	OPERS	Total
Year ended June 30:			
2019	$ 11,230	$ 10,111	$ 21,341
2020	18,897	(2,237)	16,660
2021	12,959	(9,925)	3,034
2022	3,829	(9,262)	(5,433)
2023	-	(30)	(30)
Thereafter	-	(57)	(57)
	$ 46,915	$ (11,400)	$ 35,515

Actuarial assumptions used for the year-ended June 30, 2018

For STRS Ohio, the total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

STRS Ohio	
Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0.00 percent effective July 1, 2017

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 7. Net Pension Liability / Asset (Continued)

For OPERS, the total pension liability/asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

OPERS	Traditional Pension Plan	Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Projected salary increases	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)	3.25 percent to 8.25 percent (includes wage inflation at 3.25 percent)
Investment rate of return	7.50 percent	7.50 percent
Cost-of-living adjustments (COLA)	Pre January 1, 2013 retirees: 3.00 percent simple Post January 1, 2013 retirees: 3.00 percent simple through 2018, then 2.15 percent simple	Pre January 1, 2013 retirees: 3.00 percent simple Post January 1, 2013 retirees: 3.00 percent simple through 2018, then 2.15 percent simple

Mortality rates: STRS Ohio post-retirement mortality rates for healthy retires are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. OPERS pre-retirement mortality rates are based on RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality tables for males and females, adjusted for mortality improvement back to the observation period base year of 2006.The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Investment return assumptions: STRS Ohio utilizes investment consultants to develop an estimated range for the investment return assumption based on the target allocation adopted by the respective Retirement Board of STRS Ohio. 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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 7. Net Pension Liability / Asset (Continued)

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	28.00 %	7.35 %	19.00 %	6.37 %
International equity	23.00	7.55	20.00	7.88
Alternative investments	17.00	7.09	10.00	8.97
Fixed income	21.00	3.00	23.00	2.20
Real estate	10.00	6.00	10.00	5.26
Other	1.00	2.25	18.00	5.26
Total	100.00 %		100.00 %	

Discount rate: The discount rate used to measure the total pension liability (asset) was 7.45 percent for STRS Ohio and 7.50 percent for OPERS. The projection of cash flows used to determine the discount rate assumes 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 STRS Ohio and OPERS net pension liability (asset) calculated using a discount rate 1 percent higher and 1 percent lower than the plans' current rate.

	1% Decrease	Current Discount Rate	1% Increase
	(6.45%)	(7.45%)	(8.45%)
STRS Ohio	$ 262,943	$ 183,431	$ 116,455

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
OPERS - Traditional Plan	$ 184,805	$ 104,072	$ 36,765
OPERS - Combined Plan	(507)	(932)	(1,226)

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

Miami University

Notes to Financial Statements
(Dollars in Thousands)

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, 2018 was approximately $73,665.

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 1.0 percent from January 1, 2017 through December 31, 2017 and decreased to 0.0 percent effective January 1, 2018 (Note 9).

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
2018	$ 10,397	$ 13,654	$ 7,385
2017	10,064	13,181	7,743
2016	9,516	12,678	7,387

Note 9. Postemployment Benefits Other Than Pensions (OPEB)

For the year ended June 30, 2018, Miami University implemented the provisions of GASB's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Among other changes, this Statement was issued to improve accounting and financial reporting by governments for postemployment benefits other than pensions. As a result of implementing this Statement, Miami University was required to restate, net position as of July 1, 2017. The effect of the restatement on net position is as follows:

Net position as previously reported, June 30	$ 1,100,194
Adjustment for net OPEB liability and deferred outflows of resources	(108,414)
Net position as restated, June 30	$ 991,780

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

The University faculty are provided with OPEB through STRS Ohio. Non-faculty employees are provided with OPEB through the OPERS.

OPEB plans: Both STRS Ohio and OPERS are cost-sharing multiple-employer health care plans. Both plans 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.
access to healthcare coverage to eligible retirees and their dependents. STRS Ohio Medicare Part B reimbursements will be discontinued effective January 1, 2019.

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 (ORC). The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2017, no employer allocation was made to the health care fund.

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The OPERS funding policy provides for periodic member and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the System's external actuary. All contribution rates were within the limits authorized by the ORC. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017. The 2018 allocation is expected to be 0 percent for health care funding, and expected to continue at that rate thereafter. The employer contribution as a percent of covered payroll deposited for the Member-Directed Plan participants' health care accounts for 2017 was 4.0 percent.

The payroll for employees covered by STRS Ohio for the year ended June 30, 2018 was approximately $74,262. The payroll for employees covered by OPERS for the year ended June 30, 2018 was approximately $96,874. The amount of employer contributions made to fund post-employment benefits for the year ended June 30, 2018 was approximately $474. This represents contributions during the time period from July 1, 2017 through December 31, 2017. The employer contribution rated decreased to 0 percent effective January 1, 2018 for the Traditional and Combined Plans. For the year ended June 30, 2017, no employer allocation was made to the health care fund for STRS Ohio.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2018, the University reported a liability of $103,126 for its proportionate share of the net OPEB liability for the OPERS and STRS Ohio plan, in the amounts of $72,999 and $30,127, respectively. The net pension liability was measured as of December 31, 2017 for the OPERS plan and June 30, 2017 for the STRS Ohio plan. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date for each plan. The amount used to allocate the net OPEB liability, deferred inflows/outflows and OPEB expense was based on the contributions during the measurement period which was determined by the OPERS 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 .67222 percent for OPERS and .772173 percent for STRS Ohio.

For the year ended June 30, 2018, the University recognized OPEB (income) of approximately $(3,043) consisting of OPEB expenses (income) of approximately $6,079 for the OPERS plan and $(9,122) for the STRS Ohio plan.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual actuarial experience	$ 1,739	$ 57	$ 1,796
Changes in assumptions	-	5,315	5,315
Changes in proportion and differences between University contributions and proportionate share of contributions	428	-	428
Total	$ 2,167	$ 5,372	$ 7,539
Deferred inflows of resources:			
Net difference between projected and actual earnings on OPEB plan investments	$ 1,287	$ 5,438	$ 6,725
Changes in assumptions	2,427	-	2,427
Changes in proportion and differences between University contributions and proportionate share of contributions	-	157	157
Total	$ 3,714	$ 5,595	$ 9,309

Deferred inflows and outflows of resources related to the net difference between projected and actual earnings on OPEB plan investments is amortized over five years. The remaining deferred inflows and outflows of resources are amortized over the average remaining service lives of the active and inactive participants in the plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

	STRS Ohio	OPERS	Total
Year ended June 30:			
2019	$ (365)	$ 1,170	$ 805
2020	(365)	1,170	805
2021	(365)	(1,163)	(1,528)
2022	(365)	(1,400)	(1,765)
2023	(44)	-	(44)
Thereafter	(43)	-	(43)
	$ (1,547)	$ (223)	$ (1,770)

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Actuarial assumptions used for the year-ended June 30, 2018

For STRS Ohio the total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

STRS Ohio	
Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Projected payroll increases	3.00 percent
Blended discount rate of return	4.13 percent
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Health care cost trends	6.00 percent-11.00 percent initial, 4.50 percent ultimate
Cost-of-living adjustments (COLA)	0 percent effective July 1, 2017

For OPERS the total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

OPERS	
Single discount rate	3.85 percent
Investment rate of return	6.50 percent
Municipal bond rate	3.31 percent
Inflation	3.25 percent
Projected salary increases	3.25 percent to 10.75 percent (includes wage inflation)
Health care cost trends	7.50 percent initial, 3.25 percent ultimate in 2028

Mortality rates: For STRS Ohio healthy retirees, the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

OPERS pre-retirement mortality rates are based on RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality tables for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Investment return assumptions: STRS Ohio utilizes investment consultants to develop an estimated range for the investment return assumption based on the target allocation determined by the respective Retirement Board of STRS Ohio. The long-term expected rate of return on OPERS health care 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	28.00 %	7.35 %	21.00 %	6.37 %
International equity	23.00	7.55	22.00	7.88
Alternative investments	17.00	7.09	-	-
Fixed income	21.00	3.00	34.00	1.88
Real estate	10.00	6.00	-	-
REITs	-	-	6.00	5.91
Other	1.00	2.25	17.00	5.39
Total	100.00 %		100.00 %	

Discount rate: The discount rate used to measure the total OPEB liability was 4.13 percent for STRS Ohio and 3.85 percent for OPERS. 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 no employer contributions will be made to the health care fund. Based on those assumptions, the OPERS health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date. Based on those assumptions, the STRS Ohio OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, a blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

The following presents the University's proportionate share of the STRS Ohio and OPERS net OPEB liability calculated using a discount rate 1 percent higher and 1 percent lower than the plans' current rate.

	1% Decrease	Current Discount Rate	1% Increase
	(3.13%)	(4.13%)	(5.13%)
STRS Ohio	$ 40,445	$ 30,127	$ 21,972

	1% Decrease	Current Discount Rate	1% Increase
	(2.85%)	(3.85%)	(4.85%)
OPERS	$ 96,982	$ 72,999	$ 53,596

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Sensitivity of net OPEB liability to changes in healthcare cost trend rates: The following presents the University's proportionate share of the STRS Ohio and OPERS net OPEB liability calculated using healthcare cost trend rates 1 percent higher and 1 percent lower than the plans' current rate.

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
STRS Ohio	$ 20,931	$ 30,127	$ 42,231

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
OPERS	$ 69,844	$ 72,999	$ 76,257

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

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 eight 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.

Summary financial information for the Foundation as of June 30, 2018, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 624	$ 128,722	$ 222,824	$ 352,170
Change in net assets for the year	(333)	16	13,104	12,787
Distributions to Miami University	18,181	-	-	18,181

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

Notes to Financial Statements
(Dollars in Thousands)

Note 10. Related Organization (Continued)

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.

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, 2018 were:

	Fair Value
Investment description:	
Domestic public equities	$ 19,604
Global public equities	200,040
International public equities	27,396
Domestic debt	55,113
Global debt	11,949
Hedge funds	58,961
Limited partnerships, non-public equities and separately held mutual funds	91,053
Other	2,093
Split-Interest funds:	
Charitable remainder trusts	10,049
Charitable gift annuities	2,297
Pooled income funds	574
Total	$ 479,129

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 10. Related Organization (Continued)

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, 2018, the Foundation has made commitments to limited partnerships of approximately $54,000, 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 respective partnerships.

The 2018 dividend and interest income of $4,445, is net of fees from external investment managers totaling $284 for June 30, 2018.

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, 2018, contributors to the Foundation have made unconditional pledges totaling $34,372 with one pledge accounting for over 47 percent of that total. Net pledges receivable have been discounted using rates commensurate with the risks involved to a net present value of $32,984 at June 30, 2018. Discount rates ranged from 1.20 percent to 3.40 percent. Management has set up an allowance for uncollectible pledges of $1,725 at June 30, 2018. 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.

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 10. Related Organization (Continued)

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. There were no such deficiencies of this nature as of June 30, 2018.

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, 2018, the University is committed to future contractual obligations for capital expenditures of approximately $114,700. These commitments are being funded from the following sources:

Contractual obligations:	
Approved state appropriations not expended	$ 6,804
University funds and bond proceeds	107,852
Total	$ 114,656

Miami University

Notes to Financial Statements
(Dollars in Thousands)

Note 12. Risk Management

The University's employee health insurance program is a self-insured plan. Administration of the plan is provided by United Medical Resources, a United Healthcare company. Employees are offered two plan options, a Traditional PPO Plan or a High Deductible Health Plan with a Health Savings Account.

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 $2,512 is included in the accrued salaries and wages as of June 30, 2018. The change in the total liability for actual and estimated claims is summarized below at June 30:

	2018	2017
Liability at beginning of year	$ 2,369	$ 2,888
Claims incurred	38,441	33,175
Claims paid	(38,352)	(33,186)
Change in estimated claims incurred but not reported	512	(508)
Liability at end of year	$ 2,970	$ 2,369

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

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-Risk Management & Insurance Consortium. The commercial property program's loss limit is $1.75 billion and the general/auto liability loss limit is $50 million. The property insurance program has been in place for 23 years during which time Miami University has had two material losses 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 18 years during which time Miami University has had three losses above the pool deductible. The current self-insured retention for the liability program is $1 million. The educator's legal liability loss limit is $50 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks.

The State of Ohio self-insures worker's compensation benefits for all state employees, including University employees. Under the direction of the Ohio Bureau of Worker's Compensation and the University, Careworks and Sheakley UniComp, Inc. assist in the administration and disposition of worker's compensation claims.

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, 2018, 2017, 2016 and 2015
(In Thousands)

For the Year Ended June 30, 2018	STRS Ohio	OPERS Traditional	OPERS Combined
University's proportion of the net pension liability (asset)	0.772173%	0.663383%	0.684872%
University's proportionate share of the net pension liability (asset)	$ 183,431	$ 104,072	$ (932)
University's covered-employee payroll	74,262	89,066	2,774
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.01%	116.85%	-33.60%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	84.66%	137.28%
For the Year Ended June 30, 2017			
University's proportion of the net pension liability (asset)	0.762848%	0.664940%	0.665441%
University's proportionate share of the net pension liability (asset)	$ 255,348	$ 150,997	$ (370)
University's covered-employee payroll	71,889	86,004	2,679
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	355.20%	175.57%	-13.81%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	77.25%	116.55%
For the Year Ended June 30, 2016			
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	$ 112,796	$ (323)
University's covered-employee payroll	67,969	83,037	2,475
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	305.31%	135.84%	-13.05%
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	$ 79,877	$ (251)
University's covered-employee payroll	67,064	80,131	2,327
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	260.75%	99.68%	-10.79%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	86.45%	114.83%

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

(Continued)

Miami University

Retirement Plan Data (Continued)
Year Ended June 30, 2018
(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
2009	$ 8,903	$ 8,903	$ -	$ 68,482	13.0%
2010	8,609	8,609	-	66,222	13.0%
2011	8,415	8,415	-	64,727	13.0%
2012	8,195	8,195	-	63,038	13.0%
2013	8,095	8,095	-	62,272	13.0%
2014	8,218	8,218	-	63,215	13.0%
2015	8,718	8,718	-	67,064	13.0%
2016	9,516	9,516	-	67,969	14.0%
2017	10,064	10,064	-	71,889	14.0%
2018	10,397	10,397	-	74,262	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
2009	$ 6,807	$ 6,807	$ -	$ 95,880	7.1%
2010	7,641	7,641	-	87,443	8.7%
2011	8,035	8,035	-	84,585	9.5%
2012	8,492	8,492	-	84,266	10.1%
2013	9,853	9,853	-	85,101	11.6%
2014	11,458	11,458	-	87,598	13.1%
2015	10,925	10,925	-	86,845	12.6%
2016	10,877	10,877	-	90,034	12.1%
2017	11,778	11,778	-	93,543	12.6%
2018	13,180	13,180	-	96,874	13.6%

Miami University

OPEB Plan Data
Years Ended June 30, 2018
(In Thousands)

For the year ended June 30, 2018	STRS Ohio	OPERS
University's proportion of the net OPEB liability	0.772173%	0.672220%
University's proportionate share of the net OPEB liability	$ 30,127	$ 72,999
University's covered-employee payroll	74,262	96,874
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	40.57%	75.35%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	54.14%

	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
2009	$ 685	$ 685	$ -	$ 68,482	1.0%
2010	662	662	-	66,222	1.0%
2011	647	647	-	64,727	1.0%
2012	630	630	-	63,038	1.0%
2013	623	623	-	62,272	1.0%
2014	632	632	-	63,215	1.0%
2015	671	671	-	67,064	1.0%
2016	-	-	-	67,969	0.0%
2017	-	-	-	71,889	0.0%
2018	-	-	-	74,262	0.0%

	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
2009	$ 6,673	$ 6,673	$ -	$ 95,880	7.0%
2010	4,663	4,663	-	87,443	5.3%
2011	3,807	3,807	-	84,585	4.5%
2012	3,371	3,371	-	84,266	4.0%
2013	2,129	2,129	-	85,101	2.5%
2014	876	876	-	87,598	1.0%
2015	1,302	1,302	-	86,845	1.5%
2016	1,801	1,801	-	90,034	2.0%
2017	1,403	1,403	-	93,543	1.5%
2018	474	474	-	96,874	0.5%

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

Miami University

Notes to Required Retirement Plan Data
Year Ended June 30, 2018

Changes to benefit terms: Effective July 1, 2017, the Cost of Living Adjustment (COLA) was reduced to zero for STRS Ohio.

Changes of assumptions: The Retirement Board of STRS Ohio approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Trustees and Officers as of June 30, 2018

MIAMI UNIVERSITY

Financial Services Staff

The 2018 financial report and investments report were prepared by the Miami University Controller's Office and the Treasury Services Office.

Gary Cornett
Controller

Jennifer B. Morrison
Associate Controller

Bruce A. Guiot
Chief Investment Officer and Associate Treasurer

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

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.

Produced by University Communications and Marketing 2018

Miami University Foundation

Financial Report
June 30, 2018

INVESTMENT REPORT

Miami University and Miami University Foundation
June 30, 2018

INVESTMENT POOLS

Total investment assets for Miami University and Miami University Foundation approached $1.2 billion at fiscal year-end, up from $1.1 billion the previous year. The Pooled Investment Fund, the combined University and Foundation endowment, grew assets to $534.7 million from $512.4 million. The fiscal year-end asset values among the pools are as follows:

Pool	Type of Funds	Invested as of June 30, 2018
University Non-Endowment	Working capital and cash reserves to support operating activities	$628,584,000
Pooled Investment Fund (University & Foundation Endowments)	Funds donated to the University and the Foundation to establish endowments in perpetuity	$534,686,000
Trusts, Annuities, and Separately Invested Assets	Gifts managed independently of the pooled funds	$ 25,032,000
Total Investments		**$1,188,302,000**

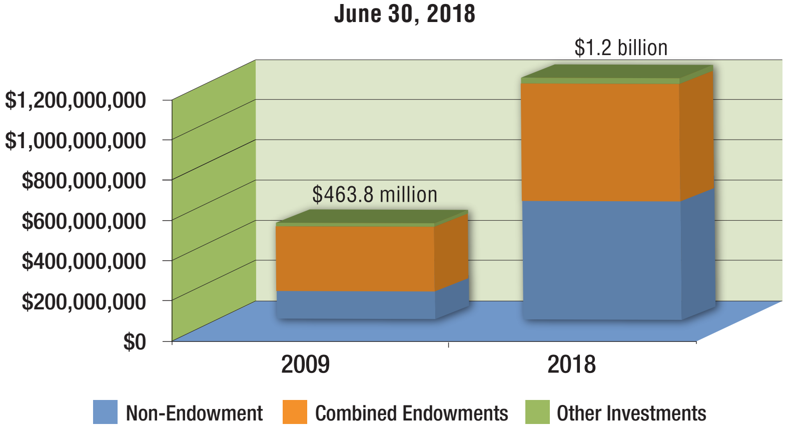
As Miami's leadership contemplates its future fundraising plans and anticipated growth, an abundance of thoughtful consideration has been given to the appropriate governance structure, infrastructure, and resource allocation necessary to ensure impeccable management and stewardship. One outcome of this comprehensive planning process was the decision to retain a firm which has been granted discretionary portfolio decision making authority over both the Pooled Investment Fund and the non-endowment pool. Strategic Investment Group (SIG) was selected by the boards of both the University and the Foundation after an exhaustive national search process. SIG, based in Arlington, VA, was founded in 1987 and manages over $29 billion for 29 discretionary relationships with a team of 43 investment professionals. As part of this process, a new master custody platform was established to hold all investment assets, an extensive asset allocation and risk review was conducted, and new investment policy statements were adopted. These arrangements and transitions were implemented during the spring of 2018. As a result, the investment allocation and manager roster of both pools ended the fiscal year poised to be strategically restructured during the first half of the new fiscal year.

The Miami University Foundation's Investment Committee provides governance oversight to the Pooled Investment Fund, the unified endowment pool for the University and the Foundation, while the University Board of Trustees maintains oversight of the non-endowment pool.

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. As the size of this pool has grown, the long-term portion of the pool is increasingly invested similar to the endowment, except for the exclusion of less liquid asset classes.

The Pooled Investment Fund 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 understanding 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 generations. The investment policy governing the endowment pool recognizes that the portfolio can tolerate year-to-year fluctuations in returns 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 time periods.

Growth in Total Investment Assets
June 30, 2018



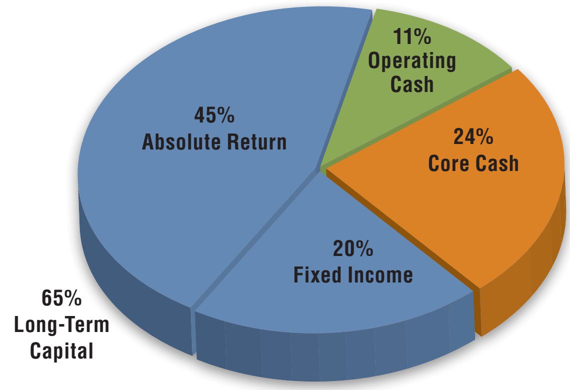
The University and Foundation also hold assets given by donors in the form of trusts, annuities, insurance policies, real estate, and other assets. These funds are managed separately from the endowment pool.

Over the last decade, total investment assets have more than doubled. The non-endowment pool has more than quadrupled, while the endowment has grown in size by 71 percent. At June 30, 2009, market values were just starting to recover from the trough in March of 2009 as the economy struggled to climb out of the recession. Over the subsequent nine years, which now marks the second longest economic recovery on record in U.S. history, we grew the size of the non-endowment through prudent fiscal discipline, modest enrollment growth, and wise leadership of our trustees and directors. Concurrently, unprecedented stimulus by global economic policy makers that helped drive a recovery in capital markets and the enthusiastic support of our alumni and friends have pushed the endowment pool to new heights.

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. At fiscal year-end, it was invested in a mix of longer maturity debt securities and absolute return hedged strategies.

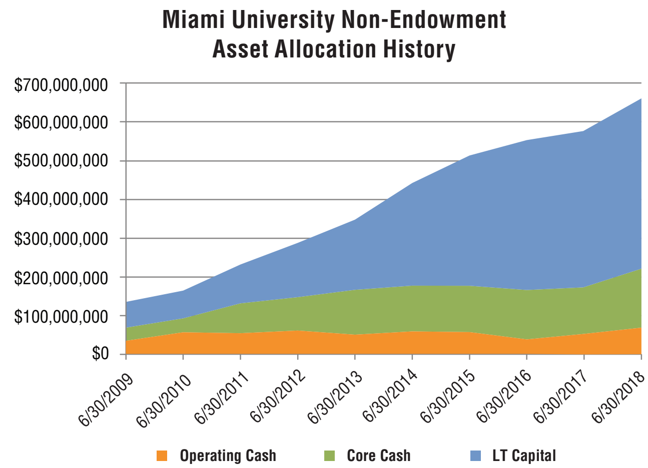
Miami University Non-Endowment Asset Allocation June 30, 2018



Cash flow generation was again strong for the University due to the large incoming first year class of students. Overall, the mix among categories was steady, with operating cash ending the year higher than previous years in anticipation of changes that will be implemented under the new investment policy. One rebalancing action was taken during the year which resulted in $20 million being reallocated from operating cash to core cash. In addition, $1.5 million in new quasi-endowments were created. No managers were liquidated. Looking ahead, the new investment policy adopted by the board will preserve the three categories of this pool, but reduce the weight to core cash. Furthermore, the investment mix within the long-term capital segment will be invested in a well-diversified portfolio with an endowment-like mandate that excludes illiquid investments.

Pooled Investment Fund
Investment Policy Target Allocation, Ranges, & Benchmarks

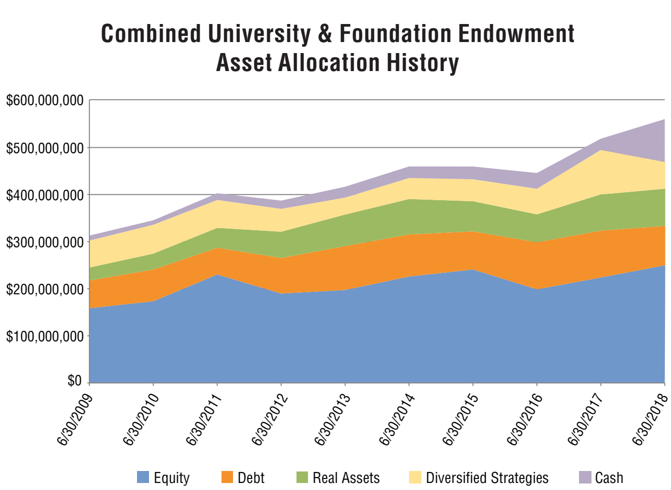
Asset Class	Policy Target Allocation / Benchmark Weight	Policy Ranges Min	Policy Ranges Max	Benchmark Index
Equities	**40%**	**-10%**	**+10%**	
U.S. Equities	16%	-10%	+10%	*Russell 3000 Index*
Developed Non-U.S. Equities	12%	-10%	+10%	*MSCI World ex-US Investible Market Index (Net)*
Emerging Markets Equities	12%	-10%	+10%	*MSCI Emerging Markets Index (Net)*
Alternatives (Net)	**33%**	**-13%**	**+10%**	
Private Equities	20%	-10%	+5%	*Custom Private Equity Index*
Hedge Funds (Net Exposure)	13%	-13%	+10%	*HFRX Equal Weighted Strategies Index*
Hedge Funds (Gross Exposure)	*20%*	*-20%*	*+5%*	
Portable Alpha Overlay	*(7)%*	*-7%*	*+10%*	
Real Assets	**7%**	**-7%**	**+10%**	
Real Estate	3%	-3%	+5%	*NCREIF Fund Index – Open End Diversified Core Equity Index*
Timber	0%	0%	+6%	*Thomson Reuters Cambridge Timber Index*
Commodities	2%	-2%	+6%	*S&P GSCI Total Return Index*
TIPS	2%	-2%	+6%	*Bloomberg Barclays 1-10 Year U.S. TIPS Index*
Fixed Income	**20%**	**-10%**	**+10%**	
U.S. Investment Grade Fixed Income	18%	-15%	+10%	*Bloomberg Barclays U.S. Aggregate Index*
U.S. High Yield	2%	-2%	+10%	*BofA Merrill Lynch High Yield Cash Pay Index*
Non-U.S. Fixed Income	0%	0%	+10%	
Opportunistic	**0%**	**0%**	**+10%**	
Cash	**0%**	**0%**	**+20%**	
TOTAL	***100%***			



The Pooled Investment Fund's strategic allocation policy considers not just asset exposure, but also the sources of risk and the interaction among the various assets and strategies. Under the previous investment policy, this pool's primary strategic allocation categories were global equity, global debt, global real assets, diversifying strategies, and cash, with sub-categories that established the manner in which that exposure was derived. Managers employed tended to have broad, unconstrained mandates, allowing them great flexibility to pursue opportunities on a global basis.

The new investment policy adopted by the board at fiscal year end and to be implemented during fiscal year 2019, maintains a similar philosophy, but adjusts the asset categories, target weights, and tactical ranges.

At fiscal year-end, equity related strategies remained the largest exposure at about forty six percent of the combined portfolio, up slightly from last year's level. The mix of exposures within the category, however, reflected more public equity and less hedged equity, as liquidations were made in anticipation of the planned changes. Debt exposure declined slightly as some credit sensitive strategies were reduced ahead of the broader changes. Real asset exposure increased slightly. Diversifying strategies were cut nearly in half in order to accommodate their more restrictive liquidity provisions. The net result of these actions was a temporarily



high cash position at year end. This added liquidity will aid in the allocation and manager mix changes to be implemented at the beginning of the new fiscal year.

Liquidity measures how quickly the exposure to a particular manager can be redeemed and turned into cash. The portfolio ended the year with an overweight to cash which reflected the liquidation of some managers in anticipation of the broader changes planned early in fiscal year 2019. Nearly two-thirds of the portfolio could be converted to cash within a quarter. This posture allowed us to maintain desired market exposures while providing for efficient redeployment as we transition toward the new allocation targets in the new fiscal year.

Combined University & Foundation Endowment Liquidity as of June 30, 2018

	Global Equity	Global Debt	Real Assets	Div Strat	Cash	Total by Liquidity	Policy
Liquid *(< quarter)*	41.5%	10.3%	1.0%	0.0%	11.0%	**63.9%**	**40% min**
Semi Liquid *(> quarter)*	2.1%	3.1%	3.7%	5.6%		**14.5%**	**40% max**
Illiquid *(> 2 years)*	2.8%	3.6%	10.7%	4.5%		**21.6%**	**35% max**
Total by Category	**46.4%**	**17.0%**	**15.4%**	**10.2%**	**11.0%**	**100%**	

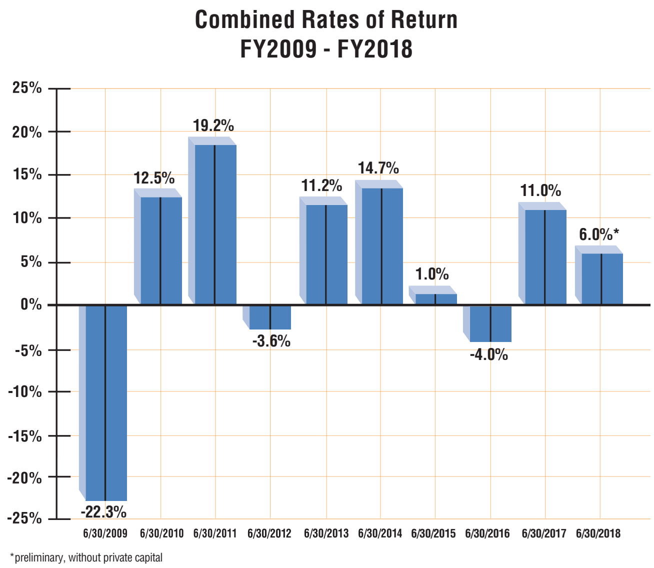
At year end, the pooled investment fund held 32 external managers, some with multiple mandates. Five hedged strategies were liquidated during the year, with the proceeds invested in either long-only public strategies or cash. No new managers were engaged during the fiscal year, though significant manager turnover is expected in the coming year as the new investment policy is implemented.

INVESTMENT RETURNS

Global capital markets showed remarkable strength during the first half of the fiscal year, aided by federal tax law changes and the expectation for strong corporate earnings that would drive improved economic growth. While the current economic cycle in the United States has completed its ninth year of expansion, the second longest on record, plenty of threats persist. Continued interest rate increases by the U.S. Federal Reserve and concerns over tariffs and trade wars contributed to flat capital markets in the second half of the fiscal year and increased volatility after an extended period of extremely calm levels.

The University's non-endowment pool posted a gain of 3.0 percent for the fiscal year ended June 30, 2018, down from a return of 4.5 percent earned in the previous year. Annualized performance for the trailing five years was 2.7 percent, providing annualized added return over the 90-day Treasury bill during that period of 2.3 percentage points. Additional overnight interest rate increases by the U.S. Federal Reserve boosted yields on operating cash, but put pressure on returns for the short and intermediate term bond investments in core cash. Improving corporate earnings aided by federal tax cuts helped equities and led to tighter credit spreads, leading to solid positive results of 5.9 percent for the absolute return strategies.

The pooled investment fund earned an estimated 6.0 percent for the fiscal year, down from the double digit gain posted for the previous year. This figure excludes the private capital portion of the portfolio that reports on a significant delay. Estimated annualized performance for the trailing five years was 5.7 percent. Global public equity, up 11.2 percent, was the most significant contributor to results due to both its large weighting and the managers collectively exceeding the global public equity benchmark. Public interest rate sensitive investments were down 0.4 percent, in line with the benchmark.

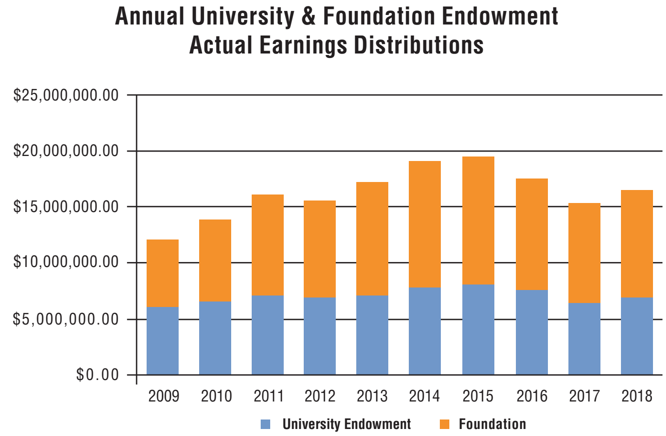


*preliminary, without private capital

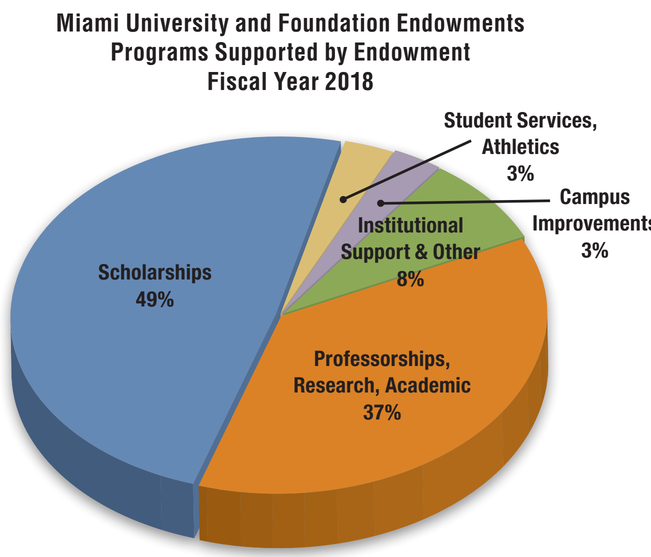
PROGRAM SUPPORT

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 endowment spending policies for both the University and Foundation, adopted in fiscal year 2017, distribute four percent of the average of the previous twelve quarterly market values as of March 31st of each fiscal year. The policies are intended to provide consistent, predictable, and sustainable annual distributions, while maintaining intergenerational equity and preserving the purchasing power of the endowed principal.



The combined endowment distribution for fiscal year 2018 was about $16.6 million, $1.1 million more than the previous year. Over the last ten years, the cumulative distributions have totaled over $163 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 2018 distributions.



The continued generosity of the Miami community resulted in our second best annual fundraising year, after setting a new record the year before. This momentum produced $83.9 million of support and was concentrated in our three current primary campaign initiatives: scholarships, intercollegiate athletics, and Farmer School of Business. Thank you for helping Miami reach these new heights.

Miami University: Equal opportunity in education and employment.
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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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Cleveland, Ohio
October 9, 2018

Miami University Foundation

Statement of Financial Position
June 30, 2018
(With Comparative Totals for June 30, 2017)

	2018	2017
Assets		
Cash and cash equivalents	**$ 64,282,976**	$ 43,840,084
Pledges receivable, net	**31,258,652**	36,219,757
Other receivables, primarily investment related	**12,439,077**	13,439,412
Investments	**477,035,567**	477,769,184
Cash value of life insurance	**2,063,101**	2,014,296
Real estate investments	**30,000**	262,875
Total assets	**$ 587,109,373**	$ 573,545,608
Liabilities		
Accounts payable and other liabilities	**$ 14,824,742**	$ 13,932,276
Assets held for other entities	**214,465,794**	213,843,604
Deferred revenue	**1,671,980**	1,749,089
Obligations under split-interest agreements	**3,976,357**	4,637,491
Total liabilities	**234,938,873**	234,162,460
Net Assets		
Unrestricted	**624,224**	957,683
Temporarily restricted	**128,722,442**	128,706,074
Permanently restricted	**222,823,834**	209,719,391
Total net assets	**352,170,500**	339,383,148
Total liabilities and net assets	**$ 587,109,373**	$ 573,545,608

See notes to financial statements.

Miami University Foundation

Statement of Activities
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2018 Total**	2017 Total
Revenues and other additions:					
Contributions	$ -	$ 2,530,746	$ 12,346,397	**$ 14,877,143**	$ 25,497,080
Investment income:					
Dividend and interest income, net	15,946	4,427,770	910	**4,444,626**	2,568,598
Net realized and unrealized (losses) gains	(342,146)	14,877,843	718	**14,536,415**	26,239,405
Net investment income	(326,200)	19,305,613	1,628	**18,981,041**	28,808,003
Change in value of split-interest agreements	-	680,812	-	**680,812**	1,050,289
Net assets released from restrictions due to satisfaction of donor restrictions	21,744,385	(22,500,803)	756,418	**-**	-
Total revenues and other additions	21,418,185	16,368	13,104,443	**34,538,996**	55,355,372
Expenses and other deductions:					
Distributions to Miami University (Note 6)	18,181,165	-	-	**18,181,165**	15,347,172
Other expenses	760,839	-	-	**760,839**	381,648
Administrative expenses (Note 6)	2,809,640	-	-	**2,809,640**	2,485,019
Total expenses and other deductions	21,751,644	-	-	**21,751,644**	18,213,839
Change in net assets	(333,459)	16,368	13,104,443	**12,787,352**	37,141,533
Net assets - beginning of year	957,683	128,706,074	209,719,391	**339,383,148**	302,241,615
Net assets - end of year	$ 624,224	$ 128,722,442	$ 222,823,834	**$ 352,170,500**	$ 339,383,148

See notes to financial statements.

Miami University Foundation

Statement of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018	2017
Cash flows from operating activities:		
Payments to Miami University, net	**$ (20,777,557)**	$ (16,957,311)
Cash flows from investing activities:		
Proceeds from sale of investments	**167,358,200**	84,838,231
Purchase of investments	**(141,535,799)**	(104,054,003)
Assets held for other entities	**(9,053,138)**	17,140,393
Net cash provided by (used in) by investing activities	**16,769,263**	(2,075,379)
Cash flows from financing activities:		
Contributions restricted for long-term investment	**20,562,871**	23,579,991
Interest and dividends, restricted	**4,278,622**	2,357,617
Interest utilized for payment of split-interest obligations	**503,489**	355,610
Payments on split-interest obligations	**(893,796)**	(757,043)
Net cash provided by financing activities	**24,451,186**	25,536,175
Net increase in cash and cash equivalents	**20,442,892**	6,503,485
Cash and cash equivalents:		
Beginning	**43,840,084**	37,336,599
Ending	**$ 64,282,976**	$ 43,840,084
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	**$ 12,787,352**	$ 37,141,533
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Increase in accounts payable and other liabilities	**974,087**	1,256,528
Contributions restricted for long-term investment	**(14,877,143)**	(25,497,080)
Net change in value of split-interest agreements	**(680,812)**	(1,050,289)
Interest and dividends	**(4,444,626)**	(2,568,598)
Net realized and unrealized gains on investments	**(14,536,415)**	(26,239,405)
Net cash used in operating activities	**$ (20,777,557)**	$ (16,957,311)

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 eight 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 donors 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 carrying amounts of these items are a reasonable estimate of their fair value.

Approximately $451,000 of cash and cash equivalents was covered by federal depository insurance; $24.1 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 invested in money market funds that invest substantially all of its assets in U.S. Treasury securities and repurchase agreements. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

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.

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.

Miami University Foundation

Notes to the Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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. As of June 30, 2018, 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.

Subsequent events: The Foundation has evaluated events occurring between the end of its most recent fiscal year and October 9, 2018, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

Note 3. Pledges Receivable, Net

At June 30, 2018, contributors to the Foundation have made unconditional pledges totaling $34,371,893 with one pledge accounting for over 47% of that total. Net pledges receivable have been discounted using interest rates to a net present value of $32,984,096, at June 30, 2018. Discount rates ranged from 1.20% to 3.40%. 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. At June 30, 2018, net pledges are due as follows:

Unconditional pledges expected to be collected:	
Within one year	$ 10,428,217
Between two and five years	19,252,892
In more than five years	4,690,784
Pledges receivable	34,371,893
Less discount on pledges	(1,387,797)
Less allowance for uncollectible pledges	(1,725,444)
Pledges receivable, net	$ 31,258,652

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.

Miami University Foundation

Notes to the Financial Statements

Note 4. Investments

Investments held by the Foundation as of June 30, 2018 were:

Investment Description	Fair Value
Domestic public equities	$ 19,603,939
Global public equities	200,039,515
International public equities	27,396,160
Domestic debt	55,112,621
Global debt	11,948,653
Hedge funds	58,961,447
Limited partnerships, non-public equities and separately held mutual funds	91,053,107
Split-Interest Funds:	
Charitable remainder trusts	10,049,359
Charitable gift annuities	2,297,226
Pooled income funds	573,540
Total	$ 477,035,567

The Pooled Fund portfolio’s fair value, excluding cash, was $464,016,443 at June 30, 2018. 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, 2018, the Foundation has made commitments to limited partnerships of approximately $54.0 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 respective partnerships.

The 2018 dividend and interest income of $4,444,626, as reported in the Statement of Activities, is net of fees from external investment managers totaling $283,534.

Included in the Foundation’s investment 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.

Miami University Foundation

Notes to the Financial Statements

Note 4. Investments (Continued)

Assets held for other entities as of June 30, 2018 were:

	Miami University Endowment	Miami University Paper Science & Engineering Foundation	Other	Total
Assets held for other entities at June 30, 2017	$ 210,206,922	$ 3,481,116	$ 155,566	$ 213,843,604
New investments	132,000	-	-	132,000
Redemption	-	(3,000,000)	-	(3,000,000)
Earnings distribution	(7,514,523)	-	-	(7,514,523)
Dividend and interest income	3,105,791	9,540	2,581	3,117,912
Net unrealized and realized gains	7,799,559	110,173	6,386	7,916,118
Value as of June 30, 2018	213,729,749	600,829	164,533	214,495,111
Distribution payable (included in accounts payable and other liabilities)	-	(23,074)	(6,243)	(29,317)
Assets held for other entities at June 30, 2018	$ 213,729,749	$ 577,755	$ 158,290	$ 214,465,794

Note 5. Fair Value Measurements and Disclosures

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.

Miami University Foundation

Notes to the Financial Statements

Note 5. Fair Value Measurements and Disclosures (Continued)

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, 2018:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
Domestic public equities	$ -	$ 19,603,939	$ -	$ 19,603,939
Global public equities	121,237,164	-	-	121,237,164
International public equities	17,050,831	-	-	17,050,831
Domestic public debt	-	4,131,909	-	4,131,909
Limited partnerships and non-public equities	-	19,350	79,649	98,999
Split-interest funds:				
Charitable remainder trusts	10,049,359	-	-	10,049,359
Charitable gift annuities	2,297,226	-	-	2,297,226
Pooled income funds	573,540	-	-	573,540
	$ 151,208,120	$ 23,755,198	$ 79,649	$ 175,042,967
Funds reported at fair value based on net asset value: [(a)]				
Commingled funds reported at fair value:				
Non-publicly traded funds				$ 152,077,045
Hedge funds				58,961,447
Limited partnerships				90,954,108
Total commingled funds reported at fair value				301,992,600
Total investment assets				$ 477,035,567
Investment Liabilities:				
Split-interest funds:				
Charitable remainder trusts	$ -	$ -	$ 2,011,123	$ 2,011,123
Charitable gift annuities	-	-	1,958,233	1,958,233
Pooled income funds	-	-	7,001	7,001
Total investment liabilities	$ -	$ -	$ 3,976,357	$ 3,976,357

(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.

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, 2018:

	Limted Partnerships and Non-Public Equities	Split-Interest Funds
Balances as of July 1, 2017	$ 46,400	$ (4,637,491)
Purchases of investments	33,250	-
Net realized and unrealized (losses) gains	(1)	661,134
Balances as of June 30, 2018	$ 79,649	$ (3,976,357)

Miami University Foundation

Notes to the Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table sets forth the significant terms of the agreements with commingled funds reported at fair value based on net asset value at June 30, 2018:

	Fair Value (in millions)	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Non-publicly traded equity funds [a]	$ 89,147,680	$ -	monthly	10 days
Non-publicly traded debt funds [b]	62,929,365	-	weekly, monthly	5 - 90 days
Hedged equity funds [c]	9,964,722	-	various	30 - 60 days
Hedged debt funds [d]	48,996,725	-	quarterly	45 - 95 days
Limited partnership [e]				
Private equity	14,594,561	13,076,945	illiquid	not applicable
Private debt	19,135,571	19,461,792	illiquid	not applicable
Private natural resources	24,160,240	12,847,157	illiquid	not applicable
Private real estate	33,063,736	8,598,663	illiquid	not applicable
Total	$ 301,992,600	$ 53,984,557		

[a] This class includes investment vehicles that are non-publicly traded commingled 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 non-publicly traded commingled 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 fund may also hold long and short positions in debt securities. The redemption frequency for these funds range from quarterly to up to 24 months. 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 $10.0 million, has a rolling 2-year lock on redemption imposed by the hedge fund manager and no redemptions are currently permitted. We are in the first year of this redemption restriction.

[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. One investment, valued at $14.3 million, has a rolling 2-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.

[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.

