

# ***Miami University***

*Financial Statements for the Years Ended June 30,  
2005 and 2004 and Single Audit Reports for the  
Year Ended June 30, 2005*





**Auditor of State  
Betty Montgomery**

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 Deloitte & Touche LLP, for the audit period July 1, 2004 to June 30, 2005. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 28, 2006

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# MIAMI UNIVERSITY

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## INDEPENDENT AUDITORS' REPORT

President and Board of Trustees of Miami University  
and Betty Montgomery, Auditor of State of Ohio:

We have audited the accompanying statements of net assets of Miami University (the "University"), a component unit of the State of Ohio, as of June 30, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets and cash flows where applicable for the years then ended. These financial statements are the responsibility of the management of the University. Our responsibility is to express an opinion 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Miami University, and its discretely presented component unit, as of June 30, 2005 and 2004, and the changes in net assets and cash flows where applicable for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-9 is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board ("GASB"). This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the University, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of the management of Miami University. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2005, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Deloitte & Touche LLP*

October 6, 2005

# Management's Discussion and Analysis

June 30, 2005

## Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2005. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion have been prepared by and are the responsibility of university management.

## Using the Financial Statements

The university's annual report contains three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Other Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement No. 37 and 38.

Effective July 1, 2003 the university adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement amends GASB Statement No. 14 to provide additional guidance for determining whether certain organizations, such as not-for-profit foundations, for which the primary institution is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the primary institution. The university has determined that by definition the Miami University Foundation is a component unit of the university and as such, is included through a discrete presentation as part of the university's financial statements.

Effective July 1, 2004, the university adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement amends GASB Statement No. 3 and requires that state and local governments, including colleges and universities, disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

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

## Financial Highlights

Overall the university's financial position remained strong at June 30, 2005, with total assets of \$891.3 million and liabilities totaling \$251.8 million. Highlights from fiscal year 2005 include the issuance of \$98.5 million in general receipts bonds and the continuation of the decrease in the state's support of instruction in the amount of \$1.9 million. In anticipation of the current year and the previous two year's reduction in state support, during fiscal year 2002 the university utilized an 18-month planning process to impose a permanent departmental budget cut on the Oxford campus of \$3.1 million. Through this and other initiatives, the university was able to hold tuition increases below 10 percent and not have to use any reserves for the second consecutive year.

In fiscal year 2005, the Oxford campus tuition increased by 8.5 percent, while the regional campuses increased tuition by 9.9 percent. These increases were used for such items as to offset the decrease in state support for instruction and other educational programs, increases in university-funded student financial assistance, and the continual rise in health care costs. In addition, the increase was used for information technology, including the completion of the wireless network service installation.

Beginning in the fall of 2003, the university implemented the new tuition and scholarship plan, which completely restructured Miami's tuition and financial aid strategies for Ohio residents. Under this new plan, all Oxford campus undergraduate students were charged the same tuition regardless if they are in-state (Ohio residents) or out-of-state students. However, every in-state student received a fixed-dollar Ohio Residency Scholarship (ORS) that was equal to or greater than the instructional support from the State of Ohio. In addition, each Ohio student received a sizable Ohio Leader Scholarship (OLS) that was awarded to each student based on financial need.

The fall of 2004 marked the first time variable OLS amounts were awarded to each in-state student. In this second year of the plan, incoming undergraduate freshman from Ohio on the Oxford campus received \$25.5 million in two renewable scholarships. The ORS of \$5,000 was fixed and indexed to the state subsidy and the OLS ranged from \$5,000 to \$6,200 for each student. The variable OLS provided the ability to help achieve the goals of this new plan which include making a Miami education more affordable for low and middle income Ohioans, providing incentives for top Ohio students to stay in Ohio and study in areas crucial to Ohio's future, and broadening the socioeconomic, academic and racial diversity of the student body.

### **Statement of Net Assets**

The Statement of Net Assets presents the assets, liabilities and net assets of the university as of the end of the fiscal year. The difference between total assets and total liabilities, or net assets, is one indicator of the overall strength of the institution. Also, the overall increase or decrease in total net assets 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.



Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, reports the institution's net equity in property, plant and equipment. The second major category, restricted net assets, reports net 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 unexpendable restricted net assets is available for investment purposes only. The expendable restricted net assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The third category is unrestricted net assets and is separated into two types; allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are allocated for a specific purpose within the institution by university policy, management or the governing board. The allocated unrestricted net assets were \$153,996,470 and \$155,080,664 as of June 30, 2005 and 2004 respectively. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

	2005	2004	2003
<b>Assets</b>			
Current assets	\$ 277,758,691	\$ 249,611,708	\$ 191,119,444
Capital assets, net	490,500,319	409,022,876	385,428,786
Investments	116,291,053	111,278,979	95,064,268
Other assets	6,711,317	7,383,225	6,462,776
<b>Total assets</b>	<b>\$ 891,261,380</b>	<b>\$ 777,296,788</b>	<b>\$ 678,075,274</b>
<b>Liabilities</b>			
Current liabilities	\$ 67,694,711	\$ 59,463,730	\$ 51,743,829
Noncurrent Liabilities	184,064,308	105,147,848	58,716,744
<b>Total liabilities</b>	<b>\$ 251,759,019</b>	<b>\$ 164,611,578</b>	<b>\$ 110,460,573</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	\$ 375,800,232	\$ 352,501,735	\$ 335,968,305
Restricted net assets – nonexpendable	64,924,473	59,179,274	51,566,539
Restricted net assets – expendable	36,728,179	36,550,402	34,315,935
Unrestricted net assets	162,049,477	164,453,799	145,763,922
<b>Total net assets</b>	<b>\$ 639,502,361</b>	<b>\$ 612,685,210</b>	<b>\$ 567,614,701</b>
<b>Total liabilities and net assets</b>	<b>\$ 891,261,380</b>	<b>\$ 777,296,788</b>	<b>\$ 678,075,274</b>

Total assets of the institution increased 14.7 percent or \$114.0 million. The increase in current assets was a result of investing the bond proceeds into short-term investment instruments. Also, a portion of the increase in short-term and the increase in long-term investments reflect the continuation of the change to the investment policy that yields higher earning returns. The Heritage Commons Student Apartment Housing, Goggin Ice Center, Yager Stadium renovations, McGuffey Hall rehabilitation, primary electrical distribution upgrades, peaking engine facility, new parking structures, Psychology and Research Support building, and the School of Engineering & Applied Science building all account for the increase in net capital assets. The other asset category experienced a modest decrease.

Total liabilities of the institution increased 52.9 percent or \$87.1 million. This is primarily the result of the \$79.7 million increase in total debt. The increase in bonds payable is a net result of the issuance of the Series 2005 general receipt bonds, the defeasement of the Series 1998 Bonds, and the annual debt principal payment. All other current liabilities and long-term liabilities remained relatively unchanged.

The increase in assets and the increase in liabilities yielded the overall net increase in net assets of \$26.8 million. Specifically, capital assets, net of related debt increased \$23.3 million or 6.6 percent which is primarily due to the recording of the renovation, rehabilitation or purchase of new capital assets. Also, the increase of \$5.7 million or 9.7 percent in non-expendable restricted net assets is a result of new gifts and the increase in the endowment fund corpus. Finally, the \$2.4 million or 1.5 percent decrease in the unrestricted net assets is a net result of three items; an increase in the allocated fund, an increase in the corpus of the quasi-endowment fund, and a net decrease in the plant addition and renewal and replacement funds.

During the year ended June 30, 2004, total assets of the institution increased 14.6 percent or \$99.2 million. The increase is primarily due to the increase in current assets as a result of investing the bond proceeds into short-term investment instruments. Also, a portion of the increase in short-term and the increase in long-term investments reflect the continuation of the change to the investment policy that yields higher earning returns. Total liabilities of the institution increased 49.0 percent or \$54.2 million. This is primarily the net result of the \$7.7 million increase in the current liabilities and the \$47.7 million increase in total debt, which is a net result of the issuance of the Series 2003 general receipt bonds, the defeasement of the Series 1993 Bonds, and the annual debt principal payment. The increase in assets and the increase in liabilities yielded the overall net increase in net assets of \$45.1 million. Specifically, capital assets, net of related debt increased \$16.5 million or 4.9 percent is primarily due to the recording of the renovation, rehabilitation or purchase of new capital assets. Also, the increase of \$7.6 million or 14.8 percent in non-expendable restricted net assets is a result of the market recovery and the increase in the endowment fund corpus. Finally, the \$18.7 million or 12.8 percent increase in the unrestricted net assets is a net result of three items; a net increase in the allocated fund, a net increase in the corpus of the quasi-endowment fund due to market recovery, and a net increase in the renewals and replacements.

### **Statement of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses and Changes in Net Assets 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 various 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 are received without an exchange for goods and services. Interest on debt is the primary example of a non-operating expense. Revenue from state capital appropriations is reported as other revenue.

	2005	2004	2003
<b>Operating revenues</b>			
Student tuition and fees, net	\$ 200,035,176	\$ 183,156,558	\$ 166,193,798
Sales and services of auxiliary enterprises, net	86,282,747	81,817,885	79,591,938
Sponsored programs	13,033,436	10,321,355	10,242,993
Other operating revenue	7,553,359	7,146,906	6,674,887
<b>Total operating revenues</b>	<b>306,904,718</b>	<b>282,442,704</b>	<b>262,703,616</b>
<b>Operating expenses</b>			
Educational and general	294,619,242	271,437,053	255,194,345
Auxiliary enterprises	91,682,200	87,108,056	83,700,099
Depreciation	27,762,912	24,745,892	23,824,773
Other operating expenses	3,961,765	7,847,909	3,569,125
<b>Total operating expenses</b>	<b>418,026,119</b>	<b>391,138,910</b>	<b>366,288,342</b>
<b>Net operating loss</b>	<b>(111,121,401)</b>	<b>(108,696,206)</b>	<b>(103,584,726)</b>
<b>Non-operating revenues</b>			
State share of instruction	78,154,406	80,078,439	80,385,851
Net investment income (loss)	23,707,448	31,458,749	9,964,740
Gifts	15,804,694	14,912,521	13,232,260
Other non-operating revenues	12,297,992	12,100,259	13,288,569
<b>Total non-operating revenues</b>	<b>129,964,540</b>	<b>138,549,968</b>	<b>116,871,420</b>
Non-operating expenses	(3,410,126)	(2,500,377)	(3,350,932)
<b>Other revenues and expenses</b>	<b>11,384,138</b>	<b>17,717,124</b>	<b>13,613,214</b>
Extraordinary items	0	0	10,416,788
<b>Increase in net assets</b>	<b>26,817,151</b>	<b>45,070,509</b>	<b>33,965,764</b>
Net assets at the beginning of year	612,685,210	567,614,701	533,648,937
<b>Net assets at the end of year</b>	<b>\$ 639,502,361</b>	<b>\$ 612,685,210</b>	<b>\$ 567,614,701</b>

Total operating revenue increased by 8.7 percent or \$24.5 million. This increase is primarily a result of an increase in the Oxford campus student tuition and fee rate of 8.5 percent, and the 4.9 percent increase in room and board rates. Student tuition and fees at the regional campus increased 9.9 percent.

Total operating expenses increased by 6.9 percent or \$26.9 million. This increase is mainly due to the 3 percent average increase in employee salaries, increases in employee benefit costs such as health care insurance, and an increase in institutional financial aid awards.

Non-operating revenues and expenses decreased by \$9.5 million or 7.0 percent. Primarily, this decrease is attributable to a \$7.8 million decrease in net investment income and a \$1.9 million decrease in state support for instruction and other educational programs.

Under the other revenue section, State Capital Appropriations decreased by \$5.3 million. This variation is a result of timing and the completion of several capital projects. It is not a result of a decrease in state capital appropriation funding. The state supported capital projects in fiscal year 2005 include the renovation of McGuffey Hall, the construction of the Hamilton Campus Conservatory, and various Information Technology Systems and Utility Upgrades. In addition, Capital Grants and Gifts decreased \$3.1 million and Additions to Permanent Endowments increased \$2.1 million.

During the year ended June 30, 2004, total operating revenue increased by 7.5 percent or \$19.7 million. This increase is primarily a result of an increase in the Oxford campus student tuition and fee rate of 9.9 percent for in-state and 10.9 percent out-of-state, and the 7 percent increase in room and board rates. Student tuition and fees at the regional campus increased between 6 percent and 9 percent. Total operating expenses increased by 6.8 percent or \$24.9 million. This increase is mainly due to the 3 percent average increase in employee salaries, increases in employee benefit costs such as health care insurance, and an increase in institutional financial aid awards. Non-operating revenues and expenses increased by \$22.5 million or 19.8 percent. Primarily, this increase is attributable to a \$2.8 million increase in investment income, a substantial increase in the fair market value of investments of \$18.5 million, a \$1.7 million increase in gifts, and a \$0.3 million decrease in state support for instruction and other educational programs. Under the other revenue and expense section, State Capital Appropriations increased by \$1.6 million.

