

# **Miami University**

Financial Report  
June 30, 2017





# Dave Yost • Auditor of State

Board of Trustees  
Miami University  
107 Roudebush Hall  
Oxford, Ohio 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, 2016 through June 30, 2017. 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 21, 2017

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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, 2017 and 2016, 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, 2017 and 2016, 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 45-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *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 audit 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 report dated October 13, 2017, 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 solely 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 the effectiveness of the University's internal control over financial reporting or on compliance. This report 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 13, 2017



## Miami University

### Management's Discussion and Analysis June 30, 2017

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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, 2017. 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 eighth 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, 2017. Total assets rose 10.3 percent from \$2.03 to \$2.24 billion. Liabilities increased \$184.6 million and totaled \$1.24 billion. Significant financial events during fiscal year 2017 were:

- The University's fall 2016 cohort, at a confirmed size of 3,799 first-year resident undergraduate students, was the first enrolled cohort under the Miami Tuition Promise program. Each year of their enrollment, the incoming cohort of first-year first-time undergraduate resident students at the Oxford campus will have a guaranteed tuition amount due each year of their full-time enrollment for the four years of the guarantee. 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. Total undergraduate enrollment rose 2.1 percent to 21,664 students for fall 2016 compared to 21,210 total undergraduate students in the fall 2015 class. Graduate enrollment for fall 2016 also increased, rising 3.5 percent to a total of 2,658 compared to 2,567 graduate students in the fall 2015 class.
- The University's commitment to increase selectivity, diversity, and maintain quality with strong academic credentials in enrollment goals was evidenced by a confirmed ACT average in excess of 28.0 and a confirmed GPA average in excess of 3.75 for the fall 2016 class. The profile of the incoming class for fall 2016 consisted of 44.3 percent non-resident, and 15.5 percent students of color. The fall 2016 categories of transfer students and relocation students increased by 32 students or 10.1 percent and 29 students or 10.7 percent, respectively. The Hamilton campus incoming class size decreased by 52 students from fall 2015 to fall 2016, and the Middletown campus incoming class size followed suit, decreasing as well, from 381 students to 324 first time incoming students for the fall 2016 class.

**Financial Highlights (Continued)**

- The investment portfolios experienced robust results during the fiscal year. Operational investments posted a positive return of 4.5 percent, an improvement from the previous year's loss of 0.9 percent. Despite higher short term interest rates, solid performance from long-term strategies propelled the overall results. The combined University and Foundation endowment pools experienced an estimated gain of 11.8 percent (excluding private capital which reports on a significant lag), a significant increase from the negative 4.1 percent return in the previous year. Global capital markets surged, especially during the last eight months of the fiscal year, as corporate profits improved and most economic data remained healthy. The current economic cycle continued to support growth, despite its longevity and against a backdrop of continued interest rate increases by the US Federal Reserve. While plenty of threats persist, markets exhibited extremely low levels of volatility.
- For fiscal year 2017, the University increased salaries by 3.0 percent. General fund salary and benefit expense on all three campuses increased by \$16.3 million to \$264.2 million, which was \$14.2 million below the adopted budget. Although a hiring freeze is not in affect, requests to add new positions or fill previously vacant positions are carefully scrutinized.
- As noted above, the liabilities increased \$184.6 million. In February 2017, an additional \$154.6 million in general receipts revenue bonds were issued to fund planned capital projects and to retire existing debt (see the Capital Assets and Debt Administration section for more information). This increase also consisted of an increase of \$86.0 million in the Net Pension Liability (NPL) recorded on the University Statements of Financial Position. This increase in the NPL stemmed from a reduction in the discount rate utilized by the Ohio Public Employees Retirement System (OPERS) to measure NPL and reduced investment performance of the State pension plans from projected to actual investment earnings.

**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.

## Miami University

### Management's Discussion and Analysis June 30, 2017

#### Statements of Net Position (Continued)

	2017	2016	2015
<b>Assets:</b>			
Current assets	\$ 756,058,224	\$ 677,619,333	\$ 740,459,775
Capital assets, net	1,266,306,267	1,166,751,574	1,048,208,385
Long-term investments	211,095,462	176,132,561	174,444,558
Other assets	6,876,688	10,650,920	11,635,530
<b>Total assets</b>	<b>2,240,336,641</b>	<b>2,031,154,388</b>	<b>1,974,748,248</b>
<b>Deferred outflows of resources</b>	<b>102,572,087</b>	<b>61,893,477</b>	<b>19,803,662</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,342,908,728</b>	<b>\$ 2,093,047,865</b>	<b>\$ 1,994,551,910</b>
<b>Liabilities:</b>			
Current liabilities	\$ 116,595,416	\$ 111,389,039	\$ 91,934,189
Noncurrent liabilities	1,122,705,306	943,322,756	909,140,240
<b>Total liabilities</b>	<b>1,239,300,722</b>	<b>1,054,711,795</b>	<b>1,001,074,429</b>
<b>Deferred inflows of resources</b>	<b>3,414,274</b>	<b>21,870,234</b>	<b>42,116,636</b>
<b>Net Position:</b>			
Net investment in capital assets	682,581,465	626,844,780	564,091,473
Restricted – nonexpendable	91,155,928	86,289,761	94,117,310
Restricted – expendable	41,965,845	51,099,005	82,437,918
Unrestricted – allocated	264,321,811	235,874,803	196,344,051
Unrestricted – unallocated	20,168,683	16,357,487	14,370,093
<b>Total net position</b>	<b>1,100,193,732</b>	<b>1,016,465,836</b>	<b>951,360,845</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 2,342,908,728</b>	<b>\$ 2,093,047,865</b>	<b>\$ 1,994,551,910</b>

Total assets of the institution increased 10.3 percent or \$209.2 million in fiscal year 2017. 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 \$14.6 million, or 15.9 percent. Details of the \$99.6 million or 8.5 percent increase in capital assets are provided in the Capital Assets and Debt Administration section of this report.

Total liabilities of the institution increased \$184.6 million, or 17.5 percent, and consisted primarily of an additional \$154.6 million in general receipts revenue bonds that were issued to fund planned capital projects and retire existing debt and an increase of \$86.0 million in the NPL recorded on the University Statements of Financial Position. This increase in the NPL stemmed from a reduction in the discount rate utilized by the OPERS and reduced investment performance of the State pension plans from projected to actual investment earnings. Other current and noncurrent liabilities remained relatively unchanged. Overall, net position increased by \$83.7 million.

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

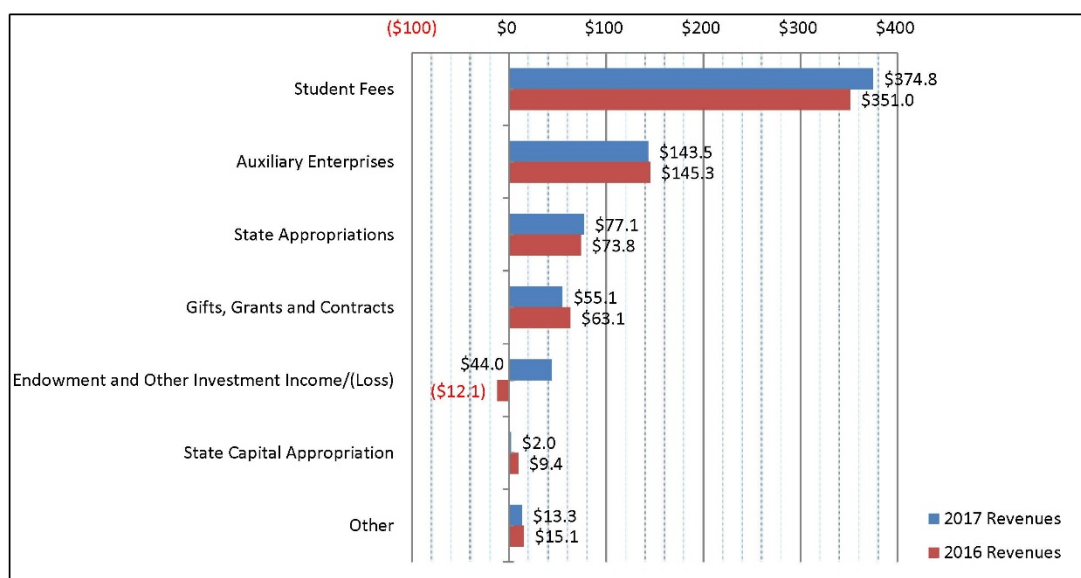
The Statements of Revenues, Expenses, and Changes in Net Position presents the University's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and 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 2017, total revenues of the institution from all sources were approximately \$709.7 million, which represents a \$64.0 million or 9.9 percent increase from the prior year. Approximately 76.7 percent of revenues were classified as operating, and 22.3 percent were classified as non-operating revenues.

	2017	2016	2015
Operating revenues	\$ 544,553,161	\$ 522,244,113	\$ 504,453,710
Non-operating revenues	158,058,600	106,824,826	133,306,086
Other revenues	7,086,880	16,589,856	27,505,429
<b>Total revenues</b>	<b>709,698,641</b>	<b>645,658,795</b>	<b>665,265,225</b>
Operating expenses	(599,516,136)	(557,504,622)	(524,868,419)
Non-operating expenses	(26,454,609)	(23,049,182)	(28,324,275)
<b>Total expenses</b>	<b>(625,970,745)</b>	<b>(580,553,804)</b>	<b>(553,192,694)</b>
<b>Change in net position</b>	<b>\$ 83,727,896</b>	<b>\$ 65,104,991</b>	<b>\$ 112,072,531</b>

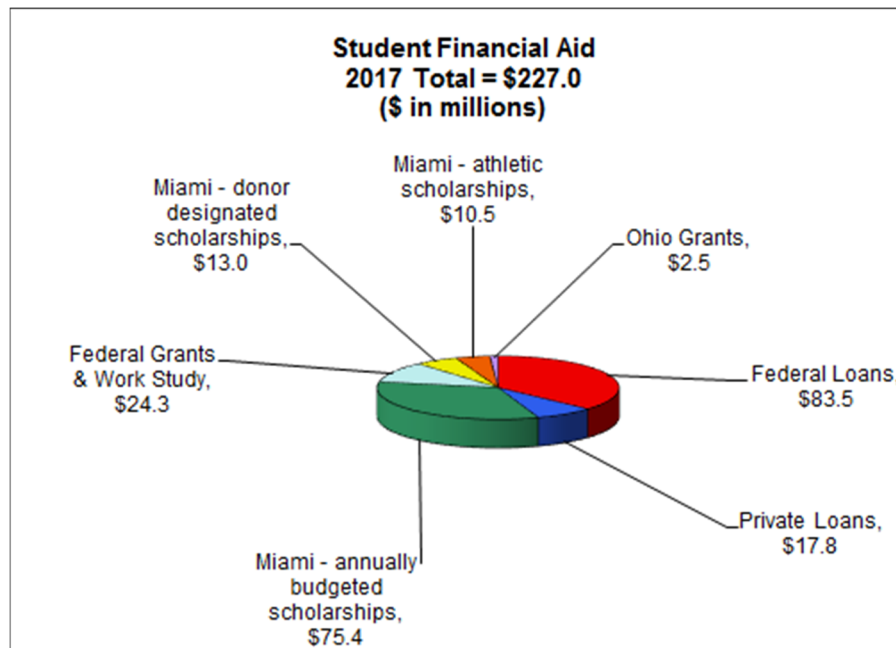
The University revenue base is shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at slightly more than 52.8 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount at 20.2 percent. Gifts, grants, and contracts represent 7.8 percent, and net endowment and investment income contributed to a 6.2 percent increase in the total. State appropriations are 10.9 percent of the total and state capital appropriations are .3 percent.