Miami University Foundation

Notes to the Financial Statements

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 1,820 separate accounts established since its inception. The following presents a summary of changes in endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2017	$ 957,683	$ 72,224,273	$ 209,704,491	$ 282,886,447
Contributions	-	2,143,844	12,346,397	14,490,241
Dividend and interest income, net of investment expense	15,946	4,396,165	910	4,413,021
Realized and unrealized (losses) gains	(342,146)	14,766,294	719	14,424,867
Net assets released from restrictions and other changes	14,174,127	(14,448,751)	756,418	481,794
Distributions to Miami University	(11,326,529)	-	-	(11,326,529)
Other expenses	(45,217)	-	-	(45,217)
Administrative expenses	(2,809,640)	-	-	(2,809,640)
Endowment net assets, June 30, 2018	$ 624,224	$ 79,081,825	$ 222,808,935	$ 302,514,984

Endowment net asset composition by type of fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Funds functioning as endowment	$ 624,224	$ -	$ -	$ 624,224
Donor restricted endowment	-	79,081,825	222,808,935	301,890,760
	$ 624,224	$ 79,081,825	$ 222,808,935	$ 302,514,984

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. There were no deficiencies of this nature as of June 30, 2018.

Miami University Foundation

Notes to the Financial Statements

Note 6. Endowment (Continued)

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 endowment spending distribution policy approved by the Foundation Board of Directors distributes four percent of the average of the previous twelve quarterly market values as of March 31st of each fiscal year. This policy is intended to provide consistency, predictability, and sustainability of the annual distributions, while maintaining intergenerational equity to preserve the purchasing power of the endowed principal.

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 2018 was $18,214,253 which includes $7,543,840 of earnings distributions to assets held for other entities as described in Note 4. Some are reinvesting all endowment earnings. As a result, $9,693,406 was distributed to Miami University from Foundation endowments. In addition to current year endowment distributions, $8,487,759 of non-endowed funds were distributed to Miami 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	$ 4,760,221	$ 77,446	$ 4,837,667
Academic support	3,810,077	1,601,937	5,412,014
Student services/athletics	341,398	-	341,398
Campus improvements	97,485	4,762,706	4,860,191
Other institutional support	684,225	2,045,670	2,729,895
Total distributions to Miami University	$ 9,693,406	$ 8,487,759	$ 18,181,165

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. Miami 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 $2,809,640 was reimbursed to Miami University in 2018 for the Foundation endowment's share of the calculated fee.

Miami University Foundation

Notes to the Financial Statements

Note 7. 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, 2018:

Miami University Program Supported	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Scholarships and fellowships	$ -	$ 27,479,884	$ 115,685,971	$ 143,165,855
Academic support	-	35,736,100	83,009,243	118,745,343
Student services/athletics	-	1,769,735	8,287,111	10,056,846
Campus improvements	-	8,369,102	1,157,715	9,526,817
Other and undesignated	624,224	55,367,621	14,683,794	70,675,639
Total net assets	$ 624,224	$ 128,722,442	$ 222,823,834	$ 352,170,500

Supplementary Information

Miami University Foundation

Schedule of Changes in Net Assets
Year Ended June 30, 2018

	Balance July 1, 2017	Contributions	Endowment Income	Market Adjustment, Net	Transfers To Miami	Intrafund Transfers	Other	**Balance June 30, 2018**
Pooled endowment funds	$ 282,597,978	$ 14,470,174	$ 4,410,506	$ 11,616,523	$ (11,324,174)	$ 481,794	$ (45,217)	**$ 302,207,584**
Non-pooled endowment funds	288,469	20,067	2,515	(1,296)	(2,355)	-	-	**307,400**
Total endowment funds	282,886,447	14,490,241	4,413,021	11,615,227	(11,326,529)	481,794	(45,217)	**302,514,984**
Expendable funds - donor restricted for capital projects	7,586,308	3,062,531	23,708	1,559	(3,951,834)	183,420	(715,622)	**6,190,070**
Expendable and board discretionary funds-non capital	2,439,227	2,192,833	7,897	2,017	(2,659,492)	166,504	-	**2,148,986**
Accumulated cash value insurance	2,014,296	11,176	-	107,973	(10,435)	(59,909)	-	**2,063,101**
Other investment funds	76,398	-	-	(1)	-	33,250	-	**109,647**
Net split-interest funds	7,987,823	81,467	-	-	(232,875)	(805,059)	683,504	**7,714,860**
Pledges receivable	36,219,757	(4,961,105)	-	-	-	-	-	**31,258,652**
Interest in trusts held by others	172,892	-	-	-	-	-	(2,692)	**170,200**
Total net assets	$ 339,383,148	$ 14,877,143	$ 4,444,626	$ 11,726,775	$ (18,181,165)	$ -	$ (80,027)	**$ 352,170,500**

Detail of Market Adjustment, Net

Net Unrealized and Realized Gains	Administrative Expense	Market Adjustment, Net
$ 14,536,415	$ 2,809,640	$ 11,726,775

Miami University Foundation

Schedule of Investments
June 30, 2018
(With Comparative Totals for June 30, 2017)

Description	2018 Fair Value	2017 Fair Value
Pooled Funds		
Domestic Public Equities		
Eagle Global Advisors (a)	**$ 19,603,939**	$ 14,054,544
Total domestic public equities	**19,603,939**	14,054,544
Global Public Equities		
Baring Asset Management (a)	**33,849,545**	30,154,512
Northern Trust (a)	**44,952,806**	31,699,740
Oakmark Funds (b)	**23,755,574**	21,801,360
Pimco (b)	**39,254,559**	29,839,045
Victory RS Investments (b)	**5,461,930**	4,922,480
Virtus Investment Partners (b)	**23,329,210**	22,297,069
William Blair Global Leaders (b)	**29,435,891**	24,357,369
Total global public equities	**200,039,515**	165,071,575
International Public Equities		
Highclere International Investors (a)	**10,345,329**	9,654,415
Virtus Investment Partners (b)	**17,050,831**	16,853,096
Total international public equities	**27,396,160**	26,507,511
Domestic Public Debt		
Johnson Institutional Management (c)	**4,131,909**	11,534,357
Northern Trust (a)	**50,980,712**	24,811,404
Total domestic public debt	**55,112,621**	36,345,761
Global Public Debt		
Beach Point Capital Management (a)	**11,948,653**	11,628,213
Total global public debt	**11,948,653**	11,628,213
Hedge Funds (a)		
Beach Point Capital Management	**13,810,843**	13,205,350
Canyon Capital Advisors	**16,232,611**	15,048,060
Evanston Capital	**-**	23,821,008
Fir Tree Partners	**9,964,722**	10,011,325
GoldenTree Asset Management	**4,636,564**	18,484,585
JHL Capital Group	**-**	8,694,950
Marble Arch Investments	**-**	10,690,838
Sandler Capital	**-**	11,915,091
Starboard Value	**-**	7,466,167
Strategic Value Partners	**14,316,707**	13,001,194
Total hedge funds	**58,961,447**	132,338,568
Private Investments (a)		
Commonfund (12 funds) - Various	**11,633,427**	13,012,620
Falcon Investment Advisors - Debt	**3,821,508**	3,335,625
GEM Realty Securities - Real Estate	**10,830,706**	5,316,385
Goldman Sachs (4 funds) - Various	**7,410,062**	10,988,337
Hamilton Lane Advisors (2 funds) - Equities	**6,722,601**	8,294,353
Huron Capital Partners - Equities	**505,810**	-
Maranon Capital, LP - Debt	**8,988,714**	2,335,083
Metropolitan - Real Estate	**1,275,263**	1,337,920
Penn Square Capital Group (2 funds) - Real Estate	**2,768,931**	4,208,754
Pomona Capital - Equities	**668,797**	1,181,539
Rockland Capital LLC - Natural Resources	**3,006,888**	1,270,042
Summit Partners - Equities	**2,162,828**	360,000
Timbervest (2 funds) - Natural Resources	**7,957,367**	10,113,385
Venture Investment Associates - Natural Resources	**2,458,071**	1,611,905
Westport Capital Partners (2 funds) - Real Estate	**18,188,836**	15,115,537
Yukon Partners - Debt	**2,554,299**	-
Total private investments	**90,954,108**	78,481,485
Total pooled funds	**464,016,443**	464,427,657

(Continued)

Miami University Foundation

Schedule of Investments (Continued)
June 30, 2018
(With Comparative Totals for June 30, 2017)

Description	2018 Fair Value	2017 Fair Value
Separately Invested Funds		
Limited Partnerships, Non-Public Equities (a) and Separately held mutual funds (b)		
Longford Limited Partnership	**$ 13,899**	$ 13,899
Longview Energy Company	**-**	1
Stone Ridge	**19,350**	-
Student Venture Funds	**65,750**	32,500
Total limited partnerships, non-public equities and separately held mutual funds	**98,999**	46,400
Total separately invested funds	**98,999**	46,400
Split-Interest Funds		
PNC Bank (b)		
Domestic public equities	**6,123,902**	6,281,644
International public equities	**1,620,353**	1,599,526
Domestic public debt	**4,615,573**	4,824,548
Global public debt	**560,297**	589,409
Total split-interest funds	**12,920,125**	13,295,127
Grand total	**$ 477,035,567**	$ 477,769,184

(a) Commingled and non-publicly traded funds
(b) Mutual funds
(c) Publicly traded securities managed in a separate account

Status of Capital Projects Updates

December 13, 2018

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Glos Center Renovation

Project Cost: $1,850,000

Cost of Work: $1,400,000

Completion Date/% Comp: December 2018/95%

Project Delivery Method: Single Prime

Contingency/Balance: $126,000/15%

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

MacCracken, Richard, and Porter Halls Renovations

Project Cost: $71,700,000
Completion Date/% Comp: July 2019/50%
Contingency/Balance: $5,635,815/85%

Cost of Work: $57,613,808
Project Delivery Method: Design-Build

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

MacCracken, Richard, and Porter Halls Renovations

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

MacCracken, Richard, and Porter Halls Renovations

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Residence Hall Renovation Update

Residence Halls in Planning for Renovation:

- Stanton Hall Renovation to begin FY20
- Dodds Hall Renovation to begin FY20?
- Bell Tower Renovation to begin FY21?
- Ogden Hall Renovation to begin FY22?

Residence Halls with Infrastructure Investments/Extended Life:

- Peabody Hall
- Havighurst Hall
- Tappan Hall
- Morris Hall
- Emerson Hall

Residence Halls Not Intended To Be Renovated:

- Wells Hall
- Thomson Hall
- McKee Hall
- Miami Inn

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Pearson Hall Renovations, Phase 2

Project Cost: $30,000,000

Completion Date/% Comp: August 2020/12%

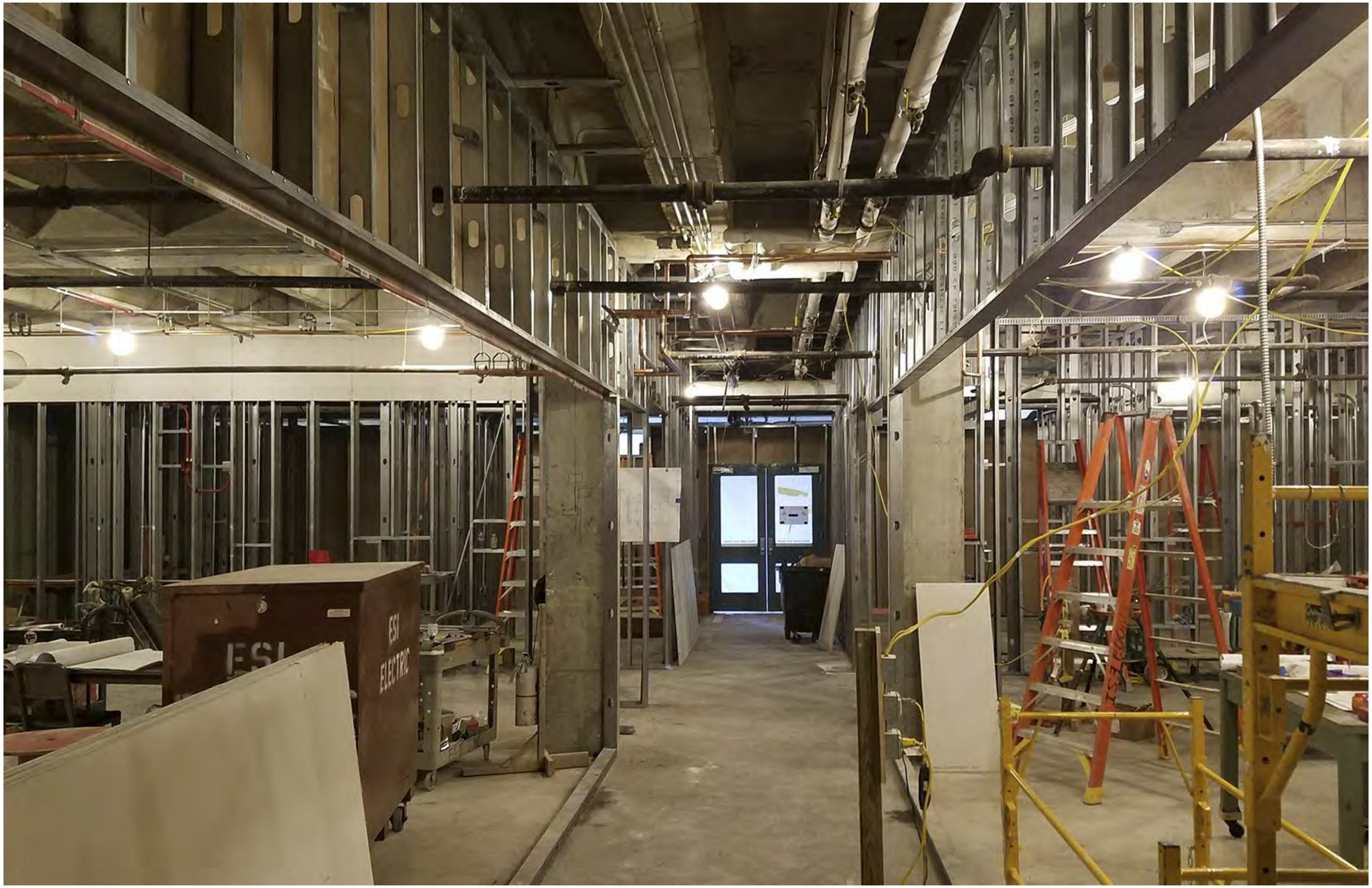
Contingency/Balance: $1,500,000/100%

Cost of Work: $25,238,135

Project Delivery Method: Design-Build

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Pearson Hall Renovations, Phase 2



MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

South Chiller Plant Conversion

Project Cost: $21,250,000

Completion Date/% Comp: December 2019/45%

Contingency/Balance: $1,000,000/94%

Cost of Work: $18,500,000

Project Delivery Method: Construction Manager at Risk

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Shriver Center Renovations – Phase 3

Project Cost: $1,250,000

Completion Date/% Comp: December 2018/99%

Contingency/Balance: $81,323/15%

Cost of Work: $952,177

Project Delivery Method: Construction Manager at Risk

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Questions?

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

Business Session
Item 3

MIAMI UNIVERSITY
PHYSICAL FACILITIES DEPARTMENT

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Status of Capital Projects Executive Summary
December 13, 2018

1. Projects completed:

Three major projects were completed since the last report. The Campus Gateways and Safety Enhancements project has had a positive impact on our campus. Our two most active campus entryways saw substantial improvements. The US 27/Patterson Avenue component of the project installed masonry wall gateway elements, a monumental pier, a brick-paved intersection, planted medians with pedestrian refuge islands, lighting, and pedestrian safety signals. The State Route 73 entryway received many of the same improvements, but also new bicycle lanes that will connect with the future Oxford Area Trail Sytem (OATS). The Maplestreet Commons North project completed the conversion of this venue to buffet style dining. This conversion was an important piece of the plan to close Harris Dining Hall. Finally, Swing Hall was deconstructed. While we were all sad to see such a stately building go, it's 1924 vintage construction was simply not conducive to modern design requirements. The projects were completed within budget, returning approximately 3% of the projects' revenue. Ten projects under $500,000 were completed since the last report.

2. Projects added:

21 projects under $500,000 were added during this reporting period. Two new major projects were added during this reporting period. The High Street Safety Enhancements project will install planted medians with refuge islands, new lighting, pedestrian safety signals, and reduce the number of crosswalks. The work will occur on High Street between Patterson Avenue and Campus Avenue. The design will match the work recently completed on Patterson Avenue. A safety grant from ODOT is contributing more than half of the project's budget. The renovation of Dodds Hall will address heating, cooling, plumbing, life safety systems, and the building's envelope. Dodds will be the final residence hall in the South and Central Quad to be renovated.

3. Projects in progress:

Renovation is well underway at MacCracken, Richard, and Porter Halls. New window installation is nearly complete. Richard Hall's roof replacement remains on-schedule. Inside the buildings, HVAC systems are being installed. Pearson Hall Phase 2 is a little ahead of schedule. Drywall installation is wrapping up throughout the building. The South Chiller Plant Conversion project remains on-schedule. The underground piping is now complete. The large thermal energy storage tank is beginning to rise out of the ground. Smaller, new low-load boilers have been ordered for the steam plant and work has begun to prepare for their installation. Finally, work is nearing completion on the new home for Starbucks in the lower level of Shriver Center.

Respectfully submitted,

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

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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Miami University
Physical Facilities Department
Status of Capital Projects Report

Summary of Active Projects

	Number of Projects	Value
Under Construction	**7**	**$161,100,000**
In Design		**$32,225,000**
In Planning		**tbd**
Projects Under $500,000		**$19,340,533**
	Total	**$215,665,533**

New Projects Over $500,000

Dodds Hall Renovation	**Page 15, Item 1**
High Street Safety Enhancement	**Page 15, Item 2**

Projects Completed Since Last Report

Campus Gateways and Safety Enhancements		**$4,800,000**
Maplestreet Commons North		**$3,200,000**
Swing Hall Deconstruction		**$1,624,859**
	Total	**$9,624,859**

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. **MacCracken, Richard and Porter Halls Renovations with Central Quad Improvements:**
(BOT Feb '18)
Morris
This project will fully renovate MacCracken and Richard Residence Halls – two co-located residence halls in the Central Quad. The project will also renovate Porter Hall at a level similar to what was recently completed at Clawson. In addition, the exterior quad has been enhanced with LED lighting, improved drainage and irrigation. MacCracken and Richard Halls are the last of the Central Quad halls to be renovated. The MacCracken and Richard Hall programs include new sorority suites and an expanded MacCracken Market facility with limited food service. The renovation will include upgrades to systems, finishes and accessibility. Fire protection will be added to MacCracken and Richard and other safety elements will be enhanced and residence life spaces will be reconfigured.

In all three buildings, interior concrete, steel, and masonry are substantially complete. Windows are complete and roofing work is progressing toward January completion. The dedicated outdoor air system (DOAS) units are set. Firestopping is in progress. Elevator jacks and shafts are complete.

The north two-thirds of Central Quad is open and work there is complete, with the exception of some additional tree plantings that will occur in the Spring of 2019. The remainder of Central Quad will remain off-line until May 2019 in order to facilitate construction access to the roofs, facades and grounds at MacCracken and Richard Halls.

The South Quad tunnel top construction drawings are complete and the GMP is in place to allow work to proceed. Work is being bid for construction to begin in March 2019 and be complete by July 2019.

Miami University
Physical Facilities Department
Status of Capital Projects Report

MacCracken, Richard and Porter Halls Renovations with Central Quad Improvements (continued):

Delivery Method: Design-Build

Project Cost	
Design and Administration	$4,262,223
Cost of Work	$57,613,808
Contingency	$5,635,815
Owner Costs	$4,188,154
Total	$71,700,000

Funding Source	
Bond Funds	$48,944,537
University CR&R	$3,500,000
Residence Halls CR&R	$19,255,463
Total	$71,700,000

Contingency Balance: 85%
Construction Complete: 50%
Project Completion: July 2019

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

2. **Pearson Hall Renovations - Phase 1:** (BOT Feb '17)
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 modernized in recent years will not be impacted by this project.

The majority of the Phase 1 work has now been completed. This includes classrooms, administrative offices, and new convergence spaces on the first and second levels. Occupants have moved into their new spaces. The last component of the Phase 1 portion of the project renovates spaces on the third floor. This work will begin in May of 2019 and complete in August of 2019.

Delivery Method: Design-Build

Project Cost	
Design and Administration	$3,434,253
Cost of Work	$26,877,140
Contingency	$1,583,407
Owner Costs	$735,200
Total	$32,630,000

Funding Source	
State	$23,900,000
Local	$8,730,000
Total	$32,630,000

Contingency Balance: 76%
Construction Complete: 80%
Project Completion: August 2019

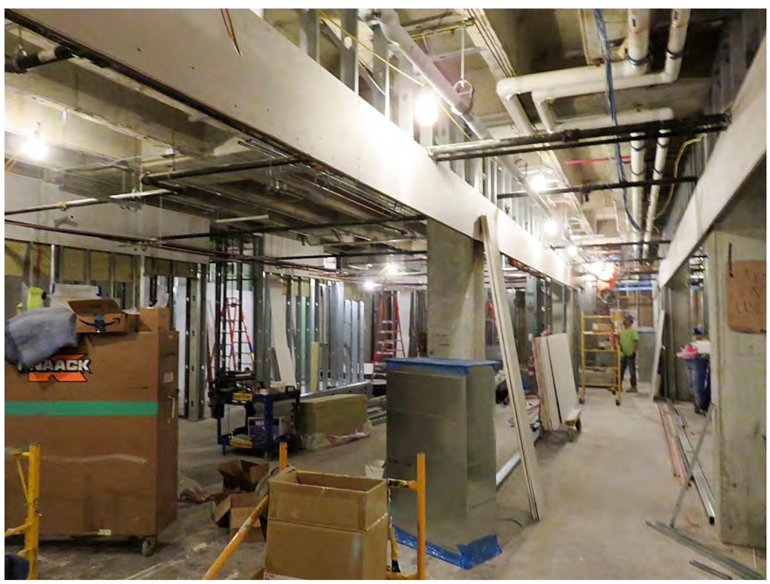
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

3. **Pearson Hall Renovation, Phase 2:**
Porchowsky
This project is to complete the balance of the renovation of Pearson Hall for the biological sciences, including the Departments of Biology and Microbiology. This phased, occupied renovation will address deferred maintenance issues with the facility through the installation of new and efficient mechanical, electrical, data, and fire suppression systems. The project also includes lab safety improvements. The project will be occupied during renovations.

Phase 2 will complete the remaining 50% of the necessary heating, cooling, and lab exhaust systems; upgrade electrical switchgear, modernize the public areas, remaining lab classrooms and research laboratories. This project will be completed in two, year-long segments ending August 2020. Research teams for this first segment have moved from their laboratories in Pearson to the swing space located in the Hughes Hall C-Wing.

Demolition is complete. Framing is nearly complete. Installation of drywall is complete on levels two and three in preparation for overhead inspections. Installation of drywall on the first floor and ground levels is underway. The project is on budget and tracking slightly ahead of schedule.



Delivery Method: Design-Build

Project Cost	
Design and Administration	$2,571,630
Cost of Work	$25,238,135
Contingency	$1,500,000
Owner Costs	$690,235
Total	$30,000,000

Funding Source	
State	$19,523,586
Local	$10,476,414
Total	$30,000,000

Contingency Balance: 100%
Construction Complete: 12%
Project Completion: August 2020

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

4. **South Chiller Plant Conversion:** (BOT Feb '18)

LaGrange

As part of the Campus Utility Master Plan, the South Chiller Plant Conversion Project will convert a large portion of the south half of campus from steam to simultaneous heating and cooling. This project includes conveyance of hot water piping in existing tunnel systems and direct buried piping to connect the South Chiller Plant to several buildings. Hot water connection to Scott, Minnich, Richard, MacCracken, and Porter are occurring as these buildings are being renovated. Hot water connection and conversion to Anderson, Hamilton, Harris, Heritage Commons, Rec Sports Center, Goggin Ice Center, Health Services, Phillips Hall will occur over the next two years. Goggin Ice Arena will also undergo additional energy savings strategies to support the complex requirements of converting Goggin from steam to hot water.

The South Chiller Plant will become a 24/7/365 plant distributing both hot and chilled water to these campus buildings. In order to accomplish this goal, the South Chiller Plant will add three heat recovery chillers, three steam to hot water heat exchangers and multiple supporting pumps. A 1,600,000 gallon chilled water thermal energy storage tank will be added in the parking lot adjacent to the South Chiller Plant to reduce electric demand during peak consumption, resulting in operational savings for the University. The Steam Plant will have three small 12.5 mmbtu boilers installed to accommodate low load periods over the summer as a result of decreased steam consumption associated with the University's ongoing reduction of steam usage. In 2026 these boilers will be relocated to the research district of campus (Hughes, Pearson, Psychology, Engineering) to serve specialty localized needs.

This project is a key step in the Utility Master Plan to meet strategic energy reduction and campus sustainability goals of decommissioning coal-fired steam systems by 2026.

The South Chiller Plant hot water generation equipment install is complete. Steam to hot water conversion of Anderson, Hamilton, Scott and Minnich is complete. Hot water underground piping is complete. The tunnel piping to support the South Quad is complete. Tunnel piping to Goggin, Health Services and Phillips is in progress. Installation of heat recovery chillers and all supporting pumps in the South Chiller Plant is complete. Construction of the new Thermal Energy Storage tank is in progress; the site prep is complete and structural foundations are in progress. Work in the steam plant to install three new boilers has begun.

Under Construction

Miami University
Physical Facilities Department
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South Chiller Plant Conversion (continued):

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$1,550,000
Cost of Work	$18,500,000
Contingency	$1,000,000
Owner Costs	$200,000
Total	$21,250,000

Funding Source	
Local	$21,250,000
Total	$21,250,000

Contingency Balance: 94%
Construction Complete: 45%
Project Completion: December 2019

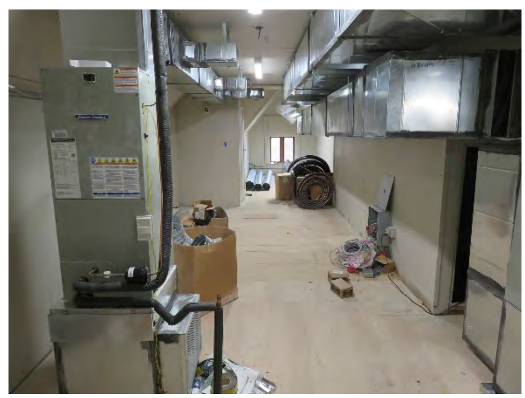
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

UNDER CONSTRUCTION
(Under Contract)
Projects Between $500,000 and $2,500,000

1. **Glos Center Reconfiguration:**
Russell
This Project will renovate the Glos Center from administrative offices for University Communications and Marketing to offices and support spaces for University Advancement. The renovated space will be used to accommodate the University Advancement's planned staff expansion. The major components of this interior renovation are the replacement of the Plumbing, Electrical and Mechanical systems along with the restoration of the building envelope, energy efficiency improvements, life safety upgrades, ADA accessibility improvements and providing new office fixtures, furnishing and equipment.

Plumbing, electrical and mechanical rough-in was completed per schedule. Fixture installation and final finishes, ceilings, paint, carpet and tile installation are being completed. Furniture installation will immediately follow the completion of the construction contract. Slate roofing is being installed as weather permits.



Delivery Method: Single Prime

Project Cost	
Design and Administration	$130,400
Cost of Work	$1,400,000
Contingency	$126,000
Owner Costs	$193,600
Total	$1,850,000

Funding Source	
Local	$1,850,000
Total	$1,850,000

Contingency Balance: 15%
Construction Complete: 95%
Project Completion: December 2018

Miami University
Physical Facilities Department
Status of Capital Projects Report

2. **Roof Replacements/Repairs 2018:**

Moss

The Roof Replacements/Repairs 2018 project includes two major roof projects on the Oxford Campus-Hall Auditorium and the Campus Avenue Building, and one at the Hamilton Campus-Wilks Conference Center/Schwarm Hall. At Hall Auditorium, the existing gutters and valleys will be replaced with new copper box gutters and valleys. In addition, there will be an inspection and repair of any deteriorated wood soffit/dentil trim. At the Campus Avenue Building (CAB), the built-up-roof (BUR) will be replaced with new EPDM on the entire building. There will be no work to the existing clay tile roof or gutters/downspouts. At Wilks/Schwarm Hall we will be replacing the metal standing seam roofs, flat roofs with PVC, replacing a skylight and installing all new metal coping. In addition, we will perform Building Envelope/Roof Audits on Goggin Ice Arena, the Recreational Sports Center and Shriver Center.

The remaining work is at the Hamilton Campus. Wilks-Schwarm's PVC roof is 90% replaced and the metal roof is 50% replaced. The two other major projects at the Oxford Campus are complete. The building envelope/roof audits for Goggin Ice Area, Recreational Sports Center and Shriver Center are underway.

Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$251,000
Cost of Work	$1,958,000
Contingency	$192,000
Owner Costs	$19,000
Total	$2,420,000

Funding Source	
Local	$1,406,000
State	$1,014,000
Total	$2,420,000

Contingency Balance: 91%
Construction Complete: 75%
Project Completion: January 2019
(Revised since last report - December 2018)

3. **Shriver Center Renovations – Phase 3:** (BOT Feb '18)

Christian

Shriver Center Phase 3 has been created to relocate the Maplestreet Station Starbucks to the lower level of the Shriver Center. The relocation will result in a larger Starbucks with an additional 25 seats over the Maplestreet location. The work will be broken into two bid packages. To optimize the schedule on very long lead items, Bid Package 1 will be an early-release to cover the exterior cut stone, structural steel and storefront. Bid Package 2 encompasses the interior work and exterior hardscape and landscape.

Construction and installation of furniture and food service equipment is nearly complete. Final inspections are scheduled for mid-December. Board of Health inspection will follow as soon as possible. Space occupancy and soft opening will occur in January.

Miami University
Physical Facilities Department
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Shriver Center Renovations – Phase 3 (continued):

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$67,500
Cost of Work	$952,176.85
Contingency	$81,323.15
Owner Costs	$149,000
Total	$1,250,000

Funding Source	
Local	$1,250,000
Total	$1,250,000

Contingency Balance: 15%
Construction Complete: 99%
Project Completion: December 2018

Under Construction

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Intentionally blank

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IN DESIGN
(Pre-Contract)

1. **Dodds Hall Renovation: (New Project This Report)**
Morris
This project will renovate Dodds Residence Hall at the northeast corner of the South Quad as a continuation of the 2010 Long Range Housing Master Plan. This, with Stanton Hall, will be the last of the South Quad halls to be renovated. Dodds Hall will receive an upgrade very similar to what is currently being done at Porter Hall – mechanical systems, energy efficiency, finishes and accessibility. The design includes improvements in the heating, cooling, plumbing and life safety systems, as well as the building envelope. The renovation extends the life of the facility.

The project is just completing the design-builder selection process. A very aggressive schedule is being considered which would take Dodds Hall off-line one year earlier than initially planned and allow construction to begin in the Summer of 2019, concurrent with the Stanton Hall Schedule.

Delivery Method: Design-Build
Proposed Budget: $16,500,000
Desired Start: June 2019
Desired Completion: August 2020

Funding Source	
Local	$16,500,000
Total	$16,500,000

2. **High Street Safety Enhancements: (New Project This Report)**
Christian
This project will enhance pedestrian safety on High Street between Patterson Avenue and Campus Avenue. The project includes refuge islands, planted medians, safety signals, lighting, and reducing the number of crosswalks.

In the spring of 2018, the City of Oxford and Miami University jointly applied for and were awarded a transportation safety grant in the amount of $1 Million from the Ohio Department of Transportation. The grant requires a minimum 15% local match for construction.

A kickoff meeting with ODOT was held in July to propose granting local administration of the project to the City of Oxford as they are a certified Local Public Agency for ODOT projects. We also proposed combining this project with the City's existing grant-funded urban paving project already scheduled for the summer of 2020. By combining the two projects under one bid package and administering the project locally, both cost savings and additional schedule control should be realized. This approach was approved by ODOT in October 2018. The City and the University have subsequently developed a Memorandum of Understanding, identifying the roles of staff and financial contributions from each entity. The University will perform the majority of design, project management, and day-to-day construction administration, with the City acting as the official Local Public Agency during bidding and construction. The University will fund the local construction match, design and administration fees, and contingency for the safety enhancements. The City will provide the local construction match and perform the design for the paving portion of the project.

Miami University
Physical Facilities Department
Status of Capital Projects Report

High Street Safety Enhancements (continued):

A Schematic Design review meeting is scheduled for mid-December. Design Development will begin in January, 2019.

Delivery Method: General Contractor
Proposed Budget: $725,000
Desired Start: May 2020
Desired Completion: August 2020

Funding Source	
Grant Funds (ODOT to City of Oxford)	$1,000,000
Local	$725,000
Total	$725,000

3. Stanton Hall Renovation:

Heflin
This project will renovate Stanton Residence Hall as a continuation of the 2010 Long Range Housing Master Plan. Stanton 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. The renovation extends the life of the facility.

The project is in the Construction Documentation Phase. Construction documents are anticipated in late January 2019 and a GMP negotiation are planned for mid-February 2019. Bidding will occur March-May 2019 and construction will commence in June 2019.

Delivery Method: Design-Build
Proposed Budget: $19,000,000*
Desired Start: May 2019
Desired Completion: August 2020

Funding Source	
Bond Funds	$1,500,000
Local	$17,500,000
Total	$19,000,000*

*Increased $1,000,000, from $18,000,000. The additional funding is provided through local sources.

In Design

Miami University
Physical Facilities Department
Status of Capital Projects Report

IN PLANNING
(Pre-A&E)

1. Hamilton Campus – Knightsbridge Building Renovation:

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	
TBD	TBD
Total	TBD

Miami University
Physical Facilities Department
Status of Capital Projects Report

Intentionally blank

In Planning

Miami University
Physical Facilities Department
Status of Capital Projects Report

COMPLETED PROJECTS

1. Campus Gateways and Safety Enhancements: (BOT Feb '18)
Christian
In 2016, Ohio Department of Transportation (ODOT) completed a significant roadway project impacting the campus entry at US 27 South and Chestnut Street. While ODOT's project improved the roadway, much of the resultant impact to this important campus entry left it unattractive. This project installed new gateway elements including masonry walls, piers, and signage in the character of the campus architecture, a new brick-paved intersection at Chestnut and Patterson Avenue, and landscape improvements near both new gateways. Safety enhancements included installing refuge islands, planted medians, improved crosswalk locations, lighting and safety signals, and bike lanes along SR 73 that connect to the future OATS trail system in cooperation with the City of Oxford. The project is complete.

Delivery Method: Construction Manager at Risk

Project Revenue	
Design and Administration	$538,000
Cost of Work	$4,100,000
Contingency	$162,000
Owner Costs	$0
Total	$4,800,000

Project Expense	
Design and Administration	$594,132
Cost of Work	$4,020,494
Contingency	$185,374
Owner Costs	$0
Total	$4,800,000

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

Miami University
Physical Facilities Department
Status of Capital Projects Report

2. <u>Maplestreet Commons North:</u> (BOT Feb '18)
Heflin
This project renovated the three northern-most venues in order to provide buffet dining services. The renovation opened up access between the existing venues and included a new addition to the west face of the building. The renovation also included a new dishwash station, as well as new kitchen equipment to support the new food service venues. Minor renovations were made in the previous "Q" venue, providing a market and take-out food service offering. Dining operations commenced in August for Phase I and October for Phase II.

Delivery Method: Design-Build

Project Revenue	
Design and Administration	$258,000
Cost of Work	$2,600,000
Contingency	$208,200
Owner Costs	$133,800
Total	$3,200,000

Project Expense	
Design and Administration	$253,300
Cost of Work	$2,456,500
Contingency	$117,600
Owner Costs	$76,500
Total	$2,903,900

Est. Contingency Balance Returned: $90,600
Est. Contingency Balance Returned, Percent of Total: 43.5%
Est. Bid Savings / VE Returned: $205,500
Est. Final Total: $296,100

Miami University
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Status of Capital Projects Report

3. Swing Hall Deconstruction: (BOT Feb '17)
Christian
This project deconstructed Swing Hall and restored lawn and landscape to the site, pending future development. The project is complete.

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$63,850
Cost of Work	$1,419,009
Contingency	$142,000
Owner Costs	$0
Total	$1,624,859

Funding Source	
Design and Administration	$63,850
Cost of Work	$1,419,009
Contingency	$142,000
Owner Costs	$0
Total	$1,624,859

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

Miami University
Physical Facilities Department
Status of Capital Projects Report

Intentionally blank

Completed Projects

Miami University
Physical Facilities Department
Status of Capital Projects Report

Projects Between $50,000 and $500,000

Project	Budget
Airport Infrastructure Improvements	$205,000
Airport Pavement Repair 2017	$230,000
Airport Ramp Safety Area Grading Project	$128,320
Armstrong Student Center – Stair Tread Replacement	$112,380
Art Building – Classrooms 016, 020, 022 Renovations	$361,220
Art Building – Room 148 Refresh	$53,000
Benton Hall – Technology and Classroom Upgrade	$97,625
Boyd Hall – Fashion Design Studio	$105,375
Brandon Hall – HVAC Upgrades	$499,090
Campus Avenue Garage – Planned Upkeep 2019	$75,000
Campus Avenue & North Campus Garage – Water Infiltration Repairs	$215,000
Campus Dead Tree Removal 2018	$200,000
Campus Dead Tree Removal 2019	$150,000
Campus Emergency Responder Radio Coverage System Upgrades	$470,000
Campus Masonry & Limestone Repairs 2019	$195,000
Campus Services – Roof Repairs 2019 – Heritage Commons and Stoddard Hall	$90,000
Center for Career Exploration & Success Renovation	$241,300
Center for Performing Arts – Basement Renovation	$227,540
Center for Performing Arts – Theatre Sound System Improvement 2019	$207,000
Center for Performing Arts – Water Infiltration Mediation	$500,000
Cole Service Building – Purchasing Renovation 2018	$499,689
Collins Hall – HVAC Upgrades	$359,677
Dennison Hall – HVAC Upgrades	$500,000
E & G Buildings – LED Retrofits 2018/2019	$350,000
E & G Buildings – Relamping	$350,000
Emergency Phones Phase II	$465,000
Engineering Building – Lab Gas Upgrades 2019	$51,000
Engineering Building – Perimeter Heat Upgrade 2019	$80,000
Engineering Workshop – Electrical Service Upgrades	$205,000
Engineering Workshop – Renovation 2018 at Former Recycling Center	$275,000
Farmer School of Business – East Breezeway Roof Trim	$120,000
Farmer School of Business – Exterior Entrance Door Replacement	$500,000
Field Hockey Field Upgrades	$90,000
Garden Commons – Dishwasher Improvements 2019	$75,000
Goggin Ice Center – A Pad RGB Lighting Addition	$188,100
Goggin Ice Center – Lighting Control Replacement	$210,900
Gross Family Athlete Development Center – One Stop	$100,000
Hall Auditorium – Fire Alarm Upgrade	$100,000
Hall Auditorium – Stage Lighting LED Replacement	$125,000
Harrison Hall – Classroom Upgrades	$459,000
Hepburn Hall – HVAC Upgrades	$500,000
Heritage Commons – A/C Split System for IT Replacements	$70,000
Hiestand Hall – Air Handler 2 Conversion & Chilled Water Pumps Replacement	75,000
Hiestand Hall – Fire Alarm Upgrades	$250,000
Hiestand Hall – Room 100 Renovation	$183,125

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Physical Facilities Department
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Hiestand Hall - Room 200 - Lab Refresh and Update	$75,000
HUB Quad Engraved Brick Replacement	$145,500
Hughes Hall – 4th Floor Offices	$500,000
Hughes Hall – Rooms 143/158 Renovations	$154,000
King Library – Esporting	$52,225
King Library – Howe Writing Center	$60,300
Lewis Place – Exterior repairs	$250,000
Maplestreet Station – Chimney Modifications	$70,000
Marcum Conference Center – Phase 2 Building Window Replacement	$140,000
McGuffey Hall – Renovation 2018	$498,000
Millett Hall – Basketball Locker Room Upgrade	$200,000
Millett Hall – Room 063 Map Room	$88,100
Millett Hall – Room 074 ROTC Locker Room Renovation	$58,625
Morris Hall – 2018 MEP Improvements	$57,000
Morris Hall – Restroom Upgrades 2019	$250,000
North Campus Garage - Planned Upkeep 2019	$295,000
North Chiller Plant – Automate Chemical Monitoring and Dosing	$85,000
North Chiller Plant – Side-Steam Filtration for Condenser Water	$115,000
North & East Quad Smoke Detector Upgrades	$102,490
Patterson Place – Exterior Envelope Rehabilitation	$250,000
Peabody Hall – Restroom Upgrades 2019	$145,000
Pearson Hall – Room 367J Lab Renovation	$200,000
Phillips Hall – Exterior Door Replacement	$50,000
Recreational Sports Center – Envelope Evaluation	$145,000
Recreational Sports Center – Exterior Repairs	$105,000
Recreational Sports Center – Exterior Sealant Replacement	$90,000
Recreational Sports Center – HVAC Control Upgrades	$250,000
Recreational Sports Center – Lightning Protection	$50,000
Regional Campuses – Classroom AV Tech Upgrades	$250,000
Regional Campuses – Facilities Assessment	$142,300
Richard Hall – Electrical Modifications – 4 to 12.5kv Conversion	$199,600
Roudebush Hall – Office Upgrade 2018	$75,000
Steam Plant – Generator Controls Upgrade	$214,900
Switch House 2 Decommissioning	$110,000
Symmes Hall – HVAC Upgrades	$498,982
Tappan Hall – 2018 MEP Improvements	$59,500
UEA Plant Security Upgrades	$500,000
Upham Hall – New Domestic and Fire Service	$450,000
Upham Hall – Room 209 Renovation	$66,990
Upham Hall – Room 385 Renovation	$184,480
VOA – Exterior Repairs	$100,000
Western Campus – Alumnae Legacy Project	$350,000
Williams Hall – Renovation 2018	$338,200
Williams Hall – TV Studio Lighting & Controls Retrofit	$285,000
Yager West – Field Hockey Field Upgrades	$90,000
Yager West – Field Hockey Locker Room Upgrade	$225,000
Yager West – Motion Capture Room	$75,000
Yager West Stands Fire Alarm Upgrade	$100,000

Miami University
Physical Facilities Department
Status of Capital Projects Report

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

Project	Original Budget	Returned Funds
Creative Arts Master Planning/Facilities Assessment	$274,372	$2.761
Harris Hall West Wing Renovation for Advancement Services	$525,049	$150,140
Hiestand Hall – Room 111 Electric and Ceiling Upgrades	$103,997	$7,452
Hughes Hall - Still Replacement	$160,000	$3150
McGuffey Hall – Room 127 Renovation	$72,400	$24,460
North Chiller Plant – Upgrade Siemens BAS Panels	$70,000	$7666
Regional Book Depository (SWORD) Fire Alarm Upgrade	$112,297	$0
Switch House 6 to Switch House 7 Circuit Reconfiguration	$100,000	$9590
University Wide Space Utilization Survey	$244,000	$33,871
Yager East Stands Masonry Repairs	$200,000	$26,000

Miami University
Physical Facilities Department
Status of Capital Projects Report

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Physical Facilities Department
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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.

Budget Planning

December 13, 2018

Why is There a Looming Budget Problem?

- Budget shortfalls result from both short-term misalignments and longer-term micro and macro-economic changes
- Miami's problem is the latter and is comprised of multiple issues making the consequences greater and harder to solve

What are the Issues?