### **Statement of Cash Flows**

The Statement of Cash Flows presents 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 major areas: Cash Flows from Operating Activities, Cash Flows from Non-capital Financing Activities, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities.

	2005	2004	2003
Net cash used by operating activities	\$ (81,164,732)	\$ (80,257,908)	\$ (74,676,381)
Net cash provided by noncapital financing activities	106,684,284	104,937,124	106,076,378
Net cash provided by/(used for) capital and related financing activities	(15,209,232)	16,061,093	(30,053,968)
Net cash used by investing activities	(12,868,211)	(46,523,720)	(1,448,786)
<b>Net decrease in cash</b>	<b>(2,557,891)</b>	<b>(5,783,411)</b>	<b>(102,757)</b>
Cash and cash equivalents at beginning of year	30,704,588	36,487,999	36,590,756
<b>Cash and cash equivalents at end of year</b>	<b>\$ 28,146,697</b>	<b>\$ 30,704,588</b>	<b>\$ 36,487,999</b>

The university's cash and cash equivalents remained relatively unchanged. Throughout the year cash was used for capital acquisitions, payment of debt, investment activities, and operating activities. These uses of cash were offset in part by the cash provided by tuition and fees, the state share of instruction, sales by auxiliary enterprises, gifts, and grants.

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

During fiscal year 2005, the university had numerous capital construction projects in progress. The major projects include the Heritage Commons Student Apartment Housing, the Goggin Ice Center, the Yager Stadium renovations, the McGuffey Hall rehabilitation, the primary electrical distribution upgrades and peaking engine facility, the new parking structures, the Psychology and Research Support building, and the School of Engineering & Applied Science building. Several of these projects are funded by the proceeds from the bond issuance as discussed in the following paragraph. See footnote 4 for additional information concerning capital assets and the related accumulated depreciation.

On March 1, 2005 the university issued \$98.5 million in General Receipts Revenue and Refunding Bonds. The proceeds will be used for the following purposes: to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998, to construct, equip and furnish an engineering and applied science building and a psychology building, to renovate Presser Hall, the cost of planning and designing a school of business building, to construct two parking facilities and perform design work for a third parking facility, to construct an ice center, to install a high voltage electric distribution system, a peaking engine facility and other utility system upgrades, to construct improvements to Yager Athletic Complex and to pay a portion of the costs of constructing and renovating student housing facilities.

There were no significant changes in the outstanding capital lease balance or payments during fiscal year 2005. The university's bond rating remained the same with a rating of A1 from Moody's and a rating of A+ from Standard and Poors. For more detailed information on current outstanding debt, see footnote 6.

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

After the first two years of success that exceeded expectations, Miami's new tuition and scholarship plan was continued into the fall of 2005. Incoming freshman and returning sophomores from Ohio on the Oxford campus will receive Ohio scholarships (Ohio Resident and Ohio Leader) that will range from \$10,902 to \$12,710 for each student. In late June, the Ohio legislation passed a state budget bill that imposed a tuition cap on in-state students of 6 percent or \$500, whichever is less. Miami implemented the \$500 limit on the Oxford campus, which represents a 5.5 percent increase. In spite of the legislatively imposed tuition cap, Miami was able to continue the new tuition and scholarship plan and continuing the goals of this new plan including making a Miami education more affordable for low and middle income Ohioans, providing incentives for top Ohio students to stay in Ohio and study in areas crucial to Ohio's future, and broadening the socioeconomic, academic and racial diversity of the student body.

In addition, beginning in the fall 2005, the university will offer scholarships in the amount of \$20,000 annually for four years to one student from each Ohio House district. These awards will be given to ninety-nine students who have faced adversity and yet still performed exceptionally in high school, with at least two-thirds of the awards being based on financial need.

During fiscal year 2005, the university's state share of instruction declined by \$1.9 million. This follows a \$0.3 million decline and a \$2.7 million decline in subsidy in fiscal year 2004 and 2003, respectively. Although the total state support for higher education remains relatively unchanged for fiscal year 2006, Miami University's allocation will decrease by approximately \$1.6 million due to state formulas that allocate more funds to Ohio universities that experienced increased enrollments.

In April 2005, the university launched the public phase of a major capital campaign with a goal of \$350 million by December 2007. As of May 15, 2005, more than \$163 million was raised during the preannouncement phase of the campaign. The campaign priorities follow the "First in 2009" goals and will bring much needed support for scholarships, instructional programs, and capital construction.

The recruitment of high quality students, the \$350 million capital campaign, the addition of buildings and facilities and improvement and upgrade of the infrastructure, will all continue to strengthen Miami University's financial position while reinvesting in its future. Of concern is the continual decline of state support and the increased competition for top level students and faculty. However, the university is financially sound and will continue to follow the long-range plan and goals for the "First in 2009" which includes creating new faculty positions, upgrading the information technology division and infrastructure, constructing new and rehabilitating existing buildings.

**Miami University**  
**Statement of Net Assets**  
**June 30, 2005 and 2004**

	<b>Miami University</b>		<b>University Foundation</b>	
<b>ASSETS</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 28,146,697	\$ 30,704,588	\$ 5,637,174	\$ 1,257,040
Investments (includes \$64.5 million at June 30, 2005 and \$41.4 million at June 30, 2004 of bond proceeds)	220,529,408	188,658,475	0	0
Accounts, pledges and notes receivable, net	25,178,881	25,742,192	588,307	854,069
Inventories	3,213,386	3,161,164	0	0
Prepaid expenses and deferred charges	690,319	1,345,289	0	0
Total current assets	277,758,691	249,611,708	6,225,481	2,111,109
<b>NONCURRENT ASSETS</b>				
Restricted cash and cash equivalents	0	0	1,704,096	2,572,441
Investments	116,291,053	111,278,979	164,672,798	148,609,370
Pledges and notes receivable, net	6,711,317	7,383,225	45,773,326	17,647,891
Capital assets, net	490,500,319	409,022,876	0	0
Total noncurrent assets	613,502,689	527,685,080	212,150,220	168,829,702
Total assets	\$ 891,261,380	\$ 777,296,788	\$ 218,375,701	\$ 170,940,811
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 21,497,629	\$ 16,615,457	\$ 5,689,432	\$ 5,142,883
Accrued salaries and wages	16,025,124	15,044,562	0	0
Accrued compensated absences	867,611	825,574	0	0
Deferred revenue	12,167,332	11,443,560	0	0
Deposits	7,865,634	8,290,502	0	0
Long term debt - current portion	9,271,381	7,244,075	0	0
Other current liabilities	0	0	844,298	816,106
Total current liabilities	67,694,711	59,463,730	6,533,730	5,958,989
<b>NONCURRENT LIABILITIES</b>				
Accrued compensated absences	11,527,566	10,408,587	0	0
Bonds payable	163,311,821	84,931,327	0	0
Note payable	2,061,531	2,117,082	0	61,489
Capital leases payable	741,220	1,378,479	0	0
Federal Perkins loan program	6,422,170	6,312,373	0	0
Other noncurrent liabilities	0	0	6,270,064	7,281,503
Total noncurrent liabilities	184,064,308	105,147,848	6,270,064	7,342,992
Total liabilities	251,759,019	164,611,578	12,803,794	13,301,981
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	375,800,232	352,501,735	0	0
Restricted net assets				
Nonexpendable	64,924,473	59,179,274	126,944,522	111,982,069
Expendable	36,728,179	36,550,402	77,718,175	44,827,506
Unrestricted net assets	162,049,477	164,453,799	909,210	829,255
Total net assets	639,502,361	612,685,210	205,571,907	157,638,830
Total liabilities and net assets	\$ 891,261,380	\$ 777,296,788	\$ 218,375,701	\$ 170,940,811

See accompanying notes to financial statements.

**Miami University**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Year ended June 30, 2005 and 2004**

	Miami University		University Foundation	
	2005	2004	2005	2004
<b>OPERATING REVENUES</b>				
Tuition, fees, and other student charges	\$ 342,776,989	\$ 312,631,069	\$ 0	\$ 0
Less Ohio Leader and Ohio Resident Scholarships	(117,814,899)	(106,988,715)	0	0
Less allowance for student scholarships	(24,926,914)	(22,485,796)	0	0
Net tuition, fees, and other student charges	<u>200,035,176</u>	<u>183,156,558</u>	<u>0</u>	<u>0</u>
Sales and services of auxiliary enterprises	88,953,032	84,238,896	0	0
Less allowance for student scholarships	(2,670,285)	(2,421,011)	0	0
Net sales and services of auxiliary enterprises	<u>86,282,747</u>	<u>81,817,885</u>	<u>0</u>	<u>0</u>
Federal contracts	10,171,861	7,166,513	0	0
Gifts	0	0	32,356,493	9,270,754
Sales and services of educational activities	4,445,800	4,581,038	0	0
Private contracts	1,703,331	1,989,755	0	0
State contracts	1,011,354	765,743	0	0
Local contracts	146,890	399,344	0	0
Other	3,107,559	2,565,868	0	8,250
Total operating revenues	<u>306,904,718</u>	<u>282,442,704</u>	<u>32,356,493</u>	<u>9,279,004</u>
<b>OPERATING EXPENSES</b>				
Education and general:				
Instruction and departmental research	151,149,210	138,528,525	0	0
Separately budgeted research	9,489,280	7,873,532	0	0
Public service	2,007,009	1,795,171	0	0
Academic support	33,433,139	30,176,484	0	0
Student services	22,536,592	21,041,864	0	0
Institutional support	37,454,236	35,011,994	0	0
Operation and maintenance of plant	27,795,950	25,800,147	0	0
Scholarships and fellowships	10,753,826	11,209,336	0	0
Auxiliary enterprises	91,682,200	87,108,056	0	0
Depreciation	27,762,912	24,745,892	0	0
Other	3,961,765	7,847,909	175,144	3,715
Total operating expenses	<u>418,026,119</u>	<u>391,138,910</u>	<u>175,144</u>	<u>3,715</u>
Net operating gain (loss)	<u>(111,121,401)</u>	<u>(108,696,206)</u>	<u>32,181,349</u>	<u>9,275,289</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State share of instruction	78,154,406	80,078,439	0	0
Gifts, including \$6,384,876 in FY05 and \$6,473,786 in FYC4 from the University Foundation	15,804,694	14,912,521	0	0
Federal grants	8,729,185	8,886,600	0	0
Net investment income (loss), net of investment expense of \$253,610 for University and \$360,871 for the Foundation in FY05 and \$269,235 for University and \$323,921 for the Foundation in FY04	23,707,448	31,458,749	12,689,572	22,728,981
State grants	2,197,627	2,042,447	0	0
Interest on debt	(3,373,083)	(2,268,808)	0	0
Payments to Miami University	0	0	(6,384,876)	(6,473,786)
Other non-operating revenues (expenses)	1,334,137	939,643	384,403	1,203,121
Net non-operating revenues (expenses)	<u>126,554,414</u>	<u>136,049,591</u>	<u>6,689,099</u>	<u>17,458,316</u>
Income before other revenues, expenses, and gains or losses	15,433,013	27,353,385	38,870,448	26,733,605
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>				
State capital appropriation	7,987,143	13,322,718	0	0
Capital grants and gifts	1,129,764	4,190,759	0	0
Additions to permanent endowments	2,267,231	203,647	9,062,629	6,361,450
Total other revenues, expenses, gains, or losses	<u>11,384,138</u>	<u>17,717,124</u>	<u>9,062,629</u>	<u>6,361,450</u>
<b>INCREASE IN NET ASSETS</b>	<b>\$ 26,817,151</b>	<b>\$ 45,070,509</b>	<b>\$ 47,933,077</b>	<b>\$ 33,095,055</b>
Net assets at beginning of year	<u>612,685,210</u>	<u>567,614,701</u>	<u>157,638,830</u>	<u>124,543,775</u>
<b>Net assets at end of year</b>	<b>\$ <u>639,502,361</u></b>	<b>\$ <u>612,685,210</u></b>	<b>\$ <u>205,571,907</u></b>	<b>\$ <u>157,638,830</u></b>

See accompanying notes to financial statements.



