

**MARQUETTE UNIVERSITY
RETIREMENT PLAN**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
YEARS ENDED December 31, 2016 and 2015**

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*Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 as amended, have been omitted because they are not applicable.



COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

INDEPENDENT AUDITORS' REPORT

To the Participants and Administrator of the
Marquette University Employees' Retirement Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Marquette University Employees' Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by TIAA-CREF, the "Trustee" of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.



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Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule as listed in the accompanying table of contents, as of or for the year ended December 31, 2016 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
September 5, 2016

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

	December 31,	
	2016	2015
ASSETS		
Investments	\$ 524,383,527	\$ 479,524,332
Net assets available for benefits	\$ 524,383,527	\$ 479,524,332

See notes to financial statements

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	Years Ended December 31,	
	2016	2015
ADDITIONS		
Additions to net assets attributed to:		
Investment income		
Net (depreciation)/appreciation in fair value of investments	\$ 26,237,516	\$ 3,029,948
Other investment income	9,863,494	7,359,838
Revenue Credit	241,177	338,082
Total investment income	36,342,187	10,727,868
Contributions:		
Employee	9,765,808	6,253,117
Employer	10,428,448	10,028,583
Rollovers	1,805,161	382,289
Total contributions	21,999,417	16,663,989
Total additions	58,341,604	27,391,857
DEDUCTIONS		
Deductions from net assets attributed to:		
Distributions and withdrawals	34,714,201	22,768,200
Annuity Settlement Option	3,062,595	4,594,809
Fees	2,877,405	2,464,893
Total deductions	40,654,201	29,827,902
PLAN TRANSFERS		
Net Transfer in	27,171,792	2,648
Total Plan Transfers	27,171,792	2,648
Net increase / decrease	44,859,195	(2,433,397)
Net assets available for benefits, beginning of year	479,524,332	481,957,729
Net assets available for benefits, end of year	<u>\$ 524,383,527</u>	<u>\$ 479,524,332</u>

See notes to financial statements

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of Marquette University Employees' Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan document provided to all participants for a more complete description of the Plan's provisions.

GENERAL

The Plan is a 403(b) retirement plan covering employees of Marquette University ("the University"). Employees who have completed at least two years of services and are age 21 and older are eligible to participate in the plan.

CONTRIBUTIONS

Employees are eligible to contribute to the plan on the first day of the month following their 2nd year anniversary from their date of hire. Employees who, in the immediate 2 years preceding their date of hire, work for an eligible non-profit and either research or education institution, may be eligible to waive out of part of or all of the 2 year waiting period. The specifics of this eligibility are determined by the Marquette University Benefits Department.

Participating employees may make voluntary before-tax contributions up to \$18,000 as defined by the Plan. In addition, catch-up contributions are available to participants who are age 50 or older at the end of the plan year.

Employees electing to participate who make a minimum monthly contribution (on a pre-tax basis) of 5% are eligible for an additional 8% employer match.

INVESTMENT OPTIONS

Participants may direct the investment of their account balances in whole percentages to any of the defined investment options. Participants may change their investment options at any time.

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

PAYMENT OF BENEFITS

At retirement, death or termination, participants or their beneficiaries are entitled to receive partial distributions, installment payments, or lump sum benefits equal to their vested account balances.

VESTING

Participants have at all times, a fully vested and non-forfeitable interest in all before-tax, after-tax and employer matching contributions, and earnings thereon, and may withdraw the total of such amount in accordance with the provisions of the Plan.

FORFEITED ACCOUNTS

At December 31, 2016 and 2015 forfeited non-vested accounts totaled \$0 and \$0 respectively.

PARTICIPANT LOANS

Marquette University allows employees to borrow against their basic retirement plan accumulations (TIAA-CREF Retirement Annuities or Group Retirement Annuities). TIAA-CREF imposes no charges or penalties on the loan. The minimum loan amount is \$1,000. The maximum is the lesser of \$50,000 or 45 percent of the participant's combined TIAA and CREF accumulations. At least 110 percent of the loan must be kept as collateral in the Retirement Loan Certificate. The loan must be repaid in full within five years, or ten years if it's used to purchase a principal residence. The interest rate is variable, indexed to the Moody's corporate bond yield average. Interest remains the same for the first year, and thereafter can be adjusted each year if Moody's rate changes by at least one half of one percent.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Plan have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME RECOGNITION

Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date.

INVESTMENT VALUATION

The Plan's investments are stated at fair value. Mutual funds are stated at fair value as determined by quoted market prices, which represents the net asset value of shares held by the plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Accounting principles generally accepted in the United States of America define fair value 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. Accounting principles generally accepted in the United States of America also establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

- Level 1:* Observable inputs such as quoted prices in active markets;
- Level 2:* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3:* Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

Accounting principles generally accepted in the United States of America require the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds – Valued at the Net Asset Value (NAV) as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern Standard Time.