- All consumers are placing greater importance on affordability
- High cost of a residential experience and Miami is one of the most expensive public universities in the nation
- 2nd most tuition dependent public university in the nation
- Major demographic changes in Miami's primary recruitment areas
- Weakening non-resident application trend and declining yield rate
- Declining interest by international students in enrolling at a U.S. university

Issues Continued

- Rapid rise in tuition discount rate; the total undergraduate cohort scholarship cost has grown from $10 million in FY 2010 to an estimated $92 million for FY 2020
- Increased competition from new providers but also flagship universities seeking to grow their enrollment
- Faster changes in the majors and programs students are choosing to study today which can influence where a student enrolls
- Greater focus on career oriented fields and reduced interest in traditional fields of study

Issues Continued

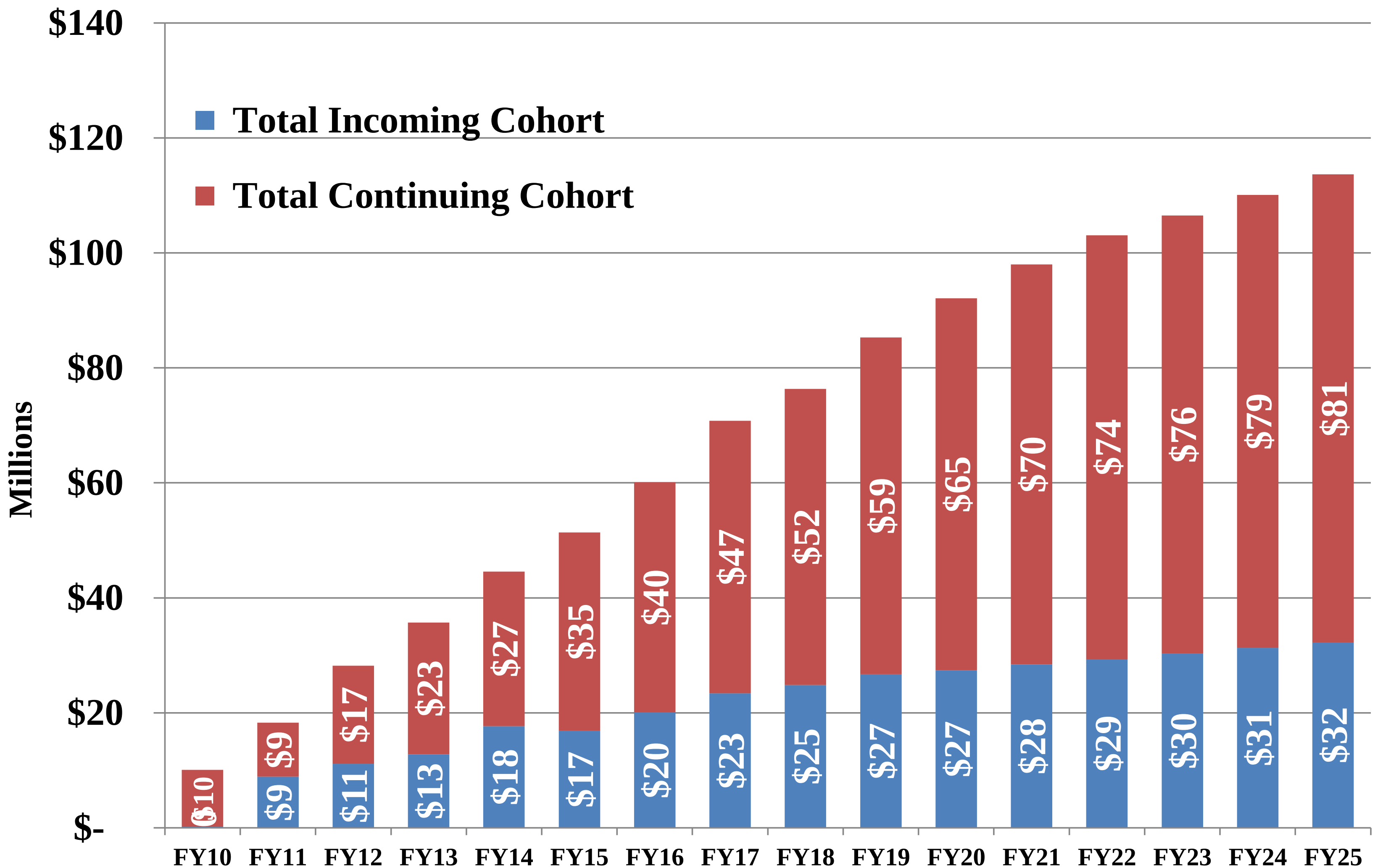
- Rapid technological change impacting fields of study and research as well as how students learn and how education could be delivered
- Increased financial pressures on state budgets that are likely to be worse in future years
- State funding that is about 9% less than it was in fiscal year 2001; and
- Greater competition for employees leading to higher salaries and wages and rising health care costs

Delaying action on major economic trends until there is a crisis is a dangerous approach especially in an organization that is slow to change and new approaches require new investments and time to execute

Fall 2018 Net Instructional Fee Revenue for Oxford First Time Students

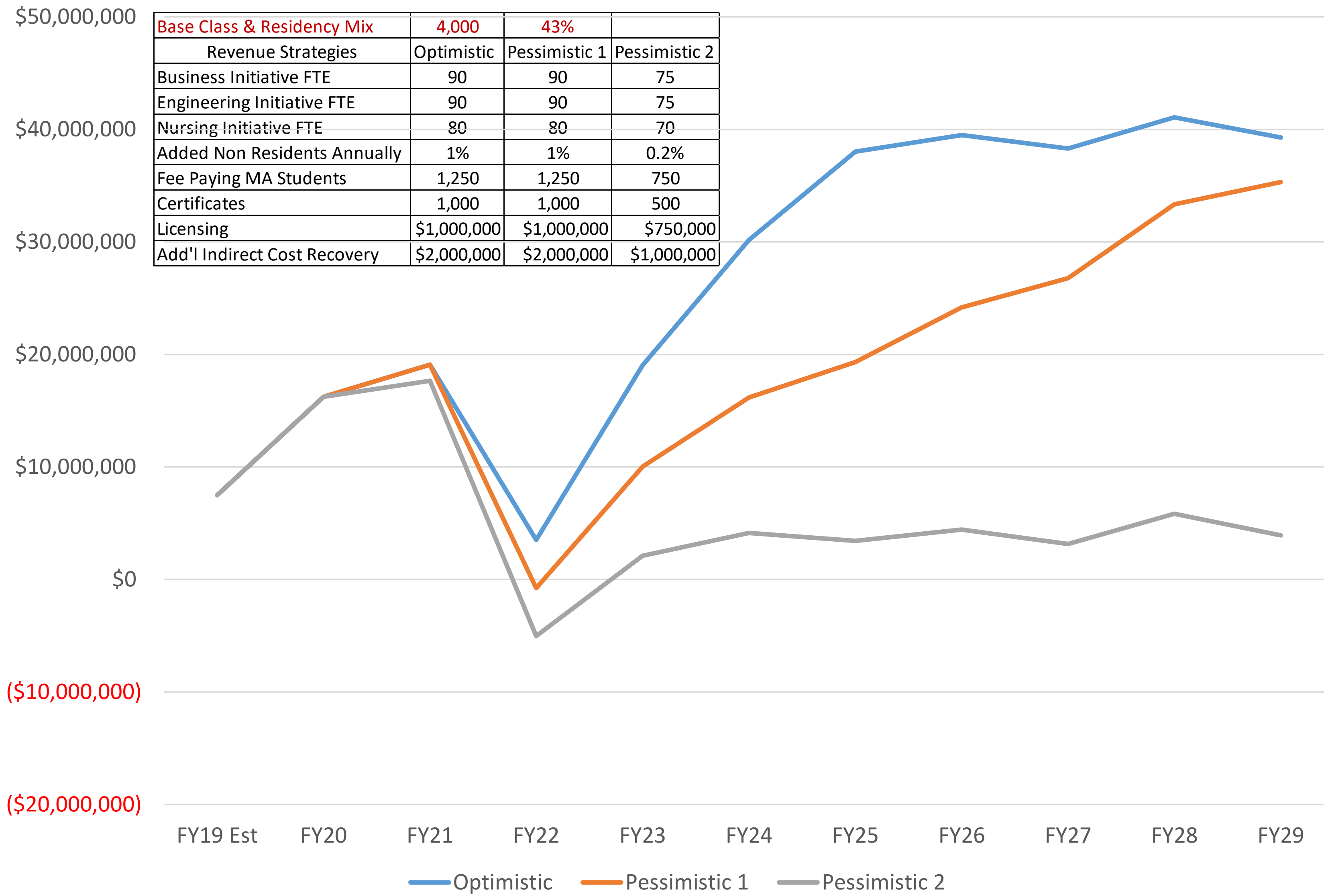
Student Type	FY14	FY15	FY16	FY17	FY18	FY19 Budget	FY19 Projection
First Time - Non Resident Domestic	$ 24,035,504	$ 28,088,372	$ 26,841,661	$ 28,537,407	$ 30,427,207	$ 25,633,072	$ 25,241,154
First Time - Non Resident International	$ 2,559,277	$ 4,881,806	$ 6,828,830	$ 6,886,731	$ 7,258,768	$ 7,967,617	$ 7,394,787
First Time - Resident	$ 16,823,963	$ 15,300,071	$ 15,130,348	$ 14,124,517	$ 13,086,157	$ 15,618,185	$ 15,246,009
First Time	$ 43,418,744	$ 48,270,249	$ 48,800,839	$ 49,548,655	$ 50,772,132	$ 49,218,873	$ 47,881,950
First Time Nursing	$ -	$ -	$ -	$ -	$ -	$ 730,014	$ 790,249
Transfer	$ 3,254,966	$ 3,035,813	$ 2,876,817	$ 3,155,139	$ 2,750,680	$ 1,799,494	$ 2,824,788
Relocate	$ 2,036,837	$ 2,314,390	$ 2,934,498	$ 3,744,346	$ 3,966,114	$ 3,523,462	$ 2,794,841
ACE	$ 3,095,879	$ 6,175,720	$ 8,553,806	$ 8,261,620	$ 7,305,447	$ 5,343,539	$ 5,835,016
Total	$ 51,806,426	$ 59,796,172	$ 63,165,960	$ 64,709,760	$ 64,794,373	$ 60,615,382	$ 60,126,843
Year over Year % Change		15.4%	5.6%	2.4%	0.1%	-6.4%	-7.2%
Blended Tuition Change	1.5%	2.0%	1.0%	4.0%	3.2%	1.5%	1.5%
% Non Residency - Headcount	38.3%	43.3%	45.3%	45.9%	44.7%	40.6%	40.8%
Non Residency Headcount	1,608	1,876	2,077	2,100	2,001	1,856	1,834

Undergraduate Cohort-Based Financial Aid



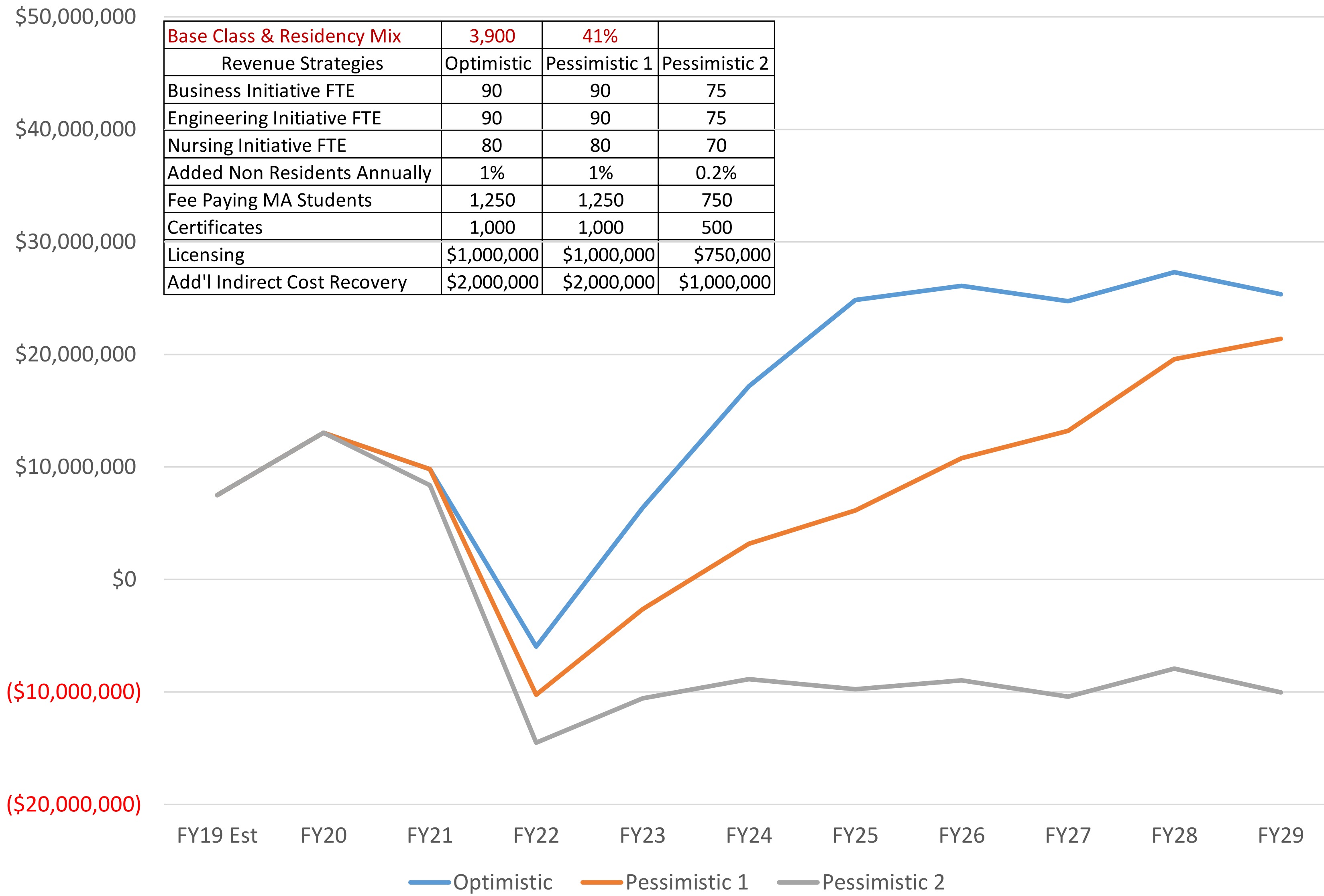
Oxford Budget Forecast - Optimistic Case

Base Class & Residency Mix	4,000	43%	
Revenue Strategies	Optimistic	Pessimistic 1	Pessimistic 2
Business Initiative FTE	90	90	75
Engineering Initiative FTE	90	90	75
Nursing Initiative FTE	80	80	70
Added Non Residents Annually	1%	1%	0.2%
Fee Paying MA Students	1,250	1,250	750
Certificates	1,000	1,000	500
Licensing	$1,000,000	$1,000,000	$750,000
Add'l Indirect Cost Recovery	$2,000,000	$2,000,000	$1,000,000



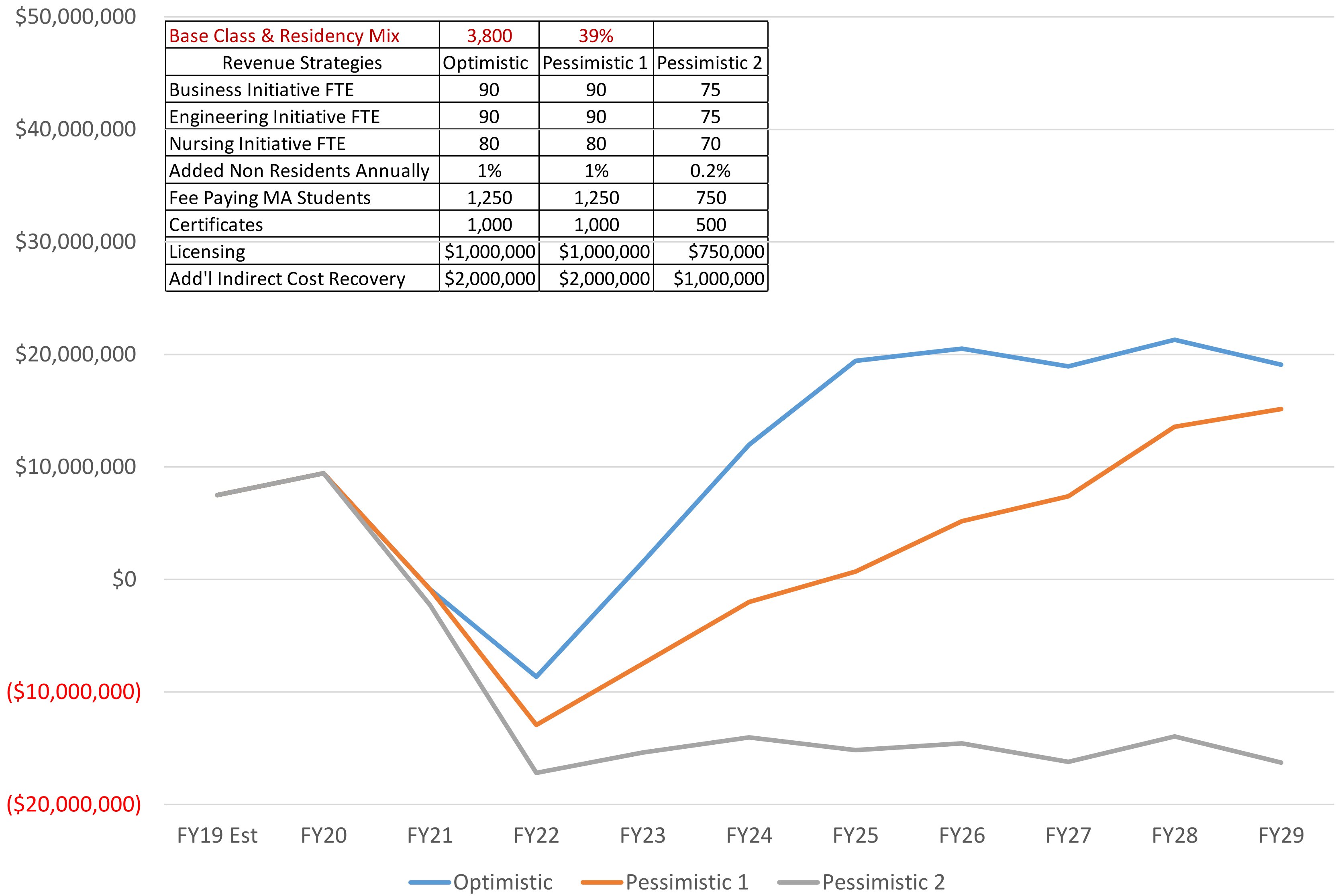
Oxford Budget Model - Expected Case

Base Class & Residency Mix	3,900	41%	
Revenue Strategies	Optimistic	Pessimistic 1	Pessimistic 2
Business Initiative FTE	90	90	75
Engineering Initiative FTE	90	90	75
Nursing Initiative FTE	80	80	70
Added Non Residents Annually	1%	1%	0.2%
Fee Paying MA Students	1,250	1,250	750
Certificates	1,000	1,000	500
Licensing	$1,000,000	$1,000,000	$750,000
Add'l Indirect Cost Recovery	$2,000,000	$2,000,000	$1,000,000



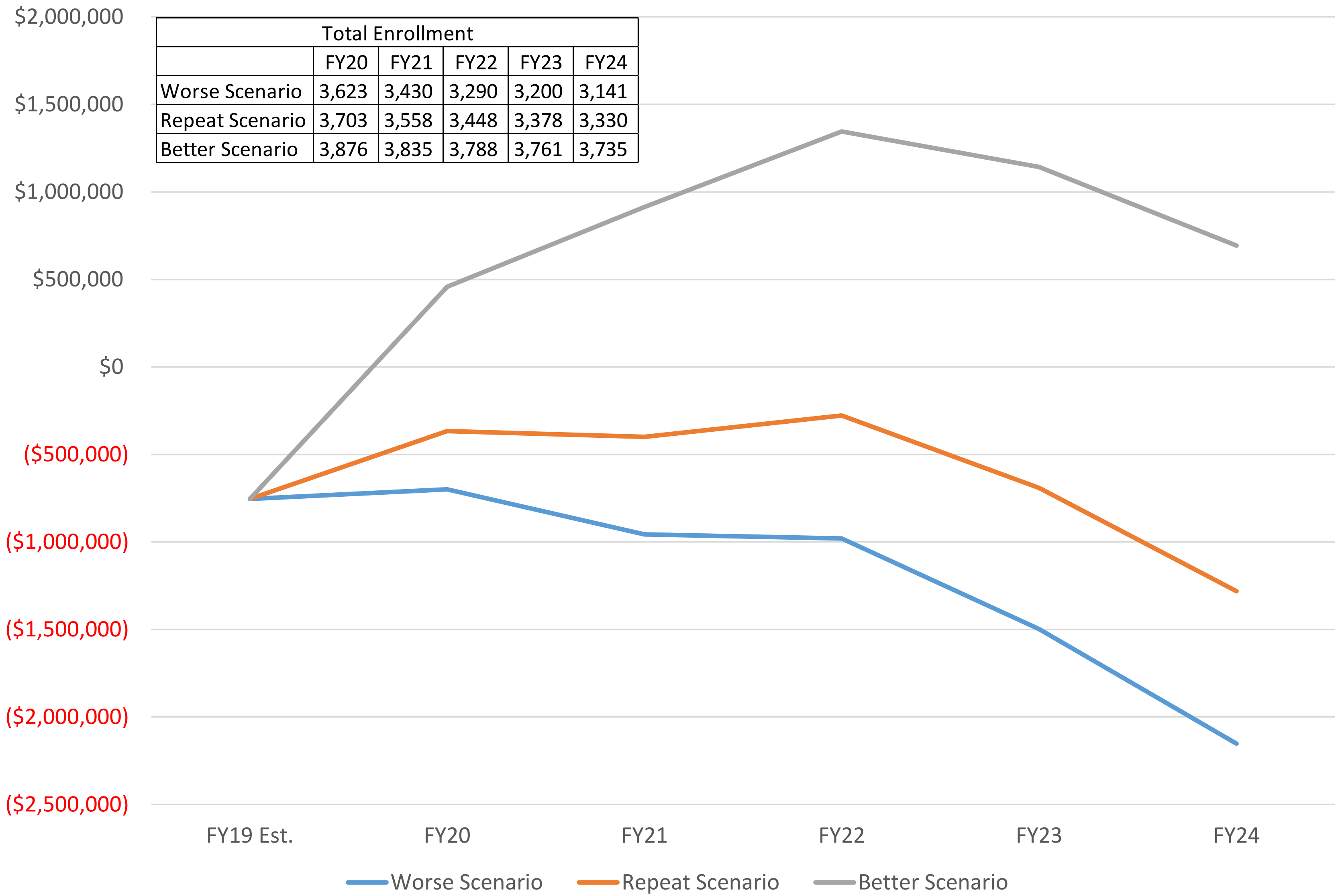
Oxford Budget Forecast - Pessimistic Case

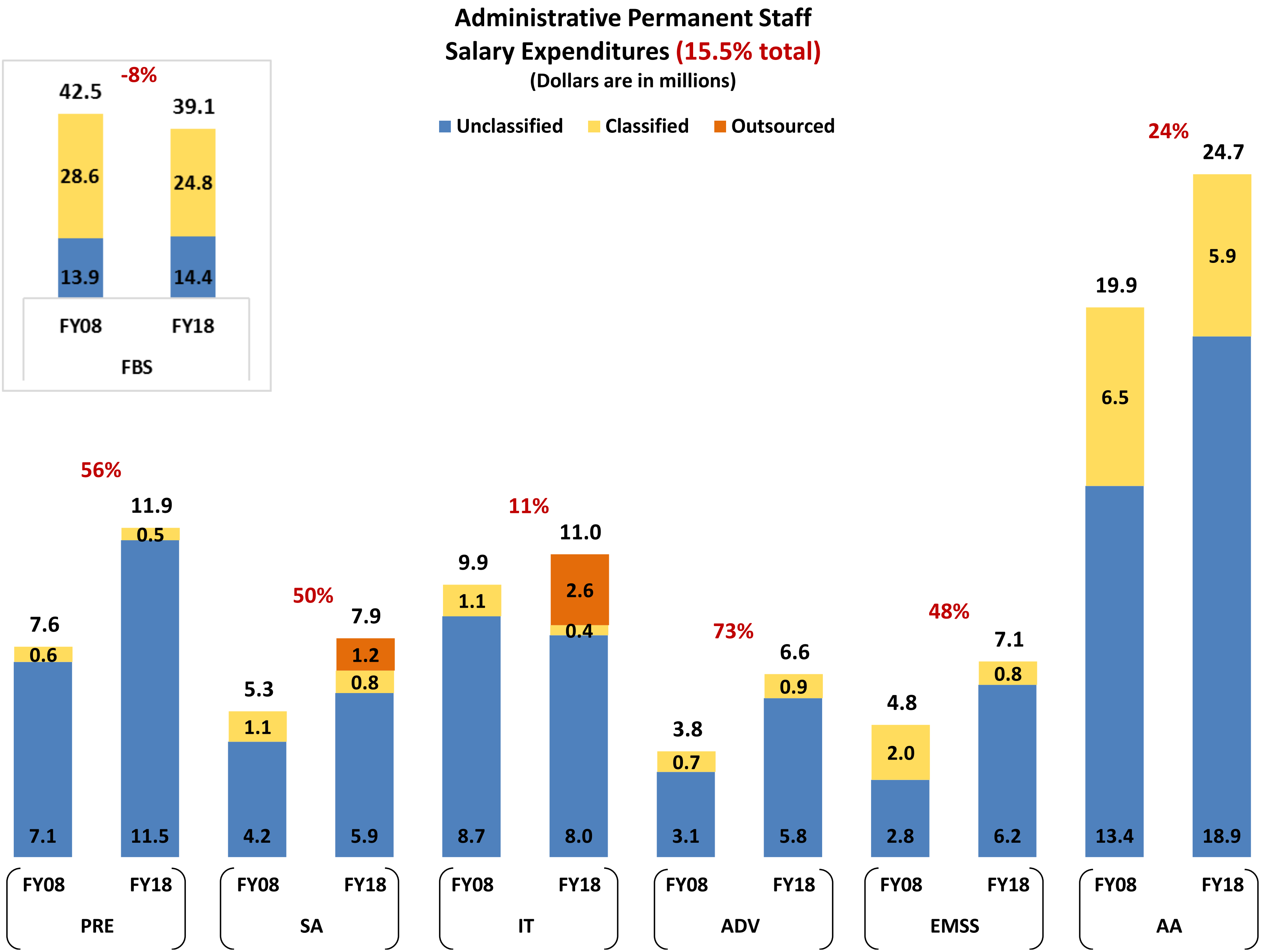
Base Class & Residency Mix	3,800	39%	
Revenue Strategies	Optimistic	Pessimistic 1	Pessimistic 2
Business Initiative FTE	90	90	75
Engineering Initiative FTE	90	90	75
Nursing Initiative FTE	80	80	70
Added Non Residents Annually	1%	1%	0.2%
Fee Paying MA Students	1,250	1,250	750
Certificates	1,000	1,000	500
Licensing	$1,000,000	$1,000,000	$750,000
Add'l Indirect Cost Recovery	$2,000,000	$2,000,000	$1,000,000



Regional Campus Budget Forecast

Total Enrollment					
	FY20	FY21	FY22	FY23	FY24
Worse Scenario	3,623	3,430	3,290	3,200	3,141
Repeat Scenario	3,703	3,558	3,448	3,378	3,330
Better Scenario	3,876	3,835	3,788	3,761	3,735




Administrative Permanent Staff
Salary Expenditures (15.5% total)
(Dollars are in millions)
Unclassified
Classified
Outsourced
42.5
-8%
39.1
28.6
24.8
13.9
14.4
FY08
FY18
FBS
56%
7.6
0.6
7.1
11.9
0.5
11.5
PRE
50%
5.3
1.1
4.2
7.9
1.2
0.8
5.9
SA
11%
9.9
1.1
8.7
11.0
2.6
0.4
8.0
IT
73%
3.8
0.7
3.1
6.6
0.9
5.8
ADV
48%
4.8
2.0
2.8
7.1
0.8
6.2
EMSS
24%
19.9
6.5
13.4
24.7
5.9
18.9
AA
FY08
FY18

Questions?

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BOARD OF TRUSTEES
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Finance and Audit
December 14, 2018

Resolution R2019-14
Strategic Direction and Budget Plan

WHEREAS, every college and university is facing profound change and, in order to flourish, must identify solutions to a plethora of issues and problems; and

WHEREAS, as Miami University's faculty and staff commence the preparation of a new strategic plan that will guide the University during the next decade, the Board of Trustees desires to provide guidance to the strategic planning steering committee to help ensure the resulting plan is consistent with the needs of Ohio and will sufficiently address the challenges the University is facing; and

WHEREAS, the Board of Trustees also seeks to ensure that the University remain in a strong financial position to be able to invest in the priorities identified in the new strategic plan; and

WHEREAS, affordability is the greatest challenge confronting public higher education today but other issues include: major demographic shifts as the population ages and migrates southward, westward and to urban centers; declining numbers of U.S. high school graduates especially in the Midwest and Northeast; significant uncertainty regarding future international enrollment; greater financial need by today's enrolling students with even more financial need likely for future students as we work to correct disparity in college participation rates; concerns about the value of a college education given its high cost versus slower salary and wage growth for graduates; increased emphasis on career opportunities by prospective students in evaluating both the institution and selected majors; increased interest in new disciplines and careers while demand for some traditional degree programs decline; employer and political leaders' concerns about recent graduates' preparedness and the gap between today's economic needs and the graduates higher education is producing; the impact of rapid technological change on the creation of new areas of study and research, as well as on how students learn and how education could be delivered; increased competition from new education providers as well as from flagship universities needing to grow in response to mounting budget pressures; and increased expectations from state legislatures and governors even as state appropriations regularly decline and are unlikely to keep pace with inflation going forward; and

WHEREAS, Miami University through the successful implementation of the Strategic Priorities Task Force recommendations enhanced its quality and reputation during a decade when many universities experienced unending financial challenges, diminished student interest and questions about the value they offer; and

WHEREAS, in a period when higher education is facing unrelenting change, the accomplishments brought about by the Strategic Priorities Task Force aren't sufficient to sustain Miami into the future and Miami must learn to continuously adapt to the changing needs and demands of the 21st century;

NOW, THEREFORE BE IT RESOLVED, that, in order to address the profound and dynamic changes facing higher education, the Board of Trustees views it as imperative that the University, through the new strategic plan: become more affordable for future students through improved productivity throughout all operations of the University; identify scholarships as the highest priority for the new comprehensive campaign; adapt all levels of its academic programs and degrees faster in the future in response to emerging societal needs and diminished interest in some programs; ensure academic departments prioritize innovation in teaching and learning outcomes in the allocation of faculty time in order for Miami to continue to be recognized as one of the premier undergraduate universities in the nation and achieve breakthroughs in teaching that lead to improved learning outcomes for students and greater efficiency in the delivery of academic programs; and ensure greater integration occurs between the curricular, co-curricular and career experiences of students that lead to improved graduation rates, enhanced leadership development, and improved student success beyond graduation; and

BE IT FURTHER RESOLVED, that the Board of Trustees directs the President and the Senior Vice President for Finance and Business Services to develop a detailed five year plan to be presented at the February meeting of the Board of Trustees that fully addresses the anticipated budget challenges during the new decade, accomplishes the priorities identified by the Board of Trustees in this resolution, provides for sufficient investment in the priorities identified in the new strategic plan, and prioritizes for faculty and staff annual salary improvements; and

BE IT FURTHER RESOLVED, that the objectives and goals outlined in this resolution are only the beginning of a difficult journey for Miami University that will require constant adjustment in a rapidly changing world. However, by beginning the journey from the positive position created in the previous decade by the outstanding accomplishments of the University's faculty and staff, there is reason for optimism that we will look back at the end of the next decade and find Miami University has both a stronger reputation and greater financial stability.

Approved by the Board of Trustees
December 14, 2018

T. O. Pickerill II
Secretary to the Board of Trustees

Advancement Solutions

Tom Herbert
Senior VP for Advancement, and
President, Miami University Foundation

MIAMI UNIVERSITY

Advancement Solutions

» Resources for recruitment scholarships in donated funds

» Projections for recruitment scholarship philanthropy

» The path forward for more recruitment scholarship philanthropy

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Advancement Solutions: Find Resources in Raised Funds

- Recipients are nominated by deans and department chairs
  - Focus exclusively on recruitment scholarships
  - Approximately $2 million – or $400K - $500K per year
- Donor intent is **not** an issue

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Advancement Solutions: Find Resources in Raised Funds

- Repackage awards for study abroad into part of a recruitment scholarship
- Investigate re-purposing difficult to award scholarship funds
  - Consult donor or surviving family members
  - Go to court though a process called "*Cy-Pres*"

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Advancement Solutions: Projected Resources

Advancement Solutions: Projected Resources

- Past fundraising performance for recruitment scholarships
- Existing pipeline for new recruitment scholarships
- Combine to create a FY’19 – FY’24 forecast recruitment scholarship proposals

Advancement Solutions: Projected Resources

- Total amount of expendable cash for recruitment scholarships
  - 5 year rolling average: $906,260
  - 57% of expendable cash for all scholarships
  - Half is for ICA
  - 5 year rolling average without ICA: **$453,130**

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Advancement Solutions: Projected Resources

» Donations received to recruitment scholarship **endowments**

- » 5 year rolling average: $**4.742 million**
- » *64% of all cash to scholarship endowments*
- » *29% of total cash to the endowment*

Advancement Solutions: Projected Resources

- Match the Promise Scholarship ("MTP") Campaign
  - Match is only available for **recruitment scholarship**
  - 4 year pledge – **all to endowment**
  - Donor's endowment does not pay out until donor's pledge is complete
  - Match is from university resources paid from the tuition discount

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Advancement Solutions: Status of Current Resources

- MTP Campaign
  - FY’15 – FY’18
  - $***139 million raised***
  - ***Recruitment scholarships: $18.27 million cash to date***
  - ***Average per year: $4.56 million***

  - *Largest* gifts are bequests/legacy gifts
    - Dafoe
    - Pistell

  - *Majority* of gifts are lifetime pledges – but in the low six figure to five figure range
    - Largest is approx. $600K

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Advancement Solutions: Status of Current Resources

Cash flow from current MTP endowments

» FY’18 $99,232 (actual)
» FY’19 $251,837 (est)
» FY’20 $409,155 (est)
» FY’21 $539,833 (est)
» FY’22 $697,400 (est)
» FY’23 $751,463 (est)
» FY’24 $789,036 (est)

* *Estimates on 5% annual average return and 4% spend rate*

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Advancement Solutions: Status of Future/Projected Resources

- Outstanding/established recruitment scholarship pledge payments
  - Approximately $3 million
  - 100% for endowment

Advancement Solutions: Status of Future/Projected Resources

- FY'19 total scholarships solicited to date: **$16.855 million**
  - *$8.155 million in cash pledges – 18 proposals*
  - *$8.7 million bequests – 12 proposals*
- FY'19 total scholarships remaining to be solicited: **$17.015 million**
  - *$6.365 million in cash pledges --- 53 proposals*
  - *$10.350 million in bequests --- 32 proposals*

Advancement Solutions: Status of Future/Projected Resources

- Total is $14.5 million in ***cash pledges for endowment***
- 48% yield on proposals equals: $6.98 million
- 5 year pledge: $1.39 million cash per year
- <u>Recruitment scholarships</u>: 60% of both the solicited and to be solicited
  - **$8.75 million total ($14.5 million x .6) payable over 5 years**
  - ***5 year pledge: $1.75 million cash per year***

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Advancement Solutions: Status of Future/Projected Resources

- Total current pipeline for total cash/pledges to **endowed** recruitment scholarships
  - $8.75 million projected – cash and pledges
  - $3 million pledges established
  - **$11.75 million pipeline over 5 years**

Advancement Solutions: Total of Current/Projected Resources

- **Estimated recruitment scholarship projected pipeline is $18.07 million over next 5-7 years**
  - *$11.75 million into endowment (5 years)*
  - *$3.17 million expendable cash ($452K x 7 years)*
  - *$3.150 million dean/department chair awards ($450K x 7 years)*
  - *$18.07 million total*

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Advancement Solutions: Total of Current/Projected Resources

- Estimated need for new *endowed recruitment scholarship*
  - $100 million *cash/pledged* over next 5 years into endowment
    - *Current Pipeline: $11.75 million*
  - $20 million per year
    - *Current Pipeline: $2.35 million*
    - *MTP: $789K annual cash (estimated)*
  - ***$16.86 million additional per year needed – cash in/pledged***

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Advancement Solutions: Total of Current/Projected Resources

- Estimated need for new expendable cash for recruitment scholarship
  - Every dollar we can get – close to double
  - Current cash flow: $4.53K per year
  - Need new cash projection of $4.40K per year
    - Mimic an additional $1.1 million endowment
  - ***New total of $8.93K per year***

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Advancement Solutions: The Path Forward

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Advancement Solutions: The Path Forward

- **Strategy** to meet the need for recruitment scholarships
  - Dramatic increase in endowment donations to higher ongoing platform
  - Dramatic increase annual cash donations to mimic increased endowment
  - Combination needs to produce sustained new expendable cash
    - *FY'24: $3.35 million*
    - *FY'29: $5.95 million*

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Advancement Solutions: The Path Forward

- **Tactics** to increase giving to recruitment scholarships
  - Leverage all of Miami's volunteer boards
    - Ask that all gifts be for recruitment scholarships
  - Immediately build a national volunteer board exclusively for this priority
  - Immediately create a scholarship specific Case for Support

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Advancement Solutions: The Path Forward

- **Tactics** to increase giving to recruitment scholarships
  - Revise scholarship match programs
  - **Reorient Advancement staffing** to align with this priority
    - More cash focused "special gift officers"; pull from planned giving; **etc**
  - Reorient the Annual Fund Program to align with this priority
    - All solicitations for recruitment scholarships

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Advancement Solutions: The Path Forward

- Advancement “bandwidth” both better focused and constricted
  - All other priorities will be pushed to the periphery
    - MUDEC Campaign? Capital Projects?
  - Dean’s expectations about their priorities must be managed
  - Strategic Planning process expectations must be managed
  - $1 Billion Campaign timing needs to be reconsidered

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Advancement Solutions: Summary

- » Potential upside capture is there in both cash and endowment
- » Re-orientation of Advancement operations and volunteer involvement is essential
- » On going clarity with all constituents – internal and external -- this is always our top priority
- » Meaningful tradeoffs regarding other priorities and campaign timing understood/absorbed

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Advancement Solutions: NEED BIG IDEAS

- Need new/innovative academic programming to market to scholarship prospects
  - Otherwise smaller gifts will continue to dominate lifetime scholarship donations
  - Larger gifts will be estate/legacy gifts

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Questions?

Thank you!

ENROLLMENT UPDATE

Board of Trustees Meeting

December 13, 2018

Division of Enrollment Management & Student Success

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ORIGINAL PUBLIC IVY

Enrollment Planning

Balancing Competing Priorities

Net Tuition Revenue

Diversity
(SOC, FG, Low SES)

Academic Profile

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EMSS Presentations

Enrollment Overview

Academic & Student Life Committee

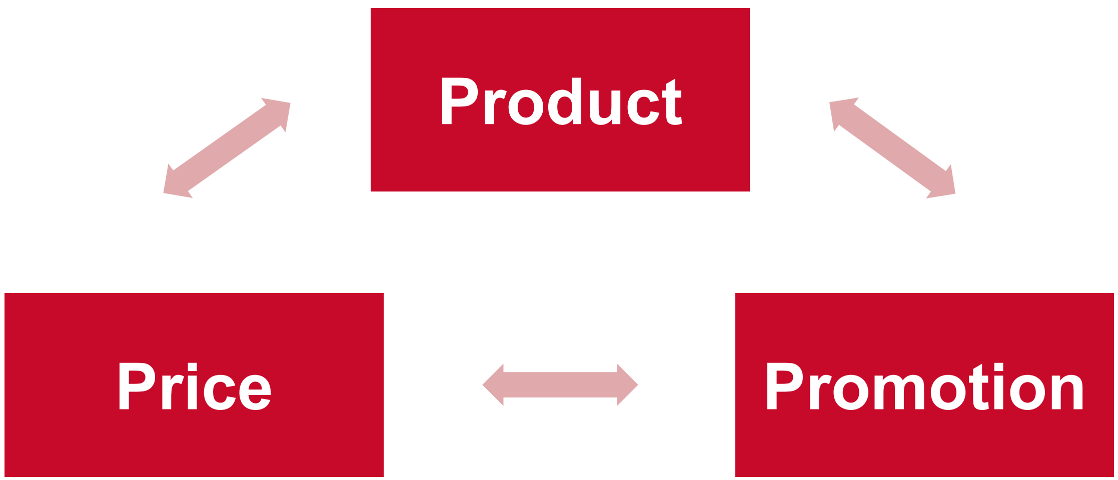
» Environmental Scan
» Present State & Internal Vulnerabilities
» Planning for Fall 2019 & Beyond

Finance & Audit Committee

» Environmental Scan
» Internal Vulnerabilities
» Future State & Strategic Planning

Enrollment Planning

Three Ps



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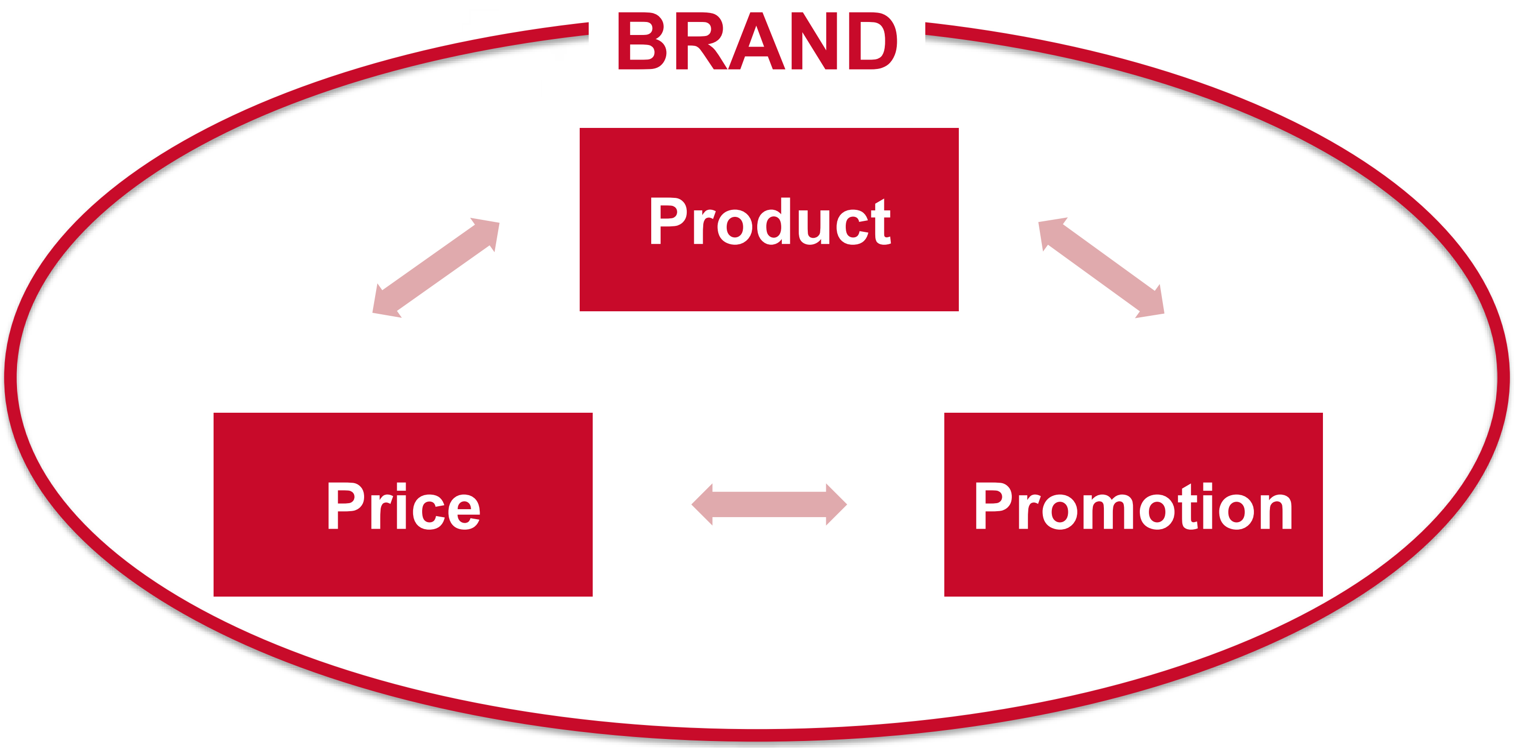
Enrollment Planning

Three Ps and Brand



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ENROLLMENT UPDATE

Finance & Audit Committee

December 13, 2018

Michael S. Kabbaz, Senior Vice President
Enrollment Management & Student Success

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ORIGINAL PUBLIC IVY

Environmental Scan

National Landscape

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National Enrollment Environment

- Brand “Arms Race”
- Competitiveness of scholarship dollars
  - Merit: international, domestic non-resident, Ohio
  - Need-based: Ohio
- Increased competition for highly talented and diverse students
- Volatile international student enrollments, including decreased demand for intensive English language programs (i.e., ACE)
- Demographic shifts
- Trickle-down competition (net price over academic reputation)

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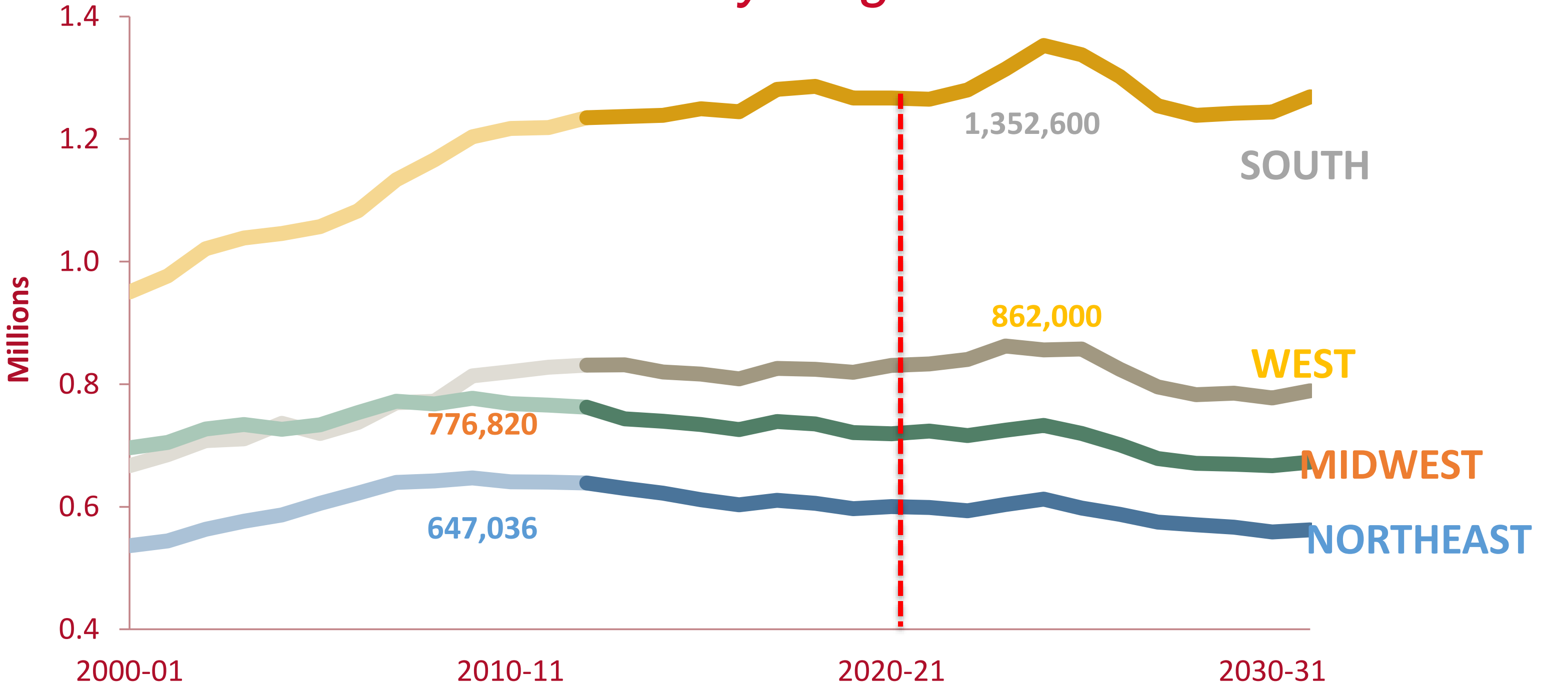
High School Graduate Pipeline to 2031

National by Region



Source: Western Interstate Commission for Higher Education, Knocking at the College Door: Projections of High School Graduates, 2016, www.wiche.edu/knocking.

