

# **Miami University**

Financial Report  
June 30, 2016





# Dave Yost • Auditor of State

Board of Trustees  
Miami University  
218 Roudebush Hall  
Oxford, OH 45056

We have reviewed the *Independent Auditor's Report* of Miami University, Butler County, prepared by RSM US LLP, for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Miami University is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 29, 2016

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RSM US LLP

## Independent Auditor's Report

President and Board of Trustees of Miami University  
Oxford, Ohio

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

### Opinion

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

## Independent Auditor's Report (Continued)

### Other Matters

#### *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 on pages 44-45 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 14, 2016 and October 15, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*RSM US LLP*

Cleveland, Ohio  
October 14, 2016

## Miami University

### Management's Discussion and Analysis June 30, 2016

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#### Introduction

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

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

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

#### Financial Highlights

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

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

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



**Financial Highlights (Continued)**

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

**Statements of Net Position**

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

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

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

**Financial Highlights (Continued)**

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

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

**Statements of Revenues, Expenses and Changes in Net Position**

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

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

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

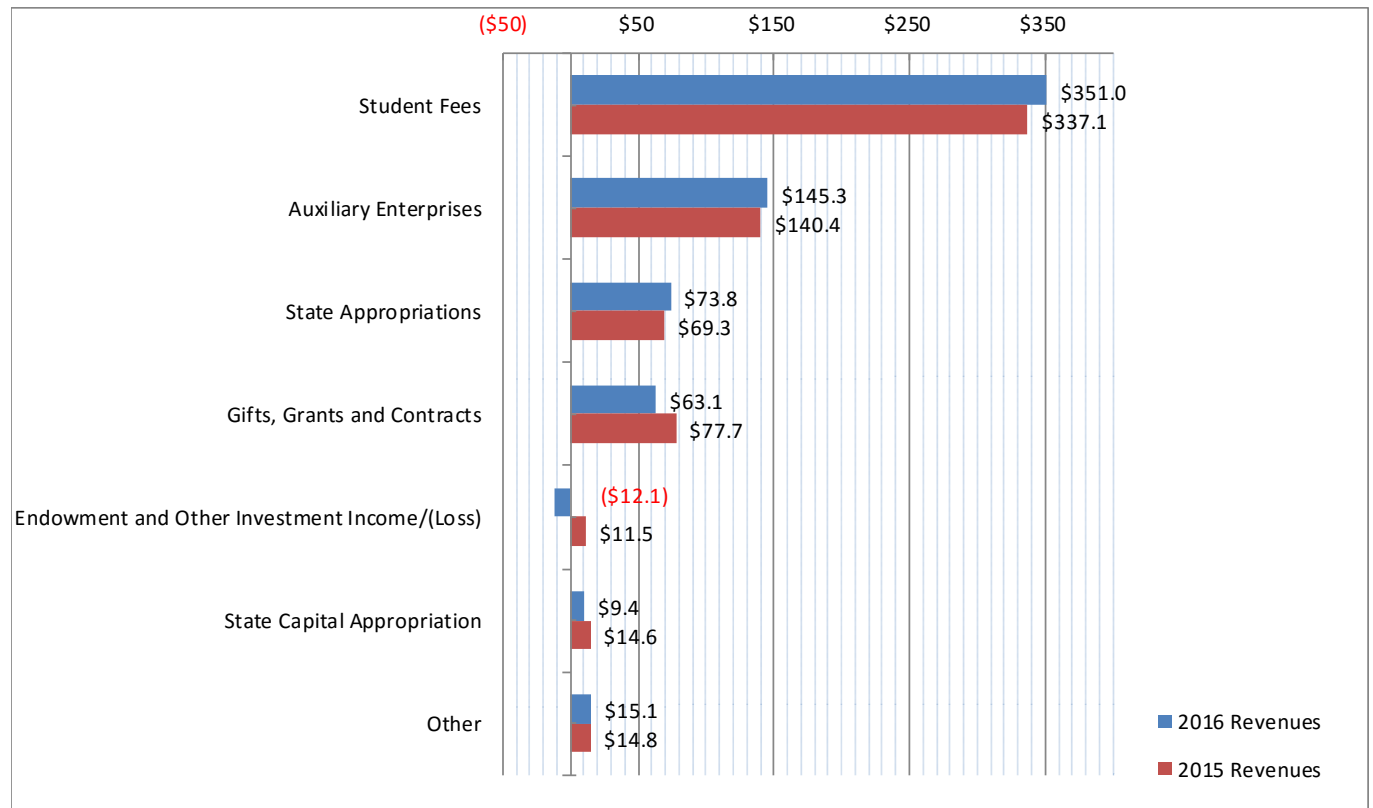
**Miami University**

**Management's Discussion and Analysis  
June 30, 2016**

**Financial Highlights (Continued)**

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

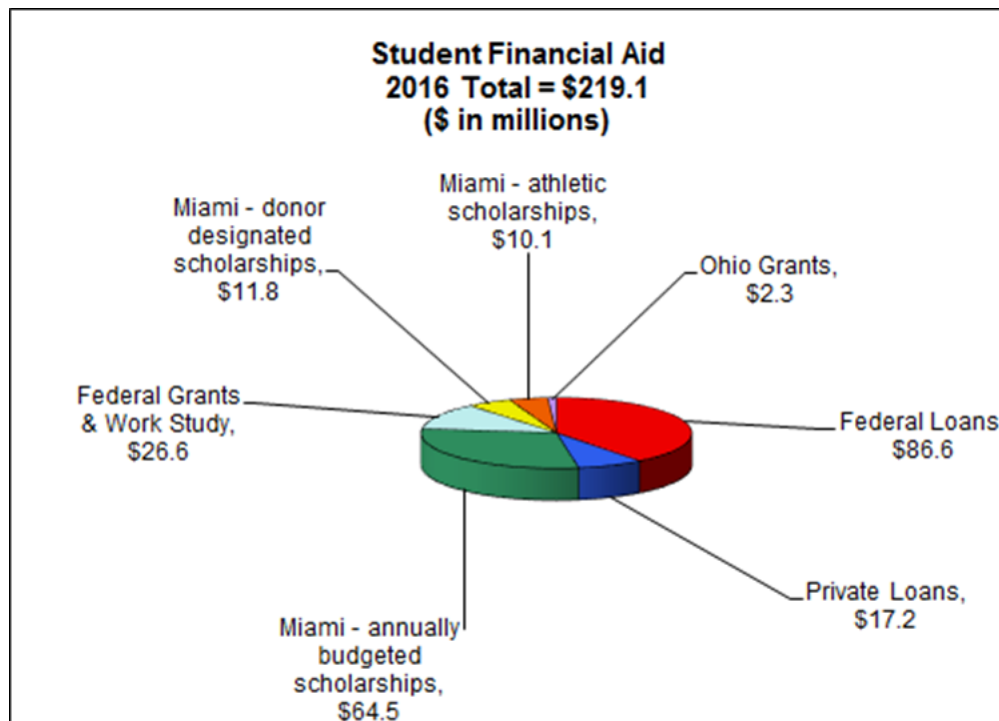
**Total Revenues (\$ in Millions)**



**Financial Highlights (Continued)**

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

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



**Statements of Cash Flows**

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

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

## **Miami University**

### **Management's Discussion and Analysis June 30, 2016**

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#### **Financial Highlights (Continued)**

##### **Statements of Cash Flows (Continued)**

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

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

##### **Capital Assets and Debt Administration**

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

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

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

##### **Economic Factors That Will Affect the Future**

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

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

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

**Financial Highlights (Continued)**

**Economic Factors That Will Affect the Future (Continued)**

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

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

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

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

**Miami University**

**Statements of Net Position  
June 30, 2016 and 2015**

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

See notes to financial statements.

**Miami University**

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

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

See notes to financial statements.



**Miami University**

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

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

(Continued)

**Miami University**

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

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

See notes to financial statements.