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



**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 2017, Miami-funded financial aid increased by \$7.9 million or 3.61 percent. In total, financial aid awards were \$227.0 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.

	2017	2016	2015
Net cash provided by operating activities	\$ 31,732,369	\$ 17,875,128	\$ 15,399,378
Net cash provided by noncapital financing activities	114,420,438	121,669,722	122,426,491
Net cash used in capital and related financing activities	(75,353,775)	(186,753,980)	(172,198,658)
Net cash (used in) provided by investing activities	(85,357,917)	38,825,177	(87,579,064)
<b>Net decrease in cash and cash equivalents</b>	<b>(14,558,885)</b>	<b>(8,383,953)</b>	<b>(121,951,853)</b>
Cash and cash equivalents:			
Beginning of year	91,881,987	100,265,940	222,217,793
End of year	<u>\$ 77,323,102</u>	<u>\$ 91,881,987</u>	<u>\$ 100,265,940</u>

## **Miami University**

### **Management's Discussion and Analysis June 30, 2017**

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

The net \$14.6 million decrease in the fiscal year 2017 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 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 2017, 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 2012 and 2014 Series General Receipts Revenue Bonds totaling \$143.7 million combined. Major projects capitalized in 2017 include renovation projects to Armstrong Center Phase II, Athletic Performance Center, Farmer School of Business, Goggin Ice Center, Peabody Hall, Richard Hall, North Quad Residence Halls (which include Brandon, Flower, Hahne, and Hepburn), and the Middletown Campus Gardner-Harvey Library. Other infrastructure improvements included Varsity Tennis Courts. 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 February 14, 2017, the University issued \$154.6 million of Series 2017 General Revenue and Refunding Bonds. The 2017 Series refunded a portion of the 2007 Series and will continue to provide funding for the multi-phase effort to renovate all campus student housing and dining facilities.

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

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

The focus of the Ohio General Assembly continues to be on improving affordability and graduation rates at Ohio's public colleges and universities. Ohio's demographic trends further complicate these discussions as the number of high school graduates in Ohio continues to decline. Similar declines in high school graduation numbers in the surrounding Great Lakes states and the northeastern United States also negatively impact Miami's Oxford Campus as these regions have historically contributed students to Miami's incoming freshmen classes.

For fiscal year 2018 and 2019, state funding for Ohio's public colleges and universities will remain unchanged and tuition for all but those public colleges and universities with a tuition guarantee will remain frozen for undergraduate Ohio residents for both years. Miami's state funding in nominal dollars remains below what it received in 2001. Little or no improvement in state funding is expected for the foreseeable future. Miami's Oxford campus is permitted to increase tuition for incoming Ohio residents under its tuition guarantee by the average amount of inflation over the previous 60 months. There is no limitation on tuition for nonresident students. As a result of the greater tuition flexibility for college and university campuses offering a tuition guarantee, a guarantee is under consideration for Miami's regional campuses in Hamilton and Middletown, Ohio.

**Financial Highlights (Continued)**

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

The Oxford Campus' fall 2017 class continues the recent pattern of modestly larger classes, more academically prepared students being enrolled and an increased proportion of nonresident international students. The class of 3,828 new freshmen has a strong average ACT score of 28.3 and a large proportion of nonresident enrollment at 1,657 students as of August 22, 2017. One potential risk with the larger and academically stronger classes is the decline in international enrollments across the nation. While the early numbers for fall 2017 indicate no drop in fully admitted international students, the number of conditionally admitted 'English as a second language' students declined by 48 students or 17.6 percent. Future international enrollment trends remain difficult to predict given the uncertainty that continues for the national conversation. Additional investments in Admission staff and other recruiting initiatives have been authorized for fiscal year 2018.

Enrollment at Miami's regional campuses for fall 2017 declined by 1.5 percent to 4,620 but the early fall 2018 enrollment activity to support the fall 2018 goals suggests that the enrollment on these campuses has stabilized. Lackluster enrollment results over the last four years for these campuses reflects the national enrollment trend for open enrollment campuses as employment has improved. New academic program offerings and enrollment strategies are continuing to be implemented for these campuses in response to the enrollment trend.

Ohio's Task Force on Affordability and Efficiency is in the second year of its implementation and continues to encourage Ohio's public colleges and universities to find additional ways to improve affordability and student retention and graduation. The progress report issued on February 7, 2017 indicated that Miami University was one of only three institutions in the state to receive a Strong Progress grade for its five -year plan for improving efficiency and new resource generation

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 shape the national conversation and state legislative policies resulting in slower revenue growth. But Miami's strong commitment to undergraduate teaching, the demand for its programs not only in Ohio but around the nation and the world, its improved operating efficiencies, and its dedicated and committed faculty and staff, position it well to respond to these challenges and to maintain its financial performance in the face of transformational change.

**Miami University**

**Statements of Net Position  
June 30, 2017 and 2016**

	Miami University		University Foundation	
	2017	2016	2017	2016
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (includes bond proceeds of \$25.2 million for FY17 and \$19.3 million for FY16)	\$ 77,323,102	\$ 91,881,987	\$ 30,557,457	\$ 36,404,332
Investments	632,801,558	538,834,187	-	-
Accounts, pledges and notes receivable, net	38,335,028	37,130,808	9,306,250	10,730,145
Inventories	1,871,537	2,301,891	-	-
Prepaid expenses and deferred charges	5,726,999	7,470,460	-	-
<b>Total current assets</b>	<b>756,058,224</b>	<b>677,619,333</b>	<b>39,863,707</b>	<b>47,134,477</b>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	13,282,627	932,267
Investments	211,095,462	176,132,561	480,046,355	425,154,248
Pledges and notes receivable, net	6,506,325	10,327,681	40,352,919	26,861,706
Net pension asset	370,363	323,239	-	-
Nondepreciable capital assets	146,821,609	154,359,937	-	-
Depreciable capital assets, net	1,119,484,658	1,012,391,637	-	-
<b>Total noncurrent assets</b>	<b>1,484,278,417</b>	<b>1,353,535,055</b>	<b>533,681,901</b>	<b>452,948,221</b>
<b>Total assets</b>	<b>2,240,336,641</b>	<b>2,031,154,388</b>	<b>573,545,608</b>	<b>500,082,698</b>
Deferred outflows of resources:				
Pensions (Note 7)	102,572,087	61,893,477	-	-
<b>Total deferred outflows of resources</b>	<b>102,572,087</b>	<b>61,893,477</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,342,908,728</b>	<b>\$ 2,093,047,865</b>	<b>\$ 573,545,608</b>	<b>\$ 500,082,698</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 41,225,270	\$ 42,158,627	\$ 13,549,898	\$ 12,193,002
Accrued salaries and wages	16,351,605	16,637,036	-	-
Accrued compensated absences	1,248,469	1,340,193	-	-
Unearned revenue	13,287,075	11,352,668	-	-
Deposits	12,164,446	11,223,779	-	-
Current portion of long-term debt	32,318,551	28,676,736	-	-
Other current liabilities	-	-	584,052	613,976
<b>Total current liabilities</b>	<b>116,595,416</b>	<b>111,389,039</b>	<b>14,133,950</b>	<b>12,806,978</b>
Noncurrent liabilities:				
Accrued compensated absences	17,624,637	17,024,927	-	-
Bonds payable	691,021,275	598,194,697	-	-
Capital leases payable	2,157,300	2,281,500	-	-
Federal Perkins loan program	5,557,400	5,506,867	-	-
Net pension liability	406,344,694	320,314,765	-	-
Other noncurrent liabilities	-	-	220,028,510	185,034,105
<b>Total noncurrent liabilities</b>	<b>1,122,705,306</b>	<b>943,322,756</b>	<b>220,028,510</b>	<b>185,034,105</b>
<b>Total liabilities</b>	<b>1,239,300,722</b>	<b>1,054,711,795</b>	<b>234,162,460</b>	<b>197,841,083</b>
Deferred inflows of resources:				
Deferred gains on refunding	1,275,801	773,880	-	-
Pensions (Note 7)	2,138,473	21,096,354	-	-
<b>Total deferred inflows of resources</b>	<b>3,414,274</b>	<b>21,870,234</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>				
Net investment in capital assets	682,581,465	626,844,780	-	-
Restricted:				
Nonexpendable	91,155,928	86,289,761	209,719,391	197,035,479
Expendable	41,965,845	51,099,005	128,706,074	105,835,972
Unrestricted	284,490,494	252,232,290	957,683	(629,836)
<b>Total net position</b>	<b>1,100,193,732</b>	<b>1,016,465,836</b>	<b>339,383,148</b>	<b>302,241,615</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 2,342,908,728</b>	<b>\$ 2,093,047,865</b>	<b>\$ 573,545,608</b>	<b>\$ 500,082,698</b>

See notes to financial statements.