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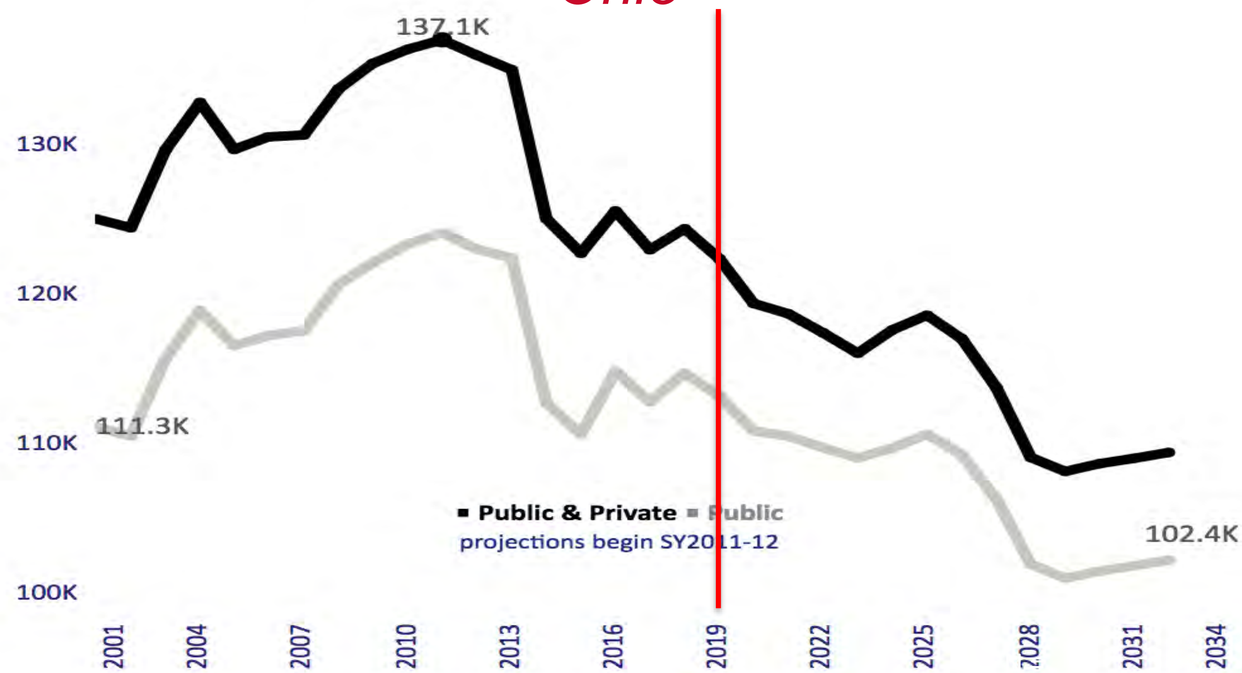
High School Graduate Pipeline to 2031

Ohio



Source: Western Interstate Commission for Higher Education, Knocking at the College Door: Projections of High School Graduates, 2016, www.wiche.edu/knocking

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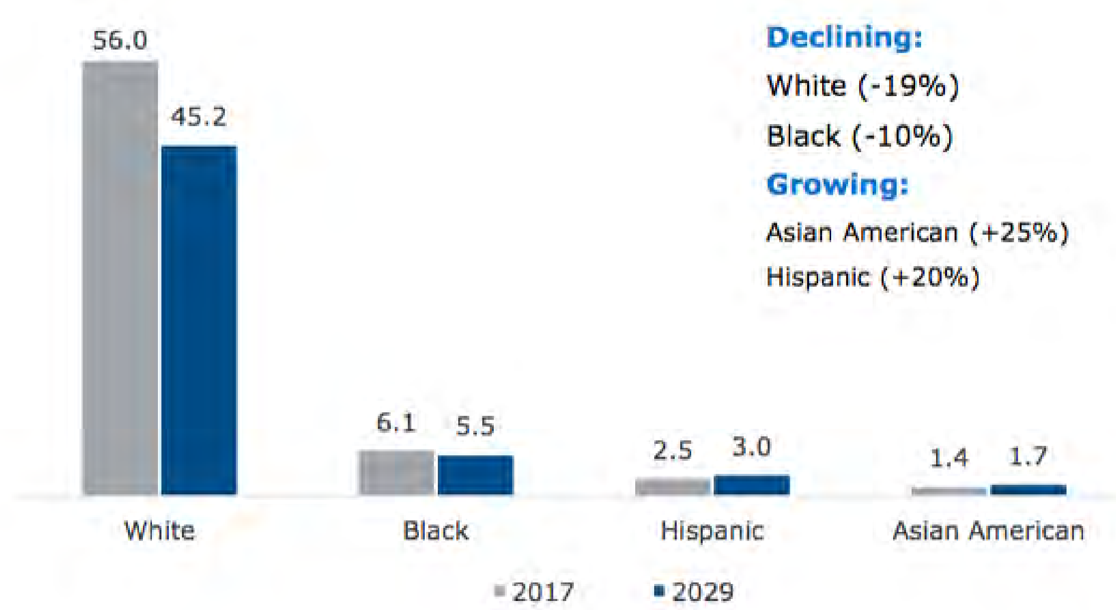
Projected Number of 4-Year College-Going Students

Ohio by Race/Ethnicity



Source: Grawe, Nathan D., *Demographics and the Demand for Higher Education,* 2017; EAB Analysis

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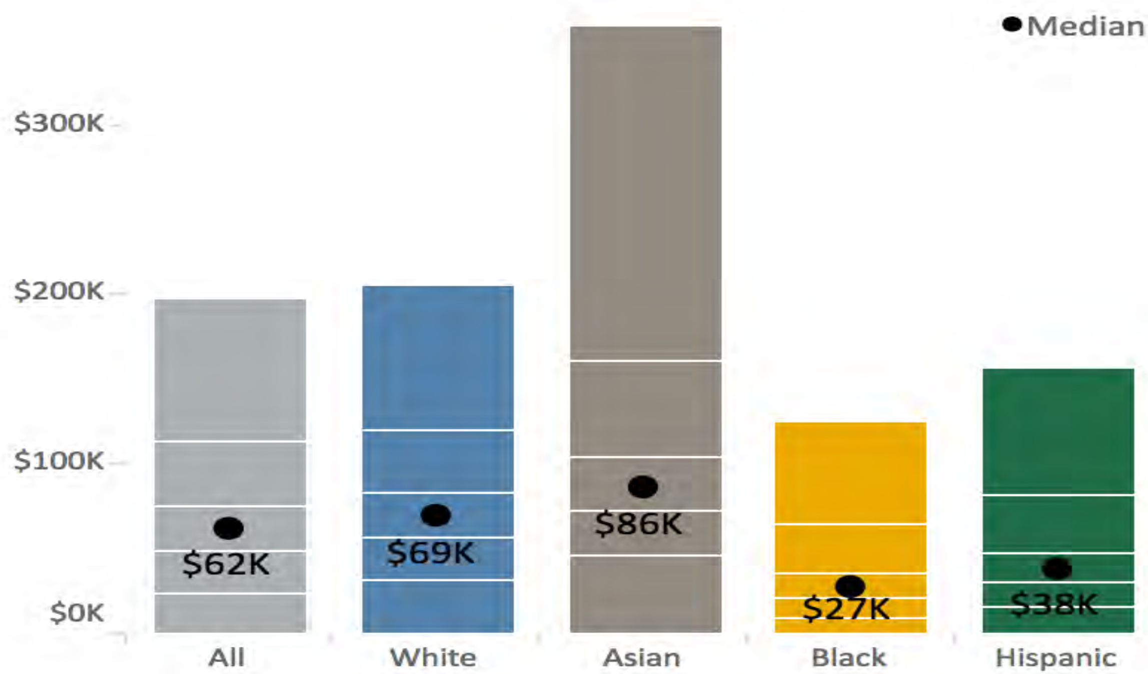
Ohio Household Incomes

Households with Children 0-17 Years Old



Source: WICHE calculations from U.S. Census Bureau,
2010-14 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File

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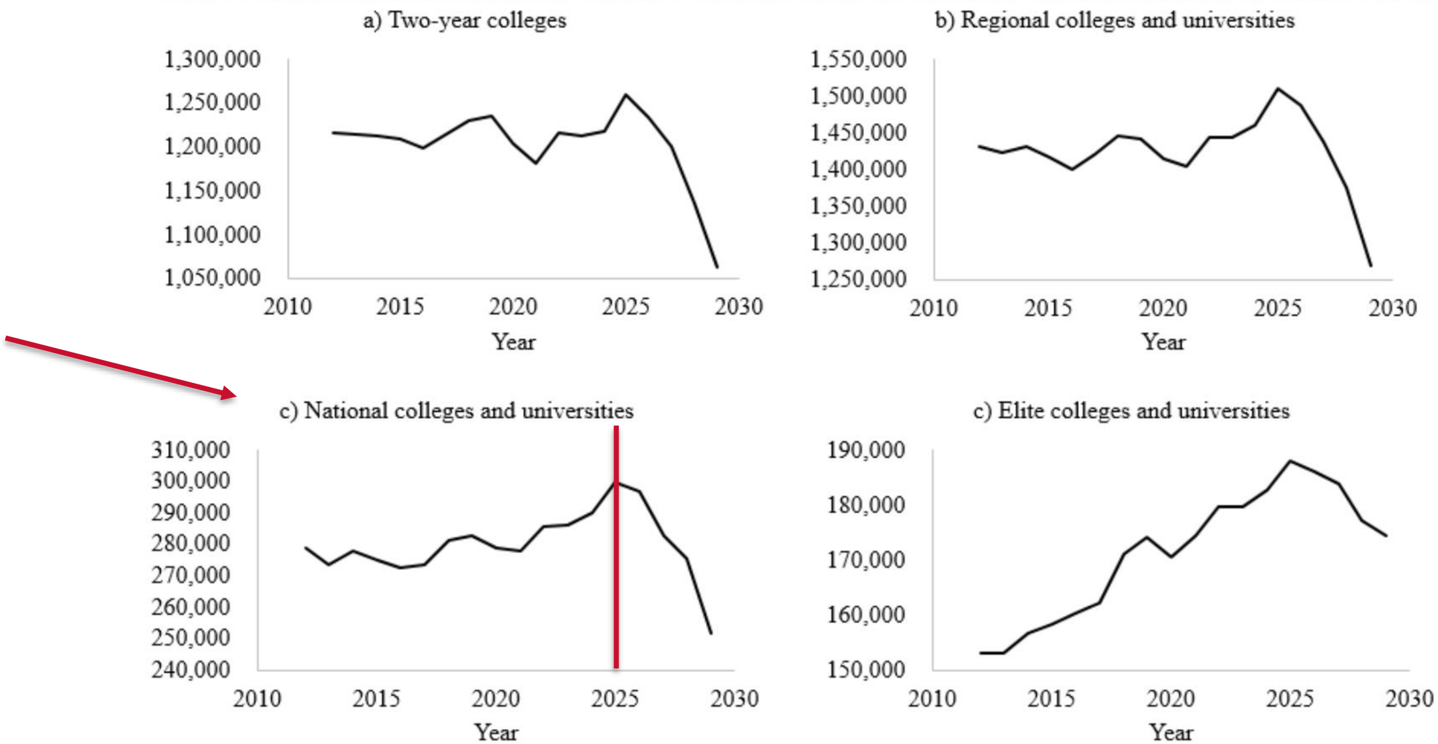
Forecasted Number of Students Attending College by Institution Type and Year of High School Graduation



Source: Grawe, Nathan D., *Demographics and the Demand for Higher Education*, 2017

Internal Vulnerabilities

Price

Divisional Institutional Aid

2017 vs. 2018

	Avg. iGrant				% TFRB Covered by iGrant		
Ohio	2017	2018	$ Change vs. 2017		2017	2018	% Change vs. 2017
CAS	$5,023	$4,565	-$458		17.8%	15.6%	-2.2%
CCA	$4,638	$4,800	$162		16.5%	16.4%	-0.1%
CEC	$6,126	$5,814	-$311		21.8%	19.9%	-1.9%
EHS	$4,819	$4,156	-$662		17.1%	14.2%	-2.9%
FSB	$5,288	$5,233	-$56		18.8%	17.9%	-0.9%
Average	$5,180	$4,825	-$355		18.4%	16.5%	-1.9%
Domestic Non-Resident	2017	2018	$ Change vs. 2017		2017	2018	% Change vs. 2017
CAS	$5,647	$7,882	$2,235		11.9%	16.2%	4.3%
CCA	$6,683	$8,623	$1,940		14.1%	17.7%	3.6%
CEC	$8,499	$12,002	$3,503		17.9%	24.6%	6.7%
EHS	$5,065	$7,946	$2,881		10.7%	16.3%	5.6%
FSB	$9,441	$10,857	$1,417		19.9%	22.3%	2.4%
Average	$6,953	$9,090	$2,137		14.7%	18.6%	4.0%

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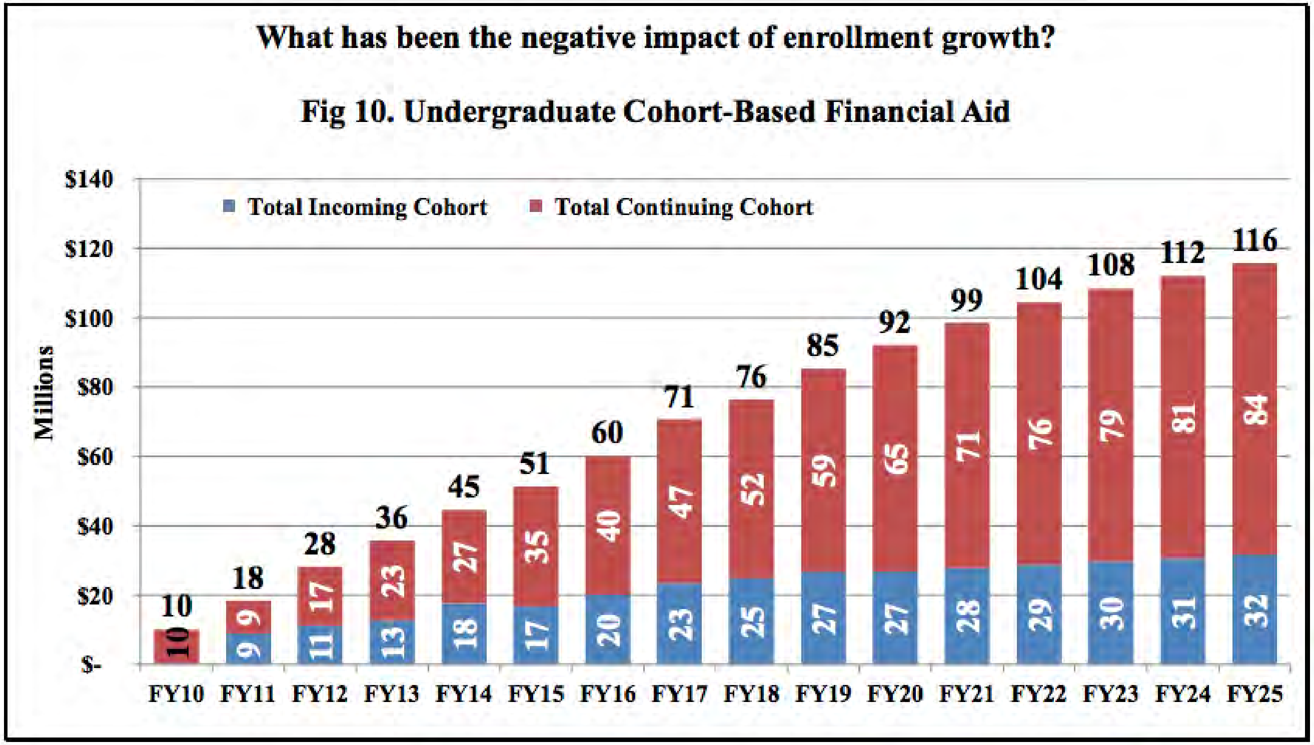
Institutional Aid Spend

Cohort-Based Aid



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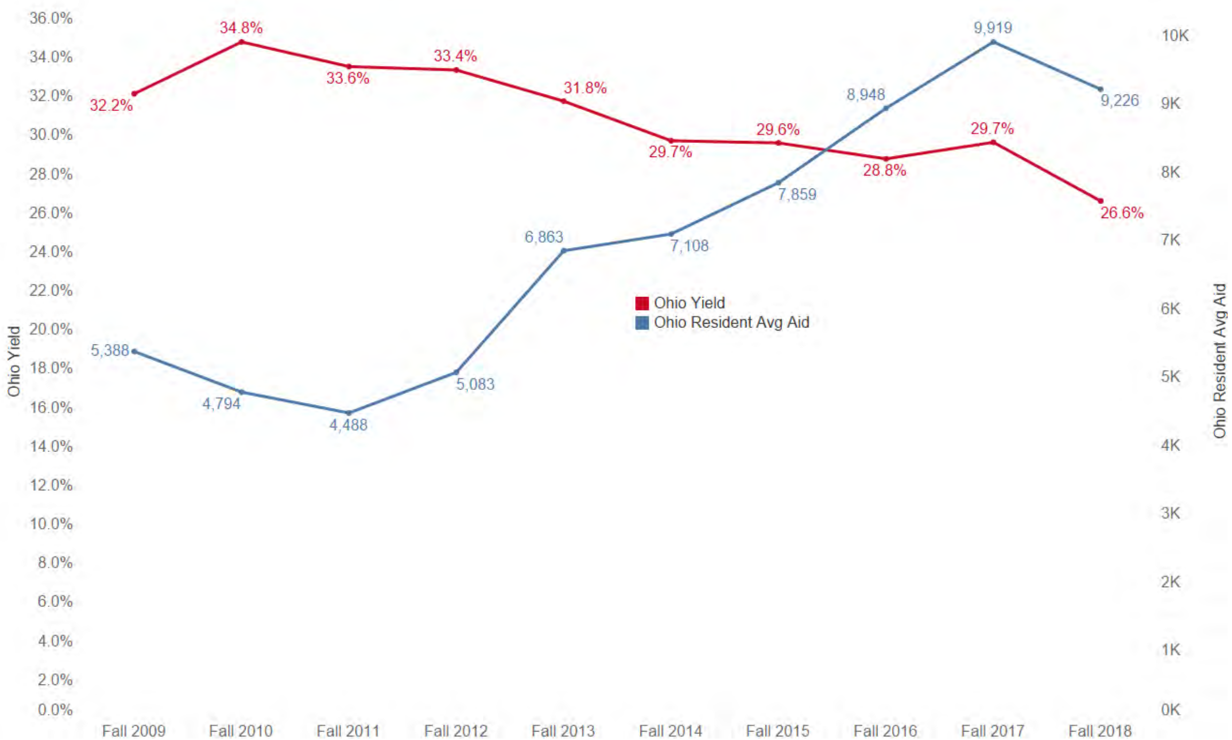
Scholarships & Yield

Ohio



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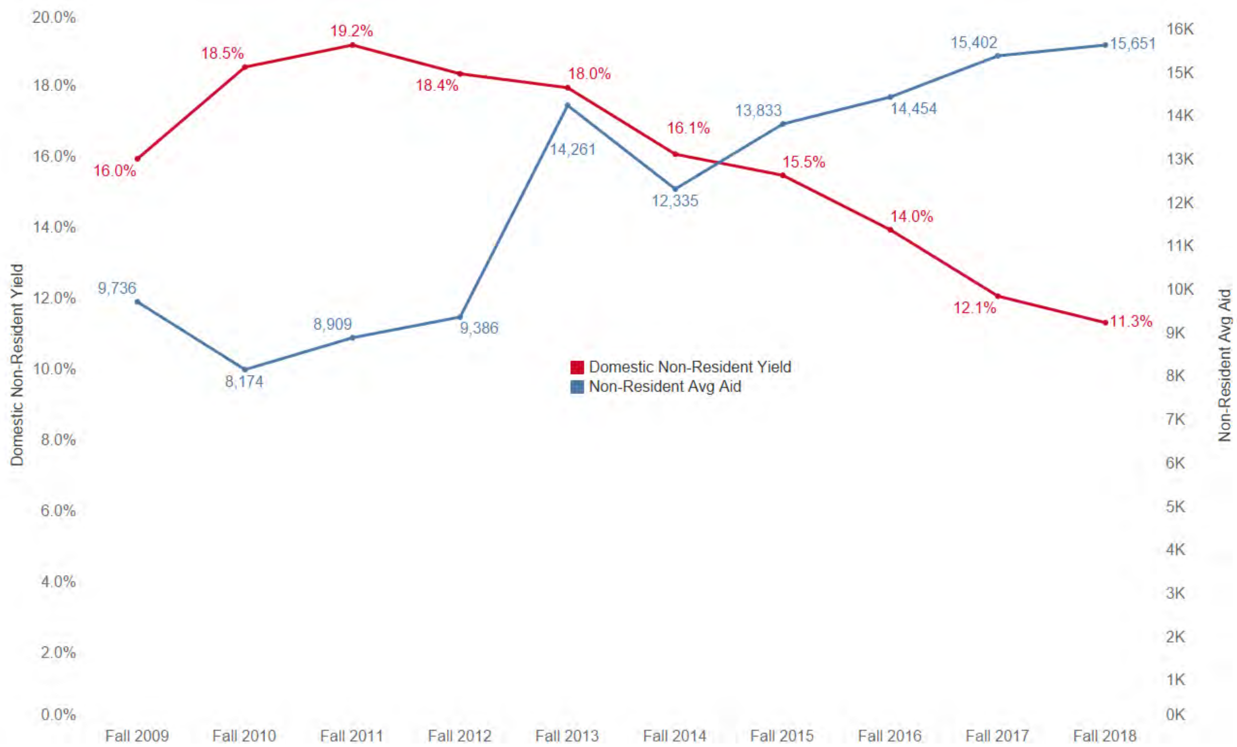
Scholarships & Yield

Non-Resident



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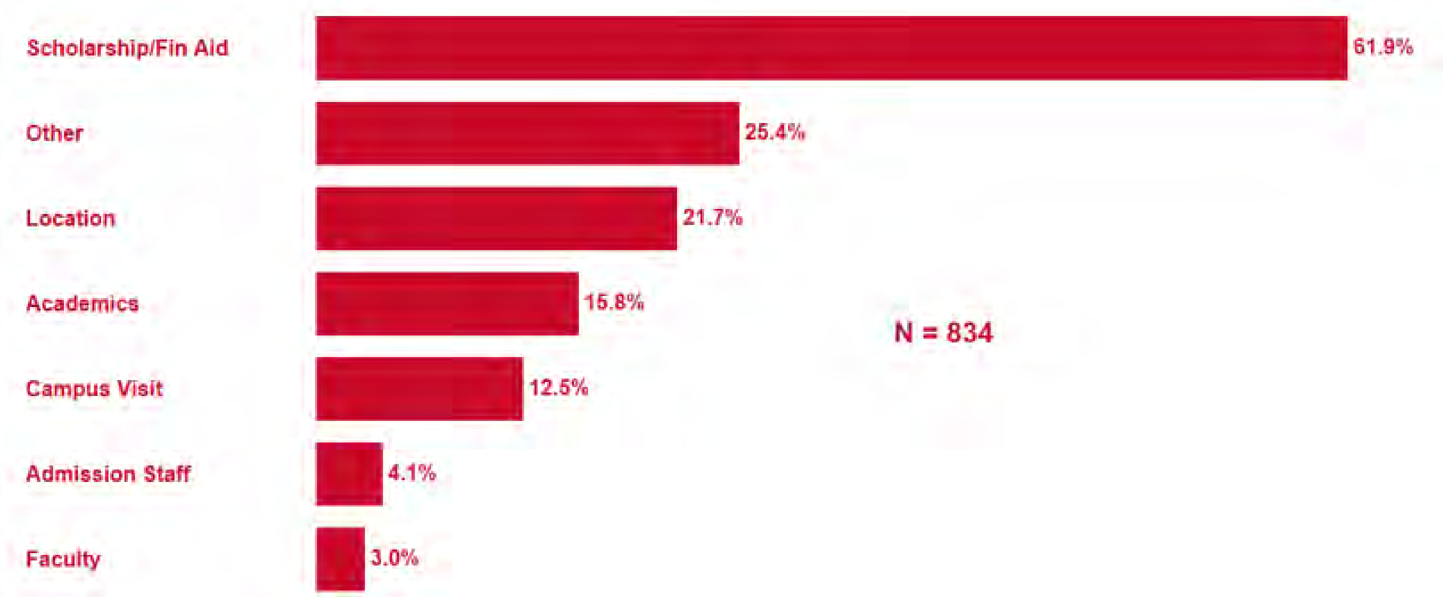
Admitted Student Questionnaire

Initially Top Choice, But Enrolled Elsewhere

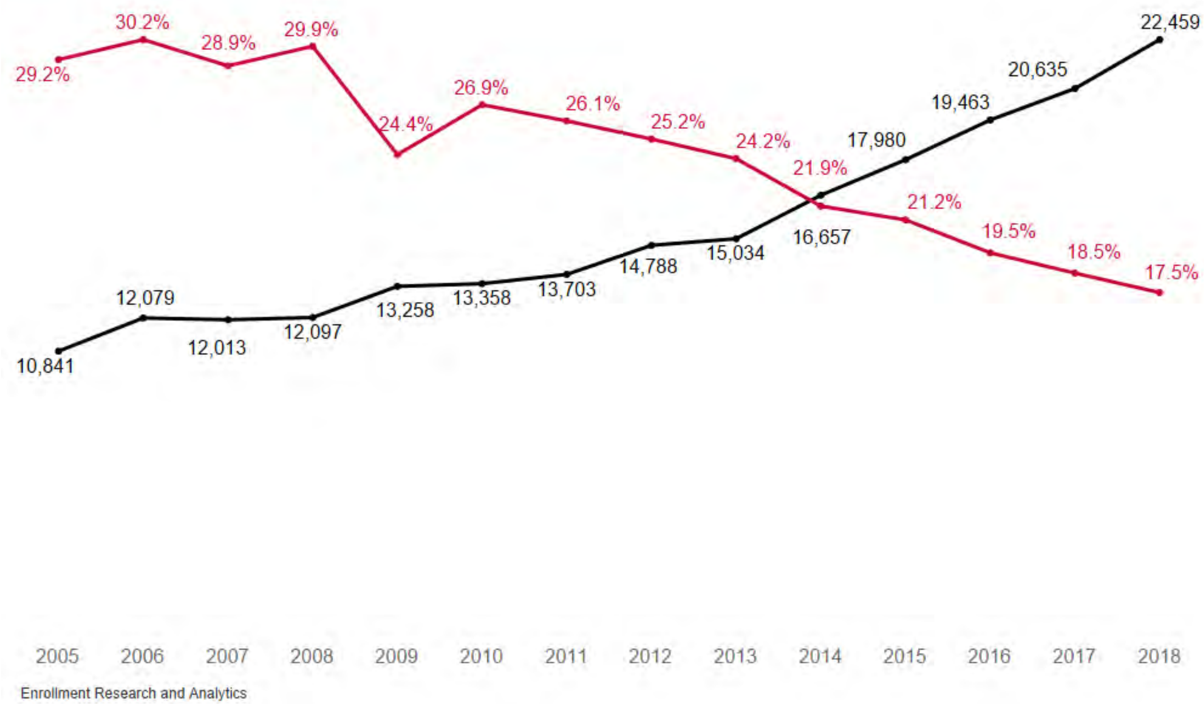


Internal Vulnerabilities

Product

Enrollment Trends

Admit and Yield Rates: 2005-2018



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Enrollment Influencers

2017: CIRP

How important was each reason in your decision to come here?

Academic Reputation

Very Important	78.6%
Somewhat Important	20.0%
Not Important	1.4%
Total (n)	1,936

Source: Miami University, OIR, CIRP 2017

ORIGINAL PUBLIC IVY

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Enrollment Influencers

2017: CIRP

How important was each reason in your decision to come here?

Rankings in National Magazines

Very Important	30.0%
Somewhat Important	41.8%
Not Important	28.2%
Total (n)	1,879

Source: Miami University, OIR, CIRP 2017

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USNWR Rankings and Top Competitors

	School	Students	Overall Ranking	Top Public	Business School Ranking	ACT Midpoint	Endowment / FTE
MU	Miami University		96	42	62	28.5	$23,351
1	Indiana University	2422	89	38	10	27	$23,402
2	University Of Illinois	1584	46	13	18	29	$25,274
3	University Of Michigan	1069	27	4	4	31	$215,614
4	University Of Wisconsin	993	49	15	18	29	$79,198
5	Purdue University	983	56	17	21	28	$56,379
6	Michigan State University	950	85	35	21	26.5	$56,999
7	Pennsylvania State University	713	59	20	21	27	$37,987
8	University Of Dayton	706	127	--	172	26.5	$44,221
9	University Of Colorado	608	96	42	35	27.5	Null
10	The Ohio State University	598	56	17	15	29	$63,772
11	University Of Kentucky	485	147	75	62	25.5	$44,748
12	Marquette University	439	89	--	87	26.5	$51,808
13	Butler University	426	--	--	127	27.5	$38,917
14	University Of Minnesota	406	76	30	18	28.5	$63,249
15	University Of Maryland	389	63	22	21	31	$14,530
16	University Of South Carolina	386	106	46	44	27.5	$15,878
17	Texas Christian University	383	80	--	79	27.5	$140,173
18	Tulane University	367	44	--	44	30.5	$97,297
19	Syracuse University	361	53	--	44	27	$51,547
20	Southern Methodist University	357	59	--	44	30	$131,071
21	Elon University	325	--	--	127	27	$31,984
22	University Of Alabama	321	129	61	44	27	$19,529
23	Clemson University	292	66	24	79	28.5	$27,987
24	University of Missouri	291	61	61	79	28.5	$27,987
25	Loyola University Chicago	280	--	--	79	26.5	$36,050

Enrollment Research and Analytics

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Business Rankings and Top Competitors

	School	Count	Overall Ranking	Business School Ranking	ACT Midpoint	Endowment / FTE
	Miami University		96	62	28.5	$23,351
1	Indiana University	1198	89	10	27	$23,402
2	University Of Illinois	443	46	18	29	$25,274
3	University Of Michigan	357	27	4	31	$215,614
4	University Of Wisconsin	326	49	18	29	$79,198
5	The Ohio State University	182	56	15	29	$63,772
6	Michigan State University	171	85	21	26.5	$56,999
7	Southern Methodist University	163	59	44	30	$131,071
8	Pennsylvania State University	147	59	21	27	$37,987
9	Texas Christian University	138	80	79	27.5	$140,173
10	University Of Dayton	131	127	172	26.5	$44,221
11	University Of Colorado	127	96	35	27.5	--
12	Purdue University	126	56	21	28	$56,379
13	University Of South Carolina	113	106	44	27.5	$15,878
14	University Of Maryland	108	63	21	31	$14,530
15	Boston College	105	38	21	31.5	$163,403
16	University Of Minnesota	102	76	18	28.5	$63,249
17	Tulane University	98	44	44	30.5	$97,297
18	Butler University	90	--	127	27.5	$38,917
19	Syracuse University	86	53	44	27	$51,547
20	Elon University	84	--	127	27	$31,984
21	Villanova University	83	49	44	31	$54,139
22	Marquette University	78	89	87	26.5	$51,808
23	University Of Georgia	76	46	21	28.5	$27,781
24	University Of Alabama	72	129	44	27	$19,529
25	University Of Kentucky	72	147	62	25.5	$44,748

Enrollment Research and Analytics

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Future State

Strategic Planning and Key Discussions

Future State

Strategic Planning and Key Discussions

» In FY19, the cost to enroll a lower quality cohort (28.1 vs. 28.3) increased (i.e., scholarship spend up with declining yields) compared to previous years. This trend will continue.

» Current E&G scholarship spend trajectory is not sustainable– we cannot continue to do it all– diversity, quality, and divisional priorities.

» Flat/declining applications (non-resident) with declining yields aren't sustainable.

Future State

Strategic Planning and Key Discussions

- Divisional goals need to be recalibrated/aligned with market realities (assuming static academic program offerings).
- Institutional aid strategies (cost drivers) and enrollment goals need to be aligned and prioritized – NTR, Quality, and Diversity.
  - Non-resident % (working assumption: international is flat and ACE is declining)
  - Diversity objectives (ethnic/racial, Ohio socio-economic)
  - Quality (ACT)

Future State

Strategic Planning and Key Discussions

- Is safeguarding academic quality (i.e., ACT) a priority? If so, is Miami willing to increase the institutional scholarship spend for FY20 and beyond?
  - Alternatively, decreasing quality – would likely create significantly more NTR (short-term).
  - At the same time, what is the long-term national and global market demand for a less selective public institution located in the Midwest?

- Is safeguarding diversity (ethnic/racial and/or socioeconomic) a priority? If so, is Miami willing to increase institutional scholarship spend for FY20 and beyond?

If academic quality and diversity are both top priorities, what financial trade-offs *will* Miami make?

Future State
Strategic Planning and Key Discussions

- Aggressive development of new academic programs. Market wants high-quality, in-demand programs. Possible areas for investment (pipeline opportunities – high school through employment growth):
  - STEM
  - Entrepreneurship
  - Data analytics
  - Business and business-like programs
  - Health and healthcare-related fields

- External market does not care about academic divisions and/or program alignment– this is a Miami impediment.

Future State

Strategic Planning and Key Discussions

- Development and integration of premier curricular and co-curricular experiences
  - Integrated and transformative residential experiences
  - Revamped Honors and Scholars Program
  - Creation of an Honors College– all 5 academic divisions

- Development and integration of premier curricular and co-curricular experiences
  - Integrated and transformative residential experiences
  - Revamped Honors and Scholars Program
  - Creation of an Honors College– all 5 academic divisions

- Promotion has been *very* successful – 60% plus growth in applications since 2011 leading to record enrollments, growth in quality and diversity, but it is no longer enough.

ORIGINAL PUBLIC IVY

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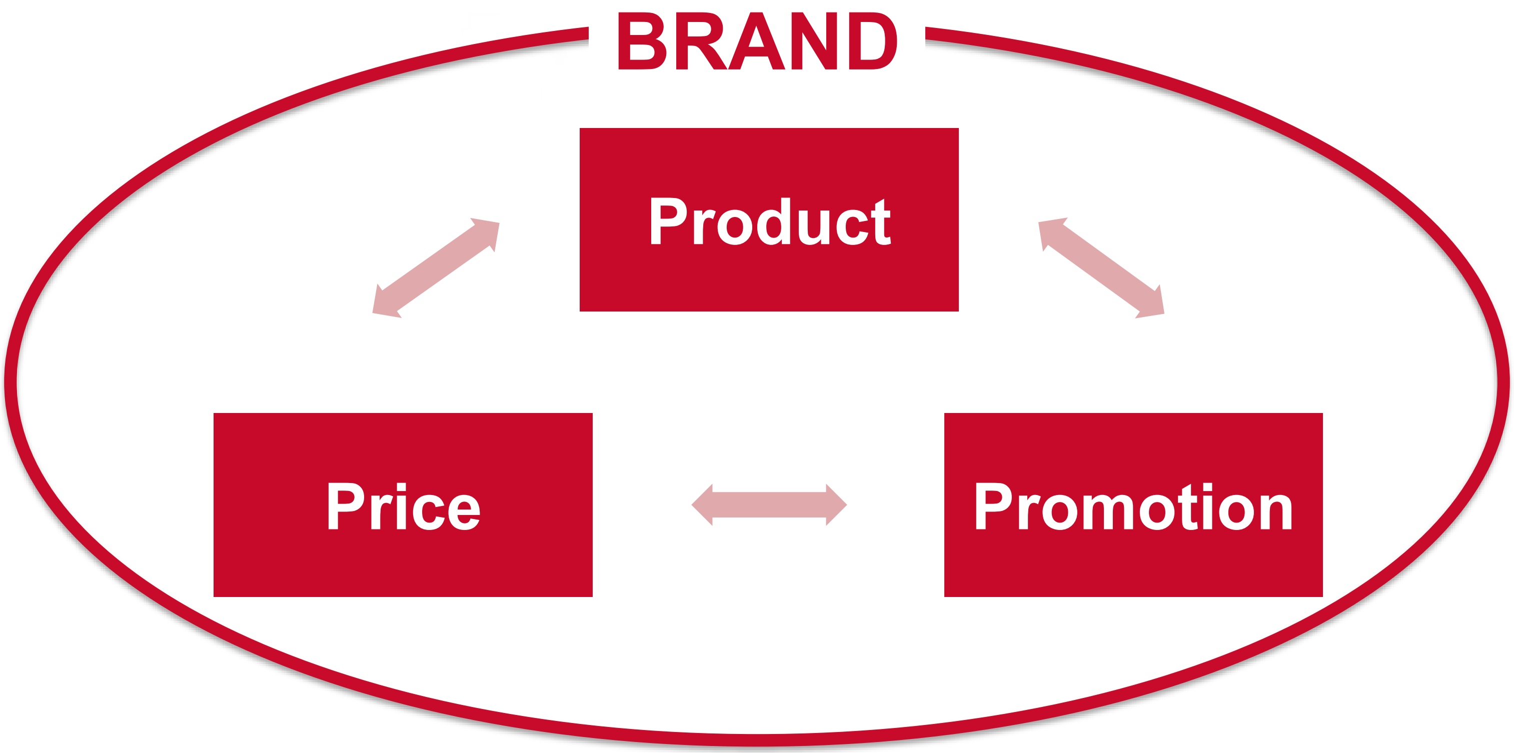
Future State

Strategic Planning and Key Discussions

- Unprecedented focus on building Miami's national and global brand.
    - Complete rethinking of how we market the institution.
    - Divisional approach no longer differentiates us in an increasingly crowded market – focus on academic clusters (6-8) versus divisional alignments (e.g., Health, Data Analytics)
    - Leveraging faculty experts and what makes Miami unique
    - Website overhaul – prospective students first priority and every other audience is a distance second
        - Integrated academic programs and career website
        - Heavy focus on ROI/outcomes (career, salary, graduate school)

Enrollment Planning

Three Ps and Brand



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QUESTIONS?

MIAMI UNIVERSITY

Federal Financial Aid

Risk Management

AID TYPE	**FY 2018**
Federal Loans:	$79,485,905
Federal Work Study:	$671,167
Federal Grants:	$17,667,622
Ohio Grants:	$2,971,231
Total:	**$100,795,925**

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Federal Financial Aid

Risk Management

- Aid is heavily regulated and incorrect application of federal rules could result in fines or suspension of an institution's aid eligibility, which is very rare.

- *Miami's* yearly external audits have been clean. For FY18, the State of Ohio is skipping the yearly audit of Miami's State aid programs due to past excellent performance in these audits.

- Federal aid is contingent upon student enrollment with the federal Pell grant being especially volatile to full-time vs. part-time enrollment. Fewer numbers of full-time students will result in a reduction of aid received to the University.
  - Of the $15.5 m disbursed in FY18 in federal Pell grant monies, 44% ($6.9 m) went to students enrolled at the regional campuses.
  - Fewer students enrolled at any Miami campus would result in fewer Pell and other federal and state aid dollars.

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Federal Financial Aid
Risk Management

» Federal aid programs are subject to Congressional budget action. Today, about 80% of federal Pell grant funding occurs through annual Congressional appropriations. The balance of the 20% occurs through a mandatory funding piece, which was enacted by President George W. Bush and built upon by President Obama.

Business Session
Item 5
December 13, 2018
Finance and Audit

Miami University
Finance and Audit Committee
FY 2019 Forecasted Operating Results
Projections Based upon Activity through September 30, 2018

OXFORD

The projection for the Oxford General Fund based on performance prior to adjustments through September is a surplus of approximately $12.3 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 $2.0 million above the $351.9 million budget. Gross instructional revenue (including the out of state surcharge) is forecast to be $2.3 million above budget. The revenue variance is attributable to retention exceeding the level assumed in the budget, including students in the ACE program. The projections include billing from fall term. 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 on budget. The Ohio Department of Higher Education will provide updated subsidy payments with final estimates for the fiscal year in December. The final subsidy reflects the net impact of activity across all of the institutions in the University System of Ohio.

Investment income (loss) booked through September 30, 2018 was approximately ($974,000). 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 $5.7 million would have been recorded. However, given the volatility in the current market, an investment loss for the year is more likely at this time.

Other revenue categories are projected as budgeted.

Expenditures and Transfers

Employee salaries and staff benefits are projected to be $2.2 million below budget. Through the first four months of the fiscal year, health care claims were lower than budgeted due to position vacancy. However, medical claims and prescription drug costs have continued to increase, continuing the trend experienced in the prior year. Healthcare expense is difficult to estimate due to the volatility of high cost claims. Graduate fee waiver expenses are below budget due to the changing mix of students in market priced programs and traditionally priced programs compared to the budget.

Departmental support costs are forecast on budget through the first quarter. The underspending in salaries and benefits noted above is carryforward eligible. The net effect of this activity is recorded as an increase in Departmental Budgetary Carryforward. The second of three annual transfers ($8.3 million) from academic divisions carryforward reserves to the Boldly Creative Initiatives Fund were made. To date, only the expansion of the Nursing program on Oxford campus has been funded ($0.5 million). The Boldly Creative Initiatives Fund now has a balance of $38.6 million available to the President and Provost for new programming.

HAMILTON & MIDDLETOWN

The Hamilton campus student fee revenue (instructional, general and out-of-state) is estimated to be slightly above budget. While the fall class was below budget, more upper division students returned and the campus had more non resident students than assumed in the budget. The instructional fee, out-of-state surcharge and general fee for the Middletown campus are forecast to be $0.4 million below budget due to enrollment being below budget. State subsidy (SSI) is on budget for both Hamilton and Middletown until the midyear adjustment is made by the State of Ohio. Revenues from the College Credit Plus program are slightly below budget on both campuses. Other revenues are on budget.

Most expenditures on both campuses are tracking close to budget. However, personnel and benefit costs are $0.4 million below budget on the Hamilton campus and $0.4 million below budget on the Middletown campus. The actual performance in these categories has exceeded the underspending in these categories assumed in the budget. Utilities on both campuses are slightly below budget.

Overall, the General Fund for Hamilton is projected to end the fiscal year with a $0.7 million surplus prior to adjustments. The budget for the Hamilton campus assumed a transfer of $54,380 from their unobligated fund balance. The transfer will be adjusted based on the actual performance. The Middletown campus is projected to have an operating deficit of approximately $0.5 million prior to adjustments. The Middletown budget assumed a transfer of $563,121 from the unobligated fund balance to achieve a balance budget for the fiscal year. After the budget transfer is included, the Middletown budget is still projected to have a deficit of $0.4 million.