**Note 1. Summary of Significant Accounting Policies**

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

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

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

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

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

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

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

## Miami University

### Notes to Financial Statements

#### Note 2. Cash and Investments

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

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

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

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

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

The investments as of June 30 are summarized as follows:

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



# Miami University

## Notes to Financial Statements

### Note 2. Cash and Investments (Continued)

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

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

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

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

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

**Miami University**

**Notes to Financial Statements**

**Note 2. Cash and Investments (Continued)**

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

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

- Level 1: Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchanged such as the New York Stock Exchange, NASDAQ or an active over-the-counter market.
- Level 2: Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.
- Level 3: Inputs that are unobservable including the University's own assumptions in determining the fair value of investments or liabilities. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

# Miami University

## Notes to Financial Statements

### Note 2. Cash and Investments (Continued)

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

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

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

## Miami University

### Notes to Financial Statements

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#### Note 2. Cash and Investments (Continued)

- (a) This class includes investments in funds where the underlying holdings are primarily long-only investments in publicly traded bonds and other debt securities on a global basis as well as the fair value of the University endowment investment in the Miami University Foundation investment pool (Pooled Fund). The fair value of the investments in this class have been estimated using the net asset value per share of the investments.
- (b) This class includes primarily investments in hedge funds that invest in both long and short positions in publicly traded equity securities on a global basis. The fair value of the investments in this class have been estimated using the net asset value per share of the investments.
- (c) This class includes primarily investments in hedge funds that invest in both long and short positions in both publicly traded and private debt securities on a global basis. The fund may also hold long and short positions in equity securities. Most debt securities are sub-investment grade and may be hard to price due to thin trading volumes. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

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

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

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

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

**Note 2. Cash and Investments (Continued)**

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

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

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

## Miami University

### Notes to Financial Statements

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#### Note 3. Accounts, Pledges and Notes Receivable

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

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

**Miami University**

**Notes to Financial Statements**

**Note 4. Capital Assets**

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

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

Miami University

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

Note 5. Long-Term Liabilities

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

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



# Miami University

## Notes to Financial Statements

### Note 5. Long-Term Liabilities (Continued)

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

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

### Note 6. Indebtedness

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

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

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

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

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

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

## Miami University

### Notes to Financial Statements

#### Note 6. Indebtedness (Continued)

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

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

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

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

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

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

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

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

**Miami University**

**Notes to Financial Statements**

**Note 6. Indebtedness (Continued)**

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

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

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

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

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

**Note 7. Net Pension Liability / Asset**

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

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

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

**Note 7. Net Pension Liability / Asset (Continued)**

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

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

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

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

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

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

## Miami University

### Notes to Financial Statements

#### Note 7. Net Pension Liability / Asset (Continued)

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

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

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

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

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

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

**Miami University**

**Notes to Financial Statements**

**Note 7. Net Pension Liability / Asset (Continued)**

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

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

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

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

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

**STRS Ohio**

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

**Miami University**

**Notes to Financial Statements**

**Note 7. Net Pension Liability / Asset (Continued)**

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

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

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

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

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

**Note 7. Net Pension Liability / Asset (Continued)**

**Discount rate:** The discount rate used to measure the total pension liability (asset) was 8.0% for OPERS and 7.75% for STRS Ohio. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

**Actuarial assumptions used for the year-ended June 30, 2015**

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

STRS Ohio

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



**Miami University**

**Notes to Financial Statements**

**Note 7. Net Pension Liability / Asset (Continued)**

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

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

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

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

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

**Note 7. Net Pension Liability / Asset (Continued)**

**Discount rate:** The discount rate used to measure the total pension liability (asset) was 8.0% for OPERS and 7.75% for STRS Ohio. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

**Note 8. Retirement Plans**

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

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

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

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

## Miami University

### Notes to Financial Statements

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#### Note 8. Retirement Plans (Continued)

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

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

#### Note 9. Other Postemployment Benefits

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

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

#### Note 10. Related Organization

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

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

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

## Miami University

### Notes to Financial Statements

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#### Note 10. Related Organization (Continued)

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

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

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

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

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

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

**Note 10. Related Organization (Continued)**

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

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

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

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

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

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

**Note 10. Related Organization (Continued)**

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

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

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

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

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

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

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

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were \$1,299,024 as of June 30, 2016 and \$47,736 as of June 30, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

**Note 10. Related Organization (Continued)**

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

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

**Note 11. Commitments**

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

Contractual obligations:

Approved state appropriations not expended	\$ 996,665
University funds and bond proceeds	<u>101,869,966</u>
<b>Total</b>	<b><u><u>\$ 102,866,631</u></u></b>

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

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

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

**Note 11. Commitments (Continued)**

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

**Note 12. Risk Management**

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

**Note 13. Contingencies**

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

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



## **Supplementary Information**

## Miami University

### Retirement Plan Data Years Ended June 30, 2016 and 2015

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

(Continued)

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

**Miami University**

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

	STRS Ohio				
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2007	\$ 9,597	\$ 9,597	\$ -	\$ 68,552	14.0%
2008	9,478	9,478	-	67,702	14.0%
2009	9,587	9,587	-	68,482	14.0%
2010	9,271	9,271	-	66,222	14.0%
2011	9,062	9,062	-	64,727	14.0%
2012	8,825	8,825	-	63,038	14.0%
2013	8,718	8,718	-	62,272	14.0%
2014	8,850	8,850	-	63,215	14.0%
2015	9,389	9,389	-	67,064	14.0%
2016	9,516	9,516	-	67,969	14.0%

	OPERS Traditional, Combined and Member-Directed				
	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2007	\$ 11,882	\$ 11,882	\$ -	\$ 86,585	13.7%
2008	13,004	13,004	-	93,251	13.9%
2009	13,480	13,480	-	95,880	14.1%
2010	12,304	12,304	-	87,443	14.1%
2011	11,842	11,842	-	84,585	14.0%
2012	11,863	11,863	-	84,266	14.1%
2013	11,982	11,982	-	85,101	14.1%
2014	12,334	12,334	-	87,598	14.1%
2015	12,227	12,227	-	86,845	14.1%
2016	12,678	12,678	-	90,034	14.1%

# **Miami University**

Uniform Guidance Requirements

**Miami University**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
<b>Student Financial Assistance Cluster</b>				
U.S. Department of Education:				
Supplemental Educational Opportunities Grant Program	84.007	P007A153315	\$ -	\$ 1,000,459
College Work Study Program	84.033	P033A153315	-	745,006
Federal Perkins Loan Program:	84.038			
Loans outstanding at the beginning of the year			-	6,881,775
Loans made during the year			-	1,039,238
<b>Total Federal Perkins Loan Program</b>			-	7,921,013
Federal Pell Grant Program	84.063	P063P150342	-	15,675,296
Federal Direct Student Loan Program	84.268		-	85,631,973
TEACH Grant Program	84.379	P379T090342	-	1,297,047
<b>Total U.S. Department of Education</b>			-	112,270,794
<b>Total Student Financial Assistance Cluster</b>			-	112,270,794
<b>Research and Development Cluster</b>				
U.S. Department of Agriculture:				
Using NMR Metabolomics to Examine the Role of Anaerobic Soil Disingection in Promoting Disease Resistance in Vegetable Crops	10.XXX	58-60334-5-035	-	17,229
CRP Land Management and Pollinator Health	10.25	58-3000-5-0037	21,112	42,350
<b>Total U.S. Department of Agriculture</b>			21,112	59,579
U.S. Department of Commerce:				
Summer Undergraduate Research Fellowship Gaithersburg	11.62	70NANB15H140	-	800
Pass-Through Programs From:				
Stratus Consulting: Assessment of Ecological Impacts of the BP Deep Horizon Oil Spill	11.XXX	S087-OC-1553	-	1,253
<b>Total U.S. Department of Commerce</b>			-	2,053
Department of Defense:				
Software-Defined Multi-Functional LPI/LPD Adaptive Radar for Network-Centric Applications	12.XXX	F8651-15-C-0157	-	27,838
Gram-Negative Bacterial Wound Infections	12.42	W81XWH-12-2-0035	-	11,756
Summer Undergraduate Mathematical Sciences Research Institute 2015	12.901	H98230-15-1-0174	-	67,867
<b>Total Department of Defense Direct Programs</b>			-	107,461
Pass-Through Programs From:				
Ohio Aerospace Institute: Miami University Engineering Capstone: Engine Air Particle Separator	12.8		-	2,109
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYRN	12.XXX	RF01346970-4	49,999	61,345
UTC: Recuperator System for Small JetCat Gas Turbine Engine	12.XXX	15-7900-0006-10-C2	-	11,360
Mineralogical Analysis on Long Term Performance Assessment at a Highly Characterized & Instrumented DNAPL Source Area	12.XXX	201520	-	6,000
<b>Total Department of Defense Pass-Through Programs</b>			49,999	80,814
<b>Total Department of Defense</b>			49,999	188,275