**Miami University**  
**Statement of Cash Flows**  
**Year ended June 30, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition, fees, and other student charges	\$ 225,068,757	\$ 207,320,667
Sales and services of auxiliary enterprises	89,074,159	84,939,310
Contracts	11,042,852	11,860,413
Other operating receipts	7,585,477	7,269,174
Payments for employee compensation and benefits	(267,402,771)	(251,683,778)
Payments to vendors for services and materials	(108,313,981)	(103,559,585)
Student scholarships	(38,351,025)	(36,116,143)
Loans issued to students and employees	(2,149,651)	(2,535,721)
Collection of loans from students and employees	2,281,451	2,247,755
Net cash used by operating activities	(81,164,732)	(80,257,908)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State share of instruction	78,154,406	80,078,439
Grants for noncapital purposes	10,917,474	10,903,713
Gifts	17,612,404	13,954,972
Net cash provided by noncapital financing activities	106,684,284	104,937,124
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State capital appropriation	11,361,299	11,008,382
Grants for capital purposes	508,531	35,334
Other capital and related receipts	(308,308)	137,995
Proceeds from debt obligations	102,607,291	64,347,132
Payments to construct, renovate, or purchase capital assets	(104,672,293)	(40,238,076)
Principal paid on outstanding debt	(21,264,772)	(15,923,073)
Interest paid on outstanding debt	(3,440,980)	(3,306,601)
Net cash provided by/(used for) capital and related financing activities	(15,209,232)	16,061,093
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	785,261,381	578,993,466
Purchases of investments	(804,862,385)	(633,687,604)
Endowment income	1,817,229	1,539,747
Other investment income	4,915,564	6,630,671
Net cash used by investing activities	(12,868,211)	(46,523,720)
<b>NET DECREASE IN CASH</b>	<b>\$ (2,557,891)</b>	<b>\$ (5,783,411)</b>
Cash and cash equivalents at beginning of year	30,704,588	36,487,999
<b>Cash and cash equivalents at end of year</b>	<b>\$ 28,146,697</b>	<b>\$ 30,704,588</b>

See accompanying notes to financial statements.

**Miami University**  
**Statement of Cash Flows**  
**Year ended June 30, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Net Operating Loss, per Statement of Revenues, Expenses, and Changes in Net Assets	\$ (111,121,401)	\$ (108,696,206)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	27,762,912	24,745,892
Net loss on disposal of capital assets	81,689	798,166
Accounts receivable bad debt write off	584,276	712,460
Adjustments to reconcile change in net assets to net cash used by operating activities		
Accounts receivable	(2,530,838)	942,458
Inventories	(52,222)	54,758
Prepaid expenses	649,928	250,090
Notes receivable	52,064	(264,997)
Accounts payable	858,581	809,484
Accrued salaries	980,562	(775,214)
Compensated absences	1,161,016	479,930
Deferred income	298,904	648,958
Federal Perkins loans	109,797	36,313
<b>Net cash used by operating activities</b>	<b>\$ <u>(81,164,732)</u></b>	<b>\$ <u>(80,257,908)</u></b>

See accompanying notes to financial statements.

**Notes to Financial Statements**  
**June 30, 2005 and 2004**

**(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 11 members, including two student members. 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.

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**

Effective July 1, 2001, the university adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement No. 37 and 38. These statements establish standards for external financial reporting and provide a comprehensive perspective of the university's assets, liabilities, net assets, revenues, expenditures and cash flows.

Effective July 1, 2003 the university adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement amends GASB Statement No. 14 to provide additional guidance for determining whether certain organizations, such as not-for-profit foundations, for which the primary institution is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the primary institution. The provisions of this Statement are effective for financial statements for the fiscal year ending June 30, 2004. The university has determined that by definition the Miami University Foundation is a component unit of the university. The financial activity of the Miami University Foundation is included through a discrete presentation as part of the university's financial statements.

Effective July 1, 2004, the university adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement amends GASB Statement No. 3 and requires that state and local governments, including colleges and universities, disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. The provisions of this statement are effective for periods beginning after December 31, 2004. The university has determined that this statement will not have a significant impact on the financial statements.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes

standards for the measurement, recognition and display of other postemployment benefits expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This statement is effective for periods beginning after December 15, 2006. The university has not yet determined the impact this statement will have on the financial statements.

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation-an amendment of GASB Statement No. 34*. GASB Statement No. 34 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. GASB Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one where a party external to a government can compel a government to honor. This statement is effective for periods beginning after December 15, 2005. The university has determined that this statement will not have a significant impact on the financial statements.

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes standards for termination benefits, both voluntary and involuntary. This statement is effective for periods beginning after June 15, 2005. The university has determined that this statement will not have a significant impact on 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. Certain amounts in the 2004 financial statements have been reclassified to conform with the 2005 presentation. For financial reporting purposes, the university is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 34 and 35. The university has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 1989, which do not conflict with or contradict GASB pronouncements. The university has elected not to apply any FASB pronouncements issued after November 1989.

#### **Cash and Cash Equivalents**

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

**Investments**

Investments that are market traded, such as equity and debt securities, mutual funds, and cash equivalents, are recorded at fair value based on quoted market prices.

Market prices are not available for certain investments, primarily limited partnerships. These investments are carried at estimated fair value provided by the funds' managements. Some fund valuations are determined as of June 30, while the remaining valuations are determined as of March 31 and adjusted by cash receipts, cash disbursements, and securities distributions through June 30. The university 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.

**Inventories**

Inventories are stated at the lower of first-in, first-out cost or net realizable value.

**Capital Assets**

Land, buildings, and equipment are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. Land and collections of works of art and historical treasures are capitalized but not depreciated. Any collection that is not capitalized is charged to operations at the time of purchase. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings, 25 years for infrastructure, library books and land improvements, 20 years for improvements to buildings, and 5 to 7 years for equipment, vehicles and furniture. The university's capitalization threshold is 5 percent of the original building cost for building renovations and \$1,200 for all other capitalized items.

**Deferred Revenue**

Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying statement of net assets as deferred revenue. Deferred revenue also includes the computer sales in the university bookstore for the fall semester and the amounts received from grants and contract sponsors that have not yet been earned. These will be recorded as revenue in the following fiscal year.

### **Operating and Non-operating Revenue**

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses and Changes in Net Assets, 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.

### **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 40 days. Classified employees earn vacation at rates ranging from 10 to 25 days per year, based on years of service, 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 the maximum allowed accrual. Faculty accrue no vacation benefits.

Full-time faculty, unclassified 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. Persons leaving employment for reasons other than retirement are not compensated for unused sick leave.

### **Net Assets**

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, reports the institution's net equity in property, plant and equipment. The second major category is restricted net assets. This category contains net 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 unexpendable restricted net assets is available for investment purposes only. The expendable restricted net 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 unexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarship and fellowships, instruction, research, and other needs to support the operation of the university. The third category is unrestricted net assets and is separated into two types; allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are allocated for a specific purpose within the institution by university policy, management or the governing board. The allocated unrestricted net assets were \$153,996,470 and \$155,080,664, as of June 30, 2005 and 2004, respectively. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

**Tax Status**

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

**Estimates**

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

**(2) Cash and Investments**

The university's cash and investment activities are governed by policies adopted by the board in accordance with authority granted by the Ohio Revised Code. Such policies are implemented by the treasurer and overseen by the Board's Finance and Audit Committee.

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

**Cash and cash equivalents**

At year-end, the carrying amount of the university's cash and cash equivalents was approximately \$28 million. Cash and cash equivalents include bank deposits as well as mutual and pooled investment funds that allow for daily withdrawals. The mutual and pooled investment funds have short-term to intermediate-term durations and are stated at quoted market value.

Approximately \$400,000 of cash and cash equivalents was covered by federal depository insurance, \$8,358,000 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 banks and investment managers to reduce its exposure to custodial credit risk at any single institution.

**Investments**

Investments held by the university at year-end 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.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Not Rated</b>	<b>AAA</b>	<b>AA, A, and BBB</b>	<b>Below BBB</b>
Cash equivalents	\$86,477	\$	\$40,613	\$45,864	\$
State Treasury Reserve of Ohio (STAROhio)	32,654,758	32,654,758			
Commercial paper	5,583,030	3,491,013	993,412	1,098,605	
U.S. Treasury bonds	30,235,598		30,235,598		
U.S. Agency bonds	31,618,281		31,618,281		
Strips	8,573,258		8,573,258		
Mortgage-backed bonds	12,842,875	3,840	12,237,087	547,629	54,319
Corporate bonds	18,592,089		928,151	17,411,358	252,580
International bonds	22,178			22,178	
Common and preferred stocks	78,549,247	78,549,247			
Mutual funds	80,454,998	80,454,998			
Limited partnerships	36,176,493	36,176,493			
Real estate and other	1,431,179	637,030	519,716	274,433	
<b>Total investments</b>	<b>\$336,820,461</b>	<b>\$231,967,379</b>	<b>\$85,146,116</b>	<b>\$19,400,067</b>	<b>\$306,899</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. The following table presents the university's bond investments by length of maturity.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1 to 5 Years</b>	<b>6 to 10 Years</b>	<b>More Than 10 Years</b>
Commercial paper	\$5,583,030	\$5,583,030	\$	\$	\$
U.S. Treasury bonds	30,235,598	16,675,726	9,757,790	2,173,776	1,628,306
U.S. Agency bonds Strips	31,618,281	15,313,017	7,960,431	2,030,576	6,314,257
	8,573,258	2,422,864	4,470,231	847,555	832,608
Mortgage-backed bonds	12,842,875	51,494	1,525,831	1,630,374	9,635,176
Corporate bonds	18,592,089	5,349,002	8,032,221	2,969,209	2,241,657
International bonds	22,178			22,178	
<b>Total Bonds</b>	<b>\$107,467,309</b>	<b>\$45,395,133</b>	<b>\$31,746,504</b>	<b>\$9,673,668</b>	<b>\$20,652,004</b>

All of the university's investments in publicly-traded securities are subject to market risk. Investments include approximately \$20 million managed by international equity managers, and such international investments are exposed to foreign currency risk. Exposure to concentration risk is not significant since no single issuer, except the United States Treasury, represents more than 5% of investments.

STAROhio is an investment pool managed by the Ohio state treasurer's office that allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. The investment is valued at STAROhio's share price, which represents fair market value, on June 30, 2005 and 2004.

Limited partnerships generally represent investments that are less liquid than publicly-traded securities and include hedge funds, private equity, investments in real assets and other strategies. The hedge funds may include, but are not limited to, investments in long and short 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. As of June 30, 2005, the university has made commitments to limited partnerships totaling \$3 million that have not yet been funded.

#### **Endowment Spending Distribution**

Annually the university establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment investment pool to other funds. The authorized spending amount was \$5,217,313 in 2005 and \$4,917,800 in 2004. Of this amount, \$3,283,947 and \$3,234,331 of accumulated gains was utilized to meet the spending distribution in 2005 and 2004, respectively. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$4,928,724 and \$4,651,133 was distributed for expenditure for 2005 and 2004, respectively.

### (3) Accounts Receivable

The accounts, pledges and notes receivable as of June 30, 2005 and 2004, are summarized as follows:

	2005	2004
<b>Accounts Receivable</b>		
Student receivables	\$ 7,531,917	\$ 7,948,786
University Foundation	5,682,194	5,129,935
State capital appropriations	2,877,101	6,251,258
Grants and contracts	4,353,346	2,752,488
Other receivables	2,051,433	2,028,015
Total accounts receivable	\$ 22,495,991	\$ 24,110,482
Less allowance for doubtful accounts	(1,800,000)	(1,800,000)
Net accounts receivable	\$ 20,695,991	\$ 22,310,482
<b>Pledges Receivable</b>		
Pledges receivable	\$ 2,901,780	\$ 2,592,212
Less allowance for doubtful pledges	(691,343)	(845,162)
Net pledges receivable	\$ 2,210,437	\$ 1,747,050
<b>Notes Receivable</b>		
Federal loan programs	\$7,637,141	\$ 7,768,241
University and other loan programs	2,487,629	2,440,644
Total notes receivable	\$ 10,124,770	\$10,208,885
Less allowance for doubtful notes	(1,141,000)	(1,141,000)
Net notes receivable	\$8,983,770	\$ 9,067,885
<b>Total</b>	<b>\$ 31,890,198</b>	<b>\$ 33,125,417</b>

#### (4) Capital Assets

The capital assets and accumulated depreciation as of June 30, 2005, are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Capital Assets</b>				
Land	\$ 4,650,176	0	0	\$ 4,650,176
Infrastructure	62,442,966	4,336,116	0	66,779,082
Buildings	437,382,462	4,120,263	0	441,502,725
Land improvements	15,609,627	2,248,966	0	17,858,593
Machinery and equipment	122,011,078	12,730,481	1,789,847	132,951,712
Library books and publications	53,276,759	1,476,080	0	54,752,839
Vehicles	6,687,482	634,572	8,153	7,313,901
Construction in progress	32,771,988	88,967,274	5,472,998	116,266,264
Works of art & historical treasures	2,533,540	281,290	0	2,814,830
<b>Total capital assets</b>	<b>\$ 737,366,078</b>	<b>\$ 114,795,042</b>	<b>\$ 7,270,998</b>	<b>\$ 844,890,122</b>
<b>Less Accumulated Depreciation</b>				
Infrastructure	21,304,166	2,465,816	0	23,769,982
Buildings	201,181,210	13,371,449	0	214,552,659
Land improvements	5,372,573	508,083	0	5,880,656
Machinery and equipment	73,104,660	8,707,381	1,708,158	80,103,883
Library books and publications	23,022,349	2,003,706	0	25,026,055
Vehicles	4,358,244	706,477	8,153	5,056,568
<b>Total accumulated depreciation</b>	<b>\$ 328,343,202</b>	<b>27,762,912</b>	<b>1,716,311</b>	<b>\$ 354,389,803</b>
<b>Capital assets, net</b>	<b>\$ 409,022,876</b>	<b>87,032,130</b>	<b>5,554,687</b>	<b>\$ 490,500,319</b>