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
FY2019 Forecast
Oxford General Fund Only
As of September 30, 2018

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 384,560,704	$ 386,845,948	$ 2,285,244
Less Cohort Financial Aid Discount	85,281,262	85,926,231	644,969
Net Instructional Fee & Out-of-State Surcharge	299,279,442	300,919,717	1,640,275
General	50,060,929	50,398,140	337,211
Other Student Revenue	2,596,500	2,596,500	-
Tuition, Fees and Other Student Charges	*351,936,871*	*353,914,357*	1,977,486
State Appropriations	64,007,384	64,007,384	-
Investment Income	6,390,000	6,390,000	-
Other Revenue	1,450,000	1,450,000	-
Total Revenues	***$ 423,784,255***	***$ 425,761,741***	***$ 1,977,486***
EXPENDITURES:			
Salaries	189,401,394	188,190,786	(1,210,608)
Benefits	35,697,085	35,120,710	(576,375)
Healthcare Expense	28,391,038	27,932,629	(458,409)
Graduate Assistant, Fellowships & Fee Waivers	22,693,542	21,707,042	(986,500)
Undergraduate Scholarships & Student Waivers	14,569,934	14,291,106	(278,828)
Utilities	13,516,126	13,516,126	-
Departmental Support Expenditures	29,562,608	29,562,608	-
Multi-year Expenditures	5,378,792	5,378,792	-
Total Expenditures	***$ 339,210,519***	***$ 335,699,799***	***$ (3,510,720)***
DEBT SERVICE AND TRANSFERS:			
General Fee	(49,571,223)	(49,571,223)	-
Capital, Renewal & Replacement	(5,480,000)	(5,480,000)	-
Debt Service	(7,098,142)	(7,098,142)	-
Support for VOALC (50%)	(584,244)	(584,244)	-
Other Miscellaneous Operational Transfers	(15,472,814)	(15,472,814)	-
Other Transfers (net)	464,258	464,258	-
Total Debt Service and Transfers	***$ (77,742,165)***	***$ (77,742,165)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ 6,831,571	$ 12,319,777	$ 5,488,206
ADJUSTMENTS:			
Departmental Budgetary Carryforward	-	(2,245,392)	(2,245,392)
Strategic Investment Funding - Unallocated Funds	-	-	-
Strategic Investment Funding - Divisional Carryforward	-	(8,333,333)	(8,333,333)
Reserve for Carry Forward	-	8,333,333	8,333,333
Divisional Revenue Carry Forward	-	-	-
Reserve for Investment Fluctuations	-	-	-
Reserve for Encumbrances	-	-	-
Future Student Facilities CR&R	-	-	-
Net Increase/(Decrease) in Fund Balance	***$ 6,831,571***	***$ 10,074,385***	***$ 3,242,814***

MIAMI UNIVERSITY
FY2019 Forecast
Hamilton General Fund Only
As of September 30, 2018

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge - Regional Students	$ 14,360,268	$ 14,412,137	$ 51,869
Instructional & OOS Surcharge - Cross Campus	3,096,032	3,170,388	74,356
Less Continuing & New Scholarships	880,364	710,771	(169,593)
Net Instructional Fee & Out-of-State Surcharge	16,575,936	16,871,754	295,818
General	961,526	945,117	(16,409)
Other Student Revenue	193,500	193,500	-
Tuition, Fees and Other Student Charges	*17,730,962*	*18,010,371*	*279,409*
State Appropriations - SSI	6,588,286	6,588,286	-
State Appropriations - CCP	343,626	327,176	(16,450)
Investment Income	50,000	50,000	-
Other Revenue	79,500	79,500	-
Total Revenues	***$ 24,792,374***	***$ 25,055,333***	***$ 262,959***
EXPENDITURES:			
Salaries	15,062,110	15,062,110	-
Allowance for Unspent Salaries	(1,088,621)	(1,368,407)	(279,786)
Benefits	3,001,943	3,001,943	-
Allowance for Unspent Benefits	(381,476)	(515,688)	(134,212)
Healthcare Expense	2,253,885	2,253,885	-
Anticipated Benefit Recovery	(217,803)	(217,803)	-
Graduate Assistant Fee Waivers	-	-	-
Utilities	619,000	587,079	(31,921)
Departmental Support Expenditures	4,986,399	4,986,399	-
Multi-year Expenditures	-		-
Total Expenditures	***$ 24,235,437***	***$ 23,789,518***	***$ (445,919)***
DEBT SERVICE AND TRANSFERS:			
General Fee	(319,195)	(319,195)	-
Capital, Renewal & Replacement	-	-	-
Debt Service	-	-	-
Support for VOALC (25%)	(292,122)	(292,122)	-
Other Miscellaneous Operational Transfers	-		-
Total Debt Service and Transfers	***$ (611,317)***	***$ (611,317)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ (54,380)	$ 654,498	$ 708,878
ADJUSTMENTS:			
Departmental Budgetary Carryforward	-	-	$ -
Divisional Budgetary Carryforward	-	(445,919)	$ (445,919)
Strategic Investment Funding - Divisional Carryforward	-	(344,928)	$ (344,928)
Reserve for Carry Forward	-	344,928	$ 344,928
Transfer from Fund Balance	54,380	54,380	$ -
Reserve for Encumbrances	-	-	$ -
Reserve for Investment Fluctuations	-	-	$ -
Reserve for Future Budgets	-	-	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ 262,959***	***$ 262,959***

MIAMI UNIVERSITY
FY2019 Forecast
Middletown General Fund Only
As of September 30, 2018

	Original Budget	September End-of-Year Forecast	September Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge - Regional Students	$ 12,754,347	$ 12,399,708	$ (354,639)
Instructional & OOS Surcharge - Cross Campus	2,103,202	1,890,455	(212,747)
Less Continuing & New Scholarships	1,169,335	940,285	(229,050)
Net Instructional Fee & Out-of-State Surcharge	13,688,214	13,349,878	(338,336)
General	636,900	601,722	(35,178)
Other Student Revenue	80,700	80,700	-
Tuition, Fees and Other Student Charges	*14,405,814*	*14,032,300*	*(373,514)*
State Appropriations - SSI	4,126,135	4,126,135	-
State Appropriations - CCP	635,798	610,025	(25,773)
Investment Income	50,000	50,000	-
Other Revenue	10,402	10,402	-
Total Revenues	***$ 19,228,149***	***$ 18,828,862***	***$ (399,287)***
EXPENDITURES:			
Salaries	11,848,386	11,848,386	-
Allowance for Unspent Salaries	(1,081,035)	(1,360,301)	(279,266)
Benefits	2,527,871	2,527,871	-
Allowance for Unspent Benefits	(393,160)	(508,344)	(115,184)
Healthcare Expense	1,559,576	1,559,576	-
Anticipated Benefit Recovery	(157,197)	(157,197)	-
Graduate Assistant Fee Waivers	-	-	-
Utilities	483,500	453,292	(30,208)
Departmental Support Expenditures	4,212,759	4,212,759	-
Multi-year Expenditures	-	-	-
Total Expenditures	***$ 19,000,700***	***$ 18,576,042***	***$ (424,658)***
DEBT SERVICE AND TRANSFERS:			
General Fee	(242,059)	(242,059)	-
Capital, Renewal & Replacement		-	-
Debt Service	(256,389)	(256,389)	-
Support for VOALC (25%)	(292,122)	(292,122)	-
Other Miscellaneous Operational Transfers	-	-	-
Total Debt Service and Transfers	***$ (790,570)***	***$ (790,570)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ (563,121)	$ (537,749)	$ 25,372
ADJUSTMENTS:			
Departmental Budgetary Carryforward	-	-	-
Divisional Budgetary Carryforward	-	(424,658)	(424,658)
Strategic Investment Funding - Divisional Carryforwar	-	(392,982)	(392,982)
Reserve for Carry Forward	-	392,982	392,982
Transfer from Fund Balance	563,121	563,121	-
Reserve for Encumbrances	-	-	-
Reserve for Investment Fluctuations	-	-	-
Reserve for Future Budgets	-	-	-
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ (399,287)***	***$ (399,287)***

MIAMI UNIVERSITY
FY2019 Forecast
Voice of America Learning Center General Fund Only
As of September 30, 2018

	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	247,888	247,888	-
Benefits	50,648	50,648	-
Healthcare Expense	44,789	44,789	-
Graduate Assistant Fee Waivers	-	-	-
Utilities	61,098	61,098	-
Departmental Support Expenditures	265,718	265,718	-
Multi-year Expenditures	-	-	-
Total Expenditures	***$ 670,141***	***$ 670,141***	***$ -***
DEBT SERVICE AND TRANSFERS:			
General Fee	-	-	-
Capital, Renewal & Replacement	(100,706)	(100,706)	-
Debt Service	(432,641)	(432,641)	-
Support for VOALC Transfers	1,168,488	1,168,488	-
Other Miscellaneous Operational Transfers	-	-	-
Total Debt Service and Transfers	***$ 635,141***	***$ 635,141***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ -	$ -
ADJUSTMENTS:			
Departmental Budgetary Carryforward	-	-	-
Divisional Budgetary Carryforward	-	-	-
Strategic Investment Funding - Divisional Carryfor	-	(4,476)	(4,476)
Reserve for Carry Forward	-	4,476	4,476
Reserve for Encumbrances	-	-	-
Reserve for Investment Fluctuations	-	-	-
Reserve for Future Budgets	-	-	-
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ -***	***$ -***

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit (Oxford Campus)
FY2019 / FY2018 / FY2017

	FY2017 Year End Actual	FY2018 Year End Actual	FY2019 Budget	Thru September Year To Date FY2019	Thru September Year To Date FY2018	Thru September Year To Date FY2017	% of '18 Budget	% Change from '17 YTD
College of Arts & Sciences								
Salary	$ 54,092,580	$ 55,391,368	$ 57,359,855	$ 8,901,993	$ 8,624,164	$ 8,503,529	16%	3%
Benefits	15,164,671	16,251,298	18,351,667	2,790,870	2,881,768	2,846,688	15%	-3%
Scholarships & Fellowships	9,387,494	9,715,232	10,414,500	1,277,890	1,975,330	1,835,857	12%	-35%
Departmental Support Expenses	4,890,086	5,457,166	7,408,512	1,164,451	1,055,967	1,042,281	16%	10%
Total Expenses	83,534,831	86,815,064	93,534,534	14,135,204	14,537,229	13,928,355	15%	-3%
College of Education, Health, and Society								
Salary	14,280,754	14,558,439	15,102,358	2,442,681	2,252,861	2,269,496	16%	8%
Benefits	4,010,633	4,200,871	4,949,025	756,884	756,413	756,835	15%	0%
Scholarships & Fellowships	1,532,931	1,757,175	2,040,500	307,458	337,440	307,811	15%	-9%
Departmental Support Expenses	1,593,055	1,687,944	2,341,770	244,597	204,308	322,321	10%	20%
Total Expenses	21,417,373	22,204,429	24,433,653	3,751,620	3,551,022	3,576,463	15%	6%
College of Engineering and Computing								
Salary	7,867,475	8,649,691	7,934,978	1,665,412	1,475,255	1,369,881	21%	13%
Benefits	2,340,509	2,647,657	2,835,935	540,194	499,551	482,789	19%	8%
Scholarships & Fellowships	567,513	677,959	583,000	60,330	65,765	61,017	10%	-8%
Departmental Support Expenses	1,050,889	1,236,007	544,619	194,179	276,850	171,237	36%	-30%
Total Expenses	11,826,386	13,211,314	11,898,532	2,460,115	2,317,421	2,060,924	21%	6%
Farmer School of Business								
Salary	22,537,231	23,599,921	20,412,527	4,441,973	4,269,755	3,908,612	22%	4%
Benefits	6,858,968	7,498,205	7,485,800	1,441,498	1,454,032	1,371,462	19%	-1%
Scholarships & Fellowships	493,811	468,272	874,500	52,046	48,181	45,420	6%	8%
Departmental Support Expenses	2,612,230	2,486,473	3,225,141	645,320	655,000	665,483	20%	-1%
Total Expenses	32,502,240	34,052,871	31,997,968	6,580,837	6,426,968	5,980,977	21%	2%
College of Creative Arts								
Salary	10,149,777	10,254,633	11,076,228	1,745,234	1,592,432	1,573,602	16%	10%
Benefits	3,006,968	3,062,501	3,847,044	584,328	572,649	561,607	15%	2%
Scholarships & Fellowships	1,438,637	1,289,352	1,510,500	246,020	223,542	206,580	16%	10%
Departmental Support Expenses	978,987	1,093,514	1,209,438	271,628	254,144	175,796	22%	7%
Total Expenses	15,574,369	15,700,000	17,643,210	2,847,210	2,642,767	2,489,585	16%	8%
Dolibois European Center - Luxemburg								
Salary	894,756	1,033,391	1,309,360	205,130	129,813	105,608	16%	58%
Benefits	297,789	169,985	442,199	29,537	22,508	48,014	7%	31%
Utilities	19,109	27,691	33,357	4,798	3,802	5,026	14%	26%
Departmental Support Expenses	195,371	212,738	432,280	92,210	55,798	48,965	21%	65%
Total Expenses	1,407,025	1,443,805	2,217,196	331,675	211,921	207,613	15%	57%

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit (Oxford Campus)
FY2019 / FY2018 / FY2017

	FY2017	FY2018	FY2019	Thru September Year To Date				
	Year End Actual	Year End Actual	Budget	FY2019	FY2018	FY2017	% of '18 Budget	% Change from '17 YTD
Graduate School								
Salary	2,690,926	2,866,367	4,472,833	718,324	759,240	699,493	16%	-5%
Benefits	670,512	626,370	705,687	192,142	199,068	187,109	27%	-3%
Scholarships & Fellowships	10,914,888	5,256,660	5,406,960	8,793,270	8,092,682	11,430,252	163%	9%
Departmental Support Expenses	375,573	489,768	749,990	292,408	101,397	102,838	39%	188%
Total Expenses	14,651,899	9,239,165	11,335,470	9,996,144	9,152,387	12,836,692	88%	9%
Other Provost Departments								
Salary	7,818,797	8,492,701	10,931,802	2,235,738	1,959,492	1,877,325	20%	14%
Benefits	2,541,876	2,941,190	4,035,498	817,525	785,032	745,695	20%	4%
Scholarships & Fellowships	962,799	964,582	1,199,619	19,522	24,560	22,338	2%	-21%
Utilities	462	838	-	-	-	-	0%	0%
Departmental Support Expenses	6,105,292	6,173,889	9,581,045	3,398,339	3,340,833	3,262,230	35%	2%
Total Expenses	17,429,226	18,573,200	25,747,964	6,471,124	6,109,917	5,932,588	25%	6%
Total Provost Office								
Salary	120,332,296	124,846,511	128,599,941	22,356,485	21,063,012	20,307,546	17%	6%
Benefits	34,891,926	37,398,077	42,652,855	7,152,978	7,171,021	7,000,199	17%	0%
Scholarships & Fellowships	25,298,073	20,129,232	22,029,579	10,756,536	10,767,500	13,909,275	49%	0%
Utilities	19,571	28,529	33,357	4,798	3,802	5,026	14%	26%
Departmental Support Expenses	17,801,483	18,837,499	25,492,795	6,303,132	5,944,297	5,791,151	25%	6%
Total Expenses	198,343,349	201,239,848	218,808,527	46,573,929	44,949,632	47,013,197	21%	4%
Physical Facilities								
Salary	12,095,365	15,346,315	17,215,427	3,664,488	3,622,417	2,865,576	21%	1%
Benefits	4,017,821	5,445,823	6,505,000	1,390,963	1,457,123	1,153,717	21%	-5%
Utilities	13,028,831	12,983,324	13,482,769	2,891,534	3,168,551	3,336,381	21%	-9%
Departmental Support Expenses	(85,999)	(3,778,347)	(3,254,543)	(1,111,089)	(1,027,602)	(92,303)	34%	8%
Total Expenses	29,056,018	29,997,115	33,948,653	6,835,896	7,220,489	7,263,371	20%	-5%
Other Finance & Business Services Departments								
Salary	7,884,249	8,464,090	10,374,627	2,252,469	2,003,208	1,864,212	22%	12%
Benefits	2,676,452	2,843,728	3,906,741	851,459	808,219	752,609	22%	5%
Departmental Support Expenses	1,871,166	2,190,569	1,570,313	585,867	677,662	591,434	37%	-14%
Total Expenses	12,431,867	13,498,387	15,851,681	3,689,795	3,489,089	3,208,255	23%	6%
Enrollment Management & Student Success								
Salary	6,979,677	7,160,353	8,974,073	1,881,310	1,737,184	1,704,520	21%	8%
Benefits	2,310,941	2,479,666	3,308,141	698,760	701,413	680,182	21%	0%
Scholarships & Fellowships	82,602,450	88,791,318	99,879,156	49,832,014	45,736,655	41,684,246	50%	9%
Departmental Support Expenses	4,471,431	4,966,507	4,509,985	1,041,179	1,493,321	1,348,699	23%	-30%
Total Expenses	96,364,499	103,397,844	116,671,355	53,453,263	49,668,573	45,417,647	46%	8%

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit (Oxford Campus)
FY2019 / FY2018 / FY2017

	FY2017	FY2018	FY2019	Thru September Year To Date				
	Year End Actual	Year End Actual	Budget	FY2019	FY2018	FY2017	% of '18 Budget	% Change from '17 YTD
President								
Salary	4,902,634	4,515,020	5,308,926	1,178,276	1,249,698	1,218,007	22%	-6%
Benefits	1,586,930	1,581,830	1,990,024	443,351	497,607	492,357	22%	-11%
Departmental Support Expenses	3,373,602	3,777,969	4,483,115	1,157,064	728,952	1,018,824	26%	59%
Total Expenses	9,863,166	9,874,819	11,782,065	2,778,691	2,476,257	2,729,188	24%	12%
Student Affairs								
Salary	8,324,754	8,732,695	9,074,229	1,968,734	1,968,365	1,859,827	22%	0%
Benefits	1,905,373	2,009,080	2,403,773	554,172	563,205	529,263	23%	-2%
Scholarships & Fellowships	615,702	553,998	636,000	47,913	37,295	80,946	8%	28%
Departmental Support Expenses	(3,479,693)	(4,231,016)	(3,979,145)	(1,250,124)	(1,182,155)	(947,108)	31%	6%
Total Expenses	7,365,636	7,064,757	8,134,857	1,320,695	1,386,710	1,522,928	16%	-5%
University Advancement								
Salary	4,470,791	4,714,696	5,185,774	1,327,421	1,171,429	1,067,201	26%	13%
Benefits	1,498,312	1,638,522	1,964,925	504,917	468,331	426,381	26%	8%
Departmental Support Expenses	411,731	311,303	331,834	78,665	69,076	122,954	24%	14%
Total Expenses	6,380,834	6,664,521	7,482,533	1,911,003	1,708,836	1,616,536	26%	12%
Information Technology								
Salary	7,954,444	8,022,967	9,528,171	2,090,851	2,054,913	1,984,510	22%	2%
Benefits	2,600,968	2,784,561	3,658,261	801,206	831,135	803,081	22%	-4%
Departmental Support Expenses	3,464,379	2,564,626	3,113,650	3,988,987	2,087,102	1,969,561	128%	91%
Total Expenses	14,019,791	13,372,154	16,300,082	6,881,044	4,973,150	4,757,152	42%	38%
Centrally Budgeted Funds								
Departmental Support Expenses	1,038,153	1,350,677	4,713,359	1,308,606	1,301,801	741,475	28%	1%
Total Expenses	1,038,153	1,350,677	4,713,359	1,308,606	1,301,801	741,475	28%	1%
Grand Total								
Salary	170,326,508	179,082,941	194,261,168	36,720,034	34,305,255	32,348,986	19%	7%
Benefits	51,488,723	56,181,287	66,389,720	12,397,806	12,498,054	11,837,789	19%	-1%
Scholarships & Fellowships	108,516,225	109,474,548	122,544,735	60,636,463	56,541,450	55,674,467	49%	7%
Utilities	13,048,402	13,011,853	13,516,126	2,896,332	3,172,353	3,341,407	21%	-9%
Departmental Support Expenses	27,792,841	24,713,329	31,602,571	11,469,914	9,795,762	10,380,748	36%	17%
Admin Service Charge	(8,591,703)	(8,787,536)	(9,201,335)	(2,300,334)	(2,196,885)	(2,146,323)	25%	5%
Multi Year Accounts	3,690,614	3,996,164	5,378,792	632,373	861,663	686,352	12%	-27%
Total Expenses	$ 366,271,610	$ 377,672,586	$ 424,491,777	$ 122,452,588	$ 114,977,652	$ 112,123,426	29%	7%

Note: Excludes Transfers

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2019/FY2018/FY2017

	FY2017 Actual	FY2018 Actual	FY2019 Budget	Through September YTD FY2019	FY2018	FY2017	FY19 Budget to Actual	% of '19 Budget	% Change from '18 YTD
Residence & Dining Halls									
Revenue	105,943,495	110,277,109	110,447,424	58,673,890	56,266,821	54,388,933	(51,773,534)	53%	4%
General Fee Support	-	-	-	-	-	-	-	0%	0%
Total Sources	105,943,495	110,277,109	110,447,424	58,673,890	56,266,821	54,388,933	(51,773,534)	53%	4%
Salary	16,838,578	13,836,869	14,550,904	3,102,099	3,240,550	3,799,883	(11,448,805)	21%	-4%
Benefits	4,791,283	3,910,901	4,910,517	1,103,767	1,167,564	1,334,762	(3,806,750)	22%	-6%
Utilites	6,274,049	6,382,869	6,515,326	1,439,180	1,481,998	1,479,174	(5,076,146)	22%	-3%
Charge Outs	(2,932,594)	(2,869,051)	(3,196,180)	(221,342)	(495,053)	(472,547)	2,974,838	7%	-124%
Operating Expenses	29,818,206	34,415,008	36,145,434	7,810,504	8,129,797	6,793,324	(28,334,930)	22%	-4%
Inventory Purchases	4,829,612	4,393,291	4,652,528	740,970	727,162	977,169	(3,911,558)	16%	2%
Debt Service	35,973,640	41,597,907	41,513,414	10,692,732	10,557,002	8,568,569	(30,820,682)	26%	1%
Total Uses	95,592,774	101,667,794	105,091,943	24,667,910	24,809,020	22,480,334	(80,424,033)	23%	-1%
Net Before Non-Mandatory Transfers	10,350,721	8,609,315	5,355,481	34,005,980	31,457,801	31,908,600	28,650,499	635%	7%
Net Transfers	(10,350,679)	(5,478,456)	(5,355,481)	(2,834,673)	(1,343,620)	(3,008,062)	2,520,808	53%	53%
Net Total	42	3,130,859	-	31,171,307	30,114,181	28,900,538	31,171,307		3%
Shriver Center									
Revenue	21,146,520	15,835,073	15,637,195	4,678,788	4,406,463	7,262,900	(10,958,407)	30%	6%
General Fee Support	913,124	923,487	923,487	237,939	230,872	228,281	(685,548)	26%	3%
Total Sources	22,059,644	16,758,560	16,560,682	4,916,727	4,637,335	7,491,181	(11,643,955)	30%	6%
Salary	3,431,352	3,237,648	3,399,136	737,588	795,835	881,837	(2,661,548)	22%	-8%
Benefits	891,145	864,833	1,047,946	226,584	256,773	278,656	(821,362)	22%	-13%
Utilities	320,957	329,640	341,018	96,217	122,644	70,892	(244,801)	28%	-27%
Charge Outs	(650,218)	(406,563)	(415,148)	(101,407)	(70,435)	(227,125)	313,741	24%	31%
Operating Expenses	3,173,526	2,680,015	2,923,729	901,706	478,853	557,364	(2,022,023)	31%	47%
Inventory Purchases	12,506,258	8,655,010	7,708,992	2,907,625	2,797,226	5,694,257	(4,801,367)	38%	4%
Debt Service	47,218	46,852	46,852	11,950	11,931	11,960	(34,902)	26%	0%
Total Uses	19,720,238	15,407,436	15,052,525	4,780,263	4,392,827	7,267,841	(10,272,262)	32%	8%
Net Before Non-Mandatory Transfers	2,339,406	1,351,124	1,508,157	136,464	244,508	223,340	(1,371,693)	9%	-79%
Net Transfers	(2,165,174)	(1,629,405)	(1,508,157)	(131,914)	(444,289)	(408,401)	1,376,243	9%	-237%
Net Total	174,232	(278,281)	-	4,550	(199,781)	(185,061)	4,550		4491%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2019/FY2018/FY2017

	FY2017 Actual	FY2018 Actual	FY2019 Budget	Through September YTD FY2019	FY2018	FY2017	FY19 Budget to Actual	% of '19 Budget	% Change from '18 YTD
Marcum Conference Center									
Revenue	1,517,985	1,442,318	1,652,978	351,885	318,272	335,685	(1,301,093)	21%	10%
General Fee Support	-	-	-	-	-	-	-	0%	0%
Total Sources	1,517,985	1,442,318	1,652,978	351,885	318,272	335,685	(1,301,093)	21%	10%
Salary	483,368	454,701	483,737	104,706	109,438	127,368	(379,031)	22%	-5%
Benefits	128,664	113,607	155,741	32,677	36,297	43,415	(123,064)	21%	-11%
Utilities	163,725	149,648	176,082	34,376	40,944	44,029	(141,706)	20%	-19%
Charge Outs	46,856	46,131	46,131	-	-	13,746	(46,131)	0%	0%
Operating Expenses	539,289	382,678	461,615	88,532	88,558	113,698	(373,083)	19%	0%
Inventory Purchases	3,033	5,637	3,200	343	904	964	(2,857)	11%	-164%
Debt Service	-	-	-	-	-	-	-	0%	0%
Total Uses	1,364,935	1,152,402	1,326,506	260,634	276,141	343,220	(1,065,872)	20%	-6%
Net Before Non-Mandatory Transfers	153,050	289,916	326,472	91,251	42,131	(7,535)	(235,221)	28%	54%
Net Transfers	(117,472)	(326,472)	(326,472)	(41,296)	(81,618)	(4,368)	285,176	13%	-98%
Net Total	35,578	(36,556)	-	49,955	(39,487)	(11,903)	49,955		179%
Intercollegiate Athletics									
Revenue	8,228,849	7,223,469	6,910,615	896,732	571,208	1,882,788	(6,013,883)	13%	36%
General Fee Support	17,370,800	17,763,652	18,553,653	4,782,354	4,338,412	4,102,575	(13,771,299)	26%	9%
Designated Revenue	926,993	805,879	914,721	246,122	253,132	191,321	(668,599)	27%	-3%
Restricted Revenue	2,477,396	2,328,012	1,488,237	820,633	386,554	636,316	(667,604)	55%	53%
Total Sources	29,004,038	28,121,012	27,867,226	6,745,841	5,549,306	6,812,999	(21,121,385)	24%	18%
Salary	8,317,925	8,763,986	8,359,409	2,220,742	2,157,380	1,964,465	(6,138,667)	27%	3%
Benefits	2,707,561	2,939,687	3,325,084	826,254	836,345	763,570	(2,498,830)	25%	-1%
Utilities	9,391	4,836	2,500	(210)	(19)	810	(2,710)	-8%	91%
Charge Outs	(126,253)	(139,306)	-	-	-	-	-	0%	0%
Operating Expenses	14,961,224	14,775,767	13,727,275	6,039,912	5,497,622	5,089,476	(7,687,363)	44%	9%
Inventory Purchases	-	-	-	-	-	-	-	0%	0%
Debt Service	-	-	-	-	-	-	-	0%	0%
Designated Expense	894,154	735,643	914,721	333,426	240,688	288,514	(581,295)	36%	28%
Restricted Expense	1,943,519	2,029,134	1,488,237	402,766	310,717	491,189	(1,085,471)	27%	23%
Total Uses	28,698,130	29,109,747	27,817,226	9,822,890	9,042,733	8,598,025	(17,994,336)	35%	8%
Net Before Non-Mandatory Transfers	305,908	(988,735)	50,000	(3,077,049)	(3,493,427)	(1,785,026)	(3,127,049)	-6154%	-14%
Net Transfers	887,865	757,555	(50,000)	(21,216)	109,524	574,612	28,784	42%	616%
Net Total	1,193,773	(231,180)	-	(3,098,265)	(3,383,903)	(1,210,414)	(3,098,265)		-9%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2019/FY2018/FY2017

	FY2017 Actual	FY2018 Actual	FY2019 Budget	Through September YTD FY2019	FY2018	FY2017	FY19 Budget to Actual	% of '19 Budget	% Change from '18 YTD
Recreation Center									
Revenue	3,102,183	3,013,758	3,262,901	822,940	836,148	828,403	(2,439,961)	25%	-2%
General Fee Support	3,890,157	3,848,807	3,848,807	982,076	962,202	972,539	(2,866,731)	26%	2%
Total Sources	6,992,340	6,862,565	7,111,708	1,805,016	1,798,350	1,800,942	(5,306,692)	25%	0%
Salary	2,781,868	2,826,216	2,989,189	673,713	697,678	689,967	(2,315,476)	23%	-4%
Benefits	651,634	660,094	817,617	174,854	194,263	184,979	(642,763)	21%	-11%
Utilities	731,156	749,916	762,290	180,905	204,455	210,043	(581,385)	24%	-13%
Charge Outs	(1,234)	-	287,700	-	-	29,293	(287,700)	0%	0%
Operating Expenses	1,528,337	1,346,677	1,251,522	247,146	303,155	290,249	(1,004,376)	20%	-23%
Inventory Purchases	343,928	276,142	272,049	47,587	50,810	86,875	(224,462)	17%	-7%
Debt Service	-	-	-	-	-	-	-	0%	0%
Total Uses	6,035,689	5,859,044	6,380,367	1,324,205	1,450,361	1,491,406	(5,056,162)	21%	-10%
Net Before Non-Mandatory Transfers	956,651	1,003,521	731,341	480,811	347,989	309,536	(250,530)	66%	28%
Net Transfers	(870,328)	(732,362)	(731,341)	(261,284)	(223,855)	(181,379)	470,057	36%	14%
Net Total	86,323	271,159	-	219,527	124,134	128,157	219,527		43%
Goggin Ice Arena									
Revenue	2,017,332	1,862,814	1,759,500	627,630	663,276	779,323	(1,131,870)	36%	-6%
General Fee Support	4,286,039	4,322,497	4,416,001	1,092,600	1,597,580	1,574,085	(3,323,401)	25%	-46%
Total Sources	6,303,371	6,185,311	6,175,501	1,720,230	2,260,856	2,353,408	(4,455,271)	28%	-31%
Salary	1,238,114	1,304,892	1,348,292	283,040	310,726	272,155	(1,065,252)	21%	-10%
Benefits	368,106	377,936	447,769	93,313	113,417	96,236	(354,456)	21%	-22%
Utilities	1,069,012	1,073,959	1,043,067	242,770	299,524	295,604	(800,297)	23%	-23%
Charge Outs	-	-	-	-	-	5,608	-	0%	0%
Operating Expenses	617,248	601,219	631,744	117,982	177,878	108,943	(513,762)	19%	-51%
Inventory Purchases	245,337	211,756	185,000	33,284	68,355	81,607	(151,716)	18%	-105%
Debt Service	1,827,949	1,826,892	1,825,523	460,836	461,067	460,820	(1,364,687)	25%	0%
Total Uses	5,365,766	5,396,654	5,481,395	1,231,225	1,430,967	1,320,974	(4,250,170)	22%	-16%
Net Before Non-Mandatory Transfers	937,605	788,657	694,106	489,005	7,383,646	1,032,434	(205,101)	70%	-1410%
Net Transfers	(937,163)	(551,161)	(694,106)	(127,357)	(157,207)	(136,754)	566,749	18%	-23%
Net Total	442	237,496	-	361,648	672,682	895,680	361,648		-86%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2019/FY2018/FY2017

	FY2017 Actual	FY2018 Actual	FY2019 Budget	Through September YTD FY2019	Through September YTD FY2018	Through September YTD FY2017	FY19 Budget to Actual	% of '19 Budget	% Change from '18 YTD
Student Health Services									
Revenue	3,084,487	3,065,498	3,318,145	697,691	622,055	668,658	(2,620,454)	21%	11%
General Fee Support	-	-	-	-	-	-	-	0%	0%
Total Sources	3,084,487	3,065,498	3,318,145	697,691	622,055	668,658	(2,620,454)	21%	11%
Salary	701,832	651,399	535,524	133,536	150,549	165,277	(401,988)	25%	-13%
Benefits	219,799	216,079	216,887	46,122	60,972	66,937	(170,765)	21%	-32%
Utilities	9,093	12,250	8,663	1,001	2,786	-	(7,662)	12%	-178%
Charge Outs	-	-	-	-	-	-	-	0%	0%
Operating Expenses	2,206,863	2,567,026	2,388,597	385,527	437,505	367,818	(2,003,070)	16%	-13%
Inventory Purchases	(40,099)	-	2,000	200	-	-	(1,800)	10%	100%
Debt Service	-	-	-	-	-	-	-	0%	0%
Total Uses	3,088,395	3,446,755	3,151,671	566,386	651,812	600,032	(2,585,285)	18%	-15%
Net Before Non-Mandatory Transfers	(3,908)	(381,257)	166,474	131,305	(29,757)	68,626	(35,169)	79%	123%
Net Transfers	(13,669)	(166,474)	(166,474)	-	(41,619)	(3,418)	166,474	0%	0%
Net Total	(17,577)	(547,731)	-	131,305	(71,376)	65,208	131,305		154%
Transportation Services									
Revenue	2,682,122	2,656,984	2,420,000	876,372	870,175	908,457	(1,543,628)	36%	1%
General Fee Support	2,500,954	2,567,669	2,567,668	646,489	1,232,105	1,200,264	(1,921,179)	25%	-91%
Total Sources	5,183,076	5,224,653	4,987,668	1,522,861	2,102,280	2,108,721	(3,464,807)	31%	-38%
Salary	217,616	221,752	257,105	45,907	49,129	46,311	(211,198)	18%	-7%
Benefits	64,577	69,606	92,758	16,616	17,724	16,464	(76,142)	18%	-7%
Utilities	-	-	-	-	-	-	-	0%	0%
Charge Outs	(70,832)	(74,823)	(20,000)	(39,598)	(51,802)	(51,531)	(19,598)	198%	-31%
Operating Expenses	1,982,916	2,516,475	2,561,280	651,962	335,232	210,748	(1,909,318)	25%	49%
Inventory Purchases	-	-	-	-	-	-	-	0%	0%
Debt Service	1,629,886	1,566,244	1,661,267	385,006	422,263	398,970	(1,276,261)	23%	-10%
Total Uses	3,824,163	4,299,253	4,552,410	1,059,893	772,546	620,962	(3,492,517)	23%	27%
Net Before Non-Mandatory Transfers	1,358,913	925,400	435,258	462,968	1,329,734	1,487,758	27,710	106%	-187%
Net Transfers	(1,190,101)	(435,258)	(435,258)	(115,990)	(108,815)	(260,026)	319,268	27%	6%
Net Total	168,812	490,142	-	346,978	1,220,919	1,227,732	346,978		-252%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2019/FY2018/FY2017

	FY2017 Actual	FY2018 Actual	FY2019 Budget	Through September YTD FY2019	Through September YTD FY2018	Through September YTD FY2017	FY19 Budget to Actual	% of '19 Budget	% Change from '18 YTD
Utility Enterprise									
Revenue	-	-	-	-	-	-	-	0%	0%
General Fee Support	-	-	-	-	-	-	-	0%	0%
Total Sources	-	-	-	-	-	-	-	0%	0%
Salary	1,446,240	1,511,017	1,668,240	350,367	353,707	344,200	(1,317,873)	21%	-1%
Benefits	501,568	528,650	669,609	132,993	142,370	138,147	(536,616)	20%	-7%
Utilities	9,618,862	9,686,460	11,821,317	1,675,575	1,617,048	2,081,562	(10,145,742)	14%	3%
Charge Outs	(5,497)	(13,016)	(30,000)	-	(1,091)	1,540	30,000	0%	0%
Expense Recovery	(23,538,042)	(23,613,835)	(24,583,166)	(5,424,906)	(6,005,275)	(6,193,220)	19,158,260	22%	-11%
Operating Expenses	1,363,207	1,348,048	1,743,217	183,234	629,725	296,963	(1,559,983)	11%	-244%
Inventory Purchases	-	-	-	-	-	-	-	0%	0%
Debt Service	2,538,984	2,345,921	2,394,588	585,496	643,467	598,315	(1,809,092)	24%	-10%
Total Uses	(8,074,678)	(8,206,755)	(6,316,195)	(2,497,241)	(2,620,049)	(2,732,493)	3,818,954	40%	-5%
Net Before Non-Mandatory Transfers	8,074,678	8,206,755	6,316,195	2,497,241	2,620,049	2,732,493	(3,818,954)	40%	-5%
Net Transfers	(7,922,754)	(6,236,363)	(6,316,195)	(1,604,037)	(1,560,299)	(1,430,690)	4,712,158	25%	3%
Net Total	151,924	1,970,392	-	893,204	1,059,750	1,301,803	893,204		-19%
Armstrong - Student Affairs									
Revenue	213,723	187,793	215,500	44,009	28,482	22,358	(171,491)	20%	35%
General Fee Support	4,874,396	5,445,825	5,512,826	2,078,972	2,263,912	2,140,626	(3,433,854)	38%	-9%
Total Sources	5,088,119	5,633,618	5,728,326	2,122,981	2,292,394	2,162,984	(3,605,345)	37%	-8%
Salary	377,430	455,320	553,287	116,649	121,028	91,550	(436,638)	21%	-4%
Benefits	73,146	94,348	108,619	26,827	27,439	22,086	(81,792)	25%	-2%
Utilities	267,236	378,003	386,290	87,041	87,223	61,897	(299,249)	23%	0%
Charge Outs	-	-	-	-	-	-	-	0%	0%
Operating Expenses	590,725	763,509	1,093,825	93,907	78,459	84,451	(999,918)	9%	16%
Inventory Purchases	-	-	-	-	-	-	-	0%	0%
Debt Service	2,450,000	2,450,000	2,450,000	612,500	612,500	612,500	(1,837,500)	25%	0%
Total Uses	3,758,537	4,141,179	4,592,021	936,924	926,649	872,484	(3,655,097)	20%	1%
Net Before Non-Mandatory Transfers	1,329,582	1,492,439	1,136,305	1,186,057	1,365,745	1,290,500	49,752	104%	-15%
Net Transfers	(1,185,815)	(1,159,542)	(1,136,305)	(773,786)	(195,141)	(202,323)	362,519	68%	75%
Net Total	143,767	332,897	-	412,271	1,170,604	1,088,177	412,271		-184%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2019/FY2018/FY2017

	FY2017 Actual	FY2018 Actual	FY2019 Budget	Through September YTD FY2019	FY2018	FY2017	FY19 Budget to Actual	% of '19 Budget	% Change from '18 YTD
Miscellaneous Facilities									
Revenue	411,713	195,942	172,562	20,718	52,382	17,725	(151,844)	12%	-153%
General Fee Support	6,534,144	1,211,959	1,213,540	1,213,540	909,302	908,984	-	100%	25%
Total Sources	6,945,857	1,407,901	1,386,102	1,234,258	961,684	926,709	(151,844)	89%	22%
Salary	71,762	70,514	60,933	17,723	17,994	18,099	(43,210)	29%	-2%
Benefits	19,903	20,940	23,459	5,825	6,072	5,961	(17,634)	25%	-4%
Utilities	-	-	-	-	-	-	-	0%	0%
Charge Outs	-	-	-	-	-	-	-	0%	0%
Operating Expenses	681,225	535,490	142,201	28,985	94,057	168,512	(113,216)	20%	-225%
Inventory Purchases	-	-	-	-	-	-	-	0%	0%
Debt Service	402,273	403,544	405,124	102,082	101,668	77,982	(303,042)	25%	0%
Total Uses	1,175,163	1,030,489	631,717	154,615	219,791	270,553	(477,102)	24%	-42%
Net Before Non-Mandatory Transfers	5,770,694	377,412	754,385	1,079,643	741,893	656,156	325,258	143%	31%
Net Transfers	(5,625,998)	(508,355)	(754,385)	(754,385)	(218,863)	-	-	100%	71%
Net Total	144,696	(130,943)	-	325,258	523,030	656,156	325,258		-61%
Total Auxiliary									
Revenue	148,348,409	145,760,758	145,796,820	67,690,655	64,635,282	67,095,230	(78,106,165)	46%	5%
General Fee Support	40,369,614	36,083,896	37,035,982	11,033,970	11,534,385	11,127,354	(26,002,012)	30%	-5%
Designated Revenue	926,993	805,879	914,721	246,122	253,132	191,321	(668,599)	27%	-3%
Restricted Revenue	2,477,396	2,328,012	1,488,237	820,633	386,554	636,316	(667,604)	55%	53%
Total Sources	192,122,412	184,978,545	185,235,760	79,791,380	76,809,353	79,050,220	(105,444,380)	43%	4%
Salary	35,906,085	33,334,314	34,205,756	7,786,070	8,004,014	8,401,111	(26,419,686)	23%	-3%
Benefits	10,417,386	9,796,681	11,816,006	2,685,832	2,859,236	2,951,214	(9,130,174)	23%	-6%
Utilities	18,444,997	18,767,581	21,056,553	3,756,855	3,856,603	4,244,011	(17,299,698)	18%	-3%
Charge Outs	(23,538,042)	(3,456,628)	(3,327,497)	(362,347)	(618,381)	(701,016)	2,965,150	11%	-71%
Expense Recovery	(3,739,772)	(23,613,835)	(24,583,166)	(5,424,906)	(6,005,275)	(6,193,220)	19,158,260	22%	-11%
Operating Expenses	57,462,766	61,931,912	63,070,439	16,549,397	16,250,841	14,081,546	(46,521,042)	26%	2%
Inventory Purchases	17,888,069	13,541,836	12,823,769	3,730,009	3,644,457	6,840,872	(9,093,760)	29%	2%
Debt Service	44,869,950	50,237,360	50,296,768	12,850,602	12,809,898	10,729,117	(37,446,166)	26%	0%
Designated Expense	894,154	735,643	914,721	333,426	240,688	288,514	(581,295)	36%	28%
Restricted Expense	1,943,519	2,029,134	1,488,237	402,766	310,717	491,189	(1,085,471)	27%	23%
Total Uses	160,549,112	163,303,998	167,761,586	42,307,704	41,352,798	41,133,338	(125,453,882)	25%	2%
Net Before Non-Mandatory Transfers	31,573,300	21,674,547	17,474,174	37,483,676	42,010,312	37,916,882	20,009,502	215%	-12%
Net Transfers	(29,491,288)	(16,466,293)	(17,474,174)	(6,665,938)	(4,265,802)	(5,060,809)	10,808,236	38%	36%
Net Total	2,082,012	5,208,254	-	30,817,738	31,190,753	32,856,073	30,817,738		-1%

MIAMI UNIVERSITY
OXFORD, OH • EST. 1809

BOARD OF TRUSTEES
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December 14, 2018
Finance and Audit

RESOLUTION R2018-15

WHEREAS, Ohio Governor, John R. Kasich, on February 10, 2015, issued Executive Order 2015-01K establishing the Ohio Task Force on Affordability and Efficiency in Higher Education (Ohio Task Force) to review and recommend ways in which state-sponsored institutions can be more efficient, offering an education of equal or higher quality while decreasing their costs; and

WHEREAS, Am. Sub. HB 49 and Section 3333.95 of the Ohio Revised Code requires all boards of trustees of Ohio's state institutions of higher education to complete an efficiency review based on the report and recommendations of the Ohio Task Force and to make a report to the Chancellor of Higher Education the institution's progress toward the implementation of the recommendations and cost saving measures; and

WHEREAS, the report of the task force included two master recommendations requiring: the savings and new dollars from the efficiency review be employed to reduce the cost of college for students or provide tangible benefits for the quality of students' education and a five year goal to be established for savings and new resources to be achieved by fiscal year 2021; and

WHEREAS, Miami University recognizes with the adoption of this resolution an increase in student scholarships of $14.0 million in FY18 towards its five year goal for increasing student scholarships $30 million by fiscal year 2021 and continues to progress with its efficiency actions consistent with objectives originally submitted to comply with the Ohio Task Force report; and

WHEREAS, the institution's progress on its efficiency goals were presented to Miami's Fiscal Priorities committee; and

WHEREAS, Miami envisions this action not only being important for the five year period required by the report but is developing a process for performing program reviews for non-academic programs to better ensure that the Ohio Task Force goals to improve quality and efficiency be continued beyond 2021;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees of Miami University accepts the FY 2018 efficiency report and update on progress towards the University's five year goal to increase student scholarships by at least $30 million; and

BE IT FURTHER RESOLVED: that the Board of Trustees directs the Senior Vice President for Finance and Business Services to submit the accompanying report and the related recommendations to the Chancellor of Higher Education by the legislated deadline.

Approved by the Board of Trustees
December 14, 2018

T. O. Pickerill II
Secretary to the Board of Trustees

Ellis, David <ellisda2@miamioh.edu>

RE: Miami University 2018 Efficiency Report

1 message

SMolski@highered.ohio.gov <SMolski@highered.ohio.gov> Fri, Oct 12, 2018 at 2:46 PM
To: "Ellis, David" <ellisda2@miamioh.edu>
Cc: "creamerd@miamioh.edu" <creamerd@miamioh.edu>

Hi David and Dr. Creamer-

I wanted to say how much I enjoyed reading Miami's report. Incredible use of data and very descriptive. What I love most about your report is that it's truly evident how diligently Miami is working to establish a culture of continuous improvement. A couple of highlights: I appreciated how at the end of each response, you provide a summarizing sentence on cost savings/avoidance. And I always enjoy reading about your Lean journey! Furthermore, I'm intrigued by your response to the Operations Review section in which you discuss the Administrative Program Review. As you dive into that more, I will be interested in learning what and how performance metrics are deĀned and utilized. David Cummins and I have been talking about metrics and your work will be interesting to study.