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
U.S. Department of the Interior:				
Support of Field Studies on Rare Plants and Animals	15.65	F15AC00202	\$ -	\$ 14,803
Conservation Genetics of the Spectaclecase (Cumberlandia Monodonta)	15.657	F12AP00581	-	(1,742)
Discerning and Characterizing Induced Seismicity in Texas Using Multistation Template Matching	15.807	G15AP00089	-	44,289
Continued Operation of the NTN Precopitaion Collection Station in Oxford, OH	15.808	G11PX00205	-	6,128
Acid Precipitation Monitoring Site OH 99	15.808	G16PX00428	-	1,398
<b>Total U.S. Department of the Interior Direct Programs</b>			-	<b>64,876</b>
Pass-Through Programs From:				
Assessment and Prioritization of Invasive Plant Management in Ohio District 5 Wildlife Areas	15.XXX	N/A	-	6,909
<b>Total U.S. Department of the Interior</b>			-	<b>71,785</b>
U.S. Department of Justice:				
Pass-Through Programs From:				
Ohio Department of Public Safety: Office of Criminal Justice Services-Ohio Crime Victimization Survey 2016	16.55	2015-SA-CVS-606	-	32,406
U.S. Department of Labor:				
Pass-Through Programs From:				
Ohio's Aging Workforce: A Resource to Improve Economic Growth	17.235	FFY2014 SCSEP	-	1,354
ODA:Ohio's Combined WIOA Plan: Identifying Strategies and Supports to Improve Outcomes for Older Workers	17.235	3065	-	14,789
<b>Total U.S. Department of Labor</b>			-	<b>16,143</b>
U.S. Department of Transportation:				
Pass-Through Programs From:				
Ohio Dept. of Public Safety: Ohio Traffic Safety Grant FFY15: Seat Belt Use/Alcohol Impaired Driving Media Campaign Surveys	20.6	GG-2015-9-00-00-00351-00	-	87,261
NHTSA: Ohio Department of Public Safety: FFY16 - Telephone Survey	20.6	GG-2016-9-00-00-00310-00	-	136,761
Ohio Department of Public Safety: Ohio Traffic Safety Grant FFY15: Seat Belt Use Observations	20.616	GG-2015-9-00-00-00344-00	-	45,061
NHTSA: Ohio Department of Public Safety: FFY16 - Observation Study	20.616	GG-2016-9-00-00-00311-00	-	161,455
<b>Total U.S. Department of Transportation</b>			-	<b>430,538</b>
National Aeronautics & Space Administration:				
Gateway to Space II (RockOn2015)	43.001	N/A	-	5,435
Pass-Through Programs From:				
University of Mississippi: Novel Explorations into the Interactions Between Light and Gravity Sensing in Plants	43.001	N/A	-	797
<b>Total National Aeronautics and Space Administration</b>			-	<b>6,232</b>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
National Endowment for the Arts: myaamia eehkwaasikonki peepankihsaapiikahkia: Myaamia Ribbonwork Project (MRP)	45.024	14-5500-7032	\$ -	\$ 22,133
National Endowment for Humanities: Pass-Through Programs From: Arizona Humanities Council: Apache Scouts	45.129	GG05-5783-2012	-	1,000
Institute of Museum and Library Services: Building the Scholars Dashboard: Recipes for on-demand Digital Scholarship Infrastructure	45.312	SP-02-15-0009-15	-	7,298
National Science Foundation:				
Chemical, Bioengineering, Environmental, and Transport Systems (CBET)	47.041	CBDET-1639433	-	10,000
A Preliminary Investigation of a Social Cognitive Intervention in Early Courses	47.041	EEC-1530627	-	35,705
Polarization Quantum Beat Spectroscopy in Diatomic Molecules	47.049	PHY-1309571	-	32,646
Probing Enzyme Motions During Catalysis	47.049	CHE-1151658	-	5
Probing Substrate/Inhibitor to Metalloenzymes Using EPR	47.049	CHE-1509285	-	38,350
REU Site: Summer Undergraduate Research in Chemistry and Biochemistry at Miami University	47.049	CHE-1460862	-	36,144
On Three Different Manifestations of Instability of Fronts in Parabolic and Partially Parabolic Systems	47.049	DMS-1311313	-	49,536
O-Phenylenes: Controlled Folding and Directed Oxidative Planarization	47.049	CHE-1306437	-	133,764
Ortho-Phenylenes in Complex Foldamer Architectures	47.049	CHE-16082133	-	1,058
External Problems for Sparse Hypergraphs and Graphs	47.049	DMS-1400249	-	47,005
Large Cardinals and Small Sets	47.049	DMS-1201494	-	1,975
Conference on the Work of W. Hugh Woodin	47.049	1516781	-	2,685
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-1305664	-	160,663
Algebraic K-theory of Infinite Groups With Torsion II	47.049	DMS-1207712	-	12,745
MRI: Acquisition of a Microfocus Single-Crystal Diffractometer	47.049	CHE-1532042	-	259,494
CAREER; Enamine-Metal Lewis Acid Bifunctional Catalysts for Asymmetric Organic Transformations	47.049	CHE-1056420	-	84,261
Collaborative Research: Deep Megathrustconditions From Comparing Seismicity Rates and Source With Tremor, Slow Slip, and the Mw 7.4 Ometapec Earthquake	47.05	EAR-1246944	-	62,912
Collaborative Research: Nitrate Reduction by Redox-Modified Fe-Bearing Clay Minerals	47.05	EAR-1148039	-	36,294
Collaborative Research: ACACIA: Ancient Climate and the Authigenic Clay Index of Aridity	47.05	EAR-1349509	-	6,629
Collaborative Research: Winter Survival Mechanisms and Adaptive Genetic Variation in an Antarctic Insect	47.05	PLR-1341385	-	42,136
Coprecipitation of Pb and As in Apatite and Applications to Environmental Remediation	47.05	EAR-0952298	-	57,028
Collaborative Research: Development and Calibration of the Oxygen Isotope Systematics of Small Terrestrial Gastropods	47.05	EAR-1528733	-	6,046

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2016

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
National Science Foundation (Continued):				
Identifying Crustal and Mantle Processes in the Central Trans-Mexican Volcanic Belt Origin & Eruptive History of Quaternary Volcanism in Nosy Be and Itasy-Askaratra, Madagascar	47.05	EAR-1019798	\$ -	\$ 26,501
Correlative Study of Metal Atoms and Ion Concentrations	47.05	EAR-1523442	-	66,803
Realistic Navigation in the Third Dimension Using Low Cost, Portable, Wearable Immersive Virtual Environment Systems	47.05	AGS-1243133-002	-	28,518
REU Site: Ecology in Human-Dominated Landscapes	47.07	115 1423112	-	186,954
Theta Modulation of Hippocampal Ensembles across Subregions	47.074	1460518	-	84,486
Functional Consequences of Modulation of CPG Feedback to Descending Projection Neurons	47.074	IOS-1121969	-	50,461
Research Dissertation: Living on the Edge: How Landcover and Landscape Connectivity Interact to Determine Species Range	47.074	IOS-1153417	-	34,830
Mechanisms of Physiological Mechanisms in Anuran Adaptation to Extreme Cold	47.074	DEB-1406814	-	131
Exploring the Generality of Light, Nutrient and Predator Constraints on Food Chain Efficiency	47.074	IOS-1022788	-	32,118
Collaborative Research: Nutrient Co-limitation in Young and Mature Hardwood Forests	47.074	DEB-0949500	-	75
CAREER: The de novo Discovery of Transposable Elements for the Study of Neutral Substitution Rate Variations in Plant Genomes	47.074	DEB-0949317	-	18,670
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	DBI-0953215	-	80,485
CAREER: Protein Quality Control at the Membrane	47.074	IOS-0840772	-	(1,528)
LTREB Renewal: Response of a Reservoir Ecosystem to Declining Subsidies of Nutrients and Detritus	47.074	MCB-1552113	-	33,064
REU Site: Ecology in Human-Dominated Landscapes	47.074	DEB-1255159	-	85,360
Control of Lipid Metabolism and Muscle Hypertrophy by PPARs in Gray Catbird Annual Life Cycle	47.074	DBI-1156703	-	(653)
Lobes or Gills, Exploring the Origin of Insect Wings	47.074	IOS-1257455	32,808	122,308
RAPID: Assessing Sentinel Responses of Lake Ecosystems to the Rim Wildfire	47.074	1557936	-	14,506
A Regional Hub for the EON's at Lacawac Sanctuary	47.074	DEB-1360066	-	10,302
Breath of Life Archival Institute for Indigenous Languages	47.074	DBI-1318747	14,119	33,962
Collaborative Research: Social Exclusion as a Determinant of Individuation and Stereotyping	47.075	BCS-1360675	38,116	38,248
National Science Foundation: The Face of Humanity: Configural Face Processing and Dehumanization	47.075	BCS-1323349	-	39,015
Response Dynamics in Decision Making	47.075	BCS-1423765	40,967	90,538
Short Term Dynamics in Changing Environments: A Geospatial Analysis of Seasonal Forest Response and Extractive Resource Entitlements at Mt. Kaigau, Kenya	47.075	SES-1260882	-	61,166
Missing Links Problems and Participation in Collective Decisions	47.075	BCS-1061407	-	(135)
Developing Assessments for Core Chemistry Concepts: Measuring Student Understanding of Multiple External Representations through Cluster Analysis	47.075	SES-1124367	-	3,041
Electronics and Computing Service Scholars	47.076	DUE-1432466	-	67,932
Electronics and Computing Service Scholars	47.076	DUE-1355513	-	2,619
Electronics and Computing Service Scholars	47.076	DUE-1355513	-	64,991
Collaborative: TUES: Software Defined Radio Laboratory Platform for Enhancing Undergraduate Communication and Networking Curricula	47.076	DUE-1323105	-	44,892
Staying in STEM: Examining Communal Goal Congruity Processes in the Retention of Women	47.076	HRD-1232364	-	84,760
Collaborative Research: Engaged Student Learning - Design and Development Level II: Using a Cyber-gaming Environment to Improve Student Learning and Engagement in Software Courses	47.076	1525131	-	20,132
Saving Species	47.076	DRL-1010938	13,920	321,953
National Science Foundation Graduate Research Fellowships	47.076	DGE-1144472	-	19,183
Evaluation of Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	-	81,458
Evaluation of Electronics and Computing Service Scholars	47.076	DUE-1355513	-	777
Collaborative Research: Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	-	186,004
ARRA Rationale Capture for High-Assurance Systems	47.082	CCF-0844638	27,389	27,389
<b>Total National Science Foundation Direct Programs</b>			<b>167,319</b>	<b>3,178,397</b>