The capital assets and accumulated depreciation as of June 30, 2004, are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Capital Assets</b>				
Land	\$ 2,296,712	\$ 2,353,464	\$ 0	\$ 4,650,176
Infrastructure	61,040,210	1,402,756	0	62,442,966
Buildings	429,196,038	9,464,824	1,278,400	437,382,462
Land improvements	14,736,327	873,300	0	15,609,627
Machinery and equipment	112,312,699	13,727,612	4,029,233	122,011,078
Library books and publications	51,333,642	1,943,117	0	53,276,759
Vehicles	6,172,826	752,019	237,363	6,687,482
Construction in progress	14,193,407	26,569,163	7,990,582	32,771,988
Works of art & historical treasures	2,491,065	42,475	0	2,533,540
<b>Total capital assets</b>	<b>\$ 693,772,926</b>	<b>\$ 57,128,730</b>	<b>\$ 13,535,578</b>	<b>\$ 737,366,078</b>
<b>Less Accumulated Depreciation</b>				
Infrastructure	18,937,913	2,366,253	0	21,304,166
Buildings	189,990,804	12,468,806	1,278,400	201,181,210
Land improvements	4,921,098	451,475	0	5,372,573
Machinery and equipment	69,467,951	6,874,913	3,238,204	73,104,660
Library books and publications	21,063,788	1,958,561	0	23,022,349
Vehicles	3,962,586	625,884	230,226	4,358,244
<b>Total accumulated depreciation</b>	<b>\$ 308,344,140</b>	<b>\$ 24,745,892</b>	<b>\$ 4,746,830</b>	<b>\$ 328,343,202</b>
<b>Capital assets, net</b>	<b>\$ 385,428,786</b>	<b>\$ 32,382,838</b>	<b>\$ 8,788,748</b>	<b>\$ 409,022,876</b>

## (5) Long-term Liabilities

The long-term liabilities as of June 30, 2005, are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
<b>Bonds, Leases, and Notes, Payable</b>					
Bonds payable	\$88,824,884	\$98,455,000	\$20,060,000	\$167,219,884	\$8,305,000
Capital leases payable	2,519,341	69,774	1,152,155	1,436,960	695,740
Notes payable	2,169,699	0	52,617	2,117,082	55,551
Premiums, issue costs, loss on refunding	2,157,039	2,593,748	138,760	4,612,027	215,090
<b>Total bonds, leases, and notes payable</b>	<b>\$95,670,963</b>	<b>\$101,118,522</b>	<b>\$21,403,532</b>	<b>\$175,385,953</b>	<b>\$9,271,381</b>
<b>Other Liabilities</b>					
Compensated absences	11,234,161	6,875,561	5,714,545	12,395,177	867,611
Federal Perkins loans	6,312,373	310,578	200,781	6,422,170	0
<b>Total other liabilities</b>	<b>\$17,546,534</b>	<b>\$7,186,139</b>	<b>\$5,915,326</b>	<b>\$18,817,347</b>	<b>\$867,611</b>
<b>Total</b>	<b>\$113,217,497</b>	<b>\$108,304,661</b>	<b>\$27,318,858</b>	<b>\$194,203,300</b>	<b>\$10,138,992</b>

The long-term liabilities as of June 30, 2004, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Bonds, Leases, and Notes, Payable</b>					
Bonds payable	\$42,054,884	\$61,400,000	\$14,630,000	\$88,824,884	\$5,950,000
Capital leases payable	3,720,477	42,099	1,243,235	2,519,341	1,140,862
Notes payable	2,219,537	0	49,838	2,169,699	52,617
Premiums, issue costs, loss on refunding	0	2,232,486	75,447	2,157,039	100,596
<b>Total bonds, leases, and notes payable</b>	<b>\$47,994,898</b>	<b>\$63,674,585</b>	<b>\$15,998,520</b>	<b>\$95,670,963</b>	<b>\$7,244,075</b>
<b>Other Liabilities</b>					
Compensated absences	10,754,231	6,190,874	5,710,944	11,234,161	825,574
Federal Perkins loans	6,276,060	287,953	251,640	6,312,373	0
<b>Total other liabilities</b>	<b>\$17,030,291</b>	<b>\$6,478,827</b>	<b>\$5,962,584</b>	<b>\$17,546,534</b>	<b>\$825,574</b>
<b>Total</b>	<b>\$65,025,189</b>	<b>\$70,153,412</b>	<b>\$21,961,104</b>	<b>\$113,217,497</b>	<b>\$8,069,649</b>

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

#### **(6) Indebtedness**

During the year ended June 30, 2005 the university issued \$98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3% to 5% and maturities from 2006 to 2025. The proceeds will be used for the following purposes: to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998, to construct, equip and furnish an engineering and applied science building and a psychology building, to renovate Presser Hall, the cost of planning and designing a school of business building, to construct two parking facilities and perform design work for a third parking facility, to construct an ice center, to install a high voltage electric distribution system, a peaking engine facility and other utility system upgrades, to construct improvements to Yager Athletic Complex and to pay a portion of the costs of constructing and renovating student housing facilities.

\$14,973,535 of the proceeds was deposited in an escrow account held by the escrow trustee for the defeasance of a portion of the Series 1998 Bonds. The proceeds were used to purchase United States government securities that were placed in an irrevocable trust with the escrow agent to provide for all future debt service payments on the advance refunded 1998 bonds.

The university reduced its debt service payments by \$869,397 from 2005 through 2019 and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$554,367. As a result of the refunding, \$863,535 has been recorded as deferred loss on refunding and will be amortized from 2005 through 2019. The deferred loss on refunding is the difference between the reacquisition price and the net carrying amount for the refunded portion of the 1998 Series bonds.

The Series 1993 General Receipts Bonds were issued in the amount of \$24,999,884, the Series 1998 General Receipts Bonds were issued in the amount of \$37,720,000.

The Series 2003 General Receipts Bonds were issued in the amount of \$61,400,000. \$10,507,502 of the proceeds from the Series 2003 bonds was deposited in an escrow account held by the escrow trustee for the defeasement of the Series 1993 Bonds. The Series 1993 interest term bonds, par value \$10,360,000, were called and refunded as of December 1, 2003. The economic gain (difference between the present value of the old and new debt service payments) to the University was \$1,012,345. As a result of the refunding, \$207,200 was recorded as deferred loss on refunding and will be amortized from 2004 through 2014. The deferred loss on refunding is the difference between the reacquisition price and the net carrying amount for the refunded portion of the 1993 Series bonds.

The Series 2005 Bonds are special obligations issued by the university, pursuant to a 2003 Amended and Restated Trust Agreement dated as of October 1, 2003 and a First Supplemental Trust Agreement dated March 1, 2005. The Series 2005 Bonds and the previous issues are secured by a pledge of the general receipts of the university. The note payable is collateralized by certain quasi-endowment investments of the university. The university may at its discretion use, or pledge, to the extent lawfully authorized, such other resources as are available for use in the performance of its obligation under the various trust agreements. The maturity dates, interest rates, and outstanding principal balances as of June 30, 2005, are as follows:

Indebtedness	Maturity Dates	Interest Rates	Outstanding Debt
<b>Bonds Payable</b>			
Series 2005 general receipts	2006 - 2025	3.0% - 5.0%	\$101,010,584
Series 2003 general receipts	2006 - 2023	1.5% - 5.5%	60,456,443
Series 1998 general receipts	2006 - 2018	3.85% - 4.8%	7,495,000
Series 1993 general receipts	2007 - 2009	5.6% - 5.8%	2,869,884
<b>Note Payable</b>			
U.S. Department of Education	2006 - 2026	5.5%	2,117,082
<b>Total Bonds and Notes Payable</b>			<b>173,948,993</b>
Less premiums, issue costs, loss on refunding			4,612,027
<b>Total Bonds and Notes Payable, net</b>			<b>\$169,336,966</b>

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

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$8,360,551	\$6,904,096	\$15,264,647
2007	7,420,362	7,545,567	14,965,929
2008	6,960,576	7,387,768	14,348,344
2009	7,115,270	7,249,995	14,365,265
2010	7,263,628	7,079,051	14,342,679
2011 – 2015	44,097,272	25,466,363	69,563,635
2016 – 2020	44,494,199	15,368,011	59,862,210
2021 – 2025	43,460,683	4,877,171	48,337,854
2026	164,425	6,813	171,238
<b>Total</b>	<b>\$169,336,966</b>	<b>\$81,884,835</b>	<b>\$251,221,801</b>

The university has \$1,436,960 in capitalized lease obligations that have varying maturity dates through 2012 and carry implicit interest rates ranging from 3.6 percent to 12.8 percent. The scheduled maturities of these leases as of June 30, 2005, are:

<b>Year Ended June 30</b>	<b>Minimum Lease Payments</b>
2006	\$759,522
2007	170,236
2008	156,831
2009	151,796
2010	141,990
2011 – 2012	283,980
Total minimum lease payments	1,664,355
Less amount representing interest	(227,395)
<b>Net minimum lease payments</b>	<b>\$1,436,960</b>

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2005 and June 30, 2004 are \$1,350,000 and \$1,348,000 for buildings and \$7,981,000 and \$8,856,000 for equipment.



## **(7) Retirement Plans**

Substantially all non-student employees participate in contributory retirement plans administered by the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System of Ohio (OPERS). Both STRS 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 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.

University faculty participate in STRS. Contribution rates for STRS are established by the State Teachers Retirement Board, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Contribution rates for fiscal year 2004 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2004 and June 30, 2003, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund (Note 8).

Employees covered by the OPERS system are required by state statute to contribute 8.5 percent of their salary to the plan. During calendar year 2004, the university was required to contribute 13.31 percent of covered payroll; 9.31 percent was used to fund pension obligations and 4 percent funded the retiree health care program (Note 8). Law enforcement employees that are a part of the OPERS law enforcement division contribute 10.1 percent of their salary to the plan. For these employees, the university was required to contribute 16.7 percent of covered payroll; 12.7 percent was used to fund pension obligations and 4 percent funded the retiree health care program (Note 8).

Beginning in 1999, full-time faculty and unclassified employees with less than five years of service credit became eligible to participate in an alternative retirement program. The Ohio Department of Insurance has designated eight companies as eligible to serve as plan providers for the alternative retirement program. The Board of Trustees 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.

The payroll for employees covered by STRS and OPERS for the year ended June 30, 2005, was \$68,319,000 and \$82,684,000 respectively. The payroll for employees electing the alternative retirement program was \$31,490,000.

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.

	<b>Employer Contribution</b>		
	<b>STRS</b>	<b>OPERS</b>	<b>Alternative Programs</b>
2005	\$10,173,785	\$11,050,312	\$3,702,606
2004	9,497,442	10,141,318	3,778,656
2003	9,744,458	9,637,076	2,876,587

**(8) Other Postemployment Benefits**

In addition to the pension benefits described in Note 7, STRS 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 (1.0 percent for STRS and 4 percent for OPERS) is allocated to fund the health care benefits.

The STRS health care plan is financed on a pay-as-you-go basis. The net health care costs paid by the plan were \$269 million for the year ended June 30, 2004, the date of its most recent audited financial report. The plan's net assets available to fund future health care benefits totaled \$3.1 billion as of June 30, 2004. At that date there were 111,853 eligible benefit recipients in the STRS plan.

OPERS health care benefits are advanced-funded on an actuarially determined basis. The amount of employer contributions actually made to fund post-employment benefits was \$3.3 million. The actuarial value of the retirement system's net assets available for other post-employment benefits was \$10.5 billion as of December 31, 2003. At that date the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively. The number of active contributing participants was 369,885.

**(9) 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 these 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's board of trustees consists of 29 members. Eight of the members (28 percent) are appointed by the university, while the foundation's board of trustees appoints 21 members (72 percent). The Foundation 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.

Split-interest agreements held by the foundation are contributions in the form of irrevocable charitable remainder annuity trusts and unitrusts, pooled life income funds, and charitable gift annuities which have been received from donors subject to obligations to pay stipulated amounts periodically to the donors or designated beneficiaries during their lifetimes. Assets held in trust for which the foundation serves as trustee are included in investments, and the present value of the estimated future payments to be made to the donors and/or other beneficiaries is included in liabilities. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, amortization of the discount, and other changes in the estimates of future benefits. Assets held in trust for which the foundation does not serve as trustee are not included in investments; however, the contribution revenue and a pledge receivable for the estimated present value of the expected future cash flows to be received are recorded by the foundation.

Summary financial information for the foundation as of June 30, 2005, the date of its most recent audited financial report, is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Net assets at end of year	\$ 909,210	\$ 77,718,175	\$ 126,944,522	\$ 205,571,907
Change in net assets for the year	79,955	32,890,669	14,962,453	47,933,077
Distributions to Miami University	6,384,876	0	0	6,384,876

Summary financial information for the foundation as of June 30, 2004, is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Net assets at end of year	\$ 829,255	\$ 44,827,506	\$ 111,982,069	\$ 157,638,830
Change in net assets for the year	27,018	16,857,796	16,210,241	33,095,055
Distributions to Miami University	6,473,786	0	0	6,473,786

(a) 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.