Thank you for all you are doing to ensure Ohio students have access to an affordable yet valuable education.

Have a great weekend,

Sara

Sara Molski, MPA

Project Manager, Fiscal and Legal Affairs

Ohio Department of Higher Education

614.728.8335

smolski@highered.ohio.gov

www.ohiohighered.org

From: Ellis, David <ellisda2@miamioh.edu>
Sent: Wednesday, September 26, 2018 11:32 AM
To: Molski, Sara <SMolski@highered.ohio.gov>
Subject: Miami University 2018 Efficiency Report

Sara,

Please find attached Miami University's efficiency report and associated table for master recommendation 2 for FY18. Our Board meets December 13 and 14 and we will review the report and seek adoption of the resolution at those meetings. Please let me know if you have any question about our submission.

David

--

David A. Ellis, Ph.D.

Associate Vice President for Budgeting and Analysis

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MIAMI UNIVERSITY
OXFORD, OH • EST. 1809

Ohio Department of Higher Education
John R. Kasich, Governor
John Carey, Chancellor

Affordability & Efficiency

FY18 Efficiency Reporting Template

Introduction:
Ohio Revised Code section 3333.95 requires the Chancellor to maintain an Efficiency Advisory Committee, composed of members from each of Ohio's public colleges and universities. The purpose of this committee is to generate institutional efficiency reports for campuses, identify shared services opportunities, streamline administrative operations, and share best practices in efficiencies among institutions. Each report must be based on the recommendations of the Ohio Task Force on Affordability and Efficiency in Higher Education, as established by the Governor's executive order, and shall benchmark and document institutional progress toward implementing the recommendations of the Task Force as compared to the institution's prior fiscal year efficiency report. Additionally, House Bill 49, section 381.550 requires that the board of trustees of each public institution of higher education approve the institution's efficiency report submitted to the Chancellor. Given the due date of this report, you may submit your Board approval at a later date.

There are several additional reporting requirements this year. The FY18 reporting template now includes a section on efficiencies gained as a result of the Regional Compacts that are required under ORC Section 3345.59. In addition, Ohio Revised Code Section 3333.951(C) requires Ohio's public colleges and universities to report their efforts toward reducing textbook costs for students, and Ohio Revised Code Section 3333.951(D) requires Ohio's public colleges and universities to conduct a study to determine the current cost of textbooks for students enrolled in the institution.

As in previous years, the Efficiency Reporting Template is structured into sections:

- **Section I: Efficiencies –** The first section captures practices likely to yield significant savings that can then be passed on to students. This includes Procurement, Administrative/Operational, Energy, and Regional Compacts.

- **Section II: Academic Practices –** This section covers areas such as textbooks, time-to-degree incentives, and academic course and program reviews. While improvements to academic processes and policies may not convey immediate cost savings to the college/university, there will likely be cost savings and/or tangible benefits that improve the quality of education for students.

- **Section III: Policy Reforms** – This section captures additional policy reforms recommended by the Task Force.

- **Section IV: Students Must Benefit –** Section IV corresponds to Master Recommendation 1. This section asks you to provide cost savings and/or resource generation in actual dollars for each of the recommendations. Furthermore, colleges and universities must advise if the savings have been redeployed as a cost savings to students or if they offered a benefit to the quality of education for students.

- **Section V: Five-year goals –** Finally, Section V corresponds to Master Recommendation 2. This section is designed to allow each college/university to benchmark its respective five-year goals to its actual institutional cost savings or avoidance. Furthermore, in the spirit of continuous improvement, this section allows you to revise and/or update your five-year goals as needed.

Identifying Efficiencies Gained and Results from Implementing Recommendations
Many of Ohio's colleges and universities have implemented a majority of the Task Force recommendations to date. Furthermore, several of the recommendations were never intended to be exercises conducted annually; however, portions may be implemented over several years or revisited as needed. The purpose of this reporting template is twofold – 1) to capture the implementation status of these recommendations, and 2) to capture efficiencies gained due to the implementation of these recommendations. Efficiencies gained illustrate the results or benefits of implementing the recommendations. Therefore, even if you have previously implemented a recommendation but have not done so in FY18, please include in your response how the implementation has continued to impact your operations to date.

Examples of efficiencies include:

- Direct cost savings to students
- Direct cost savings to the college/university
- Cost avoidance to the college/university
- Tangible benefits to students (i.e. increased advising, student services, academic achievements)
- Revenue generated for the college/university
- Course and program completion rates
- Graduation rates
- Number of steps reduced in a process and/or handoffs
- Fraction of graduates with experiential learning as part of their degree program
- Opportunities and training for faculty
- Improved value and quality for students

These are examples only. Feel free to provide results you deem appropriate and tailor efficiencies to address each recommendation.

ODHE recognizes one size does not fit all, and each of the colleges/universities have responded and will respond differently to the recommendations. Therefore, the questions are intended to capture all potential statuses of implementation. When responding to the recommendations, first identify your respective college/university's implementation status, and then you need only to respond to the corresponding question(s) that address your implementation status. Finally, please note that this is only a template. Feel free to respond to the Task Force recommendations in any additional ways you believe necessary.

Please contact Sara Molski at 614-728-8335 with any questions. Please submit your reporting template by email to smolski@highered.ohio.gov by **Friday, September 28, 2018.**

Miami University

Section I: Efficiency Practices

Procurement

Recommendation 3A | Campus contracts: Each college/university must require that its employees use existing contracts for purchasing goods and services, starting with the areas with the largest opportunities for savings**.**

Note: *Once fully implemented, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **No change from prior year's report**
Please briefly explain your implementation status. Miami University, as recommended in the Task Force report, has amended its procurement policy to require that all university departments prioritize goods and services available through contracts negotiated by the Inter-University Council - Procurement Group (IUC-PG).
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Miami University's procurement strategies have resulted in $1.1 million in saving to date.
If you have not implemented this recommendation to date, please explain.

Recommendation 3B | Collaborative contracts: Ohio's colleges and universities must pursue new and/or strengthened joint purchasing agreements in the following categories:

- Copier/printer services
- Computer hardware
- Travel services
- Outbound shipping
- Scientific supplies and equipment
- Office supplies and equipment

Contract Type	Did the college/university participate in joint contracts in FY18? [yes, no, worked toward]	Monetary Impact
Copier/printer services	Yes	The University began use of the contract on 7/1/16 with the replacement of student walk-up printing services. On-going use of the contract includes replacement of departmental copy/print as needed, securing $40,988 reduction in maintenance charges.
Computer hardware	Yes	Miami updated our institution-wide technology procurement procedures to ensure that all technology purchases leverage the new electronic product catalogues. These catalogues have direct links between products and the existing state contract database, thereby ensuring that purchasers have access to the best in-state pricing available. Equipment within the scope of this new procedure includes computers and computer peripherals (e.g. keyboards, mice, docking stations, speakers, cables, etc.), printers, monitors, projection equipment, and accessories. 90% of Miami's spend was in compliance with the contract in FY18.
Travel services	Yes	The University has negotiated discounted air rates with Delta Airlines, saving 3% over standard rates, and partnered with Options Travel for offering assistance and discounted prices to travelers. The partnership resulted in $31,464 in savings in FY18
Outbound shipping	Yes	No Change
Scientific supplies & equipment	In process	The agreements are anticipated to be in place in FY19.
Office supplies & equipment	Yes	Miami is participating with the IUC-PG to review a new master core list of standard products.

Other	Yes	In FY17, Miami, along with 4 other IUC schools (WSU, UT, KSU, YSU), established a Strategic IT Purchasing Consortium. The consortium's mission is to aggregate purchasing power for in-common vendors to improve pricing on products, services, maintenance, subscription fees, and other associated technology expenses. The initial target for the consortium was Ellucian, as all 5 schools are Banner ERP schools, but the group has since expanded its scope of engagement to include Oracle, AWS, and others.
IUC Insurance Consortium	Yes	The IUC Insurance Consortium (IUC-IC) is a collaboration of 13 public universities in Ohio. The IUC-IC collectively pools a core group of casualty and property risks, retaining a portion of the risks in a formalized self-insurance pool and then purchasing insurance to cover large incidents. The IUC-IC was formed as a joint purchasing group for property coverages in 1994, and expanded to casualty coverages in 1998. The program eventually grew to provide the self-insurance layers described below, and matured into the current pooling arrangements and governance structure in 2006. Due to their collaboration, the IUC-IC has been able to reduce costs by purchasing group insurance and services, pooling losses, expanding coverage and sharing limits in the excess layers. Miami University realized savings of $896,977 from participation in the Consortium in FY18.

Assets and Operations

Recommendation 4 | Assets and operations
4A Asset review: Each college/university must conduct an assessment of its noncore assets to determine their market value if sold, leased, or otherwise repurposed. Where opportunities exist, colleges and universities must consider coordinating these efforts with other colleges and universities to reap larger benefits of scale. Please complete the section that aligns with the implementation status of your college/university.

***Note**: Once all assets are fully reviewed, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Miami University previously completed the assessment of non-core assets. The Miami University has commenced the process for liquidating certain real estate but these transactions are still in process. The sale of these properties is likely to take 1 to 2 years to finalize. **Airport** - The University evaluated the total cost of ownership associated with a university-owned aircraft used for executive travel. Cost of ownership included routine aircraft maintenance, required FAA-mandated upgrades and certifications, flight crew salaries, training and stipends, aircraft fuel, and insurance. In FY17, these expenses totaled over $125,000. After reviewing the flight hours of the aircraft, the University determined that annual savings were substantial enough to sell the aircraft and deliver required flight services through commercial carriers or private pay-per-use vendors. For FY18, $35,000 was budgeted for executive travel resulting in an annual savings of $90,000. In FY18, the University sold the aircraft for a $670,000. Selling the aircraft avoided FAA-mandated avionics upgrades and landing gear certifications of more than $340,000. FAA regulations limit development and use of the land surrounding the airport. The University has leased a portion of the property for agricultural cash crops resulting in over $52,000 in annual revenue. Through FY18 Miami has generated $1.9 million in revenue from noncore assets.
If the college/university has not implemented this exercise to date, please explain.

4B Operations review: Each college/university must conduct an assessment of non-academic operations that might be run more efficiently by a regional cooperative, private operator, or other entity. These opportunities must then be evaluated to determine whether collaboration across colleges and universities would increase efficiencies, improve service, or otherwise add value. Please complete the section that aligns with the implementation status of your college/university.

Note: *Once all operations are fully reviewed, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status.
Progress made on implementing recommendation in FY18

Please briefly explain your implementation status.

The University completed an assessment of non-academic operations to determine if they can be operated more efficiently by a regional cooperative, private operator, or other entity. A summary of the results from these reviews follows:
Dining - Improving the performance of the University's dining and residence hall operations was identified as a university priority in 2008. In an effort to achieve further improvement in the dining program, an RFP for management services was issued in late 2014 but the selected vendor was unsuccessful in assuming these responsibilities and is no longer under contract. An updated assessment of the dining operation was completed in 2014 and serves as the blueprint for making further and ongoing improvements in the dining.

Housing - As noted above, the need for improvement in the residence hall facilities and operations was identified in 2008 as an institutional priority. In 2011, the University issued an RFP for a potential P3 housing partnership before undertaking the construction of new residential housing for freshman and sophomore students. The proposal-evaluation committee determined that a P3 partner would not offer a viable alternative to university- constructed housing for freshmen and sophomores. While Miami continues to own and operate housing for freshmen and sophomore students on the Oxford campus, it has generally relinquished upper class and graduate student housing to operators in the Oxford area and thereby avoided the need for a formal P3 agreement that would shift financial risk to the University.

Student Health Center and Student Health Insurance - In 2013, Miami University contracted the management of its student health center with a local hospital provider, resulting in annual savings of about $450,000. The University also annually evaluates its student health insurance policy and continues to find that its hard waiver policy leads to annual savings for those students needing to purchase health insurance. The annual evaluation also verified that more affordable student health insurance opportunities are not available through the Federal Exchange.

Child Care - Child care is already contracted with private operators.

IT Help Desk - Miami University outsourced our help desk to Blackboard resulting in savings of $420,000
Janitorial Services, Landscaping and Facility Maintenance - An assessment of the facility operations was performed by an independent operator earlier this year. The independent operator reviewed staffing levels, operating costs, and level of services provided on Miami's campus compared to national averages and best-in-class. Specifically, the report compared data on full time equivalent per gross square foot (FTE/GSF), cost per square foot ($/GSF), and APPA standards for quality of service. Their report suggests that

unless significant improvements and efficiencies can be achieved for the custodial operations within the next 12 months, such services should be contracted with a private operator. The annual savings opportunity is projected to be about $1.6 million. Similar opportunities were not found to exist for facilities maintenance or the grounds operations. Additional update is provided under FY 2017.

Real Estate Management - Because Miami's real estate holdings are largely rural, it is not financially practical to place them under the oversight of a real estate management company.

Print Center - The print center, due to a need to repurpose this space for expanded lab space in Hughes Hall, is being closed. Services will be provided through print shops in the Oxford or nearby communities. The annual operating savings is estimated to be $200,000.

Miami University administrators, with guidance from the University Senate's Fiscal Priorities Committee, has developed an Administrative Program Review process to better enable an ongoing assessment of operations. Each administrative area will be reviewed on a rotating cycle every 5 years. The reviews will have performance metrics common across each administrative area as well as performance metrics unique the functional area under review. Review teams are to be comprised representatives from the division under review, external reviewer form peer institutions, and representatives from the President's Executive Council and Senate Executive Committee.

Additionally, Miami University has joined a consortium of universities from across the country in a project that will provide administrative bench marks across a variety of administrative functions. The information obtained from the consortium will be incorporated into the Administrative Program Review process.

The goal of the administrative review process is to create another mechanism of continuous improvement to ensure the efficient use or resources, and quality outcomes for constituencies serviced across the university in future years.

In addition to the Administrative Program Review, the initiatives described below were initiated or completed in FY 2017.
Help Desk – The work effort from last year focused on building Miami's self-service capabilities through the implementation of a knowledgebase. That work was successfully completed in December with the launch of the university's first Digital Knowledge Center (DKC). With DKC, instead of calling an IT Help Desk Analyst, students, faculty, and staff are able to seek answers to their questions in a self-service fashion by searching knowledge articles stored in highly searchable databases. By the conclusion of FY17, Miami had already experienced a 16% reduction in Help Desk cost-per-contact, driven by an 80% year-over-year increase in self-service usage.

Also over the last year, Cuyahoga Community College launched an RFP to rebid their outsourced Tier 1 Help Desk Services. As a part of that bid process, which was awarded to Blackboard Inc, Tri-C ensured that the negotiated agreement could be leveraged by other Ohio institutions. Kent State University successfully leveraged that agreement last spring; Miami University followed suit over the summer. As a result, Miami will be transitioning Tier 1 Help Desk Services to Blackboard in the Fall of 2017. When combined with the continued benefits generated by the DKC work effort (see above), Miami is anticipating this outsourcing step will result in an additional 32% drop in the cost of providing Tier 1 Help Desk Services.

Student Package Center – From FY10 to FY16, package volume at Miami has increased 114%, averaging 16% growth per year. The growth has been more exponential than linear. A 20% year over year package growth is anticipated in the forward fiscal years. To keep up with this growth, Miami was reaching capacity at its existing 5500 sq ft mail and package center and considering the need to increase staff. Rather than expand the existing facility and hire additional staff, Miami implemented smart locker technology. Coupled with improved processes, Miami will now be able to operate in 3300 sq ft of space for the next 5 years, even with 20% year over year package growth. At the same time, the full-time mail and package center manager position was eliminated through attrition due to increased automation. In total, nearly $400,000 was saved in forfeited space and reduced staff salary and benefits.

Janitorial Services, Landscaping and Facility Maintenance – Since the last report, an internal consolidation of custodial services has been implemented to achieve savings and consistency of service. Action is being taken to align our staffing (FTE/GSF) and operating expenses ($/GSF) with best in class. Miami is on-track to achieve a first-year goal of an 8% reduction in FTE while providing the same or higher level of service. This trend is expected to continue with an additional 3% reduction in FY19. Several actions have been taken to reduce operating expenses, but most notable is the outsourcing of our central storeroom operations. In 2017, after a competitive bidding process, Miami contracted with Wolseley/Ferguson to provide procurement and logistical services associated with janitorial, landscaping, and maintenance supplies. This contract includes a fixed fee as well as performance bonuses. Expected outcomes over the 5-year life of the contract: 21% reduction in price paid for goods at the start of year 1 versus end of year 5. More specifically, a 10% reduction in the cost of goods in year 1 versus year 0; an additional 5% in year 2; 3% year 3; 2% year 4; 1% year 5. The 5-year estimated savings for this contract exceeds $1.8M. In addition, employees designated as job planners spend an average of 25% of their time procuring parts and materials. With this agreement, Wolseley/Ferguson will provide a dedicated buyer onsite as well as leverage their supply chain. As a result, Miami expects to realize this 25% productivity gain. For FY 2017, the savings resulting from the reforms were $173,000. Also, the Wolseley/Ferguson fees are paid through vacant position elimination.

These operational improvements have facilitated several projects related to our vehicle fleet and fuel consumption. In the past three years 23 vehicles have been permanently removed from the fleet. As more employees move to second shift, vehicle demand is better managed through pooling. As a result, underutilized vehicles are eliminated from service. These moves have reduced our future replacement vehicle costs by over $450,000; reduced our parking, insurance and maintenance costs by over $44,000 annually. In addition, all such projects impacting our fleet have resulted in a 17% reduction in fuel consumption from FY16 to 17, translating to over 10,000 fewer gallons of fuel consumed. This trend is expected to continue with an additional 8 vehicle reduction in the next fiscal year.

Non-academic Greenhouse – Physical Facilities operational review identified an opportunity in our non-academic greenhouse Operations. Miami University traditionally operated two non-academic greenhouses to grow annual flowers for campus. These greenhouses had tens of thousands of dollars of deferred maintenance, with one greenhouse reaching end of life. In 2016, these greenhouses were permanently closed, with annuals grown and shipped to campus by a third party provider. Excluding greenhouse replacement and deferred maintenance as well as labor costs, Miami was able to procure annuals at 15% below previous cost of just utilities and supplies. 2/3 of an FTE was reallocated to other needed grounds tasks.

<u>Restructuring of Meal Plans</u> – Student meal plans were updated in FY17 to offer a combination of buffet meals plus declining balance dollars, which provides the best value for our students. Prior meal plans included an administrative fee, $1,625 per semester. This fee was restructured to a residential fee, $400 per semester for students in Miami housing, to help support the residential experience and programming.

<u>Dining Operations</u> – An Aramark assessment of Dining and CSC Operations resulted in implementation of single-source distribution through our Group Purchasing Organization (GPO). The University uses U.S, Foods, a broadline distributor as a primary vendor. US Foods provides the University a discount of 2.1% on approximately $1.1 million in purchases, which results in roughly $24,000 in annual discount. The recommendation was also made to reduce the amount of inventory stored at the CSC from an average of $1 million to $285,000. This resulted in reduced holding costs and freed up cash previously tied up in inventory. Furthermore, the suggestion was that if Miami increased spend through US Foods to $6M, we could potentially negotiate an increase in rebate up to 4% of spend, or $240,000.

Through our GPO, Vizient/National IPA, which USF is the distributor; our discount off each invoice has increased to 2.25%. In addition, we are now taking full advantage of the "Standardization" program, which for the period from 7/1/16- 5/31/17 returned a total of 2.11% of our spend.

Through review of the operations at the Demske Culinary Support Center, we were able to transfer 7 FTEs into the dining operations after the close of Vegetable Processing and consolidate the Bakery Operations into 1 shift, which eliminated the need for two additional managers, resulting in a savings of $95,000

To alleviate storage restraints in a number of locations, we now warehouse the top-10 frozen items. We have been able to eliminate the majority of additional vendors used in the past, and bring most food in through our Group Purchasing Organization. This process change has provided a reduction in inventory cost, as well as labor savings from reducing multiple touch points.

<u>Print Services</u> – Miami University reviewed the print services offered to students, faculty and retail to provide more efficient and cost effective solutions. Previously, the University provided custom-creation print on demand for students and faculty. The print jobs were classified as "big" or "small" print and depending on type were either printed in-house or outsourced using other print shops around the area. The distribution of transactions were mainly individual students/retail (68%), faculty and staff (28%) and student

If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.

<u>Dining Operations</u> - A third-party sushi supplier was introduced to campus, who at no financial risk to the University produces a high quality product, offering our students a reasonably priced grab-and-go healthy option. Miami receives 25% of all sales of sushi, which for FY18 equated to $136,447.
An Aramark assessment of Dining and CSC Operations resulted in implementation of single-source distribution through our Group Purchasing Organization (GPO). The University is a member of National IPA/Novation, which falls under the umbrella of parent company Vizient. U.S Foods, a broadline distributor is our primary vendor of products through the Vizient program. In FY'18, our

spend with US Foods was $6,010,163 and our rebate monies totaled $239,764 [this is solely rebates, does not account for deviated pricing from the GPO] or 4% of our food spend.

Food costs savings resulting from restructuring of the student meal plan were $1,120,487 in FY18.

Janitorial Services, Landscaping and Facility Maintenance – Since the last report, custodial headcount has been reduced by 16 FTEs, while the amount of square footage cleaned and quality of service scores reflecting cleanliness standards have improved. Overall, this headcount reduction translates into an 8% productivity improvement across the custodial workforce, and a labor cost savings of over $584,000.

Custodial product fulfillment and delivery have been outsourced to vendor. This has resulted in a 7% reduction in the cost of product; elimination of a delivery van from the vehicle fleet; an additional 1,200 hours of available custodial labor (or a 3% productivity improvement); abandonment of 2,000 square feet of storeroom space for future office space.

Internal consolidation of custodial staff continued during this reporting period. Six additional facilities who were previously scheduling and managing their custodians separately are now consolidated to achieve savings and consistency of service. While this change occurred in the fourth quarter of FY18, it is anticipated savings in excess of $250,000 will be realized in the next fiscal year. Productivity improvement goals include increasing assigned cleanable square footage for these employees from 16,755 cleanable square feet (CSF) to over 23,000 CSF.

Residential CSF increased on the Oxford Campus from 1,779,844 to 1,859,624 CSF as new additional residence halls came on-line at the end of FY18. There will be no increase in FTE positions to accomplish the cleaning and maintenance of this additional space. Quality audit scores reflecting cleanliness standards for the Oxford Campus improved to 18%. The quality audits are performed using a widely accepted industry standard for higher education facilities.

Building maintenance has continued to consolidate operations by abandoning satellite storage, shop and staging locations in favor of a centralized model. In FY18, 4016 square feet was vacated and consolidated centrally into just 639 square feet of space, for a reduction of 3377 square feet. While helping to boost productivity, this also reduces unnecessary trips around campus. Efforts to minimize drive time and reduce the size of our vehicle fleet have resulted in an additional 11% reduction in fuel consumption in FY18, equating to over 5500 gallons of fuel. This is in addition to the 17% reduction previously reported. Eleven vehicles were removed from the fleet in FY18, for an overall savings exceeding $325,000. This is in addition to the 23-vehicle reduction previously reported.

Through FY18 changes in Miami's operations have resulted in $5.6 million in savings.

If the college/university has not implemented this exercise to date, please explain.

4C Affinity partnerships and sponsorships: Colleges and universities must, on determining assets and operations that are to be retained, evaluate opportunities for affinity relationships and sponsorships that can support students, faculty, and staff. Colleges and universities can use these types of partnerships to generate new resources by identifying "win-win" opportunities with private entities that are interested in connecting with students, faculty, staff, alumni, or other members of their communities. Please complete the section that aligns with the implementation status of your college/university.

Did the college/university initiate any new partnerships or sponsorships in FY18? If yes, please complete the below table for those new relationships.

Partnerships/Sponsorships	Description	Revenue Generated
Crown Castle	Mobile communications partnership	$3,930

If the college/university saw efficiencies gained in FY18 in already existing relationships, please identify, specifically including revenue generated. *Include in the table above or add a similar table.*

Partnerships/Sponsorships	Description	Revenue Generated
Strategic IT Purchasing Consortium	Part of the Strategic IT Purchasing Consortium's value proposition, as described in Recommendation 3B, is the opportunity it provides Miami to cultivate deeper, more meaningful partnerships with key strategic technology suppliers. We have identified 5 vendors that we believe fall into this category – AWS, CBTS, Ellucian, IBM, and Oracle. In FY18, the consortium actively pursueed partnership opportunities with these vendors by identifying "win-win" opportunities through connections with Miami students, faculty, staff, alumni, and/or other members of the community.	$98,641
Public Radio Station	Leased the broadcast rights to Cincinnati Public Radio in 2010, saving $600,000 in annual operating costs.	$600,000
On Campus Banking	Total value of the 2012 contract to the University is $1.2 million over seven years. The new arrangement also made deposits of funds collected by university departments easier and	$132,000

	faster with fewer administrative resources required to accomplish these deposits.	
Health Services	The 2015 sponsorship agreement provides $10 million to the University over 12 years along with improved sports medicine services for Miami's intercollegiate athletes and students participating in intramural and club sports.	$833,333
Sponsorship Agreement for Intercollegiate Athletics	Miami utilizes IMG to negotiate affinity partnerships for Intercollegiate Athletics which provides an annual value for the University's athletic programs of $700,000.	$1,227,500
Student Health Center	Tri-Health was selected in 2015 to operate the student health center and to provide urgent care services to Miami employees and dependents. The savings at the Student Health Center total $450,000 per year and the health care savings.	$450,000
If the college/university has not implemented this exercise to date, please explain.		

Administrative Practices

Recommendation 5 | Administrative cost reforms

5A Cost diagnostic: Each college/university must produce a diagnostic to identify its cost drivers, along with priority areas that offer the best opportunities for efficiencies. This diagnostic must identify, over at least a 10-year period:

- Key drivers of costs and revenue by administrative function and academic program;
- Distribution of employee costs — both among types of compensation and among units;
- Revenue sources connected to cost increases — whether students are paying for these through tuition and fees, or whether they are externally funded;
- Span of control for managers across the college/university — how many employees managers typically oversee, by the manager's function; and
- Priority steps that would reduce overhead while maintaining quality — which recommendations would have the most benefit?

Note: *Once a full cost diagnostic has been performed, this exercise is not necessary to conduct annually.*

Did the college/university perform this exercise in FY18? If yes, please provide an overview of the process used and the key outcomes.
Please provide details on the result(s) of the assessment. What are the cost drivers, based on the categories above? Please discuss the college/university's priority areas that offer the best opportunities for the recommendation.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. A 10-year cost diagnostic was completed for Miami University as recommended in the Governor's Task Force report. This review included an analysis of spending by functional category and by object of expense. The diagnostic confirmed that the many efforts by Miami University over the past eight years have been effective in slowing the annual rate of growth in spending. Spending per student, net of student financial aid, actually declined from its peak in 2008, and the increase in actual spending over the entire ten-year period rose at a rate slower than the annual growth in the consumer price index. While the cost trends observed over the last decade are generally quite favorable, this review did identify a small number of areas where costs have grown faster than the overall trend at Miami. Most of these areas align with the strategic priorities of the University during this period. It also is possible that opportunities for increased productivity or improved efficiency may exist in areas that grew slower than the average rate of growth. For all administrative functions and cost centers, a deeper analysis could potentially identify opportunities for improvement. For this reason, the University intends to implement a program review process for assessing nonacademic functions and programs on a regular cycle. Through these reviews, the effectiveness and sufficiency of these activities can be properly assessed and improved.
If the college/university has not performed this exercise to date, please explain why.

5B Productivity measure: While the measure should be consistent, each college/university should have latitude to develop its own standards for the proper level of productivity in its units. This will allow, for instance, for appropriate differences between productivity in high-volume environments vs. high-touch environments.

What steps has the institution taken to improve productivity in FY18? Please discuss any updates to the utilization of process/continuous improvement methodologies such as Lean Six Sigma.

Miami University began its Lean journey in 2009. Since 2009, Miami employees have completed 1347 projects valued at $68,022,238 in cost avoidance, cost reduction, and new revenue. In FY 2018 Miami completed 202 of those projects at a value of $15,750,209.

Over 2500 employees have been introduced to Lean and 166 are currently in the Lean Certification Program with 64 of them having completed the program to achieve Senior Lean Leader status, 6 of the 64 attained this certification in FY2018. The certification process takes 24-30 months and includes over 100 hours of specialized formal training, involvement in 5 Lean Projects and Lean leader of three, plus the presentation of a significant project to the Miami Lean Review Board. In FY2017, the University added a tier system to the certification process to recognize milestones of certification completion with 13 people who achieved Tier 1 status and 16 people that achieved both tier 1 and tier 2 status in FY2018.

In addition to the training provided to Miami University staff and students, the Lean program has extended Lean training to other colleges and universities in Ohio. In FY2018, Miami shared the Lean program with Cincinnati State Technical and Community College and Youngstown State University. Miami also continued to collaborate with Bowling Green State University, The Ohio State University, and Wright State University regarding Lean.

As part of the Lean program, Miami has developed a Lean structure, Lean database with dashboard reporting, and standardized processes for Lean project management. Only one full-time and one part-time employee are dedicated to Lean. All of the other employees have other non-related Lean responsibilities. Presently, all divisions of the university have employees engaged in Lean.

5C Organizational structure: Each college/university should, as part or because of its cost diagnostic, review its organizational structure in line with best practices to identify opportunities to streamline and reduce costs. The college/university reviews should consider shared business services — among units or between college/university, when appropriate — for fiscal services, human resources, and information technology.

Note*: Once fully implemented, this exercise is not necessary to conduct annually*.

Did the college/university evaluate its organizational structure in FY18? If yes, please provide an overview of the process used and the key outcomes. If no change from FY17, please indicate. No further changes to report. See activity under 5B for ongoing productivity efforts.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.

5D Healthcare costs: A statewide working group should identify opportunities to collaborate on health-care costs.

What initiatives or plan changes did the college/university implement in FY18 to manage or reduce healthcare costs?

Has the college/university achieved any expected annual cost savings through healthcare efficiencies in FY18? Please explain how cost savings were estimated.

Center of Excellence

Per a competitive bid process, Miami University sourced a hospital to provide a "center of excellence/bundled service" for knee/hip replacements effective January 1, 2017. The bundled service arrangement benefits both the University's healthcare plan and employees/dependents; the plan is guaranteed a fixed cost with warranty period for all knee/hip replacements performed by the facility via a specific panel of physicians and employees/dependents receive high value quality care with the added convenience of a single bill and explanation of benefits. The bundled service provides an enhanced level of benefit, ensures high value care and mitigates costs. The negotiated fixed cost with the selected hospital is less than the per episode cost incurred by the plan in prior plan years at other hospitals.

In calendar year (plan year) 2017, the health plan reported 10 patients in the Hip/Knee COE – Center of Excellence (2 hips & 8 knees). According to a regional average cost study performed by the consulting group Horan & Associates, the average cost is $40,904 for a knee replacement and the average cost for a hip replacement is $39,084. The University's contracted fixed cost for each of these procedures is significantly less than the average cost. Based on the number of procedures rendered in 2018, the avoided cost to the health plan is approximately (108,648 + 23,226) $131, 874.

Health Plan / Rx Management

In calendar year (plan year) the PBM contains standard cost saving measures including prior authorization (savings $754,807), quantity limits (savings $543,848), and step therapy ($238,623). These measures are designed to effectively manage utilization and spend within the pharmacy benefit. These clinical programs provided an estimated savings of $1,536,668 in CY2017 to the health plan.

Three additional Rx clinical programs became effective 1/1/2018 to reduce waste and manage cost. The following "smart fill/90 day and Vigilant Rx" programs will encourage the use of generics and decrease potential waste due to drug tolerance. These clinical Rx programs include:

- Smart fill/split fill (oncology, HIV, MS, RA, Transplant) - cost avoidance & waste reduction
- Vigilant Rx - New drugs to market (requires clinical review)
- Vigilant Rx - Me Too - estimated cost savings 1% ($70,000)

Mental/Behavioral Health

Effective 1/1/2018, Miami engaged the IUC agreement to engage Impact Solutions an enhanced EAP & Worklife benefit. This engagement offers additional benefits and expanded behavioral and mental health services both onsite and telephonically to employees and their household. They also offer services such as debt reduction and provide value added employee and management resources.

One example is the tobacco session courses. These courses are conducted telephonically by professionals, which provides employees flexibility as well as an additional option to stop smoking while earning a “premium discount” point to reduce their future health premium. In summary, this benefit increases mental and behavioral health benefits at a significantly reduced rate, provides value added services and offers appropriate referrals back to the health plan’s in-network providers avoiding inappropriate or avoidable costs and utilization.

5E Data centers: The college/university must develop a plan to move its primary or disaster recovery data centers to the State of Ohio Computer Center (SOCC).

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
If you implemented this recommendation in FY18, please briefly explain your implementation status. We evaluated the costs associated with moving to the SOCC versus moving the cloud, and for us moving to the SOCC is substantially more expensive. It would cost us an additional $1.7M over 5 years to move to the SOCC instead of moving to Amazon Web Services (AWS).
If the college/university previously moved its data center to the SOCC, please identify efficiencies gained, including monetary savings or enhanced security.
If the college/university has not implemented this recommendation to date, how is it addressing systems security and redundancy issues? We are addressing both through intentional choices we are making while architecting our move to AWS

5F Space utilization: Each college/university must study the utilization of its campus and employ a system that encourages optimization of physical spaces. Please complete the section that aligns with the implementation status of your college/university.

***Note**: This exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status.
If the college/university implemented this recommendation in FY18, please provide an overview of the process used and the key outcomes, including efficiencies gained.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Miami University has taken several steps this as year to implement recommendations from the space study conducted last year. Classroom Seat utilization increased from 64% to 65.6%. The seat fill goal remains at 70%. Achieving this goal requires a focused effort to improve the flexibility of classrooms. Progress was made during this fiscal year with several targeted classroom renovation projects. Weekly room hours remained the same at 31 hours/week. The weekly room hours goal remains at 35 hours/week. During this reporting period, recommendations to improve block scheduling were made to the Provost's office. The Provost is actively working through University governance protocol to make these modifications. It is expected that these modifications will be

implemented for the Fall semester in 2019. Implemented greater use of 'optimizer' function of room scheduling software to allow courses to be placed in classrooms that better fit size regardless of location on campus. Other initiatives to optimize space and create swing space within existing buildings have been a priority. The University developed a long-range housing master plan (LRHMP) which it has been executing over the past several years. The plan called for a $14,000,000 renovation of an existing dining facility in 2019. Teams within the University worked to find more efficient ways to deliver dining options to students in this region of campus. Alterations and a small addition were made to another dining facility that offered newer, more efficient delivery of services. These improvements were made for $6,500,000. This permitted the closure of the dining facility and avoided the $14,000,000 renovation expense and saved $7,500,000. The closed dining facility has become valuable swing space, which was previously not available.
If the college/university has not performed this exercise to date, please explain why.

Energy

Energy Efficiencies seek to refine sustainable methods utilized by the college/university to procure and use energy (resulting in more efficient use of energy), including but not limited to lighting systems, heating & cooling systems, electricity, natural gas, and utility monitoring.

FY18 Projects/Initiatives	Efficiencies Gained, including Monetary Impact
LED Lighting 2018 Project	This project replaced over 18,000 28-watt 4' fluorescent lamps, with 12-watt LED lamps. In addition, these lamps come with built-in drivers eliminating ballast losses too. Energy savings of 60% is realized. Nine academic buildings were completed (Hughes, Engineering, Phillips, Presser, King, Psychology, Upham, Benton, Garland). Received $100,075 from the utility provider as a "Smartsaver" incentive payment.
VFD Fans & Pump Installation 2018	This project converted constant volume pumps and fans into variable volume operation in 4 academic and administrative buildings.
Wilks Theater LED conversion	This project converted the Armstrong Student Center theater space from 500-watt quartz to LED lighting.
Art Building HVAC replacement	This project replaced four end of useful life HVAC units with two zoned, high efficiency units, one with DOAZ heat recovery.
Center for Performing Arts HVAC/DDC Upgrades	This project replaced several air handlers, converted portions of the facility to VAV reheat, replaced end of life pneumatic controls with programmable DDC controls, and added vacancy sensors in all spaces to enhance efficiency
Scott/Minnich Residence Hall Renovations	Specific energy reduction strategies were intentionally integrated into these two residence halls. Prior to the renovations, these two halls had no central cooling. A goal was established to reduce energy costs by over 20%, even with the addition of a central cooling and increased electrical load. Reduction of water consumption is also included in the expectation. The project was successfully completed and on track to exceed 20%.
Goggin Corridor LED replacement	This project converted all 2'x2' fluorescent fixtures in corridor lay-in ceilings with 12-watt LED retrofits.
Hall Auditorium LED Stage Lighting Replacement	This project replaced all 1000 and 500-watt quartz stage lighting with LED lighting.
Duke Energy Smartsaver Rebate Program 2018	The University electric bill from Duke contains a non-bypassable energy efficiency rider that costs $0.0167/kwh. This funds the Smartsaver Rebate Program. In FY18 the University paid in just over $143K. The University applied for and received $344,071 in FY18 from Duke in incentive rebate money from 20 efficiency related projects. These actions netted the University over $200K. These 20 projects are listed below:

Project Name	Amount Received
Virtual Servers	$16,000
Shriver Center	$19,456
Hamilton Hall Renovation	$29,542
Clawson Hall Renovation	$38,535
Food Service, Armstrong	$592.50
Art Bldg rm #16	$3,070
Gunlock APC	$39,313
Hoyt Hall Renovation	$3,061
Shriver Ph #2	$1,698
ASC Phase #2	$28,489
Cole Service 2x4 ltg.	$1,771
Tunnel Lighting	$692
RSC VFD project	$18,950
ASC Ph 2 Food Service	$1,382
Goggin Floods for Murals	$960
2x2 Retrofit Kits	$34,640
Yager Stadium	$2,281
Middletown Upgrades	$2,711
LED Lighting 2018	$100,075
Hughes dimming T8 LEDs	$852
FY18 Total	**$344,071**

South Quad Heating Hot Water Conversion Phase 1

This project is a continuation of the Utility Master Plan, an initiative the University started in 2012 to convert the campus from steam heat to Heating Hot Water (HHW). The majority of the first phase of the 3-phase project was completed during FY 2018. Phase 1 converted the South Chiller Plant into an HHW Distribution Plant. Buried distribution piping was installed to serve 7 residence halls the first year. Existing steam piping was reused where practicable and converted to transport the HHW. Reductions in distribution loses and in cooling load in each building are anticipated.

Eliminating Economizer below 55 to lower heating cost	The University has utilized Heat Pump Chillers to simultaneously produce cooling and heating. The low cost of electric on campus permits the production of HHW for $3.80/mmbtu. In comparison, the cost for steam is $6.44/mmbtu. The new strategy provides a 40% savings. The quantity of heat produced from the heat pump chillers is dependent on the cooling load. At one of the central plant facilities, the heat pump chillers satisfy all the heating load when the outside air temperature is above 55F. In the current state, the heating load becomes the dominant load instead of cooling. This must be supplemented with steam (at a higher cost) to satisfy the demand. This strategy eliminates the economizer below 55F on all the air handling units served from the central plant facility with HHW. This has the effect of increasing our cooling load and thereby getting more inexpensive heat out of each heat pump chiller.
Electric Capacity Charge Management	The University has on-site electric generation that can provide the majority of the campus electric load. The University is in the PJM RTO Grid. PJM sets their capacity charges based on the highest 5 peak hours on 5 different days during the summer demand period. This is called the facility's Peak Load Contribution (PLC). The PLC is set on the preceding year's performance. In 2017 the University was able to reduce the demand from an average load of 15,194KW's down to 1,269KW's for the five highest hours by operating on-site generation and implementing demand response measures during these peak times. The assessed value of capacity is based on the clearing price of the base residual auction (BRA). The BRA clearing price for 2018-19 is $164.77/MW-day or $60,141.05/MW. This equates to a cost avoidance of $837,464.12.

Have you gained efficiencies in FY18 from previously implemented projects/strategies? If yes, please discuss cumulative efficiencies gained.

Miami University has engaged in a number of energy efficiency initiatives. The University has been able to maintain the same energy consumption outcomes as compared to the previous fiscal year. However, the region experienced a 25% increase in heating degree days. While the indicators didn't show an improvement, actual performance was substantially improved avoiding cost. Campus energy efficiency initiatives resulted in a 36.5% decrease in energy consumption per gross square foot and a decrease in total energy consumption by 24.3% from a baseline fiscal year of 2008 through fiscal year 2018. Without these energy efficiency strategies, Miami University's annual energy costs would have been $3.6 million higher in FY2018 compared to FY2008.

Western Geothermal Plant Phase 2 – This project expanded our existing geothermal plant and distribution system to 5 existing buildings (Hoyt, Presser, Clawson, Havighurst, and Child Development Center) to serve their heating and cooling needs. It was completed in FY17. In FY18 the University has seen dramatic improvements in the plant efficiency. The plant's Coefficient of Performance increased 20% year-over-year from 4.25 up to 5.10. The cost of production improved from $3.05/mmbtu down to $2.79/mmbtu, an 8.5% decrease. Major contributions to these improvements come from the installation of a 700-ton magnetic-bearing variable frequency drive centrifugal chiller and implementation of a free-cooling sequence.

Regional Compacts

Ohio Revised Code Section 3345.59 requires regional compacts of Ohio's public colleges and universities, with an executed agreement in place by June 30, 2018 for colleges and universities to collaborate more fully on shared operations and programs. Per O.R.C. §3345.59 {E} colleges and universities shall report within their annual efficiency reports the efficiencies gained as a result of the compact.

ODHE recognizes the regional compacts were due to be in place by June 30, 2018; therefore, please discuss your projected efficiencies gained as a result of each of the categories within the compact.