(Continued)



**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
Pass-Through Programs From:				
CAREER: Phylogenetic Diversity of Protist Populations and their Functional Roles in Dry Valley Lake Microbial Loop	47.049	ANT-1056396	\$ -	\$ 18,884
Ohio University: Digitization TCN: Collaborative Research: Digitizing Fossils to Enable New Syntheses in Biogeography	47.05	UT17548	-	1,719
University of Southern California: Development of a Novel In-Situ Method to Image Microbe-Mineral Associations	47.05	36817855	-	2,297
Michigan State University: Evaluation of CS10K- Leading the Way to CS10K: Assessing a Just-in-Time Professional Development Approach for Teacher Knowledge Growth in Computer Science	47.07	RC104385MU	-	29,301
Cary Institute of Ecosystems Studies: LTER: Long-Term Ecological Research at the Hubbard Brook Experimental Forest	47.074	3298-200201815	-	35,830
Cornell Univ.: Long-term Ecological Research at the Hubbard Brook Experimental Forest	47.074	61468-9520	-	22,346
Cornell University: Digitization TCN: Collaborative: The Microfungi Collections Consortium: A Networked Approach to Digitizing Small Fungi with Large Impacts on the Function and Health of Ecosystems	47.074	74983-10505	-	7,047
Digitization TCN: The Macrofungi Collection Consortium: Unlocking Biodiversity Resource for Understanding Biotic Interactions, Nutrient Cycling and Human Affairs	47.074	NYBG-1206197-08-MIAMIU	-	11,817
University at Buffalo: Evaluation of Biology with X-Ray Lasers	47.074	R950223	-	76,796
University of Michigan: Using Natural History Museum Collections to Document the Occurrence Through Space and Time of Aquatic Non-Indigenous Fish, Mollusks, Algae, and Plants Threatening North America's Great Lakes	47.074	3003198912	-	817
Western University of Health Sciences: Collaborative Research: CPSF30 at the Convergence of Cellular Signaling and RNA Processing	47.074	20107-1397	-	10,000
Columbus State Community College: Next Generation Multi-Craft Manufacturing Support Technician Evaluation 2014-17	47.076		-	33,142
Kent State University: Evaluation of Kent State University NOYCE Scholars Program	47.076	402005-MU	-	11,105
Ohio State University: Ohio LSAMP Consortium	47.076	60042097-MU	-	31,188
University of Cincinnati: Evaluation of University of Cincinnati MSP (CEEMS)	47.076	L16-4500088964	-	7,886
UC: Evaluation of Leadership, Empowerment, and Advancement for STEM Women Faculty (LEAF) at Univ Cincinnati	47.076	8259	-	57,284
UC: Evaluation of STEM in the Playscape: Building Knowledge for Educational Practice	47.076	010137-003	-	8,815
University of Buffalo: Evaluation of Targeted MSP: The University at Buffalo/Buffalo Public Schools (UB/BPS) Interdisciplinary Science and Engineering Partnership	47.076	R748928	-	157,183
University of Nevada Las Vegas: PIRE: Toward a Holistic and Global Understanding of Hot Springs Ecosystems: A US-China based International Collaboration	47.079	11-707D-E	-	(291)
<b>Total National Science Foundation Pass-Through Programs</b>			-	<b>523,166</b>
<b>Total National Science Foundation</b>			<b>167,319</b>	<b>3,701,563</b>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
U.S. Environmental Protection Agency:				
Developing Sensitive Biosensor for Detecting Arsenic in Ground Water	66.XXX	EP-16-C-000021	\$ -	\$ 27,380
Pass-Through Programs From:				
AMEC: Operation of the US EPA National Dry Deposition Network Station at Miami University	66.XXX	N/A	-	2,195
<b>Total U.S. Environmental Protection Agency</b>			-	<b>29,575</b>
U.S. Department of Energy:				
Thylakoid Assembly and Folded Protein Transport by the Tat Pathway	81.049	DE-SC0003914 NON-ARRA	-	9,260
Thylakoid Assembly and Folded Protein Transport by the Chloroplast Twin Arginine Translocation (cpTat)Pathway	81.049	DE-SC0014441	-	129,439
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	-	219
Donor-Acceptor Extended Porphyrins for Solar Energy Conversion	81.049	DE-SC0010800	-	216,590
<b>Total U.S. Department of Energy Direct Programs</b>			-	<b>355,508</b>
Pass-Through Programs From:				
Pennsylvania State University: Reactivity of Iron-bearing Phyllosilicates with Uranium and Chromium through Redox Transition Zone	81.049	4229-MU-DOE-5333	-	621
<b>Total U.S. Department of Energy</b>			-	<b>356,129</b>
U.S. Department of Education:				
Miami University Regional Campuses Student Support Services Program	84.042	PO42A151395	-	85,040
Pass-Through Programs From:				
Ohio Department of Education: Positive Transformations for Ohio Schools: Building Statewide Positive Supports	84.184	N/A	9,051	940
Ohio Department of Education: Positive Transformations for Ohio Schools: Building Statewide Positive Supports	84.184	N/A	-	132,826
Mapping Barriers to Community College Completion Among Older Learners: Identifying Malleable Factors to Improve Student Outcomes	84.305	R305A160156	-	3,644
OBOR:Evaluation of iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities-FY14	84.366	N/A	-	26,072
OSU: Evaluation of Collaborative Applications of Mathematics Pedagogy	84.366	N/A	-	(186)
OBOR-OSU: Evaluation of Collaborative Applications of Mathematics Pedagogy	84.366	14-35	-	6,168
ED: OBOR: Evaluation of Classroom Teachers Embracing Common Core	84.366		-	750
ODE: Cross-Project Evaluation of Ohio Mathematics and Science Partnership (OMSP) Program	84.366	CSP902913-1	27,005	105,900
OBOR: Evaluation of Enhanced Chemistry Learning through Instrument Access and Personalized Secondary Educator Training (ECLIPSE)	84.367	14-35	-	4,734
OSU Mansfield: Evaluation of Collaborative Applications of Mathematics Pedagogy	84.367	14.35	-	11,411
ODE-OSURF:Evaluation of Ohio Resident Educator Program	84.367	60054671-MU	6,283	74,106
ODHE: Evaluation of Writing and Inquiry Stories to Explore Science (WISE Science)	84.367	15-25	-	10
ODHE-ONU:Evaluation of Enhanced Chemistry Learning through Instrument Access and Personalized Secondary Educator (ECLIPSE) Training	84.367	N/A	-	167
ODHE-OSU Mansfield: Evaluation of Collaborative Applications in Mathematics Pedagogy	84.367	N/A	-	387
ODE:Ohio Department of Education: Race to the Top	84.395	N/A	-	34,672
<b>Total U.S. Department of Education Pass-Through Programs</b>			<b>42,339</b>	<b>401,601</b>
<b>Total U.S. Department of Education</b>			<b>42,339</b>	<b>486,641</b>