(b) Fair Value of Financial Instruments -- Statement of Financial Accounting Standards No. 107, *Disclosures About Fair Value of Financial Instruments*, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between parties. The carrying amounts of cash and cash equivalents, due from Miami University, other receivables, accounts payable and other, due to Miami University, note payable, approximate fair value due to the short maturities of these instruments.

(c) Investment Valuation -- All investments are stated at fair market value, as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Investment transactions occurring on or before June 30 which settle after such date are recorded as receivables or payables. 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 paid-up life insurance policies annually. The foundation's investment portfolio is concentrated in publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of foundation assets.

(d) Nature of Restricted Net Assets -- All temporarily and permanently restricted net assets have been restricted by independent donors for the financial support of Miami University. The Ohio Uniform Management of Institutional Funds Act specifies that the governing board of an institution may appropriate for expenditure for the uses and purposes for which an endowment fund is established, up to 100 percent of the net realized and unrealized appreciation in the fair value of the assets of the endowment fund over the historic value of the fund.

In accordance with a prudent investment policy for capital preservation, the foundation has reinvested 50 percent of net asset appreciation in the permanently restricted endowment funds. The remaining 50 percent is classified in temporarily restricted funds, as it may be available for current and future use as dictated by donor instruction.

(e) Long-Term Investments

Investments held by the Foundation as of June 30 were:

Investment Description	2005		2004	
	Cost	Fair Value	Cost	Fair Value
Domestic Equities	\$70,363,639	\$79,368,277	\$54,825,747	\$61,510,697
International Equities	20,803,435	26,288,828	17,157,812	21,450,363
Fixed Income	15,391,668	16,469,519	17,369,623	18,301,606
Hedge Funds	13,250,000	14,837,592	17,250,000	17,760,720
Limited Partnerships, Private Equity, & Other	18,604,806	15,221,266	18,011,599	16,524,661
Split-Interest Funds	13,028,782	14,192,407	13,295,190	14,429,441
Real Estate and Accumulated Insurance	1,163,587	1,400,787	1,312,030	1,489,186
Subtotal	152,605,917	167,778,676	139,222,001	151,466,674
Less assets held for Miami University Paper Science & Engineering Foundation	(2,300,000)	(3,105,878)	(2,200,000)	(2,857,304)
Total	\$150,305,917	\$164,672,798	\$137,022,001	\$148,609,370

(f) Pledges Receivable - As of June 30, 2005, contributors to the foundation have made unconditional pledges totaling \$54,980,053. Net pledges receivable have been discounted to a net present value of \$47,814,993 which represents fair market value. Discount rates ranged from 2.17 percent to 4.72 percent for 2005. Management has set up an allowance for uncollectible pledges of \$1,820,690. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time. At June 30, 2005, the foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions have not been substantiated by unconditional written promises to the foundation. The foundation's policy is not to record these intentions to give as revenues until they are reduced to writing or are collected.

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

## (10) Commitments

At June 30, 2005, the university is committed to future contractual obligations for capital expenditures of approximately \$83 million. These commitments are being funded from the following sources:

	<b>Contractual Obligations</b>
Approved state appropriations not expended	\$ 9,270,397
University funds	73,736,264
<b>Total</b>	<b>\$ 83,006,661</b>

## (11) Risk Management

The university's employee health insurance program is a self-insured plan administered by Anthem Blue Cross/Blue Shield ("Anthem"). The university's risk exposure is limited to 110 percent of estimated claims in any given year, which reduces its exposure to material financial loss. To further reduce potential loss exposure, the university has also established a reserve for health insurance stabilization of \$1.5 million.

Health insurance claims are accrued based upon estimates of the claims liabilities made by Anthem. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of \$2,029,046 and \$1,822,659 is included in the accrued salaries and wages as of June 30, 2005 and 2004, respectively. The change in the total liability for actual and estimated claims is summarized below:

	<b>2005</b>	<b>2004</b>
Liability at beginning of year	\$ 1,966,851	\$ 3,923,342
Claims incurred	21,859,553	21,184,215
Claims paid	(21,254,189)	(21,424,765)
Increase (decrease) in estimated claims incurred but not reported	206,387	(1,715,941)
<b>Liability at end of year</b>	<b>\$ 2,778,602</b>	<b>\$ 1,966,851</b>

The university participates in a consortium with other state-assisted universities for the acquisition of commercial property and casualty insurance. The commercial property loss limit is \$1.0 billion and the general liability coverage is \$60 million. The property insurance program has been in place for more than nine years and has had no material losses above the pool deductible. The casualty program has been in place for five years and has had no losses above the pool deductible. The university also carries commercial insurance for other risks. Over the past three years, settlement amounts related to insured risks have not exceeded the university's coverage amounts.

## **(12) 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.

# MIAMI UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2005

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Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>			
U.S. Department of Education:			
Federal Supplemental Educational Opportunity Grant Program	84.007	P007A043315	\$ 1,006,931
Federal College Work Study Program 04/05	84.033	P033A043315	560,052
Federal Pell Grant Program 04/05	84.063	P063P040342	<u>7,791,109</u>
Total U.S. Department of Education			<u>9,358,092</u>
Department of Health and Human Services:			
Scholarships for Health Professions Students from Disadvantaged Students	93.925	SDS6027839*04	<u>5,815</u>
Total Student Financial Assistance Cluster			<u>9,363,907</u>

(Continued)



**MIAMI UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>			
U.S. Department of Agriculture:			
Effects of Improved Watershed Management on an Agriculturally Impacted Reservoir System: Response to Reduced Nutrients and Sediment Inputs	10.206	2003-35101-13753	\$ 92,860
Invasion of an Exotic Shrub, Lonicera Maackii: Role of Habitat Suitability, Landscape Structure, and Seed Dispersers	10.206	3532012068	111,077
Low Trans Fatty Acid Containing Hydrogenated Soybean Oil via a Novel Low Temp Electrochem Process	10.206	2005-35503-15369	<u>26,958</u>
Total U.S. Department of Agriculture			<u>230,895</u>
U.S. Department of Commerce:			
Engineering Summer Undergraduate Research Fellowship	11.609	70NANB4H1029	<u>5,501</u>
Pass-Through Programs From:			
Bowling Green State University: Economic & Community Development Policy in Local Governments	11.303	06-66-04858	6,801
Bowling Green State University: Local Government Economic Development Policy	11.303	06-66-04955	14,361
Ohio State University: Effects of Round Goby on Yellow Perch-Amphipod Interactions Within Zebra Mussel Colonies & Macrophyte Beds	11.417	RF00918966	3,046
Ohio State University: Habitat Preference and Behavioral Interactions Between Round Goby and Yellow Perch	11.417	NA16RG2252 (OSU - 742671)	6,593
Ohio State University: Role of Detritivores in PCB Trophodynamics in Western Basin of Lake Erie	11.417	742658	<u>228</u>
Total U.S. Department of Commerce-Pass-Through Programs			<u>31,029</u>
Total U.S. Department of Commerce			<u>36,530</u>
U.S. Army:			
Inertial Motion Tracking for Inserting Humans into a Networked Synthetic Environment	12.431	W911NF-04-1-0301	30,878
Very Large Immersive Virtual Environment for Multiple Users Based on Wireless Full Body Posture and Position Tracking	12.431	W911NF-05-1-0105	<u>92,450</u>
Total U.S. Army			<u>123,328</u>

(Continued)

**MIAMI UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>			
U.S. Air Force:			
Acquisition of a Terahertz Spectroscopy System Integrated Reconfigurable Aperture, Digital Beam Forming, and Software GPS Receiver for UAV Navigation	12.8	FA9550-04-1-0322	\$ 186,081
USAF Developing Signal Processing Algorithms for Weak GPS Signal Acquisition	12.8	FA9550-05-1-0035	50,844
	12.8	F49620-03-1-0225	<u>8,666</u>
Total U.S. Air Force-Direct Programs			245,591
Pass-Through Programs From:			
Wright State University: Applying Evolutionary Computation to the Design of Pattern Recognition Systems	12.XXX	33615-99-C-1441; PO BG 5078	<u>12,100</u>
Total U.S. Air Force			<u>257,691</u>
National Security Agency:			
Noncommutative Projective Geometry	12.901	H98230-05-1-0034	1,773
Summer Undergraduate Mathematical Sciences Research Institute	12.901	MDA504-03-1-0079	3,740
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-04-1-0072	73,275
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-05-1-0092	<u>63,593</u>
Total National Security Agency			<u>142,381</u>
U.S. Department of the Interior:			
Continuing Molecular Genetic Studies of a Wide-Ranging Imperiled Mussel: the Spectaclecase	15.FFB	301814M155	5,552
Private Lands Program Coop Agreement	15.FFB	301812J055	55
Reproductive Biology of Florida Semaphore Cactus, Consola Corallicola, from Biscayne National Park	15.632	41420-4730-ES11	6,677
Operation of the NADP/NTN Precipitation Chemistry Station at Oxford, Ohio	15.808	02HQPR00076	<u>5,518</u>
Total U.S. Department of the Interior			<u>17,802</u>
U.S. Department of Justice:			
Drug Free Communities/The Coalition for a Healthy Community-Oxford Area	16.729	--	63,133
Pass-Through Programs From:			
City of Hamilton: Weed and Seed Program	16.595	--	<u>12,393</u>
Total U.S. Department of Justice			<u>75,526</u>

(Continued)

**MIAMI UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>			
U.S. Department of Transportation:			
Ohio Department of Public Safety: Traffic Safety Evaluation and Action Planning II	20.6	H45066	\$ <u>456,935</u>
National Aeronautics and Space Administration:			
The Role of the Actin Cytoskeleton in Gravitopic Signal Transduction in Arabidopsis Thaliana	43.001	NGT5-50480	21,102
Agile Risk Capture and Reasoning	43.XXX	NNA04CK79G	<u>141,645</u>
Total National Aeronautics and Space Administration-Direct Programs			162,747
Pass-Through Programs From:			
OAI OhioView: Developing a Distributed Data Caching Network Infrastructure for Remote Sensing Research	43.001	R-300-100175-40005	318
OAI OhioView: Establishing a Public Data Mirror/Remote Sensing Research	43.001	R-300-100275-40005	31,015
OAI VisualOhio: Implementing a Visual Interface to Online Remote Sensing Data Inventories	43.001	R-300-100375-40005	9,122
Ames Research Center: Analysis of a Novel Sensory Mechanism in Root Phototropism	43.002	NCC2-1200	<u>119,963</u>
Total National Aeronautics and Space Administration-Pass-Through Programs			<u>160,418</u>
Total National Aeronautics and Space Administration			<u>323,165</u>
National Endowment for Humanities:			
Th Ya'qubi Translation Project	45.161	RZ-50072-03	<u>33,667</u>
Pass-Through Programs From:			
OHC: Local History/Digital Community	45.129	OHC-R05-064CH	380
OHC: Walt Whitman's America	45.129	OHC-04-019	<u>600</u>
Total National Endowment for Humanities-Pass-Through Programs			<u>980</u>
Total National Endowment for Humanities			<u>34,647</u>

(Continued)