Mutual Funds – Valued at the Net Asset Value (NAV) as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern Standard Time.

Equity Funds and Fixed Income Funds – Primarily valued using market quotations or prices obtained from independent pricing sources that employ various pricing methods to value the investments including matrix pricing. Each Account determines its unit value each day.

Real Estate Funds - Value is principally derived from the market value of the underlying real estate holdings or other real estate-related investments. Real estate holdings are valued principally using external appraisals, which are estimates of property values based on a professional's opinion.

Guaranteed Investment Contract – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET APPRECIATION/ (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS

Net appreciation/ (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year. Net realized and unrealized appreciation/ (depreciation) is recorded in the accompanying statement of changes in net assets available for benefits as net appreciation/ (depreciation) in fair value of investments.

Brokerage fees are added to the acquisition costs of assets purchased and subtracted from the proceeds of assets sold.

ADMINISTRATIVE EXPENSES

Certain expenses incurred in connection with the general administration of the Plan are paid by the Plan and are recorded in the accompanying statement of changes in net assets available for benefits as other expenses.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 5, 2017 the date the financial statements were available to be issued.

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3 - INVESTMENTS

The Trustee of the Plan executed all investment transactions and certified the assets of the plan as of December 31, 2016 and 2015. All investment information disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2016 and 2015, net appreciation/(depreciation) in fair value of investments, investment income and investment expenses for the years then ended, was obtained or derived from the information supplied to the Plan administrator and certified as complete and accurate by the Trustee.

Investments that represent 5% or more of the fair value of the Plan's net assets as of December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
TIAA TRADITIONAL	\$ 163,419,277	\$ 161,782,371
CREF Stock R2	\$ 115,595,970	\$ 119,325,539
Vanguard Ttl Stk Mkt Idx Inst	\$ 30,411,646	\$ -

During 2016 and 2015, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/ (depreciated) in value by as follows:

	<u>2016</u>	<u>2015</u>
Money Market Funds	\$ 3,879	\$ 97
Real Estate Funds	1,078,556	1,512,128
Fixed Income Funds	758,898	(572,886)
Mutual Funds	1,147,670	(442,849)
Equity Funds	18,021,810	(11,693,314)
Guaranteed Investment Contract	5,226,703	6,736,607
	<u>\$ 26,237,516</u>	<u>\$ (4,460,217)</u>

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 4 – FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015:

Assets at Fair Value as of December 31, 2016				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money Market Funds	\$ 7,295,205	\$ -	\$ -	\$ 7,295,205
Real Estate Funds	22,841,415	-	-	22,841,415
Fixed Income Funds	29,172,147	-	-	29,172,147
Mutual Funds	73,159,357	-	-	73,159,357
Equity Funds	224,177,932	-	-	224,177,932
Guaranteed Investment Contract	-	-	167,737,471	167,737,471
Total assets at fair value	\$356,646,056	\$ -	\$167,737,471	\$ 524,383,527

Assets at Fair Value as of December 31, 2015				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money Market Funds	\$ 7,620,851	\$ -	\$ -	\$ 7,620,851
Real Estate Funds	20,303,299	-	-	20,303,299
Fixed Income Funds	24,808,138	-	-	24,808,138
Mutual Funds	53,476,844	-	-	53,476,844
Equity Funds	211,531,593	-	-	211,531,593
Guaranteed Investment Contract	-	-	161,783,607	161,783,607
Total assets at fair value	\$317,740,725	\$ -	\$161,783,607	\$ 479,524,332

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 4 – FAIR VALUE MEASUREMENTS(CONTINUED)

The following table sets forth a summary of changes in the fair value of the plan's level 3 assets for the year ended.

<i>Level 3 Assets</i>	
<i>Year Ended December 31, 2016</i>	
	<i>Guaranteed Investment Contract</i>
Balance, beginning of year	\$ 161,783,607
Realized gains	4,971,214
Unrealized gains	2,304,592
Purchases, sales, issuances and settlements (net)	(1,321,942)
Balance, end of year	\$ 167,737,471

**Quantitative Information about Significant Unobservable Inputs Used in
Level 3 Fair Value Measurements**

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the range of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
TIAA Traditional Non Benefit Responsive	\$167,737,471	Discounted Cash Flow	Discount Rate Duration (Years)	3%-5% 10 Years

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 5 – INVESTMENT CONTRACT WITH INSURANCE COMPANY

In 2002, the plan entered into a benefit-responsive investment contract with Teachers Insurance and Annuity Association of America (TIAA). The contract is included in the financial statements at contract value as reported to the Marquette University by TIAA. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expense.