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2016

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health & Human Services:				
Risk Assessment Methods for Occupational Health	93.XXX	151PA1518074	\$ -	\$ 16,362
Statistical Methods Research for Characterization and Analysis of Dose-response Relationships	93.XXX	13IPA1313326	-	4,751
Evaluation and Development of Rodent and Human Dosimetry Models for Soluble or Semi-Soluble Inhaled Particles	93.XXX	13IPA1313325	-	1,371
Prediction Error in Contextual Fear Memory Reconsolidation	93.242	1R15MH100689-01	-	90,592
CBM: A Novel Intervention for Alcohol Dependence and Social Anxiety	93.273	1 R21AA021151-01A1	-	39,142
Text Message Support to Prevent Smoking Relapse in Community Treatment Settings	93.279	7K23DA037320-02	-	99,311
Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	1R25RR032208-01	25,187	150,070
Evaluation of Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	8R250D011090-05	-	18,086
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	-	54,663
Can Optical Spectrometry Predict Early Treatment Response in Solid Tumors?	93.395	7R00CA140783-05	6,798	27,514
Keratin Hydrogel Matrix for Tunable Growth Factor Delivery in Bone Regeneration	93.846	5R01AR061391-04	235,311	374,060
Biological/Synthetic Scaffolds for Bone Tissue Engineering	93.846	1R15AR066269-01A1	-	85,256
Central Action of Brain-Derived Neurotrophic Factor in Male and Female Rats	93.847	2R15DK090823-02A1	-	107,839
Oligodendrocyte Lineage Cell Plasticity in the Spinal Cord Following Peripheral Injury	93.853	1R15NS095314-01A1	-	7,602
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	1R15AI073994-01A1	-	119,229
Acinetobacter Baumannii Gene Regulation in Response to Illumination	93.859	1R15GM117478-01	-	61,504
EPR Structural Studies of KCNE1/KCNQ1	93.859	1 R01GM108026-01	-	527,836
Investigation of ER Alpha Expression on Male Behavior Under Field Conditions	93.865	1R15HD075222-01A1	-	122,158
Glial Remodeling in Drosophila: Proliferation, Membrane Outgrowth and Nerve Ensheatment	93.865	1R15HD071799-01	-	98,581
A Biopsychosocial Model of Emotion Processes Determining the Role of Overcontrolling Parenting in the Stability of Inhibited Temperament	93.865	1R15HD07615801	21,517	49,163
Retinal Pigmented Epithelium Reprogramming and Retina Regeneration	93.867	1R21EY023925-01	-	100,629
Exploiting Animal Models of RPE Plasticity to Unlock Human Retina Regeneration from RPE	93.867	1R01EY026816-01	-	49,571
The Role of FGF Receptors in Lens Development	93.867	2R01EY012995-11A1	-	393,037
<b>Total U.S. Department of Health and Human Services Direct Programs</b>			<b>288,813</b>	<b>2,598,327</b>
Pass-Through Programs From:				
Greene County Educational Service Center: Safe Schools/Healthy Students Local Evaluation Plan for Green County Educational Service Center	93.XXX	N/A	-	40,057
ODA: A Caregiver Respite for the State of Ohio: Implementation and Evaluation	93.048	90AA0001/01	-	55,002
National Association of Area Agencies on Aging: Information and Planning: Understanding the Capacity of the Aging Network	93.048	N/A	-	42,779
National Association of Area Agencies on Aging: Information and Planning: Understanding the Capacity of the Aging Network	93.048	HHS-2015-ACL-AOA-UC-010	-	16,510
The Lewin Group: Process Evaluation of Older Americans Act Title III-E National Family Caregiver Support Program	93.052	TLG-12-068-5176.18.01	-	25,480
Wright State University: Effects of Virtual Reality Simulation on Worker Emergency Evacuation of Neonates	93.226	P0034939	-	52,957
ODE: Evaluation of Making Ohio AWARE: Building Statewide Mental Health First Aid Capacity	93.243	62984	-	79,946
YWCA Hamilton: Keeping Females on Course for US	93.29	N/A	-	34,966
University of Southern California: An Integrative Computational and Bioengineered Tissue Model of Metastasis	93.396	45391782	-	11,035
Ohio Department of Medicaid: Measuring Ohio's Progress in Achieving a Balanced System of Long-Term Services and Supports	93.791	G-1415-07-0346	-	(2,830)
The Ohio State University: Alternative Routes of Gut Microbial Methylamine Metabolism That May Limit Trimethylamine N=Oxide, A Trigger for Atherosclerosis	93.847	R01KD109345	-	13,392
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	4139	-	47,608
Developing Metallo-Beta-Lactamase Inhibitors	93.859	UTA15-000329	-	219,510
University of Nebraska Lincoln: Sexual Revictimization: Emotional and Psychosocial Mediators	93.865	24-0523-0082-002	-	67,594
Duke University: Understanding US Regional Health & Mortality Disparities: A Life Course Approach	93.866	15-NIH-1027	-	43,861
Texas Biomedical Research Institute: Genetic Determinants of Ocular Disease	93.867	14-04471.003	-	(28,153)
South Texas Diabetes and Obesity Institute: Genetic Epidemiology of Ocular Health and Disease	93.867	R01 EY024384-01	-	81,664
Genetic Epidemiology of Ocular Health and Disease	93.867	R01EY024384	-	68,913
Miami University/OHMHAS Statewide Coordination of YMHFA	93.958	99-13845-PREV-P-16-16028	-	70,429
Ohio Dept. of Mental Health: A Multi-Tiered Evaluation of the Efficacy and Effectiveness of the FLIP IT Parent Training Model	93.958	N/A	-	11,250
ODM: Evaluating Long-Term Services and Supports in Ohio	93.971	G-1617-04-0051	-	228,894
<b>Total U.S. Department of Health and Human Services Pass-Through Programs</b>			<b>-</b>	<b>1,180,864</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>288,813</b>	<b>3,779,191</b>
<b>Total Research and Development Center</b>			<b>569,582</b>	<b>9,190,541</b>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
<b>Instructional</b>				
National Endowment for Humanities:				
Miami University Humanities Center NEH Challenge Grant Application	45.13	N/A	\$ -	\$ 107,216
Pass-Through Programs From:				
American Library Association:Let's Talk About It: Muslim Journeys	45.164	2237	-	247
<b>Total National Endowment for Humanities</b>			-	107,463
National Science Foundation:				
Capacity Building for Miami University Robert Noyce Scholars	47.076	1540102	-	50,066
Type 2 Collaborative Project: Integrating Testing into Advanced CS/IT Courses Supported by a Cyberlearning Environment	47.076	DUE-122441	-	11,338
<b>Total National Science Foundation</b>			-	61,404
U.S. Department of Education:				
Miami University: CCAMPIS Scholarships for Low Income Undergraduate Students on Three Campuses	84.335	P335A140227-15	-	81,457
Pass-Through Programs From:				
OBOR: iDiscovery- Professional Development Through Web-Based Learning Communities	84.366	13-23	-	3,188
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities-FY14	84.366	N/A	-	219,484
Ohio Dept. of Education: Developing Ownership and Vision: Empowering Teachers As Instructional Leaders	84.366	EDU01-0000013709	-	(1,364)
National Writing Project: Agreement # BRimer-SEED2014	84.367	BRIMER-SEED2014	-	30,106
National Writing Project: Ohio Writing Project Teacher Leadership Development	84.367	92-OH01-SEED2012	-	2,150
2016-2017 NWP SEED Invitational Leadership Institute to Invest in Developing New Teacher-Leaders	84.367	92-OH01-SEED2016-ILI	-	7,500
ODHE: Writing and Inquiry Stories to Explore Science (WISE)	84.367	15-25	-	10,561
<b>Total U.S. Department of Education Pass-Through Programs</b>			-	271,625
<b>Total U.S. Department of Education</b>			-	353,082
<b>Total Instructional</b>			-	521,949
<b>Public Service</b>				
U.S. Department of Justice:				
Pass-Through Programs From:				
Ohio Attorney General: For Respect: Miami University Advocacy	16.XXX	2016-VOCA-22895866	-	2,334
U.S. Geological Survey:				
AmericaView: Ohio View Annual RCA to AmericaView	15.815	AV13-OH01	-	1,927
U.S. Department of State:				
Participatory Democracy, Rights and Responsibilities of Citizenship: A Civic Engagement Institute for the 2013 Study of the US for Student Leaders	19.009	S-ECAGD-13CA-0107	-	167,388
National Endowment for the Arts:				
2015-16 Arts Midwest Touring Fund	45.025	FY15-00015719	-	4,000
National Endowment for Humanities:				
Orientation for the Mississippi Freedom Project: An Interactive Quest for Social Justice	45.169	HD-51918-14	2,640	11,361
Pass-Through Programs From:				
Ohio Humanities Council: Finding Freedom Project	45.129	GR_14-003_00	-	6,342
<b>Total National Endowment for Humanities</b>			2,640	17,703
National Science Foundation:				
Dong NSF Intergovernmental Personnel Act (IPA) Assignment	47.XXX	EAR-1560026	-	111,747
Gonzalez NSF Intergovernmental Personnel Act (IPA) Assignment	47.XXX	DEB-1522840	-	128,006
Vanni NSF Intergovernmental Personnel Act (IPA)	47.XXX	DBI-1560900	-	173,666
<b>Total National Science Foundation</b>			-	413,419

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2016**

	Federal CFDA Number	Grant Number	Amount Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education: Pass-Through Programs From: OBOR SCTAI Liaison	84.XXX	PO# 4030	\$ -	\$ 3,500
<b>Total U.S. Department of Education</b>			-	3,500
Department of Health & Human Services: Miami Suicide Awareness and Prevention Program	93.243	1U79SM060473-01	-	29,887
Pass-Through Programs From: Cincinnati Children's Medical Center: Children's Hospital Traineeships (Center ADHD & LEND)	93.11	N/A	-	11,316
Ohio Department of Education: Making Ohio AWARE: Building Statewide Mental Health First Aid Capacity	93.243	N/A	-	345,363
ODMHAS: Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-15-9726	-	1
Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-16-9726	-	3,266
<b>Total Department of Health and Human Services Pass-Through Programs</b>			-	359,946
<b>Total Department of Health and Human Services</b>			-	389,833
Department of Homeland Security: Pass-Through Programs From: ICE-HSI: Reimbursement of Joint Operations Expenses from the Treasury Forfeiture Fund	97.XXX	N/A	-	8,201
<b>Total Public Service</b>			2,640	1,008,305
<b>Total Federal Expenditures</b>			\$ 572,222	\$ 122,991,589

See notes to schedule of expenditures of federal awards.