## Miami University

### Statements of Revenues, Expenses, and Changes in Net Position Years Ended June 30, 2017 and 2016

	Miami University		University Foundation	
	2017	2016	2017	2016
<b>Operating revenues:</b>				
Tuition, fees, and other student charges	\$ 470,070,339	\$ 438,316,841	\$ -	\$ -
Less allowance for student scholarships	(95,316,485)	(87,294,745)	-	-
<b>Net tuition, fees, and other student charges</b>	<b>374,753,854</b>	<b>351,022,096</b>	<b>-</b>	<b>-</b>
Sales and services of auxiliary enterprises	149,775,021	151,035,908	-	-
Less allowance for student scholarships	(6,322,854)	(5,780,919)	-	-
<b>Net sales and services of auxiliary enterprises</b>	<b>143,452,167</b>	<b>145,254,989</b>	<b>-</b>	<b>-</b>
Federal contracts	10,473,139	11,622,757	-	-
Gifts	-	-	13,787,860	3,170,787
Sales and services of educational activities	1,972,108	1,979,041	-	-
Private contracts	2,901,764	2,621,210	-	-
State contracts	1,019,344	424,711	-	-
Local contracts	153,669	84,382	-	-
Other	9,827,116	9,234,927	-	-
<b>Total operating revenues</b>	<b>544,553,161</b>	<b>522,244,113</b>	<b>13,787,860</b>	<b>3,170,787</b>
<b>Operating expenses:</b>				
Education and general:				
Instruction and departmental research	202,295,750	186,604,585	-	-
Separately budgeted research	13,229,929	12,642,090	-	-
Public service	3,395,945	4,073,913	-	-
Academic support	60,593,163	58,944,042	-	-
Student services	31,974,331	27,516,100	-	-
Institutional support	55,746,107	48,904,284	-	-
Operation and maintenance of plant	33,343,870	32,386,028	-	-
Scholarships and fellowships	21,639,250	18,725,192	-	-
Auxiliary enterprises	113,920,563	112,528,856	-	-
Depreciation	54,026,623	47,929,913	-	-
Other	9,350,605	7,249,619	-	-
<b>Total operating expenses</b>	<b>599,516,136</b>	<b>557,504,622</b>	<b>-</b>	<b>-</b>
<b>Net operating (loss) income</b>	<b>(54,962,975)</b>	<b>(35,260,509)</b>	<b>13,787,860</b>	<b>3,170,787</b>
<b>Non-operating revenues (expenses):</b>				
State appropriations	77,063,043	73,842,253	-	-
Gifts, including those from the University Foundation	16,578,473	21,620,802	-	-
Federal grants	17,769,498	18,566,523	-	-
Net investment income (loss), net of investment expense of \$2,361,481 for the University and \$2,833,769 for the Foundation in FY17 \$2,192,703 for the University and \$2,343,108 for the Foundation in FY16	43,579,226	(12,632,015)	26,322,984	(12,856,468)
State grants	1,581,191	1,533,607	-	-
Interest on debt	(26,454,609)	(23,049,182)	-	-
Payments to Miami University	-	-	(15,347,172)	(18,401,214)
Other non-operating revenues (expenses)	1,487,169	3,893,656	668,641	(657,417)
<b>Net non-operating revenues (expenses)</b>	<b>131,603,991</b>	<b>83,775,644</b>	<b>11,644,453</b>	<b>(31,915,099)</b>
<b>Income (loss) before other revenues, expenses, and gains or losses</b>	<b>76,641,016</b>	<b>48,515,135</b>	<b>25,432,313</b>	<b>(28,744,312)</b>
<b>Other revenues, expenses, gains or losses:</b>				
State capital appropriation	2,003,734	9,432,366	-	-
Capital grants and gifts	4,627,105	6,648,609	-	-
Additions to permanent endowments	456,041	508,881	11,709,220	8,839,100
<b>Total other revenues, expenses, gains, or losses</b>	<b>7,086,880</b>	<b>16,589,856</b>	<b>11,709,220</b>	<b>8,839,100</b>
<b>Change in net position</b>	<b>83,727,896</b>	<b>65,104,991</b>	<b>37,141,533</b>	<b>(19,905,212)</b>
Total net position at beginning of year	1,016,465,836	951,360,845	302,241,615	322,146,827
Total net position at end of year	<b>\$ 1,100,193,732</b>	<b>\$ 1,016,465,836</b>	<b>\$ 339,383,148</b>	<b>\$ 302,241,615</b>

See notes to financial statements.

**Miami University**

**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Tuition, fees, and other student charges	\$ 469,636,375	\$ 439,432,340
Sales and services of auxiliary enterprises	151,806,289	151,546,143
Contracts	19,990,687	15,194,498
Other operating receipts	11,985,445	11,266,920
Payments for employee compensation and benefits	(352,936,575)	(334,838,648)
Payments to vendors for services and materials	(145,942,023)	(150,831,197)
Student scholarships	(123,278,589)	(111,800,856)
Loans issued to students and employees	(1,243,246)	(3,910,558)
Collection of loans from students and employees	1,714,006	1,816,486
<b>Net cash flows provided by operating activities</b>	<b>31,732,369</b>	<b>17,875,128</b>
Cash flows from noncapital financing activities:		
State share of instruction funds	79,269,392	75,625,767
Grants for noncapital purposes	19,370,889	19,899,930
Gifts	15,780,157	26,144,025
<b>Net cash flows provided by noncapital financing activities</b>	<b>114,420,438</b>	<b>121,669,722</b>
Cash flows from capital and related financing activities:		
State capital appropriation	2,003,734	18,835,170
Grants for capital purposes	4,239,982	6,810,092
Other capital and related receipts	1,066,529	990,154
Proceeds from debt obligations	177,771,442	52,335,000
Payments to construct, renovate, or purchase capital assets	(153,136,536)	(158,803,727)
Principal paid on outstanding debt	(77,806,500)	(77,533,800)
Interest paid on outstanding debt	(29,492,426)	(29,386,869)
<b>Net cash flows used in capital and related financing activities</b>	<b>(75,353,775)</b>	<b>(186,753,980)</b>
Cash flows from investing activities:		
Proceeds from sale of investments	138,672,503	153,346,920
Purchases of investments	(232,472,722)	(123,393,209)
Endowment income	20,249,388	(10,080,779)
Other investment income	(11,807,086)	18,952,245
<b>Net cash flows (used in) provided by investing activities</b>	<b>(85,357,917)</b>	<b>38,825,177</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,558,885)</b>	<b>(8,383,953)</b>
Cash and cash equivalents:		
Beginning	91,881,987	100,265,940
Ending	<b>\$ 77,323,102</b>	<b>\$ 91,881,987</b>

(Continued)

**Miami University**

**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2017 and 2016**

	2017	2016
Reconciliation of operating loss to net cash flows provided by operating activities:		
Operating loss	\$ (54,962,975)	\$ (35,260,509)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation expense	54,026,623	47,929,913
Net loss on disposal of capital assets	56,834	211,443
Accounts receivable bad debt adjustments	26,273	110,300
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Accounts receivable	4,025,105	479,435
Inventories	430,354	998,388
Prepaid expenses and deferred charges	556,407	(1,774,337)
Notes receivable	572,719	186,428
Net pension asset	(47,124)	(72,720)
Deferred outflows of pension resources	(40,678,610)	(42,304,390)
Accounts payable	(2,493,447)	1,111,261
Accrued salaries and wages	(285,431)	1,135,569
Accrued compensated absences	507,986	(189,054)
Unearned revenue and deposits	2,875,074	942,963
Federal Perkins loans	50,533	(1,046,125)
Net pension liability	86,029,929	65,566,231
Deferred inflows of pension resources	(18,957,881)	(20,149,668)
<b>Net cash flows provided by operating activities</b>	<b>\$ 31,732,369</b>	<b>\$ 17,875,128</b>
Supplemental disclosure of noncash information:		
Capital assets included in accounts payable	\$ 23,742,968	\$ 23,862,425
Capital assets acquired by gifts in kind	\$ 336,924	\$ 38,718

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, 2017 and reports have been issued under separate cover.

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

**Basis for presentation:** The financial statements of the University have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement Nos. 34 and 35.

**Recent and pending accounting pronouncements:** Effective July 1, 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 was 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.

Effective July 1, 2016, the University adopted GASB 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. There was no impact on the University's financial statements due to the adoption of Statement No. 74.

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.

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

Effective July 1, 2016, the University adopted GASB 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. There was no impact on the University's financial statements due to the adoption of Statement No. 77.

Effective July 1, 2016, the University adopted GASB 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. There was no impact on the University's financial statements due to the adoption of Statement No. 78.

Effective July 1, 2016, the University adopted GASB 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. There was no impact on the University's financial statements due to the adoption of Statement No. 79.

Effective July 1, 2016, the University adopted GASB 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*. There was no impact on the University's financial statements due to the adoption of Statement No. 80.

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.

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

Effective July 1, 2016, the University adopted 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. There was no impact on the University's financial statements due to the provisions of Statement No. 82 that were required to be adopted during the year ending June 30, 2017.

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

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

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and postemployment benefits (OPEB) amongst other things. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The University has not yet determined the impact this statement will have on the financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The University has not yet determined the impact this statement will have on the financial statements.

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

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

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

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

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

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

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

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

**Unearned revenue:** Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying 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.

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

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

**Allowance for student scholarships:** Allowances for student tuition and fee revenues, and certain other revenues from students, are reported in the 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 non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

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

**Deferred outflows/inflows of resources:** Deferred outflows of resources are a consumption of net positions by the University that is applicable to a future reporting period. Deferred outflows of resources of the University consist of certain changes in the net pension liability not included in pension expense and employer pension contributions subsequent to the measurement date of the net pension liability. Deferred inflows of resources are an acquisition of net positions by the University that is applicable to a future reporting period. Deferred inflows of resources consist of deferred gains on debt refundings and certain changes in net pension liability not included in pension expense.

**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.



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

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 positions were \$264,321,811 as of June 30, 2017 and \$235,874,803 as of June 30, 2016 and are to be used for loans, scholarships, investments and capital projects. Unallocated unrestricted net positions are available to be used for any lawful purpose of the institution.

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

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

**Reclassifications:** Certain amounts included in the 2016 financial statements have been reclassified to conform to the 2017 presentation. These reclassifications had no impact on total net position or changes in net position.

**Subsequent events:** The University has evaluated subsequent events occurring between the end of our most recent fiscal year and October 13, 2017, the date the financial statements were available to be issued.

**Note 2. Cash and Investments**

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

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

## Miami University

### Notes to Financial Statements

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

**Cash and cash equivalents:** At year-end, the carrying amount of the University's cash and cash equivalents was approximately \$77.3 million in 2017 and \$91.9 million in 2016. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. STAR Ohio is a statewide fund managed by the State Treasurer of Ohio with the carrying amount of the assets reported at amortized cost.

Approximately \$25.8 million in 2017 and \$15.9 million in 2016 of cash and cash equivalents was covered by federal depository insurance; \$46.1 million in 2017 and \$44.3 million in 2016 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, 2017 and 2016 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment management procedures establish guidelines for average credit quality ratings in the portfolios. Moody's Investors Services and Fitch Ratings have assigned AAA credit ratings to U.S. Treasury obligations. On August 6, 2011, Standard & Poor's lowered its credit rating on long-term U.S. Treasury related debt obligations from AAA to AA+. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University had no exposure to custodial credit risk for the years ended June 30, 2017 and 2016.