# MIAMI UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2005

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>			
National Science Foundation:			
NER: Nanostructured Multilayers as Sensing Materials for Long Period Gratings	47.041	ECS-0304297	\$ 26,909
Single-Molecular Wires & Electronic Devices Based on DiMetal Complexes Containing M-M Bonds	47.041	ECS-0403669	109,091
Acquisition of a 400 MHz Solid-State NMR Spectrometer	47.049	CHE-0116333	56,067
Acquisition of an ICP-MS	47.049	CHE-0342711	121,450
Banach Space Structures of L p-spaces and Non-Commutative Hardy Spaces	47.049	DMS-0096696	17,659
CAREER: From Biomimetic Reaction Platforms to Nanostructured Artificial Enzymes	47.049	CHE-0449634	1,093
CAREER: Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-0133433	264,018
Investigations on Normal and Paracompact Spaces	47.049	DMS-9977099	1,317
Measurement of the Vortex Charge	47.049	DMR-0439166	22,380
NUE Development of Vertically Integrated Undergraduate Nanoscience Experiments	47.049	CHE-0303830	34,356
REU: Summer Undergraduate Research in Chemistry at Miami University, Oxford	47.049	CHE-0353179	64,410
Acquisition of a Scanning Electron Microscope for Nanotechnology Investigations	47.05	EAR-0320872	150,388
Collaborative Research: Crystal Chemistry of U, Th and Other Radionuclides in Apatite: Environmental and Geochemical Implications	47.05	EAR-0409435	17,903
Collaborative Research: Mantle and Fluid Evolution Across the Izu Arc	47.05	OCE-0325111	60,313
Dual-Beam Incoherent Scatter Radar Study of the Mesosphere at Arecibo	47.05	ATM-0337245	72,183
Magma Fractionation Processes and Timescales: Fogo, Furnas & Fuji Volcanoes	47.05	EAR-0207529	41,523
Nanoscale Investigation of Microbial Role in Promoting the Smectite to Illite Transformation	47.05	EAR-0345307	74,784
The Santa Rosa-Calico Volcanic Field: A Case Study of Magmatic Processes	47.05	EAR-0106144	12,863
Acquisition of High Throughput DNA Sequencing and Genotyping Instrumentation for Research and Training	47.074	DBI-02420479	465,957
Analysis of Chromosome Cohesion in Arabidopsis	47.074	MCB-0322171	75,686
Dissertation Research: Evolution of Ant Mutualisms in Piper: Morphological & Molecular Evidence	47.074	DEB0206254	2,213
Effects of 17 Year Cicada Emergence on Aquatic Food Webs	47.074	DEB-0420593	32,915
Hyphal Biomechanics in Pathogenic Oomycetes	47.074	IBN-9985546	1,016
LBTREB: Response of a Reservoir Ecosystem to Declining Nutrient and Detritus Subsidies	47.074	DEB-0235755	74,945
Maternal Investment in Communally Nesting Females	47.074	IBN-0309068	1,300
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IBN-0416720	70,426
Novel Roles of Urea in Amphibian Hibernation	47.074	IBN-0416750	35,733
Research Experience for UG in Human-Dominated Landscapes	47.074	DBI-0097393	66,079
Research Experiences for Undergraduates: Research in Human-Dominated Landscapes	47.074	DBI-0353915	32,947
Shifts in Wolf Spider Reproductive Behavior Under Predation Risk	47.074	IBN-0216947	35,942
Testing the Relative Importance of Habitat Saturation and Benefits of Philopatry	47.074	DEB-0316818	56,055
Theory, Statistics, & Software for the Additive Partitioning of Species Diversity	47.074	DEB-0235369	68,582
Conference on Group Processes in Computer Supported Interaction: Technological and Social Determinism	47.075	BCS-0434200	17,083
Tacit Coordination of Collective Action in a Multiple-task Environment	47.075	BCS-0001910	15,341
Task Frame in Individual and Collective Decision Making	47.075	BCS-0339158	110,379
Collaborative Research: Undergraduate Instruction in Combinatorial Chemistry	47.076	DUE-0127205	11,132
Leadership Alliance in the Biological Sciences: Joining Molecular Biology and Ecology with Research	47.076	ESI-9819374	183,645
Investigating the Economic and Environmental Resilience of Wiliui Sakha Villages	47.078	OPP-0240845	904
Physiological and Molecular Mechanisms of Stress Tolerance in a Polar Insect	47.078	OPP-0337656	30,846
Total National Science Foundation - Direct Programs			2,537,833

(Continued)

**MIAMI UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>			
National Science Foundation (Continued)			
Pass-Through Programs From:			
University of Kentucky, KY: Arabidopsis 2010: Functional Genomic Studies of mRNA Polyadenylation Related Genes	47.074	UKRE 4-67166-04-232	\$ 203,896
City University of New York: Mathematics Science Partnership in New York City	47.076	40560-00-01(A)	43,578
University of Pennsylvania: Evaluation of the University of Pennsylvania Science Teacher Institute	47.076	5-4337 1-A	<u>26,619</u>
Total National Science Foundation- Pass-Through Programs			<u>274,093</u>
Total National Science Foundation			<u>2,811,926</u>
U.S. Environmental Protection Agency:			
Toxicological Effects of Methylmercury on Fish of Isle Royale National Park Eco-Wall Systems: Using Recycled Material in the Design of Commercial Interior Wall Systems for Buildings	66.514	FP-91643401-0	17,172
Experimental Investigation for the Use of a Surface Corona Discharge Catalytic Reactor	66.516	SU-83182201	9,953
	66.XXX	4C-R326-NAEX	<u>25,739</u>
Total U.S. Environmental Protection Agency-Direct Programs			52,864
Pass-Through Programs From:			
Battelle: Operation of a USEPA National Dioxin Air Monitoring Station at Oxford, Ohio	66.XXX	P.O. 171429	2,425
MACTEC: Operation of the USEPA National Dry Deposition Network Station at Miami University	66.XXX	S68D98112-SITEOP-122	4,355
Shaw E&I: Operation of T&E Facility	66.XXX	--	62,472
Shaw Environmental: Research at the EPA Testing and Evaluation Facility	66.XXX	EP-C-04-034	<u>19,075</u>
Total U.S. Environmental Protection Agency - Pass-Through Programs			<u>88,327</u>
Total U.S. Environmental Protection Agency			<u>141,191</u>
U.S. Department of Energy:			
Construction of Whole Genome Microarrays, and Expression Analysis of Desulfovibrio Magnetic Nanoscale Physics	81.049	DE-FG02-04-ER63765	88,175
	81.049	DE-FG02-86ER45281	<u>70,911</u>
Total U.S. Department of Energy-Direct Programs			159,086
Pass-Through Programs From:			
Oak Ridge National Laboratory: Biochemical and Physiological Studies Dealing with Metal and Sulfate Reducing Microorganisms and Communities	81.049	4000032042	40,819
ADA Technologies: Real Time Monitoring System for Phytoremediation Optimization	81.XXX	03-0862S	<u>24,125</u>
Total U.S. Department of Energy-Pass-Through Programs			<u>64,944</u>
Total U.S. Department of Energy			<u>224,030</u>

(Continued)

# MIAMI UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2005

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>			
U.S. Department of Education:			
Miami University Initiative to Reduce High-Risk Drinking Among First-Year College Students	84.184	Q184H030101	\$ 127,136
Pass-Through Programs From:			
ODE: Mental Health for School Success	84.027	062984-6B-PB-04P	39,442
ODE: Mental Health for School Success	84.027	062984-6B-PB-05P	139,986
Univ of Cincinnati: Developing a Corporate Feedback System for Use in Curricular Reform	84.116	P116B040276	9,842
University of Toledo: Project AHEAD	84.206	S206A040096	43,175
Northern Ill Univ: Improving the Comprehension and Construction of Arguments	84.305	R305H020039	59,439
Total U.S. Department of Education-Pass-Through Programs			<u>291,884</u>
Total U.S. Department of Education			<u>419,020</u>
U.S. Department of Health and Human Services:			
Spore Dispersal and Germination in Stachybotrys	93.113	1R15ES012907-01A1	42,127
Iron Uptake in Actinobacillus Actinomycetemcomitans	93.121	1 R01 DE13657-01	120,395
The Neural Substrates of Adaptive Jaw Movement	93.121	2 R15 DE012248-03A1	30,561
Action Intentions in Nonvisual Spatial Updating	93.242	1 R03 MH069907-01	68,926
Egocentric Reference Frames in Memory	93.242	1 R03 MH068245	57,456
Multiple Selves: Properties, Processes, and Consequences	93.242	1 R01 MH068279-01	105,238
Pruning of Motor Neuronal Arbors	93.242	1 R15 MH67622-01	77,995
Sensorimotor Regulation of Reproductive Behavior	93.242	EIN:1316402089A1	6,165
HEALTHRICH: Health, Risks Information and Choices	93.389	1R25RR16301-01A1	303,860
Ab Initio Studies of Biomolecules	93.39	2R15GM526780-02	283
Analyses of a Dynein Heavy Chain Mutation in Tetrahymena	93.39	1 R15 GM59855-01	23,365
Analysis of PHD-Domain Proteins Required For Meiosis	93.39	R5GM55956B	29,618
Cortical Mechanisms of Spatial Vision	93.39	1 R15 EY 13953-01	57,395
In Vivo Functions of the Drosophila Fragile X Orthologue	93.39	1 R15 GM068468-01	70,100
Novel Activation Mechanism of Lys2p of Candida Albicans	93.39	1 R15 GM065153-01A1	59,623
Preconcentrators Based on Self-Assembled Reagents	93.39	1 R15 GM64390-01	38,989
Ribosome-binding and Translation of Leaderless mRNA	93.39	1 R15GM65120-01	14,133
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	37,940
Endocrine Role of OFQ/N: Studies with Knock-out Mice	93.847	1 R15 DK61956-01	33,286
Mechanisms of Orphanin's Effects on Prolactin Release	93.847	1 R15 DK56139-01A1	24,821
Neurotrophin Regulation of Peripheral Neurons	93.853	R5NS43173A	66,432
Regulation of Neurotrophin Expression in the Periphery	93.853	1 R15 NS051206-01	2,127
Chlamydial Evasion of IFN-Mediated Immunity	93.856	1 R01 A45836-01A2	102,503
Characterization of Metallo-B-Lactamases	93.859	GM67928-06	144,025
Comparison of CYP2 Genes Across Mammal Species	93.859	1 R15 GM069387-01	44,960
Desaturases and Acetylases from Basidiomycete Fungi	93.859	1 R15 GM069493-01A1	41,570
Natural Antisense and RNP-4F Expression in Drosophila	93.859	1 R15 GM070802-01	47,358
Using Intraspecific Variation to Study Mating Systems	93.859	1 R15 GM069409-01	43,995
Effects of a Systematic Categorization Program in TBI	93.865	1 R15 HD044554-01A1	23,316

(Continued)

**MIAMI UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2005**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>			
U.S. Department of Health and Human Services (Continued):			
Steroid Involvement in OFQ/N-Induced Prolactin Secretion	93.865	1 R15 HD046479-01A1	\$ 20,587
NIA Access to Physical Activity and its Relation to Health	93.866	1 R15 AG020526-01A1	78,072
Regulation of Retinal Stem Cells in Retina Regeneration	93.866	1 R21 AG024937-01	97,368
Molecular Pathway in Retina Regeneration	93.867	R3EY14197A	131,489
Crisis Nursing Resource Information System	93.879	1 G08 LM008307-01	<u>147,132</u>
Total U.S. Department of Health and Human Services-Direct Programs			2,193,210
Pass-Through Programs From:			
AAA: SAFE House Project: Safety Assistance for Families of Elders	93.044	SH-03-001	841
COA: Educating, Training, and Supporting Informal Caregivers in Their Homes	93.048	90-CG-2629	6
Florida State Univ: Employment in the Long Term Care Industry: the Importance of Recruitment and Retention	93.048	R00461	21,872
Ohio Department of Aging: An Outcome-Based System for Assessing the Quality of Caregiver Support Services	93.052	P.O. W20562 12192001	69,674
ATM Education: Abstinence Til Marriage SPRANS Evaluation	93.11	--	12,005
Ross County Health Distrist: Abstinence Committed Education (ACE) Program of Southeast Ohio	93.11	--	17,511
Massachusetts General Hospital: Mapping Genes for Neurocognitive Endophenotypes	93.242	R01-MH068498	160,198
Feasibility Study: Respite for Adults in Ohio	93.779	W506ZQ	73,778
University of Cincinnati: Muscle Lactate Production in Sepsis	93.859	R01 GM54775-04A1	11,703
Southwest Foundation: Genetics of Susceptibility to Helminthic Infection	93.865	R01 AI37091-04A2	118,344
Wright State University: Genetic and Environmental Influences on Childhood Growth	93.865	1 R01HD40377-01A1	28,520
Abraham Wandersman: Framework for Dissemination of Prevention Programming	93.XXX	200-2004-M-07159	10,000
Implementing and Testing a Quality Improvement Model in Consumer Directed Programs	93.XXX	0496-3	<u>32,188</u>
Total U.S. Department of Health and Human Services-Pass-Through Programs			<u>556,640</u>
Total U.S. Department of Health and Human Services			<u>2,749,850</u>
Total Research and Development Cluster			<u>8,044,917</u>
<b>INSTRUCTIONAL</b>			
U.S. Department of Commerce- NIST Summer Undergraduate Research Fellowship Program	11.609	70NANB5H1081	19,632
U.S. Department of Defense- West Point IPA Assignment	12.116	--	124,607
U.S. Department of State- Quality Improvement Methods for Business: Instructional Enhancement for Kiev State University of Trade Economics	19.405	ASJL-0333	3,847
National Aeronautics and Space Administration- Ohio Space Grant Consortium: Educational Liaison Staff	43.001	--	4,608

(Continued)