## Miami University

### Notes to Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

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#### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Miami University (the University) under programs of the federal government for the year ended June 30, 2016. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

#### Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to exercise its option to use the 10-percent de minimis indirect cost rate due to the fact that the System has an existing approved indirect cost rate.

#### Note 3. Federal Perkins Loan Program

The Federal Perkins Loan Program listed subsequently is administered directly by the University and balances and transaction relating to this program are included in the University's financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at June 30, 2016 consist of:

Prpgram Name	Outstanding balance at June 30, 2015	New Loans Issued	Repayments of Student Loans	Outstanding balance at June 30, 2016
Federal Perkins Loan Program	\$ 6,881,775	\$ 1,039,238	\$ (63,346)	\$ 7,857,667

#### Note 4. Federal Direct Student Loans

The University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans "Stafford" and Federal PLUS Loans "PLUS". New loans processed for students during the year ended June 30, 2016, were as follows:

Federal Direct Student Loan Program	
Stafford:	
Subsidized	\$ 22,949,579
Unsubsidized	36,147,332
GLPS	299,673
PLUS	26,235,389

The value of the loans issued for the Federal Direct Student Loan Program is based on disbursed amounts. The loan amounts issued during the years are disclosed in Note 3. The University is responsible only for the performance of certain administrative duties with respect to the Federally Guaranteed Student Loan Programs and, accordingly, balances and transactions relating to the loan programs are not included in the University's basic financial statements. Therefore, it is not practical to determine the balance of loans outstanding to student and former students of Miami University at June 30, 2016.

**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***

**Independent Auditor's Report**

President and Board of Trustees of Miami University  
Oxford, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Miami University (the University), as of and for the year ended June 30, 2016, which collectively comprise the University's basic financial statements and the and the related notes to the financial statements, and have issued our report thereon dated October 14, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Cleveland, Ohio  
October 14, 2016





RSM US LLP

**Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

President and Board of Trustees of Miami University  
Oxford, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited Miami University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2016. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

## **Report on Internal Control over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Cleveland, Ohio  
October 14, 2016

**Miami University**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016**

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

	Yes	<u>  X  </u>	No
	Yes	<u>  X  </u>	None reported

Noncompliance material to financial statements noted?

	Yes	<u>  X  </u>	No
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Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

	Yes	<u>  X  </u>	No
	Yes	<u>  X  </u>	None reported

Type of auditor's report issued on compliance for major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	Yes	<u>  X  </u>	No
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Identification of major programs:

CFDA Number(s)  
Various

Name of Federal Program or Cluster  
Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low risk auditee?

X	Yes		No
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**Miami University**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016**

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**II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

**III. Findings and Questioned Costs for Federal Awards**

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

**Miami University**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2016**

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No matters were reported.

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# **Miami University**

Independent Accountant's Report on Applying  
Agreed-Upon Procedures Performed on the  
Intercollegiate Athletics Department as required by  
NCAA Constitution 3.2.4.15.

June 30, 2016



RSM US LLP

## Independent Accountant's Report

Dr. Gregory P. Crawford, President  
Miami University  
Oxford, Ohio

We have performed the procedures enumerated below, which were agreed to by Miami University (the University), solely to assist in evaluating whether the accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of the University (the Department) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2016. Miami University's management is responsible for the Statement of Revenues and Expenses (Statement) and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

The procedures that we performed and our findings are as follows:

- A. We obtained the Department's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2016, as prepared by management and included herein as Exhibit A. We computed, without exception, the mathematical accuracy of the Statement. We compared the individual line items in the "Total" column to the respective amounts recorded in the Department general ledger for the year ended June 30, 2016 and found them to be in agreement. If a specific reporting category was less than 0.5% of the total revenue, no procedures were performed for that specific category.

No exceptions were noted as a result of applying these procedures.

- B. We obtained a variance analysis prepared by the management of the Department. We compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. We obtained and documented an understanding of any variations over the lesser of \$1,000,000 or 10% which are as follows:

*Direct institutional support* – favorable variance as compared to the 2016 budget amount due to endowment performance from financial aid.

No exceptions were noted as a result of applying this procedure. No procedures were performed with respect to management's explanations of the variance.

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## Agreed-Upon Procedures Related to Revenues

### *Ticket Sales*

1. We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the University in the Statement and the related attendance figures and recalculated totals.

No exceptions were noted as a result of applying these procedures.

### *Student Fees*

2. We compared student fees reported in the Statement for the year ended June 30, 2016 to student enrollment information and recalculated totals.

No exceptions were noted as a result of applying these procedures.

3. We obtained the University's methodology for allocating student fees to intercollegiate athletics departments and recalculated the totals based on this methodology.

No exceptions were noted as a result of applying these procedures.

4. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculated the total of their methodology for supporting that they are able to count each sport. Agree the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

This step is not applicable to the University as there is no allocation of student fees countable as generated revenue.

### *Direct State or Other Governmental Support*

5. We noted, through inquiry of the Department, that the Department did not receive any direct state or other governmental support for the year ended June 30, 2016.

### *Direct Institutional Support*

6. We obtained from the Department a listing of all direct institutional support received from the University during the year ended June 30, 2016. We then selected and compared, on a judgmental basis, five direct institutional support items recorded in the general ledger and inspected the institutional authorizations and approved fund transfer requests and recalculated totals.

No exceptions were noted as a result of applying these procedures.

### *Transfers Back to Institution*

7. This specific reporting category is less than 0.5% of the total revenue, therefore no procedures were performed.

### *Indirect Institutional Support*

8. We obtained from the Department a listing of all indirect facilities and administration support provided by the University during the year ended June 30, 2016, and selected and agreed, on a judgmental test basis, one indirect facilities and administrations support with institutional authorizations and invoice payments on behalf of the Department and recalculated totals.

No exceptions were noted as a result of applying these procedures.

### *Guarantees*

- 9-10. We inquired of management and the University does not receive settlement reports for away games. We obtained from the Department a listing of the contractual agreements pertaining to revenues derived from guaranteed contests during the year ended June 30, 2016, and judgmentally selected three items and obtained the supporting documentation (receipts, agreements, checks, bank statements) for three items provided by the Department pertaining to revenues derived from guaranteed revenue, and compared the revenue in the contract to the related revenues in the University's general ledger. We also compared the revenue recorded in the general ledger to the copies of checks received by the University and found them to be in agreement.

No exceptions were noted as a result of applying these procedures.

### *Contributions*

11. We scanned the Department general ledger for the year ended June 30, 2016 to identify any individual Department contribution that represented more than 10% of the total contributions revenue of \$1,700,119. We noted one individual contribution that exceeded 10%, or \$170,012, of the contributions revenue included in the Statement for the year ended June 30, 2016. For this item, we agreed the amount recorded to supporting documentation (donor letter, check, bank statement) for the contribution. We compared the total revenues from "contributions" per the Statement to the respective account in the general ledger for the year ended June 30, 2016 and found them to be in agreement.

No exceptions were noted as a result of applying these procedures.

### *In-Kind*

12. This specific reporting category is less than 0.5% of the total revenue, therefore, no procedures were performed.

### *Compensation and Benefits by a Third-Party*

- 13-14. We noted, through inquiry of the Department, the Department did not receive any compensation and benefits provided by a third-party for the year ended June 30, 2016.

### *Media Rights*

- 15-16. This specific reporting category is less than 0.5% of the total revenue, therefore no procedures were performed.

### *NCAA Distributions*

17. We obtained from the Department a listing of all NCAA distributions and selected, on a judgmental test basis, two receipts provided by management related to NCAA distributions during the year ended June 30, 2016 and compared the related revenues to the University's general ledger and recalculated totals.

No exceptions were noted as a result of applying these procedures.

### *Conference Distributions*

18. We obtained from the Department a listing of all conference distributions and selected, on a judgmental test basis, one receipt provided by management related to conference distributions during the year ended June 30, 2016 and compared the related revenues to the University's general ledger.

*Conference Distributions (continued)*

No exceptions were noted as a result of applying these procedures.

19. We compared and agreed the related revenues to the University's general ledger and the Statement and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Program Sales, Concessions, Novelty Sales and Parking*

20. This specific reporting category is less than 0.5% of the total revenue, therefore, no procedures were performed.

*Royalties, Licensing, Advertisements and Sponsorships*

- 21-22. We obtained from the Department a listing of all royalties, licensing, advertisements and sponsorship revenue and selected, on a judgmental test basis, one licensing agreement provided by the Department related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2016. For the agreement selected, we read the agreement for the related terms and conditions and agreed the amount reported in the general ledger to the agreement.