Category	Description	Monetary Impact
Reducing duplication of academic programming	In response to the 2017 request by the Ohio Department of Higher Education, Miami University conducted a review of potential duplicate associate and baccalaureate degree programs with University of Cincinnati. The review included nine associate degree programs and 55 baccalaureate degree programs. To conduct this review, Miami evaluated programs in terms of the following indicators: (1) retention rates; (2) graduation rates; (3) enrollment pattern over past five years; (4) employment of its graduates; and (5) contributions to the core liberal education mission of the University. The Office of Institutional Research, in consultation with the Office of the Provost, compiled the program data and shared the information with the academic deans who offered feedback based on their contextual understanding of the program's mission, purpose and effectiveness. Each academic dean determined whether the programs within their division warranted no action or further evaluation. In their review, the deans noted six bachelor degree programs and two associate degree programs that may benefit from further evaluation, including possible program elimination, realignment of the program within the University to improve efficiencies, or collaboration with University of Cincinnati. Below are some of the action steps implemented as a result of the study:	

	• Associate of Technical Studies (Engineering Technology Focus, Computer Information Technology Focus, and Commerce Focus): Although Miami has had no enrollment in these programs for the past eight years, the Ohio Department of Higher Education has mandated that we offer an ATS degree to make higher education degrees more accessible to students in Ohio Career Technical Centers. In 2018, Miami revised this degree program so that it aligns with the requirements and includes concentrations in relevant One-Year Option pathways. • Associate of Criminal Justice: This degree currently serves 53 students who typically use this associate degree as a gateway to the four-year bachelor's degree in criminal justice, and the enrollment has been increasing in the past two years. Because the associate degree requirements are folded into the baccalaureate degree requirements, there are no additional resources required to maintain the associate degree. Other students in this program are either working professionals who may find the bachelor's degree too time-consuming, daunting, or financially prohibitive or individuals who often use this degree to distinguish themselves when applying to police academies. Because enrollment in a police academy requires students to be at least 20 years old, this degree program enables students who come to us directly out of high school to complete two years of higher education prior to enrollment at a police academy. • Black World Studies BA: The outcomes and content of this program are critical to ensuring that Miami meets its goal of advancing inclusion and offering culturally relevant curricula to students. Despite its critical role in promoting inclusion and diversity, this program has experienced diminished enrollment in recent years. To address this challenge, the program was recently moved into the Department of Global and Intercultural Studies and has developed a proposal to revise and rebrand the degree as Critical Race & Ethnic Studies, with the goal of making the	

	degree more relevant and attractive to undergraduate students. The proposal was submitted to the CAS in spring, 2018. The dean's office has returned the proposal to the department with requests for some adjustments. A revised version is expected to be submitted during 2018-19. • Classical Humanities and Classical Languages BA: Despite the fact that course offerings of the department are popular among Miami's undergraduate students, demand for the majors within this department has been low for some time. To address this issue, in concert with its program review in 2018-19, the department is developing a proposal to consolidate the two separate majors offered in the department into one degree with two tracks. For the past four years, this department has engaged in a productive course-based collaboration with Ohio University. Miami and OU faculty collaborate to offer one or two upper-level classes in Ancient Greek and Latin each semester, with faculty from each university delivering the course on alternate years. The courses are offered in face-to-face versions on the home campus with the students from the other university participating virtually via an IVDL connection. • Geography BA: The program has developed a proposal to rebrand and rename the major, to "Geography and Sustainable Development." The proposal will be submitted in early fall, 2018. The department is simultaneously working with alumni and corporate partners to build their internship program and career development programming. The ultimate goal is for the program to grow and serve important needs of the state. • Hebrew Language Program: During 2017-18, Miami foreign language faculty collaborated with foreign language faculty at the University of Cincinnati to share UC's introductory Hebrew language courses via remote video hookup. This pilot project ran for a year, with 5-8 Miami students enrolled each semester. In exchange, Miami's	

	faculty offered an advanced Russian class to UC students, but none enrolled. The project was discontinued due to logistical challenges, including calendar discrepancies, and the need for better technical support at UC. For 2018-19, Miami has suspended the offering of Hebrew language courses. • Individualized Studies BA: Following a recent program review, in spring 2018 this program revised its curriculum to be more flexible and thus attractive to prospective students. • Medical Laboratory Science BS: Approximately four years ago the Miami University Clinical Laboratory Science (CLS) major was replaced by the Medical Laboratory Science (MLS) major, which currently has 46 majors. Miami University's Combined MLS Program, which consists of three or four years of core STEM classes, includes a one-year internship at an institution that offers a National Accrediting Agency for Clinical Laboratory Science (NAACLS)-accredited laboratory educational MLS internship. The required internship encompasses didactic courses and rigorous laboratory rotations in NAACLS-accredited MLS medical laboratories. As a result of its intensity, the number of majors that can be accommodated by the program is limited by design. Miami's MLS major is recognized statewide, regionally and nationally, as a premier Combined MLS Program. Nationwide, acceptance rates into NAACLS-accredited MLS Programs fall below 25%, whereas Miami students' placement rate is approximately 80%. Currently, the program is working on a number of strategies to increase the number of MLS majors, including developing more partnerships with NAACLS-accredited MLS medical laboratories. Beyond the duplication study, Miami, along with UC and Cincinnati State, is a member of the Greater Cincinnati Collegiate Connection (GC3), which enables students to	

	enroll in courses taught by another member institution as part of their schedule. Miami Regionals (along with Southern State Community College and Cincinnati State) is a member of the Southwest Ohio Council for Higher Education (SOCHE) which allows for collaboration with both public and private member institutions for course consortium.	
Implementing strategies to address workforce education needs of the region	Miami partners with regional Career Technical and Career Centers to provide courses and programs that offer critical workforce training. To facilitate this transition, Miami has submitted and received approval for hundreds of Transfer Assurance Guides and is now 100% compliant for all Career Technical Assurance Guides for which we are eligible. Miami is also actively participating in the One-Year Option and Transfer to Degree Guaranteed Pathways – all designed to obtain technical credits without unnecessary duplication or institutional barriers. Miami has also developed bilateral agreements that are designed to meet in-demand occupations in Ohio. For example, Miami has partnered with SSCC to create agreements related to engineering technology and commerce. It has partnered with UC to create agreements related to criminal justice, psychology and nursing. It has also partnered with Cincinnati State on agreements related to engineering technology (electromechanical and mechanical), computer programing, criminal justice, and commerce. With respect to electromechanical engineering, Miami delivers the second two years of the EMET and Electrical degrees on Cincinnati State's campus via Live Video. The Miami associate provost serves on the Ohio Articulation & Transfer Advisory Board of ODHE.	
Sharing resources to align educational pathways and to increase access within the region	In 2018, Miami University's associate provost partnered with leaders from University of Cincinnati, Cincinnati State Technical & Community College, Southern State Community College, and Sinclair Community College to create a grant	

	proposal for the "Tackling Transfer" Initiative through the Ohio Department of Higher Education. The proposal to develop two all-day summits on promoting transfer student success, was approved, and two summit events (one at UC Clifton and the other at SSCC, Mt Orab) were held in February and April of 2018 with over 50 participants from over ten campuses at each. See website for a summary of the events and outcomes. Two new bilateral agreements with Miami and UC for English Studies and University Honors resulted from these summits. Planning is already underway to hold a third summit at Sinclair Community College (Courseview Campus) in October 2018 which will focus on forging STEM-related partnerships. Miami partners with UC as a participant in the Southwest Regional Depository which is one of five regional depositories in Ohio that houses library materials of IUC members in lieu of new library space. Miami (along with the other Southwest Ohio institutions) has OhioLINK which negotiates the purchase and enables the sharing of library materials. It also joined the Open Textbook Network in 2017, and one Miami librarian serves as system leader. System leaders coordinate OhioLINK OTN awareness and advocacy initiatives regarding open educational resources and open textbooks on their campuses and throughout the state. As part of the consortium-wide membership, OhioLINK sends system leaders to OTN's Summer Institute which is an intensive, five-day training program. OhioLINK system leaders coordinate full-day "train the trainer" workshops offered on their campuses and throughout all SW Ohio region and the state.	
Reducing operational and administrative costs to provide more learning opportunities and collaboration in the region	Miami participates in a courier delivery service to provide requested library material to public libraries, colleges, universities and the State Library of Ohio. Miami's Institute for Learning in Retirement engages in joint programming with the Osher Lifelong Learning	

	Institute at the University of Cincinnati, in the West Chester area, to provide non-credit, enrichment programming for people age 50 and older. Discussions are beginning with OH-AHEAD about forming partnerships and coalitions among institutions in the southwest Ohio region, particularly in the areas of alternative format production and captioning. Representatives from all four institutions continue to meet with the goal of finding additional common services and efficiencies in Southwest Ohio.	
Enhancing career counseling and experiential learning opportunities for students	Miami Regionals (along with Cincinnati State, University of Cincinnati, and Southern State) is actively engaged in workforce education and pathway development through involvement with the Tech Prep Southwest Regional Center. Tech Prep staff members are located at Miami University Hamilton (along with Southern State Community College and Cincinnati State). Tech Prep also shares staff with a regional workforce development initiative, Partners for a Competitive Workforce, to further link the educational initiative with employers. College staff link their respective institutions to collaborative regional activities that address statewide goals focused on workforce education, pathway development and technical services. The center serves 16 secondary partner districts including three of Ohio's largest Career Technical Planning Districts (CTPDs); four urban districts; six rural CTPDs and one Compact. For the last four years, Miami Regionals, Cincinnati State, and UC have collaborated to offer annual conferences targeted to high school juniors and seniors interested in engineering careers. More than 1000 students have been impacted by shared expertise, business engagement and access to regional resources. Miami's Center for Career Exploration & Success recently partnered with REDI Cincinnati to share best practices and procedures relating to internships in the Cincinnati area.	

	Miami and UC have collaborated on several Ohio Means Internships & Co-Ops grants in the past five years to increase the number of internships and co-ops in the Southwest Ohio Region.	
Expanding alternative education delivery models such as competency-based and project-based learning	Although Miami does not offer formal competency based degree programs (due to Higher Learning Commission accreditation requirements), it does provide prior learning assessment and courses and programs with that have self-paced features or are offered in accelerated or flexible delivery modes. Miami has fully complied with the College Level Examination Program (CLEP) Initiative spearheaded by the ODHE which awards students specific and similar course credit when they reach a standard minimum score for each examination. Drawing from other Ohio public institutions (Columbus State, Kent State), Miami piloted a Math Emporium competency-based course for underprepared, incoming students. Success data, however, indicated that this approach was not effective. As a result, Miami applied and was accepted for participation in the two-year ODHE "Strong Start to Finish" initiative which will aim to develop co-requisite programs for gateway courses, improve placement processes, and enhance advisement of students who are academically underprepared for college. The Miami planning group is focusing efforts on gateway Math and English courses. In spring 2018, Miami launched a Prior Learning Assessment Portfolio approach to awarding credit for general education requirements. With guidance from the Office of Liberal Education, students with significant work or military experience may develop a portfolio (including reflections on how the learning relates to learning outcomes) in the Canvas Learning Management system which is then reviewed by Miami's Liberal Education	

	Council (general education committee) for possible general education credit.	
Implementing strategies to increase collaboration and pathways with information technology centers, adult basic and literacy education programs and school districts in your region	Miami participates in the ODHE ASPIRE Program to provide free services for people in need of acquiring skills in post-secondary education and training, and employment. In 2017, Miami students conducted a research project that resulted in rebranding the program (formerly entitled ABLE). Miami University Regionals offers ASPIRE courses at Adult Education Opportunity Centers and other sites throughout the region. Miami also participates actively in the statewide College Credit Plus program that offers qualified students grades seven through 12 the opportunity to take college courses while earning credit for both high school and college at little or no cost to students. Over 700 students annually participate in Miami CCP courses. In 2017, Miami signed a partnership agreement with Cincinnati Public Schools to identify students early to introduce them to college-readiness activities and provide opportunities for mentorship and engagement on Miami's campus. Selected students receive the full cost of attendance (minus the family's estimated family contribution and an expected student self-help of $3500) through a variety of aid sources and will receive faculty mentoring, specialized academic advising, structured curriculum, intensive academic summer programs, transition support services, career development and specialized CPS-specific recruitment programs. For fall 2018, five Cincinnati Scholars will be enrolling on the Oxford campus. Beginning in fall 2018, the partnership with CPS will expand to include both the M.O.R.E. and Girls to Women programs in an effort to broaden the diversity of the cohort and to increase the number of students with whom Miami regularly engages. For fall 2019, there is a goal of enrolling 15 Cincinnati Scholars.	
Enhancing the sharing of resources between institutions to improve and	Miami and UC faculty have collaborated to secure seven external research grants in the past five years. Grants have	

expand the capacity and capability for research and development	focused on such diverse topics as increasing the participation of women in STEM fields, understanding bipolar disorder, investigating racial bias, evaluating STEM in the play space, and advanced turbine cooling. In addition, Miami, UC, and Cincinnati State have collaborated on three regional submissions to the ODHE RAPIDS grant program, providing approximately $3M in equipment used for education, research, and workforce training in SW Ohio.	
Identifying and implementing the best use of university regional campuses	To provide a seamless transition of students who relocate from one campus to another, Miami University (Oxford) and Miami University Regionals share the same general education requirements, academic policies, curricular approval processes, and are governed by a single University Senate and Board of Trustees. In addition, many administrative and instructional staff work at multiple campuses and collaborate on research projects as well as community and University service projects. Miami, UC and Cincinnati State are all members of the Greater Cincinnati Collegiate Connection (GC3) which enables students from all three (and other GC3) institutions to cross-register for courses and facilitates administrators, faculty and staff from all three as well as other GC3 member institutions to engage in joint professional development programming. Through the College Credit Plus program, all four institutions allow trained high school teachers to deliver college-level courses for their students so that they can receive both college and high school credit. The Pathways Program enables students who are not initially admitted to the Oxford campus to begin study on the Regional campuses. Students are co-enrolled in courses and receive specialized advising and support. If they meet all requirements, they are admitted to the Oxford campus in the spring semester of their first year. 23 students confirmed for the Pathways Program for the Fall 2018 (13 Hamilton and 10 Middletown). Planning is underway to	

	broaden the program's scope to enable Ohio as well as students from across the US to begin classes on the Regional campuses while living on the Oxford campus.	

Section II: Academic Practices

Recommendation 6 | Textbook Affordability

6A Negotiate cost: Professional negotiators must be assigned to help faculty obtain the best deals for students on textbooks and instructional materials, starting with high-volume, high-cost courses. Faculty must consider both cost and quality in the selection of course materials.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. In 2017, Miami University selected a provider of online textbooks and course materials, e-Campus, which signaled a shift away from the traditional brick and mortar bookstore approach toward a virtual approach. The e-Campus bookstore not only lowers the overhead cost of running a physical bookstore, but it provides faculty, at a glance, multiple textbook options so that they can ensure that they are selecting high quality, affordable and accessible course materials for their students. Because the virtual bookstore is linked to the SIS system, students can easily purchase new, used, rental and digital textbooks instantly upon registering for particular courses. Miami faculty are provided training (via workshops and online videos) on how to use the software platform as well as how to select appropriate and cost-effective textbooks. Miami is a member of OhioLink (the statewide library consortium) which has secured a wholesale pricing agreement on e-textbooks with four major textbook publishers: John Wiley & Sons, Inc., McGraw-Hill, Pearson and Macmillan Learning. These agreements will reduce the wholesale price of e-textbooks by up to 80 percent and courseware by up to 55 percent. The idea is that these texts would be available via the appropriate Canvas course site, and students and instructors could decide to use or to opt out of using these e-texts. During the 2018-2019 academic year, the Affordable & Open Educational Resources Committee at Miami will be developing a plan with the goal of implementing this opportunity by fall 2019
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. The cost of text has been reduced by over $1 million.
If you have not implemented this recommendation to date, please explain.

6B Standardize materials: Colleges and universities must encourage departments to choose common materials, including digital elements, for courses that serve a large enrollment of students. Please complete the section that aligns with the implementation status of your college/university.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. Appointed by the provost and co-chaired by an associate provost and librarian with faculty representation from all academic divisions, the Open & Affordable Educational Resources Committee has developed and is implementing a strategic plan to advance affordable and free educational resources among Miami's students. The committee has crafted several programs and set of resources designed to target faculty teaching courses with the highest cost textbooks and largest enrollments. Successful applicants receive incentives for adopting and/or adapting OERs, creating their own online textbooks, and converting existing costly course packets to lower or no cost alternatives. Faculty in these programs receive: a robust site of resources and tips on Miami's Learning Management System (Canvas), consultation from the Scholarly Communications Coordinator and from specialist librarians, websites with guidance on selecting appropriate OERs, two-hour training orientation workshops, support of assessment of OER use, and professional development funding (with the amount varying by the faculty's level of engagement with the program). Although this effort has only been in existence since fall 2017, the preliminary results are promising. See the section, "Reducing Textbook Costs for Students," for more information. In addition, when faculty submit their textbook selections in compliance with the Higher Education Opportunity Act (HEOA), it allows our staff and e-Campus vendor to suggest standardized materials, more affordable editions, or alternative resources. In the past two years, faculty on all campuses increased their compliance by as much as 52%.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. See 6A and 6C.
If you have not implemented this recommendation to date, please explain.

6C Develop digital capabilities: Colleges and universities must be part of a consortium to develop digital tools and materials, including open educational resources, that provide students with high-quality, low-cost materials. Please complete the section that aligns with the implementation status of your college/university.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. OhioLINK joined the Open Textbook Network in 2017 and selected seven member librarians, faculty and staff to become the OhioLINK Open Textbook Network (OTN) System Leaders. A Miami librarian was chosen to serve on the team. As system leader, she coordinates OhioLINK OTN awareness and advocacy initiatives regarding open educational resources and open textbooks on Miami's campuses and throughout the state. As part of the consortium-wide membership, OhioLINK sent system leaders to OTN's Summer Institute (OTNSI) which is an intensive, five-day training program at the University of Minnesota. The OhioLINK system leaders, in conjunction with OTN staff, coordinate full-day "train the trainer" workshops. These workshops focus on developing campus leaders and aid in their efforts to reduce textbook costs for students. The Miami representative also attended the OhioLINK-sponsored OER summit in 2017. Members from around the state discussed their OER activities and initiatives and attendees participated in some hands on activities exploring OER implementation.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. To date, the use of open materials has in $111,556 in savings for students.
If you have not implemented this recommendation to date, please explain.

Reducing Textbook Costs for Students

Ohio Revised Code Section 3333.951(C) requires Ohio's public colleges and universities to report their efforts toward reducing textbook costs for students. Please discuss all initiatives implemented, including those related to 6A, 6B, and 6C above, that ensure students have access to affordable textbooks.

Initiative	Explanation of Initiative	Cost Savings to Students
OER Explore	Based on a model developed by the Ohio Textbook Network, the OER Explore workshop is intended to help faculty better understand textbook affordability issues and possible solutions for addressing them. During this two-hour workshop, faculty learn about how the cost of textbooks can negatively impact student learning, are introduced to the concept of OER, and participate in hands-on activities using OER textbooks. The workshop concludes with an overview of Miami University's OER and Affordable Learning grant programs. After faculty write and publish a review of an OER textbook in their field, they receive a modest stipend. Since its inception in 2016, 86 faculty members have completed the OER Explore program. Eight have gone on to participate in one of the other programs listed here where they have adopted a more affordable or open educational resources in their teaching.	
OER Adopt	This selective grant program supports faculty in replacing their commercial textbook with an OER. Faculty submit an application; those selected must complete a three-phase program and receive professional development funds when each phase is successfully completed. **o** Phase one: The faculty member teaches the course using a commercial textbook and required learning materials. Assessment is performed to gauge the impact of the traditional textbooks and other required materials on student learning and course outcomes. In collaboration with their Subject Librarian and the Coordinator of Scholarly Communications, the faculty member selects and prepares OER materials to be used in teaching future sections of the course. **o** Phase two: The faculty member teaches the course using the selected OER materials. Assessment is performed to gauge the impact of the OER textbook and	$39,208

	other newly selected learning materials on student learning and course outcomes. o Phase three: The faculty member makes necessary revisions to the OER text and learning materials based on previous assessment. The faculty member uploads any OER created or modified in the course to the OER Collection in Miami's institutional repository, the Scholarly Commons. The faculty member writes a report evaluating the impact of the OER on the course outcomes and student learning, and on student and faculty satisfaction as well as plans for future use. The final report is shared with the University Committee for Affordable and Open Educational Resources as well as colleagues within their Department or School and peers in the profession. Twelve faculty members have been selected and are currently participating in this program which has led to over $39,000 in cost savings to students to date and an estimated future cost savings of over $150,000.	
OER Create	This grant program supports faculty who wish to write and publish their own OER textbook and learning materials. As an incentive to do so, Miami University provides faculty professional development funds as well guidance and support for publishing the OER (e.g., editorial services, layout, and electronic publishing). To accomplish this, the University agreed to be an inaugural partner (with nine other higher education institutions) in the OTN Publishing Cooperative. OER published as part of this grant program will be published to the OER Collection in Miami's institutional repository, the Scholarly Commons, and in the Open Textbook Library (OTL).This program will be piloted in fall 2018 in the hopes of launching the program on a larger scale by fall 2019.	Started Fall 2018
Course Pack Consultation Service (CPCS)	CPCS allows faculty to reduce or eliminate the costs associated with course packs. To be eligible for this program, faculty must currently be using a readings-based course pack (e.g., one that contains articles and	$6,439

	book chapters) that students are required to purchase and must agree to use the University's Learning Management System (LMS) for making readings accessible to students in subsequent semesters. The Coordinator of Scholarly Communications reviews the list of materials included in the course pack to determine which readings can be made freely available to students through the library's purchased electronic collections (eBooks and electronic articles) or through other freely and legally accessible online outlets (e.g., linking to archival materials on state historical society website). Links to these works are posted on to a page in the instructor's LMS course site for students to access. Faculty participating in the CSPS are awarded modest professional development funds after the consultation.	
Alternate Textbook Service	The Alternate Textbook Service, or ATS, will launch in the summer of 2018 and will involve a collaboration between the course instructor, Library liaison, and the Coordinator of Scholarly Communications to replace the instructor's commercial textbook with an "alternate" textbook comprised of resources pulled from the library's electronic collections, from legal online resources, and reading selections made available in compliance with US copyright law. Not only will this alternate textbook be made freely available to students, but this collaboration between librarian and faculty will also promote the use of library resources and draw attention to the diversity of our collections. Faculty participating in this grant program are provided with modest professional development funds. This new program is currently being piloted with one faculty member teaching a graduate course. The cost savings per student is $326.	Started Fall 2018
Revision of Campus Textbook Selection Policies	The University's textbook policy was revised to include a paragraph that explicitly encourages faculty consider textbook affordability when selecting a textbook. Additionally, the University's policy that requires multiple levels of approval for faculty wishing to teach courses that use a textbook they have authored was altered to	

	eliminate any approvals for faculty teaching an OER which they authored.	
Revision of Annual Reports and Promotion Dossiers	To ensure that Department Chairs, Deans and Personnel Committees recognize the efforts of faculty to incorporate affordable texts into their courses, the committee created a proposal for revising the annual report and dossier format to include a specific mention of open and affordable educational resources under the category relating to innovative teaching.	
Affordable Education Leader Award	Modeled after a similar award at Texas A&M University, Miami University's OER Committee partnered with the leadership of Miami's student government to develop an annual award to be given to a continuing faculty member on any campus who demonstrates compelling and significant impact in areas related to affordable and open educational resources.	
Outsourced Text Book Sales	This shift was implemented for summer 2017 and is being more fully implemented during the fall 2017 semester. Students estimated cost savings for textbooks is 15-20%. For the summer term of 2017 the savings for texts were on the higher end of our estimates (20.17%). Based on this performance expected savings for FY18 could be up to $1.8 million. Actual sales savings for FY18 were 1,038,487. (See attached spreadsheet for calculation). In FY19, continued monitoring of vendor performance to focus on percent per unit savings to the student, by reviewing textbook by category (new, used, rental, marketplace, ebook). Encouraging early adoption facilitates leveraging buying power for the vendor to pass along savings to the students. There is an additional buying option to reduce cost to students referred to as Marketplace. This is comparative to Amazon private sellers that resale their used textbooks on their own. ECampus has committed to bundling these books with their larger orders from eCampus to ease customer stress and staff completing duplicative work in the moment. Course Adoptions by faculty were matched to previous years in the Bookstore. More efforts are	$1,038,487

	proactively being taken by eCampus to ensure this number continues to rise. Rates Fall 2018: All Campuses – 79% Adopted Oxford – 79% Adopted Middletown – 85% Adopted Hamilton – 85% Adopted Luxembourg – 74% Adopted VOA/West Chester – 45% Adopted	

Textbook Cost Study

Ohio Revised Code Section 3333.951(D) requires Ohio's public colleges and universities to conduct a study to determine the current cost of textbooks for students enrolled in the institution and submit the study to the Chancellor by a date prescribed by the Chancellor. Please share the results of your study below.

In collaboration with the IUC, Miami is participating in the Textbook Cost Study. Miami has identified our top twelve undergraduate majors, consisting of 45.33% of the student population, and has mapped the typical course path to completion. With the use of the e-campus virtual bookstore textbook pricing data, Miami is currently calculating the four-year cost of required text purchases for each major. Through the various increased efforts, Miami students will recognize real cost savings on their textbook purchases. In addition, with almost 50% of the students taking these twelve majors, Miami is currently undertaking a more thorough review of the required cost textbooks and the students options for new, used, or rentals. Miami's Affordable and Open Educational Resources Committee will be consulting with the departments that house these majors to assist them in reducing or eliminating textbook costs. The average new required textbook costs $96. The average used required textbook costs $42. The average rental required textbook costs $17. Separate data on eBooks are not available at this time.

E-Campus virtual bookstore textbook pricing data from fall 2019 was used to determine the average cost of new, used and rented textbooks. These prices are the average across all three of our main and regional campuses and includes required, as well as, suggested book selections.

Category	Amount
Average cost for textbooks that are new	$96
Average cost for textbooks that are used	$42
Average cost for rental textbooks	$17
Average cost for eBook	

Textbook Selection Policy Ohio Revised Code Section 3345.025 requires the board of trustees of each state institution of higher education to adopt a textbook selection policy for faculty to use when choosing and assigning textbooks and other instructional materials. Has your college's/university's board of trustees adopted a textbook selection policy? Yes

Miami revised its policy in spring 2018. It was approved by the Board of Trustees in June 2018, and the policy is now in effect. See revised policy, MUPIM 10.4.

Recommendation 7 | Time to Degree

7A Education campaign: Develop an education campaign on course loads needed to graduate.

Note*: This exercise is not necessary to conduct annually*.

Please identify your institution's implementation status.
No change from prior year's report

Please briefly explain your implementation status.

Miami students not only can easily access degree path information, but they are also educated on how to make purposeful choices about their academic plans. Access to degree paths is made available through: (1) the student's Degree Audit Report which a student can run at any time for his or her chosen major as well as for any other major he or she may considering; (2) the General Bulletin, the Guidebook for New Students and advising guides for each major (the latter are available in divisional advising offices) which provide clear listings of degree program requirements and term-by-term suggested schedules; and (3) term-by-term academic plans which are created as part of the UNV 101 course in consultation with the student's academic advisor.

Academic advisors also are trained in and have access to the EAB Student Success Collaborative which not only displays suggested term-by-term schedules for each student's degree program but also indicates when and how each student might have moved off track so that immediate advising interventions can be made. This fall, the University is also requiring departments to display transfer advising plans for all of Miami's academic partnership agreements, using a common template for ease of use.
Plans are underway to implement U.Achieve Planner, a web application technology designed to allow students and advisors to explore multiple degree paths and identify a four-year, term-by-term schedule for success. This system also enables chairs and deans to plan course schedules well in advance and ensure the appropriate number and array of courses are available to meet student needs.

If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.

Miami University's advising has resulted in $2.2 million in savings for students.

If you have not implemented this recommendation to date, please explain.

7B Graduation incentive: Establish financial and graduation incentives to encourage full-time students to take at least 15 credits per semester.

***Note**: Once fully implemented, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **No change from prior year's report**
Please briefly explain your implementation status. Miami University has implemented the Miami Tuition Promise. Under the Miami Tuition Promise undergraduate students' tuition and fees are fixed over four years. Additionally, Miami University does not charge additional tuition for enrollment in more than 12 credit hours per semester. Miami freshmen take an average of 15.7 credit hours per term already, negating the need for a financial incentive.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.
If you have not implemented this recommendation to date, please explain.

7C Standardize credits for degree: Streamline graduation requirements so that most bachelor's degree programs can be completed within 126 credit hours or less, and associate degree programs can be completed within 65 credit hours or less. Exceptions are allowed for accreditation requirements.

Please identify the share of programs at your institution that require more than 126 credit hours to earn a baccalaureate or more than 65 credit hours to earn an associate degree.

Three years ago, Miami revised its requirements for graduating with a bachelor's degree to align with ODHE policy, and all departments and programs have worked diligently to revise their curricular requirements to ensure that whenever possible students can graduate with 126 credits. The only exceptions are programs that have professional accreditation standards. The programs listed below modestly exceed the 126 credit threshold in order to deliver a high quality curriculum to its students and comply with the standards of their professional accrediting bodies (which are also listed below):

Creative Arts Degree Programs
B.S. Art with Multi-age Visual Arts Licensure [National Association of Schools of Art & Design (NASA); Council for the Accreditation of Education Preparation (CAEP)]
BFA, Studio Art (National Association of Schools of Art & Design - NASAD)
B.A, Architecture (NASA)
B of Music in Music Education (National Association of Schools of Music - NASM; CAEP)
B of Music in Music Performance (NASM)

Teacher Education Program
B.S. Education, Science Education (Earth Science Concentration) (CAEP)

Engineering and Computing Programs
BS Engineering in Bioengineering (Engineering Accrediting Commission of ABET)
BS Engineering in Chemical Engineering (ABET)
BS Engineering in Computer Engineering (ABET)
BS Engineering in Electrical Engineering (ABET)
BS Engineering in Engineering Management (ABET)
BS Engineering in Manufacturing Engineering (ABET)
BS Engineering in Mechanical Engineering (ABET)

Please explain the major reasons specific academic program may require more than 126 or 65 credit hours to earn the respective degree.

Compliance with the standards of their professional accrediting bodies.

7D Data-driven advising: Enhance academic advising services so that students benefit from both high-impact, personalized consultations and data systems that proactively identify risk factors that hinder student success.

Please identify your institution's implementation status:
Progress made on implementing recommendation in FY18

Please briefly explain your implementation status.

Beginning in 2015, Miami shifted its academic advising model to focus on clear outcomes, a shared university-wide advising approach, required comprehensive (six part) training for all advisors, four levels of advisor recognition, and ongoing assessment of advising. In addition, the model features the use of the EAB Student Success Collaborative which provides advisors up-to-the-minute and predictive data about each advisee so that the advisor can provide customized intervention and communicate with advisees easily and regularly. Advisors are required to record summaries of each advising session in order to track each student's progress and build upon previous advice given. The academic advising effort is led by an associate provost with the guidance of a university wide committee. Each year, the committee produces an annual assessment report which summarizes findings from the multiple measures used to assess advising at Miami (e.g., national surveys, retention and graduation rates, advisor training completion rates, surveys and focus groups) and offers multiple recommendations for future improvement.

New strategies implemented in the past year include:

- Nudge Campaigns: In fall 2017, three different nudge campaigns were initiated—all targeted at students with moderate or low persistence prediction scores identified in Civitas and labeled as coming from the University's president. Each included a specific call to action and directed students to contact the Dean of Students or the Student Success Center (depending on the student's record). A total of 903 students were contacted through the fall campaign. In spring 2018, two different nudge campaigns were implemented—the first went to 787 students who were first-generation and/or Pell eligible students. These messages (sent from the student's academic dean) directed the student to contact the appropriate academic advisor. The second nudge went to 290 students who were identified by the Civitas Platform as having very low, low, or moderate persistence scores and directed to contact the Student Success Center for assistance.

- Outreach Campaign: At the end of fall 2017, the Student Success Center contacted 444 students who were identified by Civitas as having very low, low, or moderate persistence scores. Those students were divided among the Student Success Center staff based on a variety of factors and then were invited to participate in a series of meetings with a staff member in the spring semester.

Beginning in 2018, Miami will pilot a centralized university-wide registration override system that allows students to add themselves to a "waitlist" for oversubscribed courses. The system provides all pertinent student and curricular information to the advisor and faculty who is then able to assess the overall demand for the course. This will provide timely and actionable information during the registration process that will translate into students with the greatest need as it pertains to "on-time" graduation access to the seats in the class and assist with appropriate and efficient staffing models for high demand courses.

If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Data driven advising has resulted in $1.2 million in savings for students.
If you have not implemented this recommendation to date, please explain.

7E Summer programs: Evaluate utilization rates for summer session and consider opportunities to increase productive activity.

Please identify your institution's implementation status. **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. In 2017, Miami created guidelines for accelerated or compressed delivery of courses to ensure that summer and winter term course offerings are of high quality and follow federal and regional (Higher Learning Commission) academic and credit hour regulations. Additionally, each year, summer and winter term course evaluations and enrollments are analyzed by academic deans, and course schedules are adjusted accordingly. Low or no enrollment courses are discontinued, and sections of courses with smaller enrollments are combined. Under the leadership of its e-learning offices, Miami has also engaged in careful planning of online and hybrid course offerings in the summer and winter to aid students' progress toward degree, and in 2016, Miami instituted a 20% reduction in tuition for online courses taken during the summer and winter terms by resident undergraduate students. Miami is also implementing a multi-term scheduling approach so that students and advisors may plan more purposefully for winter and summer terms as well as the fall and spring semesters.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Discounted summer and winter online courses have resulted in $2.1 million in savings.
If you have not implemented this recommendation to date, please explain.

7F Pathway agreements: Develop agreements that create seamless pathways for students who begin their educations at community or technical colleges and complete them at universities.

Please provide the details of the work completed related to this area in FY18 only.

At the end of FY18, how many articulation pathway agreements does your college/university have in place? How many are 2+2? How many are 3+1? Is the number of pathways available for students increasing?

Over 240 Miami courses are matched with Transfer Assurance Guides or Career-Technical Assurance Guides to ensure that transfer students within the state of Ohio are making timely degree progress, and in the past two years, Miami revised its CLEP, Advanced Placement and International Baccalaureate course alignments to increase opportunities for students to gain specific college course credit by 15%. In the past five years and in keeping with Miami's 2020 Strategic Plan which calls for increasing partnerships, Miami faculty and staff have also forged dozens of academic articulation agreements and MOUs. A list of domestic and international agreements is available via a public website. This fall, the University is also requiring departments to display transfer advising plans (which display term-by-term suggested pathways) for all of Miami's academic partnership agreements to promote greater transparency and accessibility. These efforts are supported by an Academic Partnerships Committee (which is chaired by an associate provost) as well as an online partnership agreement workflow platform (which enables easy storage and tracking of agreements). The Partnerships Committee also works with departments to encourage new and sustainable partnerships with two- and four-year institutions. As a result of these efforts, the number of academic partnerships has increased by 75% in the past three years.

Please discuss efficiencies gained by implementing this recommendation. Please discuss how students have benefited, in terms of both cost and quality of their education.

These efforts are supported by an Academic Partnerships Committee (which is chaired by an associate provost) as well as an online partnership agreement workflow platform (which enables easy storage and tracking of agreements). The Partnerships Committee also works with departments to encourage new and sustainable partnerships with two- and four-year institutions. As a result of these efforts, the number of academic partnerships has increased by 75% in the past three years.

7G Competency-based education: Consider developing or expanding programs that measure student success based on demonstrated competencies instead of through the amount of time students spend studying a subject.

Please provide the details of work completed related to this area in FY18 only. Although Miami does not have competency-based degree programs (due to Higher Learning Commission accreditation standards), Miami sent its director of general education to a workshop hosted by the Council for Adult and Experiential Education (CAEL) to gain knowledge about competency-based education. This development opportunity resulted in the development of a portfolio process for evaluating the competencies gained through the training and experiences of our active military and veteran students. This portfolio opportunity was formally launched in fall 2018, and two students have already received general education course credit for the competencies gained through their military experiences and training.
Please discuss efficiencies gained by implementing this recommendation. Please discuss how students have benefited, in terms of both cost and the quality of their education. In particular, how many students are estimated to be served by the college's/university's competency-based education programs? Has your college/university seen improvements in completion rates? Have students seen cost savings?

Recommendation 8 | Course and Program Evaluation

This recommendation is not applicable this year. Per O.R.C 3345.35, the colleges and universities need to address this recommendation every five years. The next applicable date is FY22.

What steps, if any, did your college/university take in FY18 to share courses/programs with partnering colleges/universities?
If you implemented course/program sharing, please discuss efficiencies gained, including cumulative efficiencies to date.

Recommendation 9 | Co-located Campuses

Ohio Revised Code Section 3333.951 requires Ohio's co-located colleges/universities to annually review best practices and shared services in order to improve academic and other services and reduce costs for students. Co-located campuses are then required to report their findings to the Efficiency Advisory Committee.

Please identify efficiencies gained in FY18 only.

Co-located campus: ______Not Applicable_______________________________

Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	Please include an explanation of this shared service.	Monetary Impact from Shared Service

Section III: Policy Reforms

Recommendation 10 | Policy Reforms

10A Financial Advising: Provide financial advising and training to students.

Please identify your institution's implementation status: **No change from prior year's report**
Please briefly explain your implementation status. Beginning in Fall 2016, Miami University implemented a financial advising program for students centered around student loan borrowing and debt. Students can view information on their student loan debt via a personalized website (MiamiOH.edu/KnowBeforeYouOwe), to obtain information on expected monthly payments, total costs for the loans, repayment plans, and budgeting tools. In addition, the site allows students to research median earnings for their chosen profession in order to gauge loans costs to anticipated income. We combined this with intrusive counseling strategies for students that are borrowing higher amounts. These strategies are a continuation of the strategies that we first implemented in FY17. In FY18 we saw a $3 million decrease in overall student loan borrowing, as compared to FY17, bringing the total loan reduction to about $4.2 million since our advising program inception in FY16. In addition, the average student loan debt at graduation dropped for the second year in a row, with a decrease of $522 in the average over the prior year.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Miami University's financial advising has resulted in $4.2 million decrease in student borrowing.
If you have not implemented this recommendation to date, please explain.

10B Obstacles: The Ohio Department of Higher Education and/or state legislature should seek to remove any obstacles in policy, rule, or statute that inhibit the efficiencies envisioned in these recommendations.

What legislative obstacles or policy roadblocks, if any, inhibit efficiencies and affordability practices at the college/university?

Construction Reform

Please discuss efficiencies gained in FY18 from the 2012 Construction Reform legislation.

Construction reform has been a substantial benefit to Miami University construction projects. Miami has been able to execute over $756,800,000 since 2013 with zero litigation claims, reduced contingency expenditures, and increased quality (measurably fewer punch list and deficient work). The work has been performed with no increase in University staff to support the increase in capital projects executed. These outcomes have allowed Miami University to purchase more work directly benefiting students. Select outcomes and efficiency gains include:

• Average annual construction spending per capital project manager before construction reform was $6,075,625. Average annual construction spending per capital project manager after construction reform is $24,818,000. This represents a 3.6-time improvement in staff productivity (improved another 1.1 times from last fiscal year). Construction reform has resulted in an estimated 80% reduction in monthly paperwork processing time.
• Reduction in contingency funds allocated for work performed after construction reform.
o Contingency allocation before construction reform for renovation work - 15%
o Contingency allocation after construction reform for renovation work - 10%
o Contingency allocation before construction reform for new work - 7%
o Contingency allocation after construction reform for new work - 5%.
o Since construction reform, this equates to more than $48,000,000 in avoided contingency allocation that was either saved or applied to more productive increase in scope of work (an additional $7M since FY17 report).
• Overall reduction in number of change orders and value of change orders as a percentage of construction cost
• Article 8 Claims have been reduced to 0.
• Projects are consistently hitting key interim milestone and completion dates, with many projects running ahead of schedule. During this reporting period, the University managed over $140 million in residence hall work that was completed well ahead of schedule
• Contracts for multiple building projects under one CM allows better buying power and lower first costs.
• Improved overall construction quality since construction reform. Quality outcomes due to best value procurement, with selections based on qualifications as well as price. Best Value Selection allows relationships with contractor to be built on past successes which leads to greater efficiency and eliminates learning curve with University standards, best practice, and working with staff & faculty.
• Shorter time to bring projects to market when the construction manager is hired early in design and bid packages can be sent out prior to full completion of drawings.
• Negotiating a guaranteed maximum price ahead of bidding allows owners to reduce risk and plan project budgets with a higher degree of accuracy.
• Smaller, local subcontractors are encouraged to pre-qualify with the construction manager prior to bidding to promote diversity and inclusion
• CMs substantially improved EDGE participation percentages on projects with their ability to commit personnel to community engagement and support of smaller start-up sub-contractors

Additional Practices

Are there additional efficiency practices your college/university implemented in FY18 to ensure students have access to an affordable and quality education? Please identify.

Section IV: Master Recommendation #1 - Students Must Benefit

For chart #1, please provide the cost savings/avoidance in FY18 ONLY for the three specified categories. For chart #2, of the FY18 cost savings/avoidance to your respective college/university, please provide how much of that cost avoidance/savings was redeployed or invested into initiatives that benefit students and/or promote operational excellence.

NOTES: Please do NOT include cumulative savings as this is for FY18 only. Cumulative savings may be discussed in your above response to each recommendation. Feel free to add additional lines as necessary.

Chart #1:

Category	Recommendation	FY18 (*Actual*)
Cost savings/avoidance to the college/university in FY18 ONLY	3A) Campus Contracts	$529,995
	3B) Collaborative Contracts	$ 1,168,635
	4B) Operations Review	$3,507,211
	5B) Productivity Measure	$ 14,307,393
	5D) Health Care Costs	$1,668,305
	Energy	$1,269,669
	Subtotal of Institutional Efficiency Savings	$22,451,445
New resource generation for the college/university in FY18 ONLY	4A) Asset Review	$1,031,903
	4C) Affinity Partnerships	$3,335,404
	Other	$13,822,514
	Subtotal of New Resource Generation	$18,189,848
Cost savings/avoidance to students in FY18 ONLY	6A) Negotiate Cost	$1,038,487
	6C) Digital Capabilities	$45,719
	7A) Educational Campaign	$1,389,999
	7D) Data Driven Advising	$192,168
	7E) Summer Programs	$1,087,456
	10A) Financial Advising	$3,000,000
	Subtotal of Student Savings	$6,753,829

Chart #2:

Category	Amount Invested in FY18	Explanation
Reductions to the total cost of attendance (tuition, fees, room and board, books and materials, or related costs — such as technology)		
Student financial aid	$17,081,494	
Student success services, particularly with regard to completion and time to degree	$1,876,603	
Investments in tools related to affordability and efficiency		
Improvements to high-demand/high-value student programs	$2,689,852	
Investments in STEM Facilities	$17,081,494	

Section V: Master Recommendation #2 – Five-year Goals

An updated copy of the five-year goal template is attached. Please provide the data to complete the template, including information already provided in Section IV. In addition, if you have any updates or changes that need to be made to your five-year goals submitted in 2016, please update.

See attached MasterRecommendation2. Template to complete.

Miami University - MASTER RECOMMENDATION 2: FIVE-YEAR GOAL FOR INSTITUIONAL SAVINGS AND NEW RESOURCE GENERATION												
Category	Recommendation	Component	Description	Savings from FY12 - FY16	FY 2017 Goal	FY2017 Actual	FY 2018 Goal	FY2018 Actual	FY 2019 Goal	FY 2020 Goal	FY 2021 Goal	Total Goal
	3A	Campus Contracts	Require employees to use existing contracts for purchasing goods and services.	$ 11,456,528	$ 588,000	$ 585,571	$ 538,000	$ 529,995	$ 493,000	$ 473,000	$ 453,000	$ 2,545,000
	3B	Collaborative Contracts	Pursue new and/or strengthened purchasing agreements.	$ 1,800,000	$ 212,000	$ 694,818	$ 262,000	$ 1,168,635	$ 307,000	$ 277,000	$ 297,000	$ 1,355,000
	4B	Operations Review	Conduct assessment of non-academic operations that might be run more efficiently by regional cooperative, private operator or other entity.	$ 8,200,000	$ 800,000	$ 2,070,000	$ 300,000	$ 3,507,211	$ 470,000	$ 360,000	$ 320,000	$ 2,250,000
	5A	Cost Diagnostic[1]	Produce a diagnostic to identify its cost drivers, along with priority areas that offer the best opportunities for efficiencies.									$ -
	5B	Productivity Measure[1]	ODHE should develop a common measurement of administrative productivity that can be adopted across Ohio's public colleges and universities.	$ 11,300,910	$ 1,071,576	$ 3,845,348	$ 2,140,291	$ 14,307,393	$ 3,206,164	$ 4,269,209	$ 5,329,438	$ 16,016,678
	5C	Organizational Structure[1]	Review organizational structure to identify opportunities to streamline and reduce costs.									$ -
	5D	Health Care Costs	Take advantage of economies of scale, a statewide working group should identify opportunities to collaborate on health-care costs.	$ 5,660,153				$ 1,668,542				$ -
	5E	Data Centers	Develop a plan to move their primary or disaster recovery data centers to the State of Ohio Computer Center.	$ 1,633,114					$ 50,000	$ 50,000	$ 50,000	$ 150,000
	5F	Space Utilization	Study the utilization of its campus and employ a system that encourages optimization of physical spaces.		$ -		$ -	$ -	$ 250,000	$ 500,000	$ 750,000	$ 1,500,000
		Energy	Energy Efficiency	$ 2,212,986	$ 132,794	$ 498,176	$ 132,130	$ 1,269,669	$ 131,470	$ 130,812	$ 130,158	$ 657,364
	6A	Negotiate Cost	Professional negotiators must be assigned to help faculty obtain the best deals for textbooks and instructional materials, starting with high-volume, high-cost courses.		$ -	$ 31,724	$ 1,819,270	$ 1,038,487	$ 1,839,687	$ 1,839,775	$ 1,839,775	$ 7,338,506
	6B	Standardize Materials	Encourage departments to choose common materials, including digital elements, for gateway courses that serve large volumes of students.			$ -						$ -
Efficiency Savings	6C	Digital Capabilities	Participate in a consortium to develop digital tools and materials, including open educational resources, that provide students with high-quality, low-cost materials.		$ -	$ 65,847	$ 2,423,964	$ 45,719	$ 2,451,166	$ 2,451,283	$ 2,451,283	$ 9,777,696
	7A	Educational Campaign	Develop a campaign to educate full-time undergraduates about the course loads needed to graduate on time.		$ -	$ 893,420	$ -	$ 1,389,999	$ -	$ 947,826	$ 947,826	$ 1,895,652
	7B	Graduation Incentive	Consider establishing financial incentives that encourage full-time students to take at least 15 credit hours per semester.									$ -
	7C	Standardize Credits for Degree	Streamline graduation requirements so that most bachelor's degree programs can be completed within four years or less		$ -	$ -	$ -	$ -	$ -	$ 4,107,800	$ 4,189,956	$ 8,297,756
	7D	Data Driven Advising	Enhance academic advising services so that students benefit from both high-impact, personalized consultations and data systems that proactively identify risk factors that hinder student success.		$ 308,567	$ 986,319	$ 466,431	$ 192,168	$ 183,861	$ 323,715	$ 535,878	$ 1,818,452
	7E	Summer Programs	Develop plans to evaluate utilization rates for summer session and consider opportunities to increase productive activity.		$ 887,552	$ 1,039,407	$ 905,303	$ 1,087,456	$ 923,409	$ 941,877	$ 960,715	$ 4,618,856
	7F	Pathway Agreements	Develop agreements that create seamless pathways for students who begin their educations at community or technical colleges and complete them at universities.		NA	NA	NA	NA	NA	NA	NA	NA
	7G	Competency Based Education	Consider developing or expanding programs that measure student success based on demonstrated competencies instead of through the amount of time students spend studying a subject.		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	8	Program Review (duplicative programs)	Consider consolidating programs that are duplicated at other colleges and universities in their geographic area.		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	10A	Financial Advising	Make financial literacy a standard part of students' education.			$ 1,200,000		$ 3,000,000				$ -
			Subtotal Student Savings	$ -	$ 1,196,119	$ 4,216,717	$ 5,614,968	$ 6,753,829	$ 5,398,123	$ 10,612,276	$ 10,925,433	$ 33,746,918
			Subtotal Institutional Efficiency Savings	$ 42,263,691	$ 2,804,370	$ 7,693,913	$ 3,372,421	$ 22,451,445	$ 4,907,634	$ 6,060,021	$ 7,329,596	$ 24,474,042
			Subtotal All Savings	**$ 42,263,691**	**$ 4,000,489**	**$ 11,910,630**	**$ 8,987,389**	**$ 29,205,274**	**$ 10,305,757**	**$ 16,672,297**	**$ 18,255,029**	$ 58,220,960

Category	Recommendation	Component	Description		FY 2017	FY2017 Actual	FY 2018	FY2018 Actual	FY 2019	FY 2020	FY 2021	Total Goal
New Resource Generation	4A	Asset Review	Conduct an assessment of non-core assets to determine market value if sold,, leased or otherwise repurposed.		$ 664,471	$ 132,587	$ 714,471	$ 1,031,903	$ 164,471	$ 164,471	$ 164,471	$ 1,872,355
	4C	Affinity Partnerships	Upon determining assets and operations that are to be retained, evaluate opportunities for affinity relationships and sponsorships.		$ 3,154,762	$ 3,180,333	$ 3,154,762	$ 3,335,404	$ 3,154,762	$ 3,154,762	$ 3,154,762	$ 15,773,810
		Other Revenue	Other Resource Generation	$ 24,114,041	$ 6,348,726	$ 5,898,182	$ 10,672,523	$ 13,822,541	$ 12,001,562	$ 17,001,562	$ 22,001,562	$ 68,025,935
			Subtotal New Resource Generation	**$ 24,114,041**	**$ 10,167,959**	**$ 9,211,102**	**$ 14,541,756**	**$ 18,189,848**	**$ 15,320,795**	**$ 20,320,795**	**$ 25,320,795**	$ 85,672,100
			TOTAL OF COMBINED INSITUTIONAL OPPORTUNITIES FOR STUDENT AFFORDABILITY	**$ 66,377,732**	**$ 12,972,329**	**$ 16,905,015**	**$ 17,914,177**	**$ 40,641,293**	**$ 20,228,429**	**$ 26,380,816**	**$ 32,650,391**	$ 110,146,142

SPECIFIC RE-DEPLOYMENT OF SAVINGS TO STUDENTS: Please use the space below to describe, in detail, how you plan to re-deploy institutional resources that are saved and/or generated through the task force components outlined above.