The investments as of June 30 are summarized as follows:

Investment Type	Fair Value	Not Rated	2017		
			AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	\$ 70,989,343	\$ -	\$ 70,989,343	\$ -	\$ -
U.S. Agency bonds	94,076,802	-	94,076,802	-	-
Strips	2,201,761	-	2,201,761	-	-
Government-backed bonds	72,643,708	-	72,643,708	-	-
Corporate bonds	25,956,884	-	504,125	25,452,759	-
Municipal bonds	2,030,656	-	-	2,030,656	-
Common and preferred stocks	632,760	632,760	-	-	-
Commingled funds	575,034,326	504,983,689	22,568,101	31,354,317	16,128,219
Real estate and other	330,780	330,780	-	-	-
<b>Total investments</b>	<b>\$ 843,897,020</b>	<b>\$ 505,947,229</b>	<b>\$ 262,983,840</b>	<b>\$ 58,837,732</b>	<b>\$ 16,128,219</b>

# Miami University

## Notes to Financial Statements

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

Investment Type	2016				
	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	\$ 47,755,790	\$ -	\$ 47,755,790	\$ -	\$ -
U.S. Agency bonds	63,983,749	-	63,983,749	-	-
U.S. Treasury 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>

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	2017				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	\$ 70,989,343	\$ 35,161,163	\$ 26,138,599	\$ 7,884,861	\$ 1,804,720
U.S. Agency bonds	94,076,802	23,926,421	46,593,389	10,260,598	13,296,394
U.S. Treasury strips	2,201,761	-	-	1,483,641	718,120
Government-backed bonds	72,643,708	209,816	43,135,501	18,820,444	10,477,947
Corporate bonds	25,956,884	2,103,407	18,914,049	4,006,151	933,277
Municipal bonds	2,030,656	-	1,278,304	324,996	427,356
Commingled bond funds	70,050,638	7,237,722	28,195,130	26,032,269	8,585,517
<b>Total bonds</b>	<b>\$ 337,949,792</b>	<b>\$ 68,638,529</b>	<b>\$ 164,254,972</b>	<b>\$ 68,812,960</b>	<b>\$ 36,243,331</b>

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	-
U.S. Treasury 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>

## Notes to Financial Statements

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

**Fair value of financial instruments:** Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by GASB. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories:

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

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

	2017			Total
	Level 1	Level 2	Level 3	
Investment assets:				
U.S. Treasury bonds	\$ 70,989,343	\$ -	\$ -	\$ 70,989,343
U.S. Agency bonds	94,076,802	-	-	94,076,802
U.S. Treasury strips	2,201,761	-	-	2,201,761
Government-back bonds	-	72,643,708	-	72,643,708
Corporate bonds	-	25,956,884	-	25,956,884
Municipal bonds	-	2,030,656	-	2,030,656
Global public debt	34,872,927	-	-	34,872,927
Domestic public equity	557,760	-	-	557,760
Non-public equity	-	24,121,584	75,000	24,196,584
Real estate and other	-	-	330,780	330,780
	<u>\$ 202,698,593</u>	<u>\$ 124,752,832</u>	<u>\$ 405,780</u>	<u>\$ 327,857,205</u>
Funds reported at fair value based on net asset value:				
Non-publicly traded funds <sup>(a)</sup>				\$ 274,898,329
Hedged equity funds <sup>(b)</sup>				215,558,620
Hedged debt funds <sup>(c)</sup>				25,582,866
<b>Total investment assets</b>				<u>\$ 843,897,020</u>

The redemption frequency, if eligible, ranged from daily to quarterly for the various funds reported at fair value based on net asset value at June 30, 2017, with a redemption notice period, if applicable, ranging from 1 day to 90 days. There were no unfunded commitments for the various funds reported at fair value based on net asset value at June 30, 2017.

# Miami University

## Notes to Financial Statements

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

	2016			
	Level 1	Level 2	Level 3	Total
Investment assets:				
U.S. Treasury bonds	\$ 47,755,790	\$ -	\$ -	\$ 47,755,790
U.S. Agency bonds	63,983,749	-	-	63,983,749
U.S. Treasury strips	2,237,750	-	-	2,237,750
Government-back bonds	-	57,555,473	-	57,555,473
Corporate bonds	-	24,527,271	-	24,527,271
Municipal bonds	-	2,791,596	-	2,791,596
International bonds	-	380,127	-	380,127
Global public debt	31,190,396	-	-	31,190,396
Domestic public equity	541,888	-	-	541,888
Non-public equity	-	22,916,106	75,000	22,991,106
Real estate and other	-	-	323,132	323,132
	<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>

- (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, 2017:

	Non-Public Equities and Other
Balances as of July 1, 2015	\$ 385,879
Net realized and unrealized gains	12,253
Balances as of June 30, 2016	398,132
Purchase of investments	1,227
Net realized and unrealized gains	6,421
<b>Balances as of June 30, 2017</b>	<u>\$ 405,780</u>

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

All of the University's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Investments include approximately \$136.7 million as of June 30, 2017 and \$143.6 million as of June 30, 2016, 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 28.4 percent and 19.5 percent of investments at June 30, 2017 and 2016, 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.

**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 \$210.2 million and \$175.3 million managed by the Foundation as of June 30, 2017 and 2016, 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 to other funds. During 2017, the University Board revised the endowment spending distribution policy. Beginning with the 2017 distribution, the new policy distributes four percent of the average of the previous twelve quarterly market values as of March 31<sup>st</sup> of each fiscal year. The authorized spending amount was \$7,203,497 in 2017 and \$8,969,653 in 2016. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$6,447,285 and \$8,074,744 was distributed for expenditure for 2017 and 2016, 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:

	2017	2016
Accounts receivable:		
Student receivables	\$ 11,119,950	\$ 10,427,654
University Foundation	13,410,298	12,018,232
Grants and contracts	3,348,861	3,631,253
Other receivables	3,991,778	3,005,011
<b>Total accounts receivable</b>	<u>31,870,887</u>	<u>29,082,150</u>
Less allowances for doubtful accounts	(1,285,000)	(1,285,000)
<b>Net accounts receivable</b>	<u>\$ 30,585,887</u>	<u>\$ 27,797,150</u>
Pledges receivable:		
Pledges receivable	\$ 5,863,912	\$ 10,841,276
Less allowance for doubtful pledges	(446,759)	(584,350)
<b>Net pledges receivable</b>	<u>\$ 5,417,153</u>	<u>\$ 10,256,926</u>
Notes receivable:		
Federal loan programs	\$ 6,340,201	\$ 6,809,383
University loan programs	4,471,812	4,561,030
<b>Total notes receivable</b>	<u>10,812,013</u>	<u>11,370,413</u>
Less allowance for doubtful notes	(1,973,700)	(1,966,000)
<b>Net notes receivable</b>	<u>8,838,313</u>	<u>9,404,413</u>
<b>Total</b>	<u>\$ 44,841,353</u>	<u>\$ 47,458,489</u>

Miami University

Notes to Financial Statements

**Note 4. Capital Assets**

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

	2017			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets:				
Land	\$ 5,792,226	\$ -	\$ -	\$ 5,792,226
Collections of works of art and historical treasures	8,988,727	349,424	-	9,338,151
Construction in progress	139,578,984	135,845,619	143,733,371	131,691,232
<b>Total nondepreciable capital assets</b>	<b>154,359,937</b>	<b>136,195,043</b>	<b>143,733,371</b>	<b>146,821,609</b>
Land improvements	47,429,582	6,764,983	-	54,194,565
Buildings	1,264,605,851	144,072,954	2,585,841	1,406,092,964
Infrastructure	153,177,588	2,700,318	-	155,877,906
Machinery and equipment	86,005,562	6,344,754	5,562,952	86,787,364
Library books and publications	70,103,039	946,810	-	71,049,849
Vehicles	7,623,940	346,657	664,113	7,306,484
Intangible assets	16,946,161	-	-	16,946,161
<b>Total depreciable capital assets</b>	<b>1,645,891,723</b>	<b>161,176,476</b>	<b>8,812,906</b>	<b>1,798,255,293</b>
<b>Total capital assets</b>	<b>1,800,251,660</b>	<b>297,371,519</b>	<b>152,546,277</b>	<b>1,945,076,902</b>
Less accumulated depreciation:				
Buildings	444,037,612	40,633,272	2,529,009	482,141,875
Infrastructure	70,066,073	5,637,652	-	75,703,725
Land improvements	16,954,794	1,790,477	-	18,745,271
Machinery and equipment	30,855,852	3,634,419	5,562,952	28,927,319
Library books and publications	48,652,144	2,056,984	-	50,709,128
Vehicles	5,987,450	273,819	664,113	5,597,156
Intangible assets	16,946,161	-	-	16,946,161
<b>Total accumulated depreciation</b>	<b>633,500,086</b>	<b>54,026,623</b>	<b>8,756,074</b>	<b>678,770,635</b>
<b>Total capital assets, net</b>	<b>\$ 1,166,751,574</b>	<b>\$ 243,344,896</b>	<b>\$ 143,790,203</b>	<b>\$ 1,266,306,267</b>



Miami University

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	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	-	153,177,588
Machinery and equipment	96,652,671	4,913,066	15,560,175	86,005,562
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	-	70,066,073
Land improvements	15,384,769	1,570,025	-	16,954,794
Machinery and equipment	42,349,839	4,066,191	15,560,178	30,855,852
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	265,924	-	16,946,161
<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>

Note 5. Long-Term Liabilities

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

	2017				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and leases payable:					
Bonds payable	\$ 594,705,000	\$ 154,635,000	\$ 77,685,000	\$ 671,655,000	\$ 29,840,000
Capital leases payable	2,403,000	-	121,500	2,281,500	124,200
Premiums	32,044,933	23,136,442	3,620,749	51,560,626	2,354,351
<b>Total bonds and leases payable</b>	<b>629,152,933</b>	<b>177,771,442</b>	<b>81,427,249</b>	<b>725,497,126</b>	<b>32,318,551</b>
Other liabilities:					
Compensated absences	18,365,120	8,369,156	7,861,170	18,873,106	1,248,469
Federal Perkins loans	5,506,867	294,964	244,431	5,557,400	-
<b>Total other liabilities</b>	<b>23,871,987</b>	<b>8,664,120</b>	<b>8,105,601</b>	<b>24,430,506</b>	<b>1,248,469</b>
<b>Total</b>	<b>\$ 653,024,920</b>	<b>\$ 186,435,562</b>	<b>\$ 89,532,850</b>	<b>\$ 749,927,632</b>	<b>\$ 33,567,020</b>

# Miami University

## Notes to Financial Statements

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

	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>

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

### Note 6. Indebtedness

During the year ended June 30, 2017, the University issued \$154,635,000 in General Receipts Revenue Bonds with interest rates ranging from 2.00 percent to 5.00 percent and maturities from 2017 to 2042. A part of the proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 2007. The net change in cash flows related to the refunding was approximately \$5.8 million and the net present value savings was approximately \$5 million. In 2017, the University defeased a portion of the Series 2007 bonds by placing some of the proceeds from the Series 2017 bonds into an escrow account to provide for future debt service. The outstanding balance of the defeased bonds was \$50,825,000 as of June 30, 2017.

The February 14, 2017 bond refunding resulted in a difference between the net carrying amount of the old debt and the reacquisition price of \$598,656. The unamortized difference of \$598,656 at June 30, 2017 is reported in the accompanying financial statements as a deferred inflow of resources and is being amortized through the year 2028.

During the year ended June 30, 2016, the University issued \$52,335,000 in General Receipts Revenue Bonds with a 1.88 percent coupon and maturities from 2016 to 2025. The proceeds were used to retire existing debt obligations.

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 3.50 percent to 5.00 percent and maturities from 2015 to 2040.

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 2014 to 2038.