No exceptions were noted as a result of applying these procedures.

*Sports Camp Revenues*

- 23-24. We judgmentally inspected one sports camp contract between the University and person(s) conducting University sports-camp for the year ended June 30, 2016 and obtained an understanding of the University's methodology for recording revenues from the sports-camps. We obtained a schedule of participants and selected a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agreed each selection to the University's general ledger, and the Statement and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Athletics Restricted Endowment and Investment Income*

- 25-26. We judgmentally selected five athletic restricted endowment funds to gain an understanding of the relevant terms and conditions for the donor agreements. We compared the allocations of the athletics restricted endowment and investment income from the Department records to the calculations performed by the Treasury Services office. We obtained the Treasury Services Office's allocation calculations for the period ended June 30, 2016, recalculated the allocation for the five judgmentally selected endowment funds, and agreed the amounts to the University's general ledger.

No exceptions were noted as a result of applying these procedures.

*Other*

27. We obtained from the Department a listing of all other revenue earned during the year ended June 30, 2016, and selected, on a judgmental test basis, one other revenue amount and compared the amount selected to supporting documentation provided by the Department, which included a copy of a deposit ticket and check and found them to be in agreement with the transaction reported in the general ledger.

No exceptions were noted as a result of applying these procedures.

### Agreed-Upon Procedures Related to Expenses

- C. We obtained a variance analysis prepared by the management of the Department. We compared each major expense account over 10% of the total expenses to prior period amounts and budget estimates. We obtained and documented an understanding of any variations over the less of \$1,000,000 or 10%.

There were no variances noted that met the threshold noted above. No exceptions were noted as a result of applying this procedure.

#### *Athletic Student Aid*

- 28-31. We obtained a listing of student athletes who received financial assistance during the year ended June 30, 2016 from management. Management used the NCAA's Compliance Assistant (CA) software to prepare the athletic aid detail. We judgmentally selected 10% of the total student athletes from the listing. We obtained a detail of each selected student's account and the financial aid award letter. We compared the amount of aid per the award letter, net of adjustments to aid, to the amount of aid per the student's account and found them to be in agreement. We compared each student selected and agreed their information to the information reported in the NCAA's CA software. We also compared the total "athletic student aid" per the Statement to the respective account in the general ledger for the year ended June 30, 2016, and found them to be in agreement.

No exceptions were noted as a result of applying these procedures.

#### *Guarantees*

- 32-33. We obtained from the Department a listing of the guarantees during the year ended June 30, 2016 and judgmentally selected five contractual guarantee payments. For each of these guaranteed payments, we compared the guarantee expense in the general ledger detail to amounts specified in the contracts, and found them to be in agreement. We compared the expenses to the copies of checks paid by the Department, and found them to be in agreement. We also compared the total expenses for guarantees per the Statement to the respective account in the general ledger for the year ended June 30, 2016, and found them to be in agreement.

No exceptions were noted as a result of applying these procedures.

#### *Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities*

- 34-37. We obtained a listing of University coaches employed at the University during the year ended June 30, 2016. From this list, we judgmentally selected a total of five coaches (that included football, and men's and women's basketball coaches) and compared the recorded salary expense in their respective payroll accounts to their contracts and found them to be in agreement.

We also compared the total expenses for coaching salaries, benefits and bonuses paid by the University and related entities per the Statement to the respective account in the general ledger for the year ended June 30, 2016, and found them to be in agreement. For items tested, we noted no payments made by related entities or third parties.

No exceptions were noted as a result of applying these procedures.

#### *Coaching Other Compensation and Benefits Paid by a Third-Party*

- 38-40. We noted, through inquiry of the Department, that the Department did not receive any compensation and benefits provided by a third-party for the year ended June 30, 2016.

*Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities*

- 41-42. We selected a sample of support staff/administrative personnel employed by the University for the year ended June 30, 2016. We obtained and inspected the reporting period summary payroll register for each selection. We compared and agreed related summary payroll registers to the related support staff, administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party*

- 43-44. We noted, through inquiry of the Department, that the Department did not receive any support staff/administrative other compensation and benefits paid by a third-party for the year ended June 30, 2016.

*Severance Payments*

45. This specific reporting category is less than 0.5% of the total revenue, therefore, no procedures were performed.

*Recruiting*

- 46-48. We obtained and read the written documentation from the Department outlining the University's expense policies as they relate to recruiting expenses. We also obtained and read a copy of the NCAA recruiting expense policies. Based on the procedures performed and discussions with the University's management, we noted that the University's expense policies as they relate to recruiting expenses were consistent with the respective NCAA guidelines.

We also compared the total expenses for recruiting per the Statement to the respective accounts in the general ledger for the year ended June 30, 2016, and found them to be in agreement.

No exceptions were noted as a result of applying these procedures.

*Team Travel*

- 49-51. We obtained and read the written documentation from the Department outlining the University's athletics travel expense policies. We also obtained and read a copy of the NCAA travel expense policies. Based on the procedures performed and discussions with the University's management, we noted that the University's athletics travel expense policies were consistent with the respective NCAA guidelines.

We also compared the total expenses for team travel per the Statement to the respective accounts in the general ledger for the year ended June 30, 2016, and found them to be in agreement.

No exceptions were noted as a result of applying these procedures.

*Equipment, Uniforms, and Supplies*

52. We obtained the general ledger detail of equipment, uniforms and supplies and compared to the total expenses reported on the Statement. We selected a sample of equipment, uniforms and supplies expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Game Expenses*

53. We obtained the general ledger detail of game expenses and compared to the total expenses reported on the Statement. We selected a sample of game expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Fundraising, Marketing and Promotion*

54. We obtained the general ledger detail of fundraising, marketing and promotion expenses and compared to the total expenses reported on the Statement. We selected a sample of fundraising, marketing and promotion expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Sports Camp Expenses*

55. We obtained the general ledger detail of sports camp expenses and compared to the total expenses reported on the Statement. We selected a sample of sports camp expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Spirit Groups*

56. We obtained the general ledger detail of spirit group expenses and compared to the total expenses reported on the Statement. We selected a sample of spirit group expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

*Athletic Facility Debt Service, Leases and Rental Fees*

- 57-58. We noted, through inquiry of the Department, that the Department did not receive any athletic facility debt service, leases and rental fees for the year ended June 30, 2016.

*Direct Overhead and Administrative Expenses*

59. We obtained the general ledger detail of direct overhead and administrative expenses and compared to the total expenses reported on the Statement. We selected a sample of direct overhead and administrative expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

#### *Indirect Institutional Support*

60. Reference number 8 above as this item was tested without exception with Indirect Institutional Support revenue.

#### *Medical Expenses and Medical Insurance*

61. We obtained the general ledger detail of medical expenses and medical insurance and compared to the total expenses reported on the Statement. We selected a sample of medical expenses and medical insurance expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

#### *Memberships and Dues*

62. We obtained the general ledger detail of memberships and dues and compared to the total expenses reported on the Statement. We selected a sample of memberships and dues expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

#### *Other Operating Expenses and Transfers*

63. We obtained the general ledger detail of other operating expenses and transfers and compared to the total expenses reported on the Statement. We selected a sample of other operating expense and transfer expenditure transactions to validate the existence of the transaction and accuracy of recording and recalculated totals.

No exceptions were noted as a result of applying these procedures.

#### **Additional Minimum Agreed-Upon Procedures**

- D. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the institution. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the justification in the AUP report.

No exceptions were noted as a result of applying these procedures.

- E. Obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, ensure that the institution has reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. If any discrepancies are identified they must be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.

No exceptions or discrepancies were identified as a result of applying these procedures.

## Affiliated and Outside Organizations

- F. In preparation for our procedures related to the University's affiliated and outside organizations we:
1. Inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:
    - i. Booster organizations established by or on behalf of an intercollegiate athletics program.
    - ii. Independent or affiliated foundations or other organizations that have, as a principal purpose, the generating or maintaining of grand-in-aid or scholarship funds, gifts, endowments, or other moneys, goods, or services to be used entirely or in part by the intercollegiate athletics program.
    - iii. Alumni organizations that have, as one of its principal purposes, the generating of moneys, goods, or services for or on behalf of an intercollegiate athletics program and that can contribute moneys, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.

We inquired of management, management identified the Blue Line Club and Miami University Foundation as meeting the above criteria. The Blue Line Club reported revenues of \$23,272 and expenses of \$23,805, of which are included the Statement of Revenues and Expenses. The accounting function for the Blue Line Club is performed by the University intercollegiate athletics department. Miami University and Miami University Foundation share the accounting function. No exceptions were noted as a result of applying these procedures.

2. Obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures by NCAA legislation. The University's independent accountant shall also inquire of institutional and organization management as to corrective action taken in response to comments concerning internal control structure, if applicable.