Average Yields:	<u>2016</u>	<u>2015</u>
Based on actual earnings	4.5%	4.2%
Based on interest rates credited to participant	3.8%	3.8%

NOTE 6 – INVESTMENT CONTRACT WITH INSURANCE COMPANY

The Revenue Credit represents the return of a portion of the fees that were above what was considered a ‘reasonable’ amount needed to cover plan administrative and record-keeping expenses. The credit was allocated to participants on a percentage basis based on the account balance in the plan and applied proportionally across the investment options within each account.

NOTE 7– TAX STATUS

The Internal Revenue Service (IRS) is yet to establish a process for issuing determination and opinion letters for 403(b) plans. Therefore, the Plan Administrator is not required to request a determination. However, the Plan administrator believes the Plan, as amended effective January 1, 2009, is being operated in compliance with Internal Revenue Code (IRC) section 403(b).

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

Certain plan investments are shares of funds managed by TIAA. TIAA is the trustee of the Plan as defined by the plan and therefore, these transactions qualify as party-in-interest transactions. These transactions are not considered prohibited transactions under 29 CFR 408(b) of the ERISA regulations. Fees paid by the Plan for fund management services amounted to \$2,877,405 and \$2,464,893 for the years ended December 31, 2016 and 2015 respectively.

**MARQUETTE UNIVERSITY
RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 10 –RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

As of December 31, 2016 and 2105, fees per the financial statements and the form 5500 were \$2,877,405 and \$2,464,893, respectively.

SUPPLEMENTAL SCHEDULE

MARQUETTE UNIVERSITY
RETIREMENT PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
PLAN #001, EIN: 39-0806251

December 31, 2016

Identity of Issue/Description of Investment	Units	Market Value
*TIAA-CREF		
TIAA Traditional Non Benefit Responsive	Shares	\$ 163,419,278
TIAA Traditional Benefit Responsive 2	Shares	668
TIAA Traditional Non Benefit Responsive 2	Shares	4,317,525
TIAA Real Estate	59851.2935 Shares	22,841,415
CREF Stock R2	292703.1550 Shares	115,595,969
CREF Money Market R2	234932.4099 Shares	6,002,241
CREF Social Choice R2	62483.5701 Shares	12,910,087
CREF Bond Market R2	161574.0918 Shares	19,033,800
CREF Global Equity R2	122836.7922 Shares	17,828,987
CREF Growth R2	143193.3664 Shares	20,153,364
CREF Equity Index R2	91605.5029 Shares	16,661,172
CREF Inflation-Linked Bond R2	88475.3058 Shares	6,021,532
TIAA-CREF Lifecycle 2010-Inst	140769.0321 Shares	1,521,713
TIAA-CREF Lifecycle 2010-Inst	338833.3957 Shares	3,164,704
TIAA-CREF Lifecycle 2010-Inst	660300.6127 Shares	6,279,459
TIAA-CREF Lifecycle 2025-Inst	901419.3509 Shares	8,608,555
TIAA-CREF Lifecycle 2030-Inst	967585.8701 Shares	9,192,066
TIAA-CREF Lifecycle 2035-Inst	1064670.1090 Shares	10,146,306
TIAA-CREF Lifecycle 2040-Inst	1434353.5810 Shares	13,669,390
TIAA-CREF Lifecycle 2045-Inst	397837.2140 Shares	4,225,031
TIAA-CREF Lifecycle 2050-Inst	226482.6079 Shares	2,409,775
TIAA-CREF Lifecycle 2055-Inst	25249.4718 Shares	303,499
TIAA-CREF Lfcyle Rtmt Inc-Inst	67094.6687 Shares	726,635
TIAA-CREF Money Market-Inst	1292964.1200 Shares	1,292,964
DFA US Targeted Val Port Inst	613141.3702 Shares	14,721,524
Vanguard Ttl Bd Mkt Idx Adm	213537.5233 Shares	2,274,175
Vanguard Ttl Stk Mkt Idx Inst	542193.7278 Shares	30,441,646
TIAA-CREF Lifecycle 2060-Inst	219.0976 Shares	2,138
Dreyfus International Bond I	2337.0635 Shares	34,448
Metropolitan West TotRet Bnd I	171718.1843 Shares	1,808,192
Lazard Intern Strat Eq Port I	515909.3513 Shares	6,417,912
Vanguard Ttl Intl Stk Idx Adm	96928.8098 Shares	2,387,357
Total investments		\$ 524,383,527

* Party-in-interest

Note: Cost information is not required for participant-directed investments and is therefore, not included.