**Note 6. Indebtedness (Continued)**

During the year ended June 30, 2012, the University issued \$148,775,000 in General Receipts Revenue Bonds with interest rates ranging from 4.00 percent to 5.00 percent and maturities from 2012 to 2037. A part of the proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 2003. The net change in cash flows related to the refunding was approximately \$2.1 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 were \$23,450,000 and \$26,175,000 as of June 30, 2017 and 2016 respectively.

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

The December 21, 2011 bond refunding resulted in a difference between the net carrying amount of the old debt and the reacquisition price of \$1,209,192. The unamortized difference of \$677,145 and \$773,880 at June 30, 2017 and 2016, respectively, is reported in the accompanying financial statements as a deferred inflow of resources and is being amortized through the year 2024.

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 2009 to 2027. The proceeds were used to fund capital asset additions. As noted previously, a significant portion of these bonds were refunded during 2017 with the issue of the Series 2017 General Receipt Revenue Bonds. The balance owed at the time of the refund was \$55,230,000.

The University incurred total interest costs of \$26,708,754 and \$24,428,799 as of June 30, 2017 and 2016, respectively. The interest costs that were capitalized were \$842,402 and \$1,379,617 as of June 30, 2017 and 2016, respectively.

## Miami University

### Notes to Financial Statements

#### Note 6. Indebtedness (Continued)

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2017 are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds payable:			
Series 2017 general receipts	2018 - 2042	2.00% - 5.00%	\$ 154,635,000
Series 2015 general receipts	2018 - 2024	1.88%	45,730,000
Series 2014 general receipts	2018 - 2040	3.50% - 5.00%	128,795,000
Series 2012 general receipts	2018 - 2038	3.00% - 5.00%	106,020,000
Series 2011 general receipts	2018 - 2037	4.00% - 5.00%	126,625,000
Series 2010A general receipts	2018 - 2036	4.81% - 6.77%	105,445,000
Series 2007 general receipts	2018	3.25% - 5.25%	4,405,000
<b>Total bonds payable</b>			<u>671,655,000</u>
Bond premiums			51,560,626
<b>Total bonds payable, net</b>			<u><u>\$ 723,215,626</u></u>

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

	Principal	Interest	Total
2018	\$ 29,840,000	\$ 30,977,991	\$ 60,817,991
2019	31,450,000	29,611,344	61,061,344
2020	31,845,000	28,233,036	60,078,036
2021	33,205,000	26,731,652	59,936,652
2022	34,690,000	25,142,725	59,832,725
2023 - 2027	165,970,000	101,660,215	267,630,215
2028 - 2032	128,660,000	66,693,127	195,353,127
2033 - 2037	153,025,000	38,866,858	191,891,858
2038 - 2042	62,970,000	4,913,521	67,883,521
<b>Total</b>	<u>\$ 671,655,000</u>	<u>\$ 352,830,469</u>	<u>\$ 1,024,485,469</u>

The University has \$2,281,500 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, 2017, are:

2018	\$ 194,768
2019	194,583
2020	194,091
2021	193,351
2022	194,790
2023 - 2027	967,119
2028 - 2032	<u>961,492</u>
<b>Total minimum lease payments</b>	2,900,194
Less amount representing interest	<u>(618,694)</u>
<b>Net minimum lease payments</b>	<u><u>\$ 2,281,500</u></u>

Buildings are financed with capital leases. The carrying amount of the buildings related to these capital leases as of June 30, 2017 and 2016 are \$2,499,120 and \$2,555,280, 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.

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, 2016, the employer rate was 14 percent and the member 13 percent of covered payroll. The statutory employer rate for fiscal year 2017 and subsequent years is 14 percent. The statutory member contribution rate increased to 14 percent on July 1, 2016.

During calendar years 2016 and 2015, 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 2016 and 2015. 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, 2015 through December 31, 2016 (Note 9). Effective January 1, 2017, the portion of employer contributions allocated to health care decreased to 1.0 percent.

The payroll for employees covered by STRS Ohio for the years ended June 30, 2017 and 2016 was approximately \$71,889,000 and \$67,969,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2017 and 2016 was approximately \$93,543,000 and \$90,034,000, respectively.

**Pension liabilities and assets, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:** At June 30, 2017, the University reported a liability of \$406,344,694 for its proportionate share of the net pension liability for the OPERS Traditional plan and the STRS Ohio plan, in the amounts of \$150,996,560 and 255,348,134, respectively. The net pension liability was measured as of December 31, 2016 for the OPERS traditional plan and June 30, 2016 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 .664940 percent for OPERS Traditional and .762848 percent for STRS Ohio.

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

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, 2017, the University reported an asset of \$370,363 for its proportionate share of the net pension asset for the OPERS Combined plan. The net pension asset was measured as of December 31, 2016. 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 .665441 percent for OPERS Combined plan.

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.

For the year ended June 30, 2017, the University recognized pension expense of approximately \$48,907,000 consisting of pension expenses of approximately \$29,464,000 for the OPERS Traditional plan, approximately \$19,139,000 for the STRS Ohio plan and an expense of \$304,000 for the OPERS Combined plan, respectively.

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.

**Miami University**

**Notes to Financial Statements**

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

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

	2017		
	STRS-Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual actuarial experience	\$ 10,168,497	\$ 204,664	\$ 10,373,161
Net difference between projected and actual earnings on pension plan investments	22,064,053	22,093,301	44,157,354
Changes in assumptions	-	24,040,142	24,040,142
Changes in proportion and differences between University contributions and proportionate share of contributions	6,763,723	2,083,897	8,847,620
University contributions subsequent to the measurement date	9,344,307	5,809,503	15,153,810
<b>Total</b>	<b>\$ 48,340,580</b>	<b>\$ 54,231,507</b>	<b>\$ 102,572,087</b>
Deferred inflows of resources:			
Differences between expected and actual actuarial experience	\$ -	\$ 1,069,858	\$ 1,069,858
Changes in proportion and differences between University contributions and proportionate share of contributions	-	1,068,615	1,068,615
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,138,473</b>	<b>\$ 2,138,473</b>
2016			
	STRS-Ohio	OPERS	Total
Deferred outflows of resources:			
Differences between expected and actual actuarial experience	\$ 9,404,171	\$ -	\$ 9,404,171
Net difference between projected and actual earnings on pension plan investments	-	33,347,651	33,347,651
Changes in proportion and differences between University contributions and proportionate share of contributions	5,191,936	-	5,191,936
University contributions subsequent to the measurement date	8,836,248	5,113,471	13,949,719
<b>Total</b>	<b>\$ 23,432,355</b>	<b>\$ 38,461,122</b>	<b>\$ 61,893,477</b>
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>	<b>\$ 13,846,864</b>	<b>\$ 7,249,490</b>	<b>\$ 21,096,354</b>

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

Deferred inflows and outflows of resources related to the net difference between projected and actual earnings on pension plan investments is amortized over five years. The remaining deferred inflows and outflows of resources are amortized over the average remaining service lives of the active and inactive participants in the plan. Deferred outflows of resources includes \$15,153,810 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

	STRS-Ohio	OPERS	Total
Year ended June 30:			
2018	\$ 7,399,934	\$ 18,734,441	\$ 26,134,375
2019	7,399,934	20,318,086	27,718,020
2020	15,067,012	7,926,330	22,993,342
2021	9,129,393	(685,501)	8,443,892
2022	-	(7,891)	(7,891)
Thereafter	-	(1,934)	(1,934)
	<u>\$ 38,996,273</u>	<u>\$ 46,283,531</u>	<u>\$ 85,279,804</u>

**Actuarial assumptions used for the year-ended June 30, 2017**

For STRS Ohio the total pension liability in the June 30, 2016 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.

For OPERS the total pension liability/asset in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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



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

**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 based on RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

**Investment return assumptions:** STRS Ohio utilizes investment consultants to develop an estimated range for the investment return assumption based on the target allocation determined by the respective Retirement Board of STRS Ohio. The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage, adjusted for inflation. 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 %	6.34 %
International equity	26.00	7.85	18.30	7.95
Alternative investments	14.00	8.00	10.00	8.97
Fixed income	18.00	3.75	23.00	2.75
Real estate	10.00	6.75	10.00	4.75
Other	1.00	3.00	18.00	4.92
<b>Total</b>	<b>100.00 %</b>		<b>100.00 %</b>	

**Discount rate:** The discount rate used to measure the total pension liability (asset) was 7.75 percent for STRS Ohio and 7.50 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that 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.

In March 2017, the STRS Ohio Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Ohio Board voted to suspend the cost of living adjustments granted on or after July 1, 2017. Although the exact amount of the changes is not known, the overall decrease to the University’s NPL is expected to be material.

**Miami University**

**Notes to Financial Statements**

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
STRS Ohio	\$ 339,336,921	\$ 255,348,134	\$ 184,498,641

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
OPERS	\$ 230,707,594	\$ 150,626,197	\$ 83,914,914

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

**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

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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.

For OPERS the total pension liability 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

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

**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:** 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:

<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 %	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>	<u>100.00 %</u>		<u>100.00 %</u>	

**Discount rate:** The discount rate used to measure the total pension liability (asset) was 7.75 percent for STRS Ohio and 8.0 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that 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.

## Miami University

### Notes to Financial Statements

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

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

	1% Decrease (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 STRS Ohio and OPERS 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, 2017 and 2016 was approximately \$72,399,000 and \$69,053,000, 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, 2015 through December 31, 2016 and decreased to 1.0 percent effective January 1, 2017 (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
2017	\$ 10,064,422	\$ 13,180,916	\$ 7,743,023
2016	9,515,667	12,677,637	7,386,820
2015	9,388,961	12,227,238	6,861,634

#### 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, 2017 and 2016 were approximately \$1.9 million and \$1.8 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, 2017, the date of its most recent audited financial report, is as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	\$ 957,683	\$ 128,706,074	\$ 209,719,391	\$ 339,383,148
Change in net assets for the year	1,587,519	22,870,102	12,683,912	37,141,533
Distributions to Miami University	15,347,172	-	-	15,347,172

	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

**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.

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.

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

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	
	2017	2016
Investment description:		
Domestic public equities	\$ 14,054,544	\$ 32,018,120
Global public equities	165,071,575	124,759,055
International public equities	26,507,511	14,814,906
Domestic public fixed income	36,345,761	2,549,299
Global public fixed income	11,628,213	30,302,732
Hedge funds	132,338,568	139,358,683
Limited partnerships and non-public equities	78,527,885	65,777,732
Other	2,277,171	2,253,432
Split-Interest funds:		
Charitable remainder trusts	10,185,743	9,848,772
Charitable gift annuities	2,536,096	2,925,190
Pooled income funds	573,288	546,327
<b>Total</b>	<b>\$ 480,046,355</b>	<b>\$ 425,154,248</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, 2017 and 2016, the Foundation has made commitments to limited partnerships of approximately \$74.8 million and \$35.9 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 respective partnerships.