# MIAMI UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2005

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>INSTRUCTIONAL (Continued)</b>			
National Endowment for Humanities- Taking the Humanities Seriously: Mining for Meaning in Children's Literature	45.163	ES-50018-03	\$ 50,140
Institute of Museum and Library Services: The GREEN Teachers' Institute: Museum Resources for Teachers	45.301	ML-02-03-0603-03	26,528
Pass-Through Programs From: Kent St. Univ: Informed Exploration:Information, Intellectual Curiosity, and the Entry-Level Teacher Ed Field Experience	45.312	446654-PO50990	<u>2,046</u>
Total Institute of Museum and Library Services			<u>28,574</u>
National Science Foundation: Maximal Methods for Small Sets	47.049	DMS-0401603	1,176
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0401764	47,880
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0456089	8,838
Using Chemistry to Enhance the Technical Workforce in the Innovation Age	47.076	DUE-0101400	<u>19,857</u>
Total National Science Foundation - Direct Programs			77,751
Pass-Through Programs From: Georgia State University: Workshop in Combinatorial Chemistry	47.076	ELT48-14	1,773
Ohio State University: The Ohio Science and Engineering Alliance	47.076	P.O. RF00988893 PROJ 745926	<u>25,060</u>
Total National Science Foundation-Pass-Through Programs			<u>26,833</u>
Total National Science Foundation			<u>104,584</u>
U.S. Department of Energy: Pass-Through Programs From: Institute of Paper Science & Technology: Energy Challenge '99	81.087	--	2
U.S. Department of Education: Building Bridges to Global Citizenship Through Latin American Studies at Miami University	84.016	P016A040054	72,814
Developing Faculty Learning Communities to Transform Campus Culture for Learning	84.116	P116B010714	54,661
INTERGERO: Implementation of an International Interdisciplinary Program in Gerontology	84.116	P116J040039	23,226
First Mover to Prime Mover: A Plan for MU RTFSB to Advance into the 21st Century	84.153	P153A040005	78,818
Ohio Writing Project	84.298	92-OH01	<u>40,025</u>
Total U.S. Department of Education-Direct Programs			269,544

(Continued)



# MIAMI UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2005

Federal Grant/Pass-Through Grant/Program Title	CFDA	Pass-Through/ Program Number	Federal Expenditures
<b>INSTRUCTIONAL (Continued)</b>			
U.S. Department of Education (Continued):			
Pass-Through Programs From:			
Hamilton City Schools: America's Journey: The Quest for Freedom 1492-1824	84.215	475-02-03	\$ 136,884
Ohio Board of Regents: An Inquiry Calculus Course for Pre-Service Teachers	84.281	--	1,182
Ohio Board of Regents: Geometry for Middle Childhood	84.281	--	345
UC: National Program to Train Speech-Language Pathologists in Classroom Performance	84.325	N325N010044	5,852
OBOR: Sustaining Professional Development Through Web-based Learning Communities	84.336	04-22	9,104
Ohio Board of Regents: Across the Curriculum Environmental Sciences to Attain Ohio			
Elementary School Academic Content and Standards	84.336	03-24	159,621
Ohio Board of Regents: Reaching Academic Mathematics Proficiency	84.336	03-26	85,979
Ohio Board of Regents: Reform That Works Phase 3	84.336	03-25	153,427
Ohio Board of Regents: Reform That Works Phase 3	84.336	02-27	6,237
Ohio Board of Regents: Across the Curriculum Environmental Science to Attain			
Ohio Elementary School Academic	84.336	23-Apr	20,448
Ohio Department of Education: OSCI 7-10 Meeting the Challenge	84.366	3D2G-200-667-OSCI-04DR-02	133,543
Ohio Department of Education: Meeting Highly Qualified Teacher Requirements for			
High School Intervention Specialists	84.367	--	2,602
Ohio Board of Regents: Advancing Ohio's Physical Science Proficiency	84.367	02-30	897
Ohio Board of Regents: Advancing Ohio's Physical Science Proficiency II	84.367	03-27	228,581
Ohio Board of Regents: Advancing Ohio's Science Proficiency III	84.367	04-24	<u>10,515</u>
Total U.S. Department of Education-Pass-Through Programs			<u>955,217</u>
Total U.S. Department of Education			<u>1,224,761</u>
Department of Health and Human Services:			
Pass-Through Programs From:			
Ohio Department of Alcohol/Drug-Butler County: MU High Risk Drinking Prevention Initiative	93.959	--	399
Case Western: Geriatric Education Center Site	93.969	CFDA 93.9699 AH 70041-06	<u>2,995</u>
Total Department of Health and Human Services			<u>3,394</u>
Total Instructional			<u>1,564,149</u>
<b>PUBLIC SERVICE</b>			
U.S. Department of Transportation-			
Pass-Through Programs From-			
Ohio Department of Public Safety: Countywide OVI Task Force Program	20.215	5078	39,699
National Endowment for Humanities-			
Pass-Through Programs From-			
OHC: Ohio Bicentennial Minutes	45.129	OHC-03-013	7,488
Department of Health & Human Services:			
Pass-Through Programs From:			
ODADAS: Drug Free Community Coalition	93.959	99-08040-COMMCO-P-05-0026	44,897
ODADAS: Underage Drinking/Higher Education	93.959	99-08040-HEDUC-P-05-9726	25,000
OH Dept of Alcohol/Drug-Butler Co Alcohol/Drug: Oxford Drug Free Community Coalition	93.959	COME-ADA-WP03K2	<u>11,671</u>
Total Department of Health & Human Services			<u>81,568</u>
Total Public Service			<u>128,755</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 19,101,728</u>

# MIAMI UNIVERSITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2005

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### 1. BASIS OF ACCOUNTING

The supplementary schedule of expenditures of federal (and state) awards is prepared on the accrual basis of accounting. Amounts presented are total federal expenditures for each program. Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for those programs for which such numbers are available.

The dollar threshold used to distinguish between Type A and Type B Programs was \$573,052.

### 2. PASS-THROUGH AWARDS

Miami University (the "University") receives certain federal awards from pass-through awards from the State of Ohio. The amounts received are commingled by the State with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the schedule of expenditures of federal awards.

### 3. FEDERAL PERKINS LOAN PROGRAM

Outstanding loans at June 30, 2005, under the Federal Perkins Loan Program were \$7,593,813. New Federal Perkins Loans of \$1,299,303 were advanced to students in 2005. The University received a federal capital contribution of \$33,343 and made a matching contribution of \$11,114 to the Federal Perkins Loan fund in 2005. Administrative and collection costs for the Federal Perkins Loan Program were \$2,026,727 in 2005.

### 4. FEDERAL DIRECT STUDENT LOANS

While no amounts are listed in the schedule of expenditures of federal awards, 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"). The dollar amounts are not listed in the schedule of expenditures of federal awards as the University is not the recipient of the funds. However, such programs are considered a component of student financial assistance at the University. New loans processed for students during the year ended June 30, 2005, were as follows:

Federal Direct Student Loan Program:	
Stafford:	
Subsidized	\$ 24,117,216
Unsubsidized	15,943,849
PLUS	15,047,065

\* \* \* \* \*

## **INDEPENDENT AUDITORS' 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**

President and Board of Trustees of Miami University  
and Betty Montgomery, Auditor of State of Ohio

We have audited the financial statements of Miami University (the "University") as of and for the year ended June 30, 2005, and have issued our report thereon dated October 6, 2005. We conducted our audit 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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*.

We noted certain matters that we reported to management of the University in a separate letter dated October 6, 2005.

This report is intended solely for the information and use of the Board of Trustees and management of the University, the U.S. Department of Education, other applicable U.S. Government Agencies, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

October 6, 2005

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

President and Board of Trustees of Miami University  
and Betty Montgomery, Auditor of State of Ohio

### Compliance

We have audited the compliance of Miami University (the "University") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The University's major federal program is identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the University's internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the University's internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, and management of the University, the U.S. Department of Education, other applicable U.S. Government Agencies, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

October 6, 2005

# MIAMI UNIVERSITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2005

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### Part I—Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued	Unqualified	
Internal control over financial reporting: Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Reportable condition(s) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> N/A
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No

#### *Federal Awards*

Internal control over major programs: Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Reportable condition(s) identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u> N/A
Type of auditors' report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	_____ Yes	<u>  X  </u> No

#### Identification of major programs:

CFDA Number

Various

Name of Federal Program or Cluster Number

Research and Development Cluster

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

\$573,052

Auditee qualified as low-risk auditee?

  X   Yes

\_\_\_\_\_ No

# MIAMI UNIVERSITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2005 (Concluded)

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### **Part II—Financial Statements Findings**

Findings relating to the financial statements, which are required to be reported in accordance with *Government Auditing Standards*:

No matters are reportable.

### **Part III—Federal Award Findings and Questioned Costs**

No matters are reportable.

# ***WMUB Radio***

***(A Noncommercial Public Radio  
Station Owned and Operated by  
Miami University)***

***Financial Statements for the Years Ended  
June 30, 2005 and 2004 and Independent  
Auditors' Report***



# **WMUB RADIO**

**(A Noncommercial Public Radio Station Owned and Operated by Miami University)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Miami University

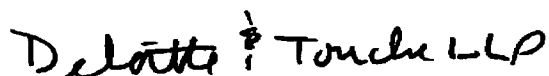
We have audited the accompanying statements of net assets of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") as of June 30, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the management of the Station. Our responsibility is to express an opinion 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Station as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-6 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The supplementary information is the responsibility of the Station's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2005, on our consideration of the Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



November 15, 2005

# WMUB RADIO

## Management's Discussion and Analysis

### Introduction

The following discussion and analysis provides an overview of the financial position and activities of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") for the years ended June 30, 2005 and 2004. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion have been prepared and are the responsibility of Station management.

### Using the Financial Statements

The Station's annual report contains three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements -- and Management Discussion and Analysis -- for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements -- and Management Discussion and Analysis -- for Public Colleges and Universities*, as amended by GASB Statement No. 37 and 38.

The financial statements of the Station have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenditures are recorded when the related liability has been incurred. For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 34 and 35. These statements establish standards for external financial reporting and provide a consolidated perspective of the station's assets, liabilities, net assets, revenues, expenditures and cash flows.

### Financial Highlights

Overall, the Station's financial position remained strong at June 30, 2005, with total assets of \$852,653. Revenue from the State of Ohio through the Ohio Educational Telecommunications Network Commission grants remained at lower levels than in some past years, but local fundraising was up.

## Statement of Net Assets

The Statement of Net Assets presents the assets and net assets of the Station as of the end of the fiscal year. Net assets are one indicator of the overall strength of the Station. Also, the overall increase or decrease in total net assets indicates whether the financial strength of the institution is improving or declining. Miami University maintains cash accounts that support the operations of the Station. All of the Station's receipts and disbursements are reflected in these accounts, as the Station does not maintain its own separate account. As a result, the Station has net accounts receivable or payable from Miami University. The net accounts receivable are measured at a point in time using current values. Capital assets are recorded at historical cost less an allowance for depreciation.

Net assets are divided into three major categories. The first category, invested in capital assets, reports the Station's net equity in property and equipment. The second major category, restricted net assets, reports net assets that are owned by the Station, but the use or purpose of the funds is restricted by an external source or entity. The Station does not have any restricted net assets. The third category is unrestricted net assets.

<b>Assets</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Current assets	\$ 409,282	\$ 423,088	\$ 282,271
Capital assets, net	<u>443,371</u>	<u>313,671</u>	<u>306,907</u>
<b>Total assets</b>	<b><u>\$ 852,653</u></b>	<b><u>\$ 736,759</u></b>	<b><u>\$ 589,178</u></b>
<b>Net Assets</b>			
Invested in capital assets	\$ 443,371	\$ 313,671	\$ 306,907
Unrestricted net assets	<u>409,282</u>	<u>423,088</u>	<u>282,271</u>
<b>Total net assets</b>	<b><u>\$ 852,653</u></b>	<b><u>\$ 736,759</u></b>	<b><u>\$ 589,178</u></b>

## Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets present the Station's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or nonoperating. Operating revenue is generated by an annual Community Service Grant from the Corporation for Public Broadcasting and the State of Ohio, administered through an annual grant from the Ohio Educational Telecommunications Network Commission. Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Station. Nonoperating revenues are received without an exchange for goods and services. Nonoperating revenues include an appropriation of donated facilities, administrative support from its licensee, Miami University, membership revenue, and contributions from area businesses (program underwriting).

	2005	2004	2003
Operating revenues:			
Corporation for Public Broadcasting grant	\$ 160,160	\$ 158,611	\$ 154,968
Ohio Humanities Grant	7,488	7,045	5,460
In-kind contributions—Ohio Educational Telecommunications	90,692	106,478	91,795
Ohio Educational Telecommunications grant	<u>35,690</u>	<u>36,948</u>	<u>40,513</u>
Total operating revenue	<u>294,030</u>	<u>309,082</u>	<u>292,736</u>
Operating expenses:			
Program services:			
Programming and production	688,127	689,115	629,798
Broadcasting	101,578	80,891	122,160
Program information	<u>49,039</u>	<u>40,597</u>	<u>42,823</u>
Total program services	<u>838,744</u>	<u>810,603</u>	<u>794,781</u>
Support services:			
Administrative	322,630	306,910	304,876
Management and general	252,479	239,545	238,711
Fund raising	57,399	60,236	66,252
Underwriting	21,863	16,732	19,015
Depreciation	<u>42,163</u>	<u>30,187</u>	<u>32,133</u>
Total support services	<u>696,534</u>	<u>653,610</u>	<u>660,987</u>
Total operating expenses	<u>1,535,278</u>	<u>1,464,213</u>	<u>1,455,768</u>
Net operating loss	<u>(1,241,248)</u>	<u>(1,155,131)</u>	<u>(1,163,032)</u>

	<b>2005</b>	<b>2004</b>	<b>2003</b>
Nonoperating revenues:			
Appropriation from Miami University	\$ 668,698	\$ 667,857	\$ 652,938
Donated facilities and administrative support	322,630	306,910	304,876
Membership revenue	244,785	228,544	195,446
Business and underwriting support	34,508	66,908	57,147
Net revenue from special fund raising activity	42	0	0
Foundations and other non-profits	12,058	8,333	7,277
Other	<u>360</u>	<u>1,006</u>	<u>919</u>
Total nonoperating revenues	1,283,081	1,279,558	1,218,603
Income before other revenues	41,833	124,427	55,571
Other revenues	<u>74,061</u>	<u>23,154</u>	<u>759</u>
Increase in net assets	115,894	147,581	56,330
Net assets at beginning of year	<u>736,759</u>	<u>589,178</u>	<u>532,848</u>
Net assets at end of year	<u>\$ 852,653</u>	<u>\$ 736,759</u>	<u>\$ 589,178</u>

## Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the major sources and uses of cash by the Station for the fiscal year. The cash flow analysis is divided into three major areas: Cash Flows from Operating Activities, Cash Flows from Noncapital Financing Activities, and Cash Flows from Capital and Related Financing Activities.