We obtained and inspected the audited financial statements of Miami University Foundation and noted there were no additional reports regarding internal controls or corrective action. No exceptions were noted as a result of applying these procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of members of the audit committee, board of trustees, administration of the University, or an authorized representative of the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Cleveland, Ohio  
November 16, 2016



**Intercollegiate Athletics Department  
Statement of Revenues and Expenses  
Year Ended June 30, 2016**

	Men's Basketball	Men's Football	Men's Ice Hockey	Women's Basketball	Other Sports	Non-Program Specific	2016 Total
<b>Revenues</b>							
<b>Operating Revenues:</b>							
Ticket sales	\$ 111,896	\$ 444,898	\$ 669,643	\$ 7,498	\$ 6,886	\$ 30,797	\$ 1,271,618
Student fees	1,686,232	4,796,807	1,261,386	1,346,277	6,954,640	694,976	16,740,318
Direct state or other governmental support	-	-	-	-	-	-	-
Direct institutional support	230,224	949,975	412,383	108,581	2,249,698	974,421	4,923,282
Less: transfers back to institution	-	-	-	-	-	(50,301)	(50,301)
Indirect institutional support	-	-	-	-	-	2,158,261	2,158,261
Guarantees	95,000	1,250,000	-	15,000	15,500	-	1,375,500
Contributions:	46,402	81,364	125,874	26,346	469,059	951,074	1,700,119
in-kind	-	-	1,511	-	-	-	1,511
Compensation and benefits provided by a third-party	-	-	-	-	-	41,396	41,396
Media rights	-	-	-	-	-	994,003	994,003
NCAA distributions	-	-	-	-	-	1,200,000	1,345,160
Conference distributions	145,160	-	-	-	-	47,433	147,712
Program sales, concessions, novelty sales and parking	12,822	77,008	8,400	24	2,025	866,827	866,827
Royalties, licensing, advertisements and sponsorships	-	-	-	-	-	1,469,945	1,469,945
Sports camp revenues	-	-	-	-	-	204,295	219,298
Athletics restricted endowment and investment income	1,984	9,706	93	80	3,140	408,613	457,216
Other operating revenue	-	3,271	895	15,022	31,409	-	-
<b>Operating revenue</b>	<b>2,329,720</b>	<b>7,613,028</b>	<b>2,480,185</b>	<b>1,516,828</b>	<b>9,732,357</b>	<b>9,989,739</b>	<b>33,661,856</b>
<b>Expenses</b>							
<b>Operating Expenses:</b>							
Athletic student aid	482,603	3,078,639	741,614	436,807	4,779,504	-	9,519,167
Guarantees	311,178	340,000	3,200	1,750	11,050	-	667,178
Coaching salaries, benefits, and bonuses paid by the University and related entities	716,124	1,949,805	799,645	490,699	2,222,551	-	6,178,824
Coaching other compensation and benefits paid by a third-party	-	-	-	-	-	-	-
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	115,519	163,657	119,354	99,086	75,856	4,356,948	4,930,420
Support staff/administrative other compensation and benefits paid by a third-party	-	-	-	-	-	-	35,338
Severance payments	-	35,338	-	-	-	-	431,056
Recruiting	100,585	143,907	29,525	41,772	87,946	27,321	2,646,112
Team travel	205,819	576,221	267,727	183,863	1,382,887	9,595	1,252,768
Equipment, uniforms and supplies	54,210	394,025	123,872	40,099	377,133	283,429	1,368,703
Game expenses	205,718	424,789	205,795	105,050	226,353	200,998	288,614
Fundraising, marketing and promotion	1,652	4,368	4,637	3,253	12,191	262,513	937,313
Sports camp expenses	-	-	-	-	-	42,094	42,094
Spirit groups	-	-	-	-	-	-	-
Athletic facilities debt service, leases and rental fees	-	-	-	-	-	379,077	429,715
Direct overhead and administrative expenses	12,574	10,098	1,188	1,343	25,435	1,848,904	1,848,904
Indirect institutional support	-	-	-	-	-	236,846	532,130
Medical expenses and medical insurance	18,004	92,370	13,559	22,904	148,447	248,514	276,773
Memberships and dues	1,125	1,910	5,232	2,775	17,217	20,081	341,595
Student-athlete meals (non-travel)	27,205	177,118	32,194	10,220	74,777	779,971	1,559,017
Other operating expenses and transfers to institution	77,403	220,782	112,643	77,207	291,011	-	-
<b>Operating expenses</b>	<b>2,329,720</b>	<b>7,613,028</b>	<b>2,480,185</b>	<b>1,516,828</b>	<b>9,732,357</b>	<b>9,613,605</b>	<b>33,285,722</b>
<b>Excess of revenues over expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 376,134</b>	<b>\$ 376,134</b>

See Notes to Statement of Revenues and Expenses.

**Miami University**

**Intercollegiate Athletics Department  
Notes to Statement of Revenues and Expenses  
Year Ended June 30, 2016**

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**1. Basis of Presentation**

The accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Miami University (the Statement) has been prepared in accordance with accounting principles generally accepted in the United States of America and the NCAA Agreed-Upon Procedures guidelines. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Department of Miami University (the Department) for the year ended June 30, 2016 on the accrual basis. Revenues are recorded when earned. Expenses are recorded in the period in which the related liability is incurred. Because the Statement presents only a selected portion of the activities of Miami University (the University), it is not intended to and does not present the financial position, changes in financial position or revenues and expenses for the year then ended for the University as a whole.

The amounts in the accompanying Statement were obtained from the University's trial balance, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed as such, except compensation and benefits paid by third parties, which were not applicable. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

**2. Other Sports**

Other sports include men's baseball, men's golf, men's swimming, men's track and cross country, women's field hockey, women's soccer, women's softball, women's swimming, women's tennis, women's track and cross country, women's volleyball, and women's skating.

**3. Contributions**

Contribution revenue included in the statement of revenues and expenditures represent contributions given to the University's Intercollegiate Athletics Department based on donors' instructions.

There was one individual contribution made that comprised more than 10 percent of the total contributions revenue related to Intercollegiate Athletics for the year ended June 30, 2016.

**4. Other Forms of Compensation**

The value of volunteer assistant coaching services, according to NCAA financial audit guidelines, should be reported as contributions and as salary expenditures. The University estimates that the value of volunteer assistant coaching services is not material to the statement of revenues and expenditures and, therefore, is not reflected in the Statement.

**5. Capital Assets**

Land, buildings, and equipment are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. Land and collections of works of art and historical treasures are capitalized but not depreciated. Any collection that is not capitalized is charged to operations at the time of purchase. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings; 25 years for infrastructure, library books, and land improvements; 20 years for improvements to buildings; and 5 to 7 years for equipment, vehicles, and furniture. The University's capitalization threshold is the lower of 5 percent of the original building cost or \$100,000 for building renovations and \$5,000 for all other capitalized items. The University does not segregate athletics-related assets from other assets held by the University and therefore depreciation expense is not reflected in the statement of revenues and expenditures.

Miami University

Intercollegiate Athletics Department  
Notes to Statement of Revenues and Expenses  
Year Ended June 30, 2016

5. Capital Assets (Continued)

The current year capitalized additions and deletions to facilities during the year ended June 30, 2016 are as follows:

	<u>Additions</u>	<u>Deletions</u>
Athletic related capital asset balance	\$ -	\$ -
University's total capital asset balance	144,438,574	16,693,294

The total estimated book values of capital assets, net of depreciation, of the University as of the year ended June 30, 2016 are as follows:

	<u>Estimated Book Value</u>
Athletic related capital asset balance	78,876,759
University's total capital asset balance	1,166,751,574

6. Intercollegiate Athletics-Related Debt

The annual debt service and debt outstanding (including principal and interest) for the University for the year ended June 30, 2016 are as follows:

	<u>Estimated Annual Debt Service</u>	<u>Debt Outstanding</u>
Athletic related facilities	\$ 2,137,306	\$ 17,597,437
University's total	53,451,241	629,926,813

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the University during the year ended June 30, 2016 is as follows:

	<u>Series 2011 Bonds</u>		<u>Series 2015</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	127,290	51,158	1,981,500	264,126	2,108,790	315,284
2018	132,184	44,880	2,020,500	226,263	2,152,684	271,143
2019	139,176	37,993	2,059,500	187,666	2,198,676	225,659
2020	146,168	30,756	1,533,000	157,196	1,679,168	187,952
2021	152,927	23,180	1,561,500	127,930	1,714,427	151,110
Thereafter	504,461	24,508	6,544,500	208,008	7,048,961	232,516
<b>Total</b>	<b>\$ 1,202,206</b>	<b>\$ 212,475</b>	<b>\$ 15,700,500</b>	<b>\$ 1,171,189</b>	<b>\$ 16,902,706</b>	<b>\$ 1,383,664</b>





# Dave Yost • Auditor of State

**MIAMI UNIVERSITY**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 13, 2016**