The 2017 and 2016 dividend and interest income of \$2,568,598 and \$1,765,687, respectively, is net of fees from external investment managers totaling \$205,027 and \$254,945 for June 30, 2017 and 2016, respectively.

**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, 2017, contributors to the Foundation have made unconditional pledges totaling \$39,771,743 with one pledge accounting for over 45 percent of that total. Net pledges receivable have been discounted using rates commensurate with the risks involved to a net present value of \$37,982,918 at June 30, 2017. Discount rates ranged from 1.20 percent to 6.00 percent. Management has set up an allowance for uncollectible pledges of \$1,763,161 and \$1,250,249 at June 30, 2017 and 2016, 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.

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

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 \$39,298 as of June 30, 2017 and \$1,299,024 as of June 30, 2016. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

**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.



## Miami University

### Notes to Financial Statements

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#### Note 11. Commitments

At June 30, 2017, the University is committed to future contractual obligations for capital expenditures of approximately \$141.9 million. These commitments are being funded from the following sources:

Contractual obligations:

Approved state appropriations not expended	\$ 23,791,557
University funds and bond proceeds	118,066,746
<b>Total</b>	<b><u><u>\$ 141,858,303</u></u></b>

#### Note 12. Risk Management

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

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of \$1,999,300 and \$2,506,700 is included in the accrued salaries and wages as of June 30, 2017 and 2016, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2017	2016	2015
Liability at beginning of year	\$ 2,887,540	\$ 2,662,634	\$ 2,440,852
Claims incurred	33,175,312	33,819,421	27,109,201
Claims paid	(33,186,366)	(34,044,615)	(26,834,919)
Change in estimated claims incurred but not reported	(507,401)	450,100	(52,500)
<b>Liability at end of year</b>	<b><u><u>\$ 2,369,085</u></u></b>	<b><u><u>\$ 2,887,540</u></u></b>	<b><u><u>\$ 2,662,634</u></u></b>

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

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Insurance Consortium. The commercial property program's loss limit is \$1.75 billion and the general/auto liability loss limit is \$50 million. The property insurance program has been in place for 22 years during which time Miami University has had two material losses above the insurance policy deductible of \$350,000. The property pool deductible for individual universities is \$100,000. The liability program has been in place for 17 years during which time Miami University has had three losses above the pool deductible. The current self-insured retention for the liability program is \$1 million. The educator's legal liability loss limit is \$50 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks.

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

**Note 13. Contingencies**

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

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

## **Supplementary Information**

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**Miami University**

**Retirement Plan Data  
Years Ended June 30, 2017, 2016 and 2015**

<u>For the year ended June 30, 2017</u>	STRS Ohio	OPERS Traditional	OPERS Combined
University's proportion of the net pension liability (asset)	0.762848%	0.664940%	0.665441%
University's proportionate share of the net pension liability (asset)	\$ 255,348,134	\$ 150,996,560	\$ (370,363)
University's covered-employee payroll	71,888,725	86,003,859	2,678,733
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	355.20%	175.57%	-13.83%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	77.25%	116.55%
 <u>For the year ended June 30, 2016</u>			
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%

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

(Continued)

**Miami University**

**Retirement Plan Data (Continued)**

**Year Ended June 30, 2017**

**(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
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%
2017	10,064	10,064	-	71,889	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
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%
2017	13,181	13,181	-	93,543	14.1%

## **Miami University**

### **Notes to Required Retirement Plan Data Years Ended June 30, 2017 and 2016**

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Changes to benefit terms: There no significant changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ending June 30, 2016 and December 31, 2016, respectively.

Changes of assumptions: There were no significant changes in assumptions or plan amendments affecting the STRS Ohio and OPERS plans for the plan years ending June 30, 2016 and December 31, 2016, respectively, with the exception of a reduction in the discount rate for the OPERS plans from 8.00 percent to 7.50 percent.

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# **Miami University**

Uniform Guidance Requirements

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**Miami University**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				
U.S. Department of Education:				
Supplemental Educational Opportunities Grant Program	84.007	N/A	\$ -	\$ 753,260
College Work Study Program	84.033	N/A	-	498,598
Federal Perkins Loan Program	84.038	N/A	-	6,809,332
Loans outstanding at the beginning of the year			-	615,509
Loans made during the year			-	7,424,841
<b>Total Federal Perkins Loan Program</b>				<b>7,424,841</b>
Federal Pell Grant Program	84.063	N/A	-	14,679,398
Federal Direct Student Loan Program	84.268	N/A	-	82,976,090
TEACH Grant Program	84.379	N/A	-	1,447,250
<b>Total U.S. Department of Education</b>				<b>107,779,437</b>
<b>Total Student Financial Assistance Cluster</b>				<b>107,779,437</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
U.S. Department of Agriculture:				
CRP Land Management and Pollinator Health	10.25	N/A	-	11,096
Educating from the Ground Up: Promoting Integrated and Experiential Learning for Resilient Food Systems at Miami University	10.326	N/A	-	1,941
Using NMR Metabolomics to Examine the Role of Anaerobic Soil Disinfection in Promoting Disease Resistance in Vegetable Crops	10.XXX	N/A	-	8,528
<b>Total U.S. Department of Agriculture</b>				<b>21,565</b>
U.S. Department of Commerce:				
Stratus Consulting: Assessment of Ecological Impacts of the BP Deep Horizon Oil Spill	11.XXX	N/A	-	9,072
U.S. Department of Defense:				
Software-Defined Multi-Functional LPI/LPD Adaptive Radar for Network-Centric Applications	12.XXX	N/A	-	72,455
Gram-Negative Bacterial Wound Infections	12.42	N/A	-	627
<b>Total U.S. Department of Defense Direct Programs</b>				<b>73,082</b>
Pass-Through Programs From:				
MacB: Electronic Warfare Receiver Design in Co-Channel Low SNR Environments	12.XXX	N/A	-	30,615
UTC: Research and Development of Advanced Propulsion-Driven Technologies	12.XXX	N/A	-	9,208
<b>Total U.S. Department of Defense Pass-Through Programs</b>				<b>39,823</b>
<b>Total U.S. Department of Defense</b>				<b>112,905</b>
U.S. Department of the Interior:				
Support of Field Studies on Rare Plants and Animals	15.650	N/A	-	11,649
Discerning and Characterizing Induced Seismicity in Texas Using Multistation Template Matching	15.807	N/A	-	1,618
Discerning and Characterizing Induced Seismicity in Texas Using Multistation Template Matching	15.807	N/A	-	30,282
Continued Operation of the NTN Precipitation Collection Station in Oxford, OH	15.808	N/A	-	5,376
Acid Precipitation Monitoring Site OH 99	15.808	N/A	-	5,427
<b>Total U.S. Department of the Interior Direct Programs</b>				<b>54,352</b>
Pass-Through Programs From:				
Arkansas St Fish & Game Comm: Conservation Genetics for <i>Lampsilis powellii</i>	15.615	N/A	-	5,672
Arkansas State Game & Fish Commission: Continued Funding for Conservation Genetics of <i>Lampsilis Powellii</i>	15.615	N/A	-	3,782
KWA: Conservation Genetics of the Orange-Foot Pimpleback ( <i>Plethobasus Cooperianus</i> )	15.657	N/A	-	7,758
Assessment and Prioritization of Invasive Plant Management in Ohio District 5 Wildlife Areas	15.XXX	N/A	-	2,515
<b>Total U.S. Department of the Interior Pass-Through Programs</b>				<b>19,727</b>
<b>Total U.S. Department of the Interior</b>				<b>74,079</b>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice:				
Pass-Through Programs From:				
DOJ: Ohio Department of Public Safety: Office of Criminal Justice Services-Ohio Crime Victimization Survey 2016	16.55	N/A	\$ -	\$ 8,625
NIJ: Development of a Novel Human Materials Hyperspectral Remote Sensing Tool for Forensic Investigations and Operations for US Law Enforcement	16.56	N/A	-	205,303
<b>Total U.S. Department of Justice</b>			-	213,928
U.S. Department of Labor:				
Pass-Through Programs From:				
ODA:Ohio's Combined WIOA Plan: Identifying Strategies and Supports to Improve Outcomes for Older Workers	17.235	N/A	-	1,959
ODA: Ohio's Combined WIOA Plan: Identifying Strategies and Supports to Improve Outcomes for Older Workers Phase Three	17.235	N/A	-	20,333
<b>Total U.S. Department of Labor</b>			-	22,292
U.S. Department of Transportation:				
Pass-Through Programs From:				
NHTSA: Ohio Department of Public Safety: FFY16 - Telephone Survey	20.6	N/A	-	103,239
NHTSA: Ohio Department of Public Safety: Telephone Survey of Seat Belt Use, Alcohol-Impaired and Distracted Driving FFY17	20.6	N/A	-	94,040
NHTSA: Ohio Department of Public Safety: FFY16 - Observation Study	20.616	N/A	-	56,933
NHTSA: Ohio Department of Public Safety: FFY-17 Observation Study	20.616	N/A	-	128,242
<b>Total U.S. Department of Transportation</b>			-	382,454
National Aeronautics & Space Administration:				
Pass-Through Programs From:				
University of Houston: The Search for Nebular Heterogeneity and the Compositions of Terrestrial Planetary Materials Using Nd, Sm and Os Isotopes	43.001	N/A	-	1,857
National Endowment for the Arts:				
Pass-Through Programs From:				
OHC: Austin-Magie Farm and Mill District Oxford, Ohio: Digital Humanities Map & Learning Resources	45.129	N/A	-	1,050
Institute of Museum and Library Services:				
Building the Scholars Dashboard: Recipes for on-demand Digital Scholarship Infrastructure	45.312	N/A	-	8,592
National Science Foundation:				
A Preliminary Investigation of a Social Cognitive Intervention in Early Courses	47.041	N/A	-	62,634
Polarization Quantum Beat Spectroscopy in Diatomic Molecules	47.049	N/A	-	4,405
Time-Resolved Spectroscopic Study of Diatomic Molecular Sodium	47.049	N/A	-	40,152
Probing Substrate/Inhibitor to Metalloenzymes Using EPR	47.049	N/A	-	105,392
REU Site: Summer Undergraduate Research in Chemistry and Biochemistry at Miami University	47.049	N/A	-	121,526
Fall 2016 Mathematics Conference: Differential Equations and Dynamical Systems On Three Different Manifestations of Instability of Fronts in Parabolic and Partially Parabolic Systems	47.049	N/A	-	10,000
Ortho-Phenylenes in Complex Foldamer Architectures	47.049	N/A	-	11,318
External Problems for Sparse Hypergraphs and Graphs	47.049	N/A	-	117,587
Large Cardinals and Small Sets	47.049	N/A	-	41,132
Travel Support for the Thematic Program in Strong Logics	47.049	N/A	-	7,365
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	N/A	-	30,593
Algebraic K-theory of Infinite Groups With Torsion II	47.049	N/A	-	66,568
CAREER; Enamine-Metal Lewis Acid Bifunctional Catalysts for Asymmetric Organic Transformations	47.049	N/A	-	15,342
Collaborative Research: Deep Megathrustconditions From Comparing Seismicity Rates and Source With Tremor, Slow Slip, and the Mw 7.4 Ometapec Earthquake	47.05	N/A	-	25,552
				39,666