		FY 2017	FY2017 Actual	FY 2018	FY2018 Actual	FY 2019	FY 2020	FY 2021	Total Goal
Increase undergraduate student financial aid	$ 31,809,204	$ 8,000,000	$ 10,729,821	$ 14,000,000	$ 17,081,494	$ 20,000,000	$ 25,000,000	$ 30,000,000	$ 97,000,000
Student Success Collaborative	$ 355,000	$ 161,000	$ 315,047	$ 161,000	$ 1,876,603	$ 161,000	$ 161,000	$ 161,000	$ 805,000
Investments in STEM facilities	$ -	$ 4,000,000	$ 19,730,000	$ 3,000,000	$ 18,372,122	$ -	$ -	$ -	$ 7,000,000
Investments in faculty for high demand programs	$ -	$ 727,549	$ 727,549	$ 1,451,480	$ 2,689,852	$ 2,171,771	$ 3,088,460	$ 3,801,567	$ 11,240,827
Total	$ 32,164,204	$ 12,888,549	$ 31,502,417	$ 18,612,480	$ 40,020,071	$ 22,332,771	$ 28,249,460	$ 33,962,567	$ 116,045,827

Notes:

1. Savings attributable from initiatives falling under components 5A, 5B and 5C are all shown under 5B.

SIGNIFICANT CHANGE(S) IN 5-YEAR GOALS FROM FY16 SUBMISSION TO FY18 SUBMISSION: Please use the area below to describe, in detail, significant deviation in your institution's 5-year goals from the FY16 submission to the FY17 submission, if applicable.

December 14, 2018
Finance and Audit

APPROPRIATION ORDINANCE O2019-01
Appropriation Ordinance 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 recommended that the increase from $1,050 to $1,150 be delayed; and

WHEREAS, despite the Farmer School of Business Top 25 ranking and stable price in the prior year, market conditions and declining MBA admission applications do not support another price increase.

NOW, THEREFORE, BE IT ORDAINED: that the Board of Trustees of Miami University approves a tuition rate of $1,050 per credit hour for the Miami PMBA for the fall 2019 cohort.

Approved by the Board of Trustees
December 14, 2018

T. O. Pickerill II
Secretary to the Board of Trustees

December 13, 2018
Finance and Audit

Resolution R2019 - 16
Review to Practice Standards Policy

WHEREAS, the Board of Trustees in 2005 adopted a Practice Standards policy for all financial services providers doing business with the University; and

WHEREAS, improvements in corporate and industry ethics reporting provide greater assurance today and make it simpler to affirm compliance with the policy

NOW, THEREFORE, BE IT RESOLVED: that the Miami University Board of Trustees adopts the revisions to the Practice Standards policy for financial services providers doing business with Miami University as shown in the attached policy statement.

Approved by the Board of Trustees
December 14, 2018

T. O. Pickerill II
Secretary to the Board of Trustees

SUMMARY OF PRACTICE STANDARDS
MIAMI UNIVERSITY
Updated December 2018

Miami University (referred to herein as the "University") has the following expectations for its financial services providers, including investment management firms, investment consultants, banks, and other similar financial providers.

- Financial services providers are expected to conduct themselves with integrity and honesty in their dealings with the University, with all other clients and customers, with their employees, and with their peers.

- Financial services providers are expected to comply with the spirit as well as the letter of all applicable laws, rules, and regulations governing their professional, financial, and business activities. They are expected not to knowingly participate in, or assist, any acts that violate any applicable laws, rules, or regulations.

- Financial services providers are expected to have in place a governance structure that effectively promotes ethical principles of behavior.
    - For public companies, the governance structure must comply with the regulatory requirements established by the SEC, the NYSE and/or other regulatory agencies, as applicable.
    - For private companies, the governance structure is expected to include a board of directors, an audit function, and a compliance function, all of which have the authority to exercise independent judgment in carrying out their responsibilities.
    - Financial services providers are expected to fully disclose and explain their corporate governance structure to the University, and to inform the University of any changes in the governance structure when they occur.

- Financial services providers are expected to have a code of business conduct and ethics in effect, to share their code with the University, and to disclose to the University any waivers and/or violations of the code. Providers are expected to proactively promote ethical behavior in their organization.

- Financial services providers are expected to place the interests of their clients ahead of their own personal or corporate interests. Therefore, the codes of business conduct and ethics adopted by financial services providers should include, at a minimum:
    - Prohibition against conduct involving dishonesty, fraud, deceit, or misrepresentation.
    - Prohibition against activities in which conflicts of interest either exist or may be perceived to exist.
    - Prohibition against use of corporate property, information, or position for personal gain.

- Financial services providers are expected to deal fairly with their customers, suppliers, competitors, and employees. Specifically, insider trading is both unethical and illegal and is not to be tolerated.

- Financial services providers are expected to establish a compensation philosophy that provides incentives for management and employees to achieve performance goals while at the same time maintaining a high standard of accountability and ethical behavior.

- Financial services providers are expected to maintain the confidentiality of information entrusted to them by the University, and not to disclose such information unless disclosure is authorized by the University or is legally mandated.

- Financial services providers are expected to promptly and fully disclose to the University any significant violations of the above expectations that affect the University's relationship with the provider. Disclosure is expected to include the specific activities that took place, the context in which they occurred, and the actions taken by the provider to correct the situation.

The University recognizes that it does not have available to it the resources which would be necessary for it to audit its financial services providers to determine that they meet these expectations. Accordingly, by providing services to the University, financial services providers accept responsibility for ensuring that their operations and services meet these expectations. All University Requests for Proposals (RFPs) and contracts for financial services shall require financial service providers to provide to the University at the time of engagement of their services and thereafter annually or otherwise upon request by the University a copy of a code of ethics or, if appropriate, the SEC Form ADV Part 2 which includes firm disclosures and updates regarding disciplinary information, code of ethics, and other related internal policies.

SUMMARY OF PRACTICE STANDARDS
MIAMI UNIVERSITY
Updated ~~August 31, 2005~~December 2018

Miami University (referred to herein as the "University") has the following expectations for its financial services providers, including investment management firms, investment consultants, banks, and other similar financial providers.

- Financial services providers are expected to conduct themselves with integrity and honesty in their dealings with the University, with all other clients and customers, with their employees, and with their peers.

- Financial services providers are expected to comply with the spirit as well as the letter of all applicable laws, rules, and regulations governing their professional, financial, and business activities. They are expected not to knowingly participate in, or assist, any acts that violate any applicable laws, rules, or regulations.

- Financial services providers are expected to have in place a governance structure that effectively promotes ethical principles of behavior.
  - For public companies, the governance structure must comply with the regulatory requirements established by the SEC, the NYSE and/or other regulatory agencies, as applicable.
  - For private companies, the governance structure is expected to include a board of directors, an audit function, and a compliance function, all of which have the authority to exercise independent judgment in carrying out their responsibilities.
  - Financial services providers are expected to fully disclose and explain their corporate governance structure to the University, and to inform the University of any changes in the governance structure when they occur.

- Financial services providers are expected to have a code of business conduct and ethics in effect, to share their code with the University, and to disclose to the University any waivers and/or violations of the code. Providers are expected to proactively promote ethical behavior in their organization.

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  - Prohibition against conduct involving dishonesty, fraud, deceit, or misrepresentation.
  - Prohibition against activities in which conflicts of interest either exist or may be perceived to exist.
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The University recognizes that it does not have available to it the resources which would be necessary for it to audit its financial services providers to determine that they meet these expectations. Accordingly, by providing services to the University, financial services providers accept responsibility for ~~i~~ensuring that their operations and services meet these expectations. All University Requests for Proposals (RFPs) and contracts for financial services shall require financial service providers to~~will~~ provide to the University at the time of engagement of their services and thereafter annually or otherwise upon request by the University a ~~written statement confirming that they have reviewed the above expectations and that their procedures, rules and policies are such that they comply with this Summary of Practice Standards and meet these expectations. Such written statement shall include also an undertaking that they will provide the University with written notice of any subsequent changes in or violations of their procedures, rules and policies which would constitute a violation of the expectations set forth in this policy statement above.~~copy of a code of ethics or, if appropriate, the SEC Form ADV Part 2 which includes firm disclosures and updates regarding disciplinary information, code of ethics, and other related internal policies.

Reporting Update
Item 1

REPORT ON CASH AND INVESTMENTS
Finance and Audit Committee
Miami University
December 13, 2018

Non-Endowment Fund

For the first fiscal quarter ending September 30, 2018, the non-endowment's return was +1.0%. There was significant activity during the quarter as Strategic Investment Group assumed discretion and began to reconfigure the portfolio toward the new investment policy. Substantial progress was made toward tactical targets, and most of this restructuring is expected to be completed by the end of December.

At September 30, the Operating Cash balance was over $141 million. During the quarter, $15 million was rebalanced from Operating Cash to Long Term Capital. Additional rebalancing will be considered after second semester receipts are collected.

Current Funds	**Fair Value**	**% of Portfolio**
Operating Cash (Tier I):		
Short-term Investments*	$141,438,175	20%
Core Cash (Tier II):		
Short-Term Bonds	$ 49,787,587	7%
Special Initiatives	$ 50,191,951	7%
Total Core Cash (Tier II):	$ 99,979,538	14%
Long-Term Capital (Tier III):		
Equity Investments	$221,569,325	31%
Debt Investments	$ 37,658,377	5%
Absolute Return	$ 81,517,954	11%
Cash	$127,388,938	18%
Other**	$ 10,033,609	1%
Total Long-Term Capital (Tier III)	$478,168,203	66%
Total Current Fund Investments	**$719,585,916**	**100.0%**

* not included on performance report
** includes internal loans & Cintrifuse Syndicate Fund II

Endowment Fund

Preliminary investment returns were +1.9% for the September quarter (This figure excludes the private programs which report on a significant time lag.) There was significant activity during the quarter as Strategic Investment Group assumed discretion and began to reconfigure the portfolio toward the new investment policy. Substantial progress was made toward tactical targets, and most of this restructuring is expected to be completed by the end of December.

Investment performance for the recent quarter was aided by public equity returns, up 3.5%. Estimated return for the calendar year to date, excluding private capital, is +2.5%.

The Miami University Foundation Investment Committee met on November 7th to review activity related to the implementation of its new investment allocation.

Bond Project Funds

Construction activity continued steadily during the summer and into the fall. Approximately $17.4 million in draws were made during the September quarter. As of September 30, 2018, the balances were as follows:

Plant Funds

Series 2014 Bond Project Fund	$ 139,872
Series 2017 Bond Project Fund	$47,710,784
Total Plant Funds	**$47,850,656**

Attachments

Non-endowment Performance Summary as of 9/30/2018

MUF Performance Summary as of 9/30/2018

Reporting Update
Item 2

To: Finance and Audit Committee

Barbara K. Jena

From: Barbara K. Jena, Chief Audit Officer

Subject: **Internal Audit & Consulting Services -** Internal Audit Issues

Date: November 15, 2018

This is IACS's semiannual report of internal audit issues. As shown in the table below, since April 2018, four issues have been added and eleven closed. Five issues classified as high-risk were closed. The two remaining high-risk issues arose in the May 2017 audit of pledge financial accounting. Four new moderate-risk issues arose in the following audits:

- Electronic Door Access Control
- Health Services Accounting
- Campus Services Physical Inventory

Please see summaries of all open internal audit issues on pages 2-8. Summaries of the closed issues are on pages 9-12.

Audit Issue Status

Risk Level	Open audit issues 4/27/2018	Added	Closed	Open audit issues 11/15/2018
High	7	0	5	2
Moderate	8	4	4	8
Low	7	0	2	5
Total	22	4	11	15

Attachments

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
1	**150.2** - Audit of Pledge Financial Accounting - 5/2017	5/26/2017	10/31/2018	High	Finance & Business Services	IACS recommends that Treasury Services work with University Advancement and Office of the Controller to: a. Strengthen internal controls and verify information recorded by University Advancement for large gifts. Special attention should be given to: i.Entity - Miami University or Miami University Foundation, as specified by the donor ii.Conditional pledges - should be excluded from pledges receivable in published financial reports iii.Fund - Expendable versus endowment, as specified by the donor b. Record correcting entries for errors noted in this audit report related to entity, conditional pledges, and fund. Corrections should consider both gift fund balances and outstanding pledges receivable.	Cyndi Ripberger, Associate Director of Investments and Treasury Services	IACS performed a follow-up review 4/2018 and closed point "b" of this recommendation. In a subsequent 4/2018 status update, the Associate Director of Investments and Treasury Services stated, "Internal control changes discussed jointly with Finance and Advancement are being used. A detailed flowchart designed for gift commitments has been formulated and is in use by the Director of Stewardship. Finance and Advancement have staff on a joint committee that regularly reviews gifts/pledges that meet the newly formed Criteria for Mandatory Review and have a "sign-off" policy in place. All gift/pledge documentation is presented to the committee for review prior to discussion. Discussions include identifying CASE accounting vs GAAP accounting, entity, fund structure, conditional pledges, and any corporate gift that may need to be reviewed for exchange components. I would consider this recommendation as completed with the ongoing knowledge that this process can be modified to continually improve as detemined by the joint Finance/Advancement committee." IACS completed another follow-up review 10/2018 regarding point "a" and determined that the audit issue remains open. Although controls have been strengthened through a joint committee of Finance and Advancement staff that regularly reviews gifts/pledges that meet "Criteria for Mandatory Review", exceptions were noted in audit sampling. Specific exceptions noted were further described in a document issued to management and are primarily caused by recording pledges prior to the finalization of gift agreements. There is a lack of clarity regarding entity due to use of a Gift Commitment Form that specifies commitment to the Foundation, in cases where the donor specifies MU. In addition, reminders (invoices) instruct the donor to make payment to Miami University/Foundation, rather than one entity or the other. As such, this issue remains open. 90%

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
2	**150.3** - Audit of Pledge Financial Accounting - 5/2017	5/26/2017	11/30/2018	High	Finance & Business Services	To increase reporting transparency, IACS recommends that Treasury Services work with University Advancement to prepare annual reconciliations between published financial reports and fundraising totals reported by University Advancement. Reconciliations should be prepared for both MU and MUF and address the following components: a. Revenue - gift revenue in the published financial reports to University Advancement's fundraising attainment (i.e., new pledges plus new outright gifts) in the fiscal year. b. Pledges receivable - pledges receivable in the published financial reports to University Advancement's pledges outstanding balance at fiscal year-end.	Cyndi Ripberger, Associate Director of Investments and Treasury Services	Management concurred and in a 4/2018 status update, the Associate Director of Investments & Treasury Services stated, "I would consider this about 90% complete. Advancement and Finance have complete listings supporting figures both in the financial report and as well as Advancement reported figures. Finance has reviewed the entire Advancement detail and has found nothing that appears unreconcilable. We are jointly in the process of classifying variances into quantifiable categories--the most difficult being the variance between finance computing a net pledge receivable which is subject to a present value calculation over the life of a pledge as well as applying a discount for uncollectibility vs Advancement recording at gross when the pledge is initially received. Other variances such as Advancement reporting bequests as they are identified vs Finance only recording upon actual receipt is a much easier quantifiable total. The updated completion date is 6/30/18." In an 8/2018 update, the Associate Director of Investments & Treasury Services stated that she and the Senior Director Compliance and Gift Processing have not completed the reconciliation. Staffing issues and other work priorities were cited as causes. As such, this issue remains open. 90%
3	**135.3** - Financial Audit of Miami Mock Trial - 2/2016	2/19/2016	2/1/2019	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.	Gary Cornett, Controller	Management concurs and has taken action to address points "a" and "b" of this issue. In an 11/2018 update, the Controller stated the following about the two remaining points: "Because of inactivity, deficits in student organization funds were not addressed until after fall semester 2018 commenced. Funds with activity to work down deficit balances will be maintained as long as there is activity. A regular process to record journal entries to clear funds with no acitivity were made starting November 1. All such funds will be reviewed monthly and those with no activity for three consecutive months will be disabled and cleared by charging a student affairs fund." These actions should resolve the issue. IACS will schedule another follow-up review to verify 2/2019. 80%
4	**155.2** - ACH Fraud Investigation - 9/2017	9/13/2017	12/31/2018	Moderate	Finance & Business Services	IACS recommends the Controller strengthen segregation of duties by taking the following actions: a. Segregate staff duties between vendor setup and vendor payment. Employees who are assigned responsibilities in the vendor setup process should be limited to Query rights to any related system interfaces in the vendor payment process, and vice versa. b. Implement an effective mitigating control in the case of wire transfers, where vendor setup may not be segregated from vendor payment in the Western Union Global Pay system. To ensure the accuracy and legitimacy of wire payment orders, the approver should match the payment information in Global Pay with the corresponding approved Buyway invoice.	Gary Cornett, Controller	Management provided the following status update 11/2018: "Accounts Payable personnel with access to initiating and creating vendor payments do not have access to create a new vendor and maintenance to an existing vendor. Those accounts payable personnel with access to create a new vendor do not have access to the ability to initiate vendor payments. This is effective as of November 1, 2018. This adequately segregates these duties." IACS will schedule a follow-up audit to verify 1)segregation of duties between vendor set-up and vendor payment; and 2) the approver matches the payment information for wire transfers in Global Pay with the corresponding approved Buyway invoice. 99%

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
5	**145.2** - Audit of Marching Band Funds - 10/2017	10/18/2017	12/1/2018	Moderate	Finance & Business Services	(This is a University-wide issue extending beyond the Marching Band.) IACS recommends Human Resources management strengthen internal control over hiring independent contractors: d. Establish and execute procedures for ensuring the OPERS PEDACKN form* is completed by the independent contractor not later than 30 days after services begin, and retained centrally by the University (in original hard copy). Procedures on HR forwarding a copy of the PEDACKN to OPERS should also be included. *OPERS is the Ohio Public Employees Retirement System, and PEDACKN is the Independent Contractor/Worker Acknowledgment form OPERS requires be completed <https://www.opers.org/forms-archive/PEDACKN.pdf>. e. Review, and revise as necessary, procedures for hiring an independent contractor posted on the University's Human Resources, Academic Personnel Services, and Accounts Payable web pages to ensure consistency. This should include considering consolidation of the three Professional Services Agreement forms into one if the form will continue to be utilized. f. Provide the option for individuals to retrieve and submit independent contractor related forms electronically (where allowable) to expedite the hiring process. Ensure such methods meet the requirements of the Information Security Office for data privacy and security.	Theresa Murphy, Director of Employment	IACS completed a follow-up review 8/2018. Management implemented procedural changes May 1, 2018 and point "d" was considered closed, while additional work was in process related to points "e" and "f". as further discussed below: d. According to the procedures, Human Resources and Academic Personnel collect completed OPERS forms as part of the required documentation from departments. The centrally collected forms are to be submitted monthly to OPERS. e. The revised procedures are now posted centrally on a dedicated web page under Academic Personnel. Users looking for independent contractor information on Human Resources and Accounts Payable's websites are now directed to the Academic Personnel page. In addition, the three Professional Services Agreement forms were consolidated into one. However, this point remains open as management is in process of resolving the issue of a policy posted on Accounts Payable's website (Non-Employee Payments Policy) not being in alignment with the procedural changes for hiring an independent contractor. As stated in an 11/2018 update, plans are to pull down the website conflicting information. f. In an 11/2018 update, management stated, "Meeting with Info Security has occurred. Solution has been reached by merging issue with E in Buyway, removing social security number from the Professional Services Agreement and utilizing "file locker" on the Miami University IT website for the distribution and receipt of confidential data. The individual who is providing the service for us is sent a confidential access code to file locker. This allows them to submit their information confidentially." Point "f" is considered closed as of 11/14/2018. 95%
6	**168.1** - Audit of Credit Memos - 2/2018	2/22/2018	12/1/2018	Moderate	Finance & Business Services	To reduce costs, IACS recommends Accounts Payable manage credit memos on a University-wide scale, and finalize related policy and procedures. The policy and procedures should address the following points and be communicated widely for both Accounts Payable and University department staff use. 1.Establish a mechanism to detect and resolve issues where the automated Banner (Miami's ERP system) process for matching outstanding credit memos to open invoices from the same vendor is ineffective. This should include working with University departments and vendor representatives to match credit memos to invoices University-wide. 2.Develop a method to reasonably determine when it is unlikely a credit memo will be used to offset any future invoices, and request cash payment in exchange for the credit memo. 3.Work with General Accounting to develop a method to reasonably estimate unrealizable credit memos for write-off.	Irena Chushak, Director of Payroll and Payables	In an 11/2018 update, management shared the "Credit Memo Processing Policy" that has been written and is in place; however, the website needs to be updated to communicate widely. IACS will review the policy and schedule a follow-up review in FY19. 90%

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
7	**163.1** - Electronic Door Access Control - 5/2018	5/7/2018	12/1/2018	Moderate	Finance & Business Services	IACS recommends Finance and Business Services IT (FBS IT) management finalize and document formal internal policies and procedures for administering the electronic door access system. This documentation should include policies and procedures that, at a minimum, address the following: - separation of duties controls whereas changes are not made by system administrators without specified approval; - user access not managed by building points of contact (e.g., access for FBS IT staff, independent contractors, senior University administrators, etc.); - custody and control of generic ID cards (e.g., MUPD Keys to the Kingdom); and comprehensive naming conventions and code definitions (e.g., building code BRN = Brandon Hall). This documentation should be made readily available and communicated to the applicable staff, describe the procedures as they are intended to be performed, indicate which employees are to perform which procedures, and be reviewed and updated periodically.	Angeline Smith, Administrator of Campus Cards	Management concurred stating, "We agree with IACS recommendation to finalize and document formal policies and procedures for administering electronic door access. FBS IT will continue its current efforts to finalize and document such policies and procedures and expect to be completed by the end of November 2018." In an 11/8/2018 status update, management reported that they are on track to complete the policies and procedures for administering the electronic door access system by the end of November 2018. 75%
8	**165.1** - Audit of Health Services Accounting	8/1/2018	1/30/2019	Moderate	Finance & Business Services	Perform monthly accounts receivable reconciliations. The Controller's Office should assign responsibility for reconciling the TriHealth accounts receivable balance on a monthly basis. Doing so will improve the reliability of financial information and compliance with University procedures.	Linda Manley, Assistant Controller	Management concurred and in an 11/2018 update stated, "Jeff Pidcock created a BI analysis using course revenue to facilitate the daily reconciliation process. Tim Kresse will train Karen Kammer on the use of this BI analysis. In addition, a student worker wil be hired to assist Karen in the daily reconciliation. Linda Manley will include this daily reconcilation information into her monthly A/R reconciliation. Student Health Services plans to implement the BI analysis tool and be completely reconcilled by January 30, 2019." IACS will schedule a follow-up audit after processes are in place to perform monthly reconciliations. 45%
9	**165.2** - Audit of Health Services Accounting	8/1/2018	1/30/2019	Moderate	Finance and Business Services	Implement procedures requiring approval of large billing adjustments. The Controller's Office should work with Student Affairs to implement procedures requiring approval of large billing adjustments prior to booking such journal vouchers. Amounts considered large and who should approve within Student Affairs senior management (Assistant VP for Student Wellness or Director of Budget and Technology) should be predetermined.	Linda Manley, Assistant Controller	Management concurred and in an 11/2018 update stated, "Any financial adjustments to the Student Health Services of $10,000 or more must reviewed and approved by either the Assistant Vice President for Health and Wellness in the Division of Student Life or Director of Student Life Budget and Technology." IACS will schedule a follow-up audit to verify approval procedures have been implemented after the related audit issue 165.1 is also resolved. 99%

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
10	**180.1** - Campus Services Physical Inventory - 9/2018	9/6/2018	2/1/2019	Moderate	Finance & Business Services	IACS recommends Campus Services management establish a comprehensive physical inventory count process for Campus Services units holding inventory for resale. An overall framework of the process should be established for Campus Services, and be adapted to the various inventory types and needs of each unit to eliminate gaps in current processes. Particular attention should be made to comparing count results to recorded quantities on-hand and researching discrepancies prior to approving on-hand balance adjustments. Subsequently, corrective actions should be taken to prevent any errors in the future. The framework and associated policy and procedures should be formally documented, communicated to the necessary parties, and reviewed for execution. Management should also consult with the Office of the Controller to ensure the established process meets the guidelines and requirements for fiscal year-end inventory reporting. To help management successfully establish the inventory count process, IACS also recommends management consult the U.S. Government Accountability Office's (GAO) framework and guide on establishing a comprehensive physical inventory process– Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property. This document can be found on the GAO's (formerly General Accounting Office) website at the following link: https://www.gao.gov/products/GAO-02-447G. IACS recommends Campus Services consider implementing the key factors discussed in the guide.	Lori Cramer, Sr Director of Operation Planning & Business Development	Management concurred and provided an 11/2018 status update of actions taken and in progress. 50%
11	**132.1** - Audit of Confucius Institute - 8/2016	8/15/2016	12/31/2018	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.	Cheryl Young, Assistant Provost	IACS completed a follow-up audit 12/2017 and concluded that item "d" in the original recommendation remains open while others are considered closed. In a 4/2018 update, the Assistant Provost stated, "The manager of administrative services for GLI has provided detailed instructions and ongoing training to the Confucius Institute program associate and CI director on proper use of account codes. A stop gap measure has been put in place for approvals in Buyway in that the manager of administrative services has to review and provide approval in writing to the CI director before requests can be approved by her. All transactions in JP Morgan are scrutinized to ensure the appropriate account code is being used. When used inappropriately, documentation in writing is provided on the reason for the error as well as training materials. 100% complete." IACS will scheduled another follow-up audit in FY 2019 after the 2017 annual financial information has been finalized in the Hanban system. 99%

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
12	**132.2** - Audit of Confucius Institute - 8/2016	8/15/2016	12/31/2018	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.	Cheryl Young, Assistant Provost	IACS performed a follow-up audit 12/2017 and noted continued need for improvements related to reporting cost sharing. In a 4/2018 status update, the Assistant Provost stated, "The manager of administrative services for GLI met with Linda Manley and Paula Murray to set out the appropriate way to report cost sharing to Hanban. With the 2017 year and moving forward, cost sharing will be reported by totaling the director salary and benefits, costs paid out of GLI indexes in relation to CI costs, as well as 44% of the total expenses charged to the grant. 100% complete." IACS will scheduled another follow-up audit in FY 2019 after the 2017 annual financial information has been finalized in the Hanban system. 99%
13	**144.3** - Audit of Miami University Dolibois European Center - 6/2017	6/12/2017	6/12/2019	Low	Academic Affairs	Continue to explore the establishment of a charitable foundation or trust in Luxembourg until a final decision is reached. To increase giving from European alumni, parents, and friends, IACS recommends that the Dean continue to explore the establishment of a charitable foundation or trust in Luxembourg by working with the Vice President for University Advancement or his delegate. Also, confer with Provost, other MU senior management, and the MU and Foundation Boards, as appropriate, and document reasons for or against establishing a Luxembourg charitable foundation or trust. Continue until a final decision is reached.	Thierry Leterre, Dean and Professor of Political Science	In February 2018, Dean Leterre provided a document as recommended, identifying reasons for or against establishing a foundation. The audit issue has remained open pending a final decision. Senior management has not expressed any pressing need to develp a European foundation for MUDEC, but has not ruled it out. 75%
14	**169.1** - Financial Audit of the Music Program - 1/2018	1/5/2018	6/30/2019	Low	Academic Affairs	As the department chair shares responsibility for the security and appropriate use of a cardholder's purchasing card (P-Card) usage, IACS recommends the Department of Music Chair (or authorized delegate) approve P-Card purchases only after the required business details are properly disclosed and reviewed, and it has been determined that the cardholder has used their assigned card in compliance with University policies and procedures. It is also recommended the Chair work with Accounts Payable to provide training for faculty and staff within the Department of Music on appropriate P-Card usage and travel expense reporting. In addition, it is recommended the Chair request Mr. Smolder and Ms. McAlister reimburse the University for domestic travel insurance purchased for themselves with their P-Cards, including the $119 in total noted in this audit report.	Chris Tanner, Interim Chair, Dept of Music	The Interim Chair, Department of Music, concurred and provided the following status update 11/2018: "As Interim Chair of the Department of Music, I have requested that my Administrative Assistant review each transaction on Schmidt P-Cards to ensure compliance. In November 2018, we have a vacancy in that Administrative Assistant position, and so I am personally reviewing transactions. Once the vacancy is filled, I will train the new employee to properly review all Schmidt P-Card transactions for compliance. Mr. Smolder and Ms. McAlister completed a P-Card training session with representartives from Accounts Payable on May 10, 2018. Mr. Smolder and Ms. McAlister both reimbursed the university for domestic travel insurance purposes, as per this agreement. These reimbursements were made in Spring 2018." IACS scheduled a follow-up audit during FY 2019 to verify appropriate actions has been taken. 99%

Open Internal Audit Issues

Line	Audit Name And Date	Date Opened	Date Due	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
15	**169.2** - Financial Audit of the Music Program - 1/2018	1/5/2018	6/30/2019	Low	Academic Affairs	For accurate financial reporting, IACS recommends that expenses be charged to the correct account number based on General Accounting's account code definitions. These definitions are available on General Accounting's website at http://www.units.miamioh.edu/controller/prod/general_accounting/docs_forms/Expense_Account_Code_Definitions.htm.	Chris Tanner, Interim Chair, Dept of Music	The Interim Chair, Department of Music, concurred and provided the following status update 11/2018: "To my knowledge, and to the knowledge of my previous Adminsrative Assistant, Shannon Schweitzer, proper accounting codes were and are being used. As sated above, once a new Adminstrative Assistant is in place, I will train him or her to properly review all Schmidt P-Card transactions for compliance." IACS scheduled a follow-up audit during FY 2019 to verify appropriate actions has been taken. 99%

Closed Internal Audit Issues

Line	Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
1	**104.2** - Audit of Academic Record Updates - 7/2015	7/28/2015	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.	Amanda Euen, Interim University Registrar	This issue was a compliance matter relating to a federal regulation that requires the University to document if a student began attendance in any class. IACS completed a follow-up review 10/2018 and determined that procedures have been established to document if a student began attendance in any class. Effective Fall Semester 2018-19 (201910), faculty report attendance information in Photo Roster and the data is stored in Banner. Comment closed 10/17/2018.
2	**104.3** - Audit of Academic Record Updates - 7/2015	7/28/2015	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. *Note: In a 9/18/2017 EMSS meeting, the University Registrar stated that his current plans are to base the student's withdrawal date on the date that "the student began the withdrawal process" rather than last date of attendance; as such, "last date of attendance or never attended information" is not required on the form. IACS concurred, stating that using the date that "the student began the withdrawal process" would comply with Title IV regulation section 668.22 for determining a student's withdrawal date.	Kim Ernsting, Director for Student Success	IACS completed another follow-up review 8/2018. In prior reviews all points were closed except for points "a.i" and "a.ii". Both these points are now also closed as summarized below: A standardized withdrawal form for all campuses and withdrawal scenarios was deployed 6/5/2018. A link to the form is located on a One Stop webpage with related information. The electronic form captures key identifying student information and includes reason for withdrawal. The date submitted documents when the student began the withdrawal process. If the student is unable to submit the form, it can be submitted by an authorized administrator. After the withdrawal is updated in Banner, the processor and date is documented. Comment closed 8/8/2018.
3	**117.1** - Securing Confidential Information-Procedure Review- 1/2015	1/16/2015	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	Regarding objectives one and two, the Assistant VP for Security, Compliance & Risk Management (ISO) reported in 8/2018 that 3,429 of 4,916 employees (70%) have completed the training. Management acknowledges that it is considered a best practice to require all employees receive information security awareness training; however, due to issues associated with enforcement, accepts the risk for not making the training a requirement for all staff. Appropriate training will be required for those staff to comply with Payment Card Industry Data Security or other applicable standards. All other staff and student employees will be encouraged, but not required, by IT Services to take annual updates of security awareness training offered by IT Services. Objectives three and four were addressed in the MU Confidential Information Guidelines and Technical Standards document, posted on the ITS website. IACS closed this issue 11/15/2018 with the understanding that management accepts the risk as described above.

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4	**145.1** - Audit of Marching Band Funds - 10/2017	10/18/2017	High	Finance & Business Services	(This is a University-wide issue extending beyond the Marching Band.) IACS recommends Human Resources management strengthen internal control over hiring independent contractors: a. Enforce the policy whereas Human Resources (or Academic Personnel Services when applicable) must make the determination whether individuals intending to provide services to the University meet the guidelines of an independent contractor. b. Enforce the policy whereas an independent contractor may not begin rendering services until after Human Resources (or Academic Personnel Services when applicable) has provided written authorization to do so. c. Establish a reasonable basis for classifying an individual as an independent contractor by documenting evidence of the degree of control and independence information that was considered. IRS Form SS-8 <https://www.irs.gov/pub/irs-pdf/fss8.pdf> could be used as a guideline for reinstating a checklist for determining worker status.	Theresa Murphy, Director of Employment	IACS completed a follow-up review 8/2018. Management implemented procedural changes May 1, 2018 and this issue was closed 8/6/2018 as further discussed below: a. Changes now enable Human Resources or Academic Personnel to make the determination for administrative and academic departments as to whether individuals intending to provide services to the University meet the guidelines of an independent contractor. The procedural changes were communicated widely to both administrative and academic leadership, and a new centralized web page was developed under Academic Personnel to facilitate the process. The Office of General Counsel is working to implement a process for certain types of student organizations, whereas the Student Activities and Cliff Alexander Office for Fraternity and Sorority Life will be responsible for making the determination. b. Departments are now required to initiate the process for requesting the services of an independent contractor at least four weeks in advance of the desired service date. The procedural changes were communicated widely to both administrative and academic leadership, and a new centralized web page was developed under Academic Personnel to facilitate the process. c. Two online forms were implemented to capture sufficient information to establish a reasonable basis for classifying an individual as an independent contractor. The forms document evidence of the degree of control and independence information that was considered in making the classification.
5	**150.1** - Audit of Pledge Financial Accounting - 5/2017	5/26/2017	High	Finance & Business Services	IACS recommends Treasury Services: a. Implement internal control oversight of University Advancement to distinguish exchange transactions from contributions in compliance with both GAAP and CASE standards. b. Work with University Advancement staff to reverse the pledges related to exchange transactions and properly account for revenues generated from these contracts. More specifically, IACS recommends: i. Reverse the pledges receivable associated with the IMG contract (pledge number 550054 and 559697) and the Mercy Health contract (pledge number 554657). ii. Recognize the Mercy Health $833K installment payments annually as earned by MU. Record as Intercollegiate Athletics operating revenue, rather than gift revenue.	Cyndi Ripberger, Associate Director of Investments and Treasury Services	IACS performed a follow-up review 4/2018 and concluded that action was taken effective FY 2017 to close point "b" of this recommendation. IACS completed another follow-up review 10/2018 regarding point "a" and determined that internal control oversight to distinguish exchange transactions from contributions in compliance with GAAP standards has been strengthened. IACS also followed-up on the Mercy exchange transaction from the original audit. University Advancement (UA) continues to record it as a pledge; as such, UA accepts the risk of not following CASE standards as understood by IACS. It is noted that it is now recorded as Type CP (Campaign Commitment) which flags it NOT to flow to the general ledger for financial reporting. Comment closed 10/30/18.
6	**141.1** - Audit of Federal Student Aid Funds Management - 8/2017	8/24/2017	Moderate	Finance & Business Services	IACS recommends Grants and Contracts staff work with Student Financial Assistance staff to obtain the information needed to prepare monthly reconciliations for the Federal Work-Study (FWS) Program. The monthly reconciliations must explain the differences between the amounts disbursed to the students or returned to the government, accounting entries in Banner, and G5 (the U.S. Department of Education's Grant Management System) records.	Linda Manley, Assistant Controller	IACS completed a follow-up audit 10/2018 and verified that a reconciliation process is now in place for the Federal College Work Study Program. FY 2018 funds were drawn down from the Federal government in 9/2018 after FY18 was reconciled. Now that a process is in place, plans are to draw down monthly after each General Accounting month-end close. Comment closed 10/19/2018.

Closed Internal Audit Issues

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7	**141.2** - Audit of Federal Student Aid Funds Management - 8/2017	8/24/2017	Moderate	Finance & Business Services	To minimize the risk of error or inappropriate action, access control should be strengthened. IACS recommends SFA work with IT Services and related departments to improve separation of duties in Banner access by restricting access rights to Query-only or implement effective mitigating controls. Specific areas of concern noted include: a. Access rights for SFA staff should be restricted to Query-only for Banner forms where academic records can be entered or processed (e.g., SFAWDRL, SGASTDN, SFAREGS, SHARQTC, etc.). For example, while SFA is responsible for reviewing information included in aid calculations, SFA staff should not enter withdrawal records in Banner. The manual procedure of applying "original charges" (used in SFA's aid return calculations) should also be automated. Where SFA may have a need to update certain fields for its reporting or operational purposes (e.g., Learner Activities on SGASTDN), it is recommended that SFA provide the information to the registrar's office for entry rather than having Modify rights to the academic records forms. b. Modify rights to Banner forms that impact financial aid (such as RPAAWRD and RPRALGR) should be limited to SFA staff members. Otherwise, SFA should implement an effective mitigating control. For example, an exception report should be developed and reviewed regularly for any changes made by One Stop staff to fields they are not expected to modify.	Elizabeth Johnson, Director of Student Financial Assistance	IACS completed a follow-up 1/2018 and closed point "a" of this issue. This addressed SFA staff access rights to Banner forms where academic records can be entered or processed. Regarding point "b", management stated that all SFA Banner forms were reviewed and modify access was removed for any non-SFA staff who do not need it. IACS verified that the number of people having modify access to RPAAWRD and RPRALGR was decreased. In an 11/2018 update, management reported that an exception report has been developed and is being reviewed regularly for any changes by One Stop staff to fields they are not expected to modify. This was the final item to be addressed and the comment was closed 11/12/2018.
8	**155.1** - ACH Fraud Investigation - 9/2017	9/13/2017	Moderate	Finance & Business Services	IACS recommends the Controller implement internal controls as follows to help prevent vendor payment fraud: a. Establish policies and procedures to authenticate requests to change vendor information. Sufficient verification procedures should be performed, reviewed, and approved before changes are made. For each change, it is recommended that the following information be documented, preferably using a form to facilitate enforcement, training, and record retention: • The substance of the change (e.g., payment instructions, authorized contact person). • The required verification steps and their completion status. Examples of verification steps are calling the authorized phone number on file to verify the change, and requiring the requester to provide the details of the existing payment instructions. • The employee who performs the steps and the approver of the change. Signatures, printed names, titles, and dates should be included. b. To facilitate verification of change requests, regularly update vendor contact information. Complete vendor information should also be captured when a vendor is set up, including the authorized contact person, phone number, and email.	Gary Cornett, Controller	In 4/2018, IACS completed a follow-up and closed point "a". IACS completed another follow-up 11/2018 regarding Point "b" and verified that procedures are now in place to regularly update vendor contact information. Comment closed 11/14/2018.

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9	**86.1** - Demske Culinary Support Center Physical Inventory - 8/2017	8/10/2017	Moderate	Finance & Business Services	IACS recommends Housing, Dining, Recreation, and Business Services (HDRBS) management expand the scope of year-end physical inventories to include reporting cost valuations to General Accounting for all applicable HDRBS units that hold inventory for resale to external or internal customers. For the identified units, HDRBS management should work with Office of the Controller management to establish and execute policy and procedures to properly value raw materials, work in process, finished goods, and merchandise. In addition to performing year-end physical inventories, HDRBS should continue efforts to submit monthly inventory amounts to General Accounting for recording in Banner. This will facilitate operational and financial analysis.	Beth Adkins, Director of Auxiliary Finances	Appropriate action was taken to address the recommendation as inventory valuations were reported to General Accounting for all applicable Campus Services units holding inventory for resale. Management also established basic policy and procedures for valuing inventory, and assured IACS that more comprehensive costing methods will be implemented for goods produced at the Culinary Support Center. Audit issue closed 9/6/2018.
10	**87.1** - MU Bookstore Inventory Audit - 8/2016	8/19/2016	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.	Jessica Young, Director of Retail & Marketing	Because this unresolved audit issue also relates to concerns at other Campus Services units, IACS closed this comment and incorporated it into new comment 180.1 issued 9/6/2018: IACS recommends Campus Services management establish a comprehensive physical inventory count process for Campus Services units holding inventory for resale. An overall framework of the process should be established for Campus Services, and be adapted to the various inventory types and needs of each unit to eliminate gaps in current processes.
11	**87.2** - MU Bookstore Inventory Audit - 8/2016	8/19/2016	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.	Jessica Young, Director of Retail & Marketing	Because this unresolved audit issue also relates to concerns at other Campus Services units, IACS closed this comment and incorporated it into new comment 180.1 issued 9/6/2018: IACS recommends Campus Services management establish a comprehensive physical inventory count process for Campus Services units holding inventory for resale. An overall framework of the process should be established for Campus Services, and be adapted to the various inventory types and needs of each unit to eliminate gaps in current processes.

Lean Project Update
as of 11/01/2018

MU-Lean Project Status Totals					Completed Projects			
Division	Active	Completed	Future	Total	**Cost Avoidance**	**Cost Reduction**	**Revenue Generated**	**Total**
Finance and Business Services	124	1291	7	1422	$20,734,274	$20,468,264	$5,663,693	$46,866,231
Procurement Realized*					$15,534,025	$4,867,113	$2,304,159	$22,705,297
President+Intercollegiate Athletics+OE	3	6	1	10	$4,215	$233,500	$1,015	$238,730
Advancement	4	25	0	29	$146,476	$226,290	$4,223,000	$4,595,766
Enrollment	4	43	0	47	$501,633	$33,991	$37,705	$573,329
Student Affairs	2	5	0	7	$58,569	$0	$0	$58,569
Information Technology Services	0	19	0	19	$438,248	$0	$4,180	$442,428
Academic Affairs	12	27	0	39	$2,514,464	$0	$402,116	$2,916,580
Lean Project Total - MU	149	1416	8	1573	$39,931,904	$25,829,158	$12,635,868	$78,396,930

*Procurement Realized through September 2018. Procurement increment reported quarterly: July through September 2018.

MU-Lean Project Changes since 08-01-18 report					Newly Completed Projects since 08-01-18 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*	17	37	1	55	$295,065	$1,860,969	$192,861	$2,348,895
Procurement Realized*				0	$450,308	$171,261	$66,869	$688,438
President+Intercollegiate Athletics	1	0	0	1	$0	$0	$0	$0
Advancement	0	3	0	3	$0	$0	$4,000,000	$4,000,000
Enrollment	1	1	0	2	$0	$0	$0	$0
Student Affairs	1	0	0	1	$0	$0	$0	$0
Information Technology Services	0	1	0	1	$0	$0	$0	$0
Provost (including regionals)	0	0	0	0	$0	$0	$0	$0
Lean Project Total - MU	20	42	1	63	$745,373	$2,032,230	$4,259,730	$7,037,333