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Does Proximity of Hydraulic Fracturing and Wastewater Disposal to Basement Increase the Likelihood of Induced Seismicity in the Central and Eastern US?	47.05	N/A	\$ -	\$ 109,525
Collaborative Research: Nitrate Reduction by Redox-Modified Fe-Bearing Clay Minerals	47.05	N/A	-	96,330
Collaborative Research: ACACIA: Ancient Climate and the Authigenic Clay Index of Aridity	47.05	N/A	-	246
Collaborative Research: Winter Survival Mechanisms and Adaptive Genetic Variation in an Antarctic Insect	47.05	N/A	-	214,310
Collaborative Research: Development and Calibration of the Oxygen Isotope Systematics of Small Terrestrial Gastropods	47.05	N/A	-	32,900
Collaborative Research: The Evolutionary Significance of Biotic Interactions: A Comparative Study Utilizing Echinoid Associated Traces	47.05	N/A	-	17,069
Collaborative Research: Mesozoic Tethyan Paleocommunity Dynamics: Modeling Complexity and Stability During Times of Biotic Escalation and Community Restructuring	47.05	N/A	-	3,353
Origin & Eruptive History of Quaternary Volcanism in Nosy Be and Itasy-Askaratra, Madagascar	47.05	N/A	-	119,302
Correlative Study of Metal Atoms and Ion Concentrations	47.05	N/A	-	19,685
Realistic Navigation in the Third Dimension Using Low Cost, Portable, Wearable Immersive Virtual Environment Systems	47.07	N/A	-	77,846
Improving the Reliability of In-Memory Storage	47.07	N/A	-	9,538
REU Site: Ecology in Human-Dominated Landscapes	47.074	N/A	-	114,451
Research Dissertation: Living on the Edge: How Landcover and Landscape Connectivity Interact to Determine Species Range	47.074	N/A	-	2,639
Collaborative Research: Nutrient Co-limitation in Young and Mature Hardwood Forests	47.074	N/A	-	22,558
CAREER: The de novo Discovery of Transposable Elements for the Study of Neutral Substitution Rate Variations in Plant Genomes	47.074	N/A	-	18,174
CAREER: Protein Quality Control at the Membrane	47.074	N/A	-	155,063
LTREB Renewal: Response of a Reservoir Ecosystem to Declining Subsidies of Nutrients and Detritus	47.074	N/A	-	66,742
Does a Large Detritus Pool Enhance Ecosystem Resilience in Response to an Episodic Perturbation?	47.074	N/A	-	15,336
Control of Lipid Metabolism and Muscle Hypertrophy by PPARs in Gray Catbird Annual Life Cycle	47.074	N/A	92,185	92,782
Lobes or Gills, Exploring the Origin of Insect Wings	47.074	N/A	-	172,206
A Regional Hub for the EON's at Lacawac Sanctuary	47.074	N/A	-	2,621
Breath of Life Archival Institute for Indigenous Languages	47.075	N/A	6,002	46,343
Evaluation of Breath of Life Archival Institute for Indigenous Languages	47.075	N/A	-	10,361
Collaborative Research: Social Exclusion as a Determinant of Individuation and Stereotyping	47.075	N/A	-	47,446
National Science Foundation: The Face of Humanity: Configural Face Processing and Dehumanization	47.075	N/A	72,870	138,278
Response Dynamics in Decision Making	47.075	N/A	-	46,598
Evaluation of Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	N/A	-	57,115
Evaluation of Electronics and Computing Service Scholars	47.076	N/A	-	387
Miami University Robert Noyce Scholars Program	47.076	N/A	-	10,300
Developing Assessments for Core Chemistry Concepts: Measuring Student Understanding of Multiple External Representations through Cluster Analysis	47.076	N/A	-	243,106
Electronics and Computing Service Scholars	47.076	N/A	-	118,658
Collaborative: TUES: Software Defined Radio Laboratory Platform for Enhancing Undergraduate Communication and Networking Curricula	47.076	N/A	-	13,240
Staying in STEM: Examining Communal Goal Congruity Processes in the Retention of Women	47.076	N/A	-	111,650
Collaborative Research: Engaged Student Learning - Design and Development Level II: Using a Cyberlegaming Environment to Improve Student Learning and Engagement in Software Courses	47.076	N/A	-	44,550
Saving Species	47.076	N/A	15,857	33,771
Graduate Research Fellowship Program (GRFP)	47.076	N/A	-	114,889
National Science Foundation Graduate Research Fellowships	47.076	N/A	-	(2,391)
Collaborative Research: Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	N/A	-	87,385
<b>Total National Science Foundation Direct Programs</b>			<b>186,914</b>	<b>3,183,594</b>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pass-Through Programs From:				
UC Merced: Collaborative Research: Temperature Dependence of Atomic Scale Friction	47.041	N/A	\$ -	\$ 15,904
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	N/A	-	27,144
Indiana University: SCF: EXP: Canine-Inspired Smart Sensor for Detecting Hypoglycemia from Human Breath	47.07	N/A	-	23,507
Cornell University: Evaluation of the Center for Bright Beams	47.074	N/A	-	5,366
University at Buffalo: Evaluation of Biology with X-Ray Lasers	47.074	N/A	-	88,730
Cary Institute of Ecosystems Studies: LTER: Long-Term Ecological Research at the Hubbard Brook Experimental Forest	47.074	N/A	-	6,735
Cornell Univ.: Long-term Ecological Research at the Hubbard Brook Experimental Forest	47.074	N/A	-	(1,777)
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	N/A	-	15,927
University of Colorado Boulder: LTER: Ecosystem Response to Amplified Landscape Connectivity in the McMurdo Dry Valleys, Antarctica	47.074	N/A	-	3,756
University of Illinois: Genomic Mechanisms of Domesticating a Y Chromosome in Papaya	47.074	N/A	-	18,970
Columbus State Community College: Next Generation Multi-Craft Manufacturing Support Technician Evaluation 2014-17	47.076	N/A	-	13,624
Kent State University: Evaluation of Kent State University NOYCE Scholars Program	47.076	N/A	-	11,997
Purdue University: Building and Broadening Understanding of Engineering Practices Among Elementary Presevice Teachers	47.076	N/A	-	10,035
University of Cincinnati: Evaluation of University of Cincinnati MSP (CEEMS)	47.076	N/A	-	10,606
UC: Evaluation of Leadership, Empowerment, and Advancement for STEM Women Faculty (LEAF) at Univ Cincinnati	47.076	N/A	-	59,923
UC: Evaluation of STEM in the Playscape: Building Knowledge for Educational Practice	47.076	N/A	-	36,292
University of Buffalo: Evaluation of Targeted MSP: The University at Buffalo/Buffalo Public Schools (UB/BPS) Interdisciplinary Science and Engineering Partnership	47.076	N/A	-	170,412
Ohio State University: Ohio LSAMP Consortium	47.076	N/A	-	50,720
Ohio State University: Ohio LSAMP Consortium	47.076	N/A	-	29,417
University of Nevada Las Vegas: PIRE: Toward a Holistic and Global Understanding of Hot Springs Ecosystems: A US-China based International Collaboration	47.079	N/A	-	51,678
<b>Total National Science Foundation Pass-Through Programs</b>			-	<b>648,966</b>
<b>Total National Science Foundation</b>			<b>186,914</b>	<b>3,832,560</b>
U.S. Environmental Protection Agency:				
Keratin-based Adsorbent Incorporated Into Sand Filters: A Sustainable Drinking Water System	66.516	N/A	-	6,690
Developing Sensitive Biosensor for Detecting Arsenic in Ground Water	66.XXX	N/A	-	32,620
<b>Total U.S. Environmental Protection Agency Direct Programs</b>			-	<b>39,310</b>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pass-Through Programs From:				
Amec Foster Wheeler: Operation of the US EPA Dry Deposition Network Station at Miami University	66.XXX	N/A	\$ -	\$ 3,034
AMEC: Operation of the US EPA National Dry Deposition Network Station at Miami University	66.XXX	N/A	-	9,303
<b>Total U.S. Environmental Protection Agency Pass-Through Programs</b>			<u>-</u>	<u>12,337</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>-</u>	<u>51,647</u>
U.S. Department of Energy:				
Thylakoid Assembly and Folded Protein Transport by the Chloroplast Twin Arginine Translocation (cpTat)Pathway	81.049	N/A	-	151,752
Donor-Acceptor Extended Porphyrins for Solar Energy Conversion	81.049	N/A	-	8,029
<b>Total U.S. Department of Energy</b>			<u>-</u>	<u>159,781</u>
U.S. Department of Education:				
Miami University Regional Campuses Student Support Services Program	84.042	N/A	-	226,630
A Mixed-Methods Study of Middle-Aged and Older Adults: Lifelong Learning, Skill Proficiencies, and Employment in the U.S. and Selected OECD Countries	84.305	N/A	-	2,683
Mapping Barriers to Community College Completion Among Older Learners: Identifying Malleable Factors to Improve Student Outcomes	84.305	N/A	201,847	428,161
<b>Total U.S. Department of Education Direct Programs</b>			<u>201,847</u>	<u>657,474</u>
Pass-Through Programs From:				
University of Minnesota: Regional Campuses Participation in Retention Study	84.051	N/A	-	271
Ohio Department of Education: Positive Transformations for Ohio Schools: Building Statewide Positive Supports	84.184	N/A	-	89,754
ODE-OSURF:Evaluation of Ohio Resident Educator Program	84.367	N/A	21,716	23,454
ODHE: Evaluation of Writing and Inquiry Stories to Explore Science (WISE Science)	84.367	N/A	-	7,048
ODHE-KSU: Evaluation of Engaging English Language Learners in STEM Classrooms	84.367	N/A	-	6,000
ODHE-ONU:Evaluation of Enhanced Chemistry Learning through Instrument access and Personalized Secondary Educator (ECLIPSE) Training	84.367	N/A	-	4,833
ODHE-OSU: Evaluation of Collaborative Applications in Mathematics Pedagogy	84.367	N/A	-	14,779
Ohio State University: Ohio Education Research Cneter Educator Supply and Demand Study	84.367	N/A	-	23,832
<b>Total U.S. Department of Education Pass-Through Programs</b>			<u>21,716</u>	<u>169,971</u>
<b>Total U.S. Department of Education</b>			<u>223,563</u>	<u>827,445</u>

(Continued)

**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health &amp; Human Services:</b>				
Prediction Error in Contextual Fear Memory Reconsolidation	93.242	N/A	\$ -	\$ 5,256
Text Message Support to Prevent Smoking Relapse in Community Treatment Settings	93.279	N/A	11,605	164,423
Evaluation of Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	N/A	-	11,999
Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	N/A	16,617	202,477
Nuclear Organization During Adenovirus Infection	93.393	N/A	-	96,144
Keratin Hydrogel Matrix for Tunable Growth Factor Delivery in Bone Regeneration	93.846	N/A	-	102,350
Biological/Synthetic Scaffolds for Bone Tissue Engineering	93.846	N/A	-	102,147
Central Action of Brain-Derived Neurotrophic Factor in Male and Female Rats	93.847	N/A	-	20,595
Oligodendrocyte Lineage Cell Plasticity in the Spinal Cord Following Peripheral Injury	93.853	N/A	-	151,054
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	N/A	-	113,045
Acinetobacter Baumannii Gene Regulation in Respojnse to Illumination	93.859	N/A	-	39,500
EPR Structural Studies of KCNE1/KCNQ1	93.859	N/A	-	218,501
EPR Structural Studies of KCNE1/KCNQ1	93.859	N/A	-	4,783
Investigation of ER Alpha Expression on Male Behavior Under Field Conditions	93.865	N/A	51,215	186,968
Glial Remodeling in Drosophila: Proliferation, Membrane Outgrowth and Nerve Ensheathment	93.865	N/A	-	64,559
A Biopsychosocial Model of Emotion Processes Determining the Role of Overcontrolling Parenting in the Stability of Inhibited Temperament	93.865	N/A	3,731	63,706
Retinal Pigmented Epithelium Reprogramming and Retina Regeneration	93.867	N/A	-	19,181
Exploiting Animal Models of RPE Plasticity to Unlock Human Retina Regeneration from RPE	93.867	N/A	-	359,252
The Role of FGF Receptors in Lens Development	93.867	N/A	-	362,958
Risk Assessment Methods for Occupational Health	93.XXX	N/A	-	5,454
Risk Assessment Methods for Occupational Health	93.XXX	N/A	-	5,734
<b>Total U.S. Department of Health &amp; Human Services Direct Programs</b>			<b>83,168</b>	<b>2,300,086</b>
<b>Pass-Through Programs From:</b>				
ODA: Ohio's Combined WIOA Plan: Identifying Strategies and Supports to Improve Outcomes for Older Workers Phase Two	93.044	G02773	-	18,184
National Association of Area Agencies on Aging: Information and Planning: Understanding the Capacity of the Aging Network	93.048	G02275	-	33,130
National Association of Area Agencies on Aging: Information and Planning: Understanding the Capacity of the Aging Network	93.048	HHS-2015-ACL-AOA-UC-0109	-	80,964
Elizabeth New Life Center: Elizabeth New Life Center SRAE Grant Evaluation 2016-2019	93.06	HHS-2016-ACF-ACYF-SRF-1197	-	11,091
Healthy Visions: Healthy Visions SRAE Grant Evaluation 2016-2019	93.06	HHS-2016-ACF-ACYF-SR-1197	-	15,145
Wright State University: Effects of Virtual Reality Simulation on Worker Emergency Evacuation of Neonates	93.226	P0034939	-	42,498
ODE: Evaluation of Making Ohio AWARE: Building Statewide Mental Health First Aid Capacity	93.243	62984	-	67,173
ODE-WCESC: Warren Country Educational Service Center LEAI Evaluation	93.243	G02869	-	2,791
University of Minnesota Bowblis	93.307	POO5333353	-	16,143
University of Southern California: An Integrative Computational and Bioengineered Tissue Model of Metastasis	93.396	45391782	-	29,730
ODM-ODA: Person-Centered Staff Engagement Project	93.636	AGE01-000003250	-	8,898
The Ohio State University: Alternative Routes of Gut Microbial Methylamine Metabolism That May Limit Trimethylamine N=Oxide, A Trigger for Atherosclerosis	93.847	R01KD109345	-	53,883
Cincinnati Childrens Hospital Medical Center: Receptors of Rotavirus	93.855	137991	-	62,221
Developing Metallo-Beta-Lactamase Inhibitors	93.859	UTA15-000329	-	196,592
Duke University: Understanding US Regional Health & Mortality Disparities: A Life Course Approach	93.866	15-NIH-1027	-	1,748
University of Texas Rio Grande: Genetic Epidemiology of Ocular Health aand Disease	93.867	R01EY024384	-	126,421
Miami University/OHMHAS Statewide Coordination of YMHFA	93.958	99-13845-PREV-P-16-16028	-	3,571
ODM: Evaluating Long-Term Services and Supports in Ohio	93.971	G-1617-04-0051	-	262,381
Greene County Educational Service Center: Safe Schools/Healthy Students Local Evaluation Plan for Green County Educational Service Center	93.XXX	G02600	-	(57)
Greene County Educational Service Center: Safe Schools/Healthy Students Local Evaluation Plan for Greene County Educational Service Center	93.XXX	G02739	-	42,759
<b>Total U.S. Department of Health &amp; Human Services Pass-Through Programs</b>			<b>-</b>	<b>1,075,266</b>
<b>Total U.S. Department of Health &amp; Human Services</b>			<b>83,168</b>	<b>3,375,352</b>
<b>Total Research and Development Cluster</b>			<b>493,645</b>	<b>9,094,579</b>

(Continued)



**Miami University**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>INSTRUCTIONAL</b>				
U.S. Department of State: Miami University - Sanya University American Cultural Center	19.040	N/A	\$ -	\$ 53,902
National Endowment for Humanities: Miami University Humanities Center NEH Challenge Grant Application	45.130	N/A	-	180,214
National Science Foundation: Capacity Building for Miami University Robert Noyce Scholars	47.076	N/A	-	17,870
U.S. Department of Education: Miami University: CCAMPIS Scholarships for Low Income Undergraduate Students on Three Campuses	84.335	N/A	-	88,893
Pass-Through Programs From:				
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities-FY14	84.366	G02539	-	98
ODHE: Writing and Inquiry Stories to Explore Science II (WISE Science II)	84.367	16-18	-	8,312
ODHE: Writing and Inquiry Stories to Explore Science (WISE)	84.367	15-25	-	43,021
National Writing Project: Agreement # BRimer-SEED2014	84.367	BRIMER-SEED2014	-	5,336
National Writing Project: 2016-2017 NWP SEED Invitational Leadership Institute to Invest in Developing New Teacher-Leaders	84.367	92-OH01-SEED2016	-	19,678
National Writing Project: 2016-2017 NWP SEED Invitational Leadership Institute to Invest in Developing New Teacher-Leaders	84.367	92-OH01-SEED2016-ILI	-	7,500
National Writing Project: 2016-2017 NWP SEED Professional Development in a High-Need School	84.367	92-OH01-SEED2016-HNEVAL	-	22,069
National Writing Project: Agreement # BRimer-NWP 2016	84.411	BRIMER-I32016	-	28,394
National Writing Project: 2017 i3 Scale-up College-Ready Writers Program 2017- 18 Advanced Institute	84.411	92-OH01-20113AI	-	2,403
<b>Total U.S. Department of Education Pass-Through Programs</b>			-	136,811
<b>Total U.S. Department of Education</b>			-	225,704
<b>Total Instructional</b>			-	477,690
<b>PUBLIC SERVICE</b>				
U.S. Department of Defense: Pass-Through Programs From: General Dynamics: Manufacturing Workshop for AFRL/ManTech	12.XXX	GDS-SC-16-110	-	7,314
U.S. Department of Justice: Pass-Through Programs From: Ohio Attorney General: For Respect: Miami University Advocacy	16.XXX	2016-VOCA-22895866	-	7,394
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	-	1,498
National Endowment for the Arts: Pass-Through Programs From: NEA: 2016-17 Arts Midwest Touring Fund	45.025	18425	-	4,000
National Endowment for Humanities: Orientation for the Mississippi Freedom Project: An Interactive Quest for Social Justice	45.169	HD-51918-14	-	1,185
National Science Foundation: Gonzalez NSF Intergovernmental Personnel Act (IPA) Assignment	47.XXX	DEB-1522840	-	173,678
Vanni NSF Intergovernmental Personnel Act (IPA)	47.XXX	DBI-1560900	-	209,364
<b>Total National Science Foundation</b>			-	383,042
U.S. Department of Health & Human Services: Pass-Through Programs From:				
Cincinnati Children's Medical Center: LEND CCHMC Traineeship Green	93.110	G02726	-	11,186
Ohio Department of Education: Making Ohio AWARE: Building Statewide Mental Health First Aid Capacity	93.243	G02502	-	479,133
Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-16-9726	-	117
ODMHAS: Miami University Bacchus Student Engagement Initiative 2017	93.959	1700583	-	4,087
Ohio Department of Mental Health and Addiction Services: Hosting 2017 OPEC Conference	93.959	1700715	-	86,188
<b>Total U.S. Department of Health &amp; Human Services</b>			-	580,711
Office of Public Affairs: ICE-HSI: Reimbursement of Joint Operations Expenses from the Treasury Forfeiture Fund	97.XXX	G02676	-	4,047
<b>Total Public Service</b>			-	989,191
<b>Total Expenditures of Federal Awards</b>			<b>\$ 493,645</b>	<b>\$ 118,340,897</b>

See notes to the schedule of expenditures of federal awards

## Miami University

### Notes to Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

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#### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Miami University (the University) under programs of the federal government for the year ended June 30, 2017. The information in 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 University, 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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### Note 3. Indirect Cost Rate

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 University has an existing approved indirect cost rate.

#### Note 4. 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, 2017 consist of:

Program Name	Outstanding Balance at July 1, 2016	New Loans Issued	Repayments of Student Loans	Outstanding Balance at June 30, 2017
Federal Perkins Loan Program	\$ 6,809,332	\$ 615,509	\$ (1,084,691)	\$ 6,340,150

#### Note 5. 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, 2017, were as follows:

Federal Direct Student Loan Program	
Stafford:	
Subsidized	\$ 21,997,815
Unsubsidized	36,060,982
GLPS	157,840
PLUS	24,759,453

The value of the loans issued for the Federal Direct Student Loan Program is based on disbursed amounts. 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, 2017.

**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, 2017, which collectively comprise the University's basic financial statements and the related notes to the financial statements, and have issued our report thereon dated October 13, 2017.

This report does not extend to the Miami University Foundation due to the Foundation issuing a separate report on Internal Control over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 9, 2017.

**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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Cleveland, Ohio  
October 13, 2017

**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, 2017. The University's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 each 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 each of its major federal programs for the year ended June 30, 2017.

## **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 13, 2017

**Miami University**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

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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

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

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)  
84.007, 84.033, 84.038, 84.063, 84.268 and 84.379  
93.243

Name of Federal Program or Cluster  
Student Financial Aid Cluster  
Substance Abuse and Mental Health Services -  
Projects of Regional and National Significance

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

\$ 750,000

Auditee qualified as a low risk auditee?

	<u>  X  </u>	Yes	_____ No
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**Miami University**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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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, 2017**

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No matters were reported.

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# 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 7, 2017**