	2005	2004	2003
Net cash used by operating activities	\$ (876,455)	\$ (818,034)	\$ (826,023)
Net cash provided by noncapital activities	960,451	972,648	913,727
Net cash used for capital and related financing	<u>(97,802)</u>	<u>(13,797)</u>	<u>(17,837)</u>
Net increase (decrease) in cash equivalents	(13,806)	140,817	69,867
Cash equivalents at beginning of year	<u>423,088</u>	<u>282,271</u>	<u>212,404</u>
Cash equivalents at end of year	<u>\$ 409,282</u>	<u>\$ 423,088</u>	<u>\$ 282,271</u>

## Economic Factors That Will Affect the Future

Station management believes that the Station is positioned to continue its strong financial condition and level of service to listeners and Miami University. Audience figures from Arbitron show historically high listening levels, especially core listeners who form the bulk of financial supporters. Membership revenue has increased, even though turnover in underwriting has led to under-performance in that area. Recent years have seen losses in State of Ohio support due to cutbacks in the appropriations for the Ohio Educational Telecommunications Network Commission (now known as Ohio eTech) grants. State of Ohio operating grants have declined from a high of over \$51,000 annually, but these cutbacks appear to have stabilized for now. Local fundraising through membership campaigns has so far made up for those losses. In addition, long-term prospects for state assistance for capital projects, once a significant part of State of Ohio support, seem dim.

There is similar uncertainty over support from the Corporation for Public Broadcasting (CPB) appropriations in Congress. These appeared to be in jeopardy in the summer of 2005, but proposed cutbacks were defeated in Congress and the Station's appropriation actually increased somewhat in 2005. Further efforts at cuts will likely be made in future years. In addition to the CPB operating grant, the Station received a one-time grant from the Corporation for Public Broadcasting, which when matched, enabled us to sign in with a new digital (HD) signal. HD radio has not yet penetrated the marketplace but is expected to be significant within a few years, and the Station is well positioned for success. The State of Ohio is on record as supporting partial funding of these costs from the State, but as mentioned, significant appropriations are not likely given the State's budget concerns.

Overall the Station's financial position is strong. Over the next fiscal year and beyond, the Station will maintain a close watch over internal and external resources in order to maintain or improve its current economic condition.

Tolliver C. Callison, III  
General Manager, WMUB

**WMUB RADIO****(A Noncommercial Public Radio Station Owned and Operated by Miami University)****STATEMENTS OF NET ASSETS  
JUNE 30, 2005 AND 2004**

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<b>ASSETS</b>	<b>2005</b>	<b>2004</b>
CURRENT ASSETS—		
Net accounts receivable from Miami University	\$ 409,282	\$ 423,088
NONCURRENT ASSETS—		
Capital assets—net of \$670,653 and \$628,490 in accumulated depreciation for 2005 and 2004, respectively	<u>443,371</u>	<u>313,671</u>
TOTAL	<u>\$ 852,653</u>	<u>\$ 736,759</u>
 <b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS	\$ 443,371	\$ 313,671
UNRESTRICTED NET ASSETS	<u>409,282</u>	<u>423,088</u>
TOTAL	<u>\$ 852,653</u>	<u>\$ 736,759</u>

See notes to financial statements.



**WMUB RADIO****(A Noncommercial Public Radio Station Owned and Operated by Miami University)****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2005 AND 2004**

	<b>2005</b>	<b>2004</b>
<b>OPERATING REVENUES:</b>		
Corporation for Public Broadcasting Grant	\$ 160,160	\$ 158,611
Ohio Humanities Grant	7,488	7,045
In-kind contributions—Ohio Educational Telecommunications	90,692	106,478
Ohio Educational Telecommunications (OET) Grant	<u>35,690</u>	<u>36,948</u>
Total operating revenues	<u>294,030</u>	<u>309,082</u>
<b>OPERATING EXPENSES:</b>		
Program services:		
Programming and production	688,127	689,115
Broadcasting	101,578	80,891
Program information	<u>49,039</u>	<u>40,597</u>
Total program services	<u>838,744</u>	<u>810,603</u>
Supporting services:		
Administrative support	322,630	306,910
Management and general	252,479	239,545
Fund raising	57,399	60,236
Underwriting	21,863	16,732
Depreciation	<u>42,163</u>	<u>30,187</u>
Total supporting services	<u>696,534</u>	<u>653,610</u>
Total operating expenses	<u>1,535,278</u>	<u>1,464,213</u>
<b>NET OPERATING LOSS</b>	<u>(1,241,248)</u>	<u>(1,155,131)</u>
<b>NONOPERATING REVENUES:</b>		
Appropriation from Miami University	668,698	667,857
Donated facilities and administrative support	322,630	306,910
Membership revenue	244,785	228,544
Business and underwriting support	34,508	66,908
Net revenue from special fund raising activity	42	
Foundations and nonprofits	12,058	8,333
Other	<u>360</u>	<u>1,006</u>
Total nonoperating revenues	<u>1,283,081</u>	<u>1,279,558</u>
<b>INCOME BEFORE OTHER REVENUES</b>	41,833	124,427
<b>OTHER REVENUES—</b>		
CPB Digital Conversion Grant	74,061	
OET Capital Grant	<u></u>	<u>23,154</u>
<b>INCREASE IN NET ASSETS</b>	115,894	147,581
<b>NET ASSETS—Beginning of year</b>	<u>736,759</u>	<u>589,178</u>
<b>NET ASSETS—End of year</b>	<u>\$ 852,653</u>	<u>\$ 736,759</u>

See notes to financial statements.

## WMUB RADIO

(A Noncommercial Public Station Owned and Operated by Miami University)

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Corporation for Public Broadcasting Grant	\$ 160,160	\$ 158,611
Receipts from Ohio Educational Telecommunications Grant	35,690	36,948
Receipts from Ohio Humanities Grant	7,488	7,045
Payments for programming and production	(597,435)	(582,637)
Payments for broadcasting	(101,578)	(80,891)
Payments for program information	(49,039)	(40,597)
Payments for management and general	(252,479)	(239,545)
Payments for fund raising	(57,399)	(60,236)
Payments for underwriting	(21,863)	(16,732)
Net cash used by operating activities	<u>(876,455)</u>	<u>(818,034)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Appropriation from Miami University	668,698	667,857
Membership revenue	244,785	228,544
Business and underwriting support	34,508	66,908
Foundations and nonprofits	12,058	8,333
Net revenue from special fundraising activities	42	
Other	360	1,006
Net cash provided by noncapital financing activities	<u>960,451</u>	<u>972,648</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grants for capital purposes	74,061	23,154
Payments to purchase capital assets	(171,863)	(36,951)
Net cash used by capital and related financing activities	<u>(97,802)</u>	<u>(13,797)</u>
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	(13,806)	140,817
CASH EQUIVALENTS:		
Beginning of year	<u>423,088</u>	<u>282,271</u>
End of year	<u>\$ 409,282</u>	<u>\$ 423,088</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED OPERATING ACTIVITIES YEARS ENDED JUNE 30, 2005 AND 2004:		
Net operating loss per statements of revenues, expenses and changes in net assets	\$ (1,241,248)	\$(1,155,131)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	42,163	30,187
Donated facilities and administrative support	<u>322,630</u>	<u>306,910</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (876,455)</u>	<u>\$ (818,034)</u>

See notes to financial statements.

# WMUB RADIO

(A Noncommercial Public Radio Station Owned and Operated by Miami University)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization**—WMUB Radio (the “Station”) is owned and operated by Miami University (the “University”), a governmental institution of higher education. The license for the Station is issued by the Federal Communications Commission to the President and Board of Trustees of the University. The Station is administered as a division of University Communications.

**Basis for Presentation**—Effective July 1, 2001, the Station adopted Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 38. These statements establish standards for external financial reporting and provide a comprehensive perspective of the Station’s assets, net assets, revenues, expenditures and cash flows. For financial reporting purposes, the Station is considered a special-purpose government engaged in business-type activities as defined by GASB Statement No. 34 and 35.

The financial statements of the Station 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.

**Net Accounts Receivable from Miami University**—Miami University maintains cash accounts that support the operations of the Station. All of the Station’s receipts and disbursements are reflected in these accounts, as the Station does not maintain its own separate account. As a result, the Station has net accounts receivable or payable from Miami University. For the purposes of the Statement of Cash Flows, the net accounts receivable from Miami University is considered a cash equivalent.

**Capital Assets**—Buildings, equipment and furniture and fixtures are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. The Station uses a capitalization threshold of \$1,200. 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 and 5 to 7 years for equipment.

**Net Assets**— GASB Statement No. 34 and 35 were adopted in the fiscal year ended June 30, 2002. GASB Statements No. 34 and 35 require net assets to be divided into three major categories. The first category, invested in capital assets, reports the Station’s net equity in property, plant and equipment. The second major category is restricted net assets. This category contains net assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The Station does not have any restricted net assets. The third category is unrestricted net assets, which are available to be used for any lawful purpose of the Station.

**Revenue Recognition**—Grants or contributions that reimburse the Station for expenses incurred are deemed to be earned and are reported as revenue when the Station has incurred expenses in compliance with the specific restrictions of the grant. Certain contributions and grants, such as the Corporation for

Public Broadcasting Grant and the Ohio Educational Telecommunications Grant, are recorded as revenue when received.

**Donated Facilities and Administrative Support**—Donated facilities from the University consist of office and studio space, use of the broadcast tower and occupancy costs, and are recorded as revenues and expenses in the accompanying statement of revenues, expenses, and changes in net assets in accordance with allocation guidelines provided by the Corporation for Public Broadcasting (“CPB”).

Donated facilities support is determined by an assessment of the square footage assigned to the Station and the cost per square foot of providing various types of physical plant support. Administrative support from the University consists of allocated services and certain other expenses incurred by the University on behalf of the Station and an allocation of the University’s total institutional support.

**In-kind Support**—In-kind support provided by the Ohio Educational Telecommunications Network Commission is recorded based on a statement provided by the agency. Expense is allocated based on the determination of the nature of the in-kind support provided.

**Use of Estimates**—Management has made estimates in preparing the financial statements based on currently available information that affects certain of the amounts reflected in the financial statements. Actual results could differ from these estimates.

## 2. CAPITAL ASSETS

The capital assets and accumulated depreciation as of June 30, 2005 and 2004, are summarized as follows:

	<b>2005</b>			
	<b>7/1/2004 Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>6/30/2005 Ending Balance</b>
Capital assets:				
Building, antenna and tower	\$ 330,386	\$ -	\$ -	\$ 330,386
Studio and broadcast equipment	<u>611,775</u>	<u>171,863</u>	<u>          </u>	<u>783,638</u>
	942,161	171,863		1,114,024
Less: accumulated depreciation	<u>628,490</u>	<u>42,163</u>	<u>          </u>	<u>670,653</u>
Capital assets—net	<u>\$ 313,671</u>	<u>\$ 129,700</u>	<u>\$           </u>	<u>\$ 443,371</u>
	<b>2004</b>			
	<b>7/1/2003 Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>6/30/2004 Ending Balance</b>
Capital assets:				
Building, antenna and tower	\$ 330,386	\$ -	\$ -	\$ 330,386
Studio and broadcast equipment	<u>574,824</u>	<u>36,951</u>	<u>          </u>	<u>611,775</u>
	905,210	36,951		942,161
Less: accumulated depreciation	<u>598,303</u>	<u>30,187</u>	<u>          </u>	<u>628,490</u>
Capital assets—net	<u>\$ 306,907</u>	<u>\$ 6,764</u>	<u>\$           </u>	<u>\$ 313,671</u>

### **3. INCOME TAXES**

The University is exempt from Federal income taxes under Section 115 of the Internal Revenue Code (“IRC”). As such, the University is subject to Federal income taxes only on net unrelated business income, if any, under the provisions of Section 511 of the IRC.

\* \* \* \* \*

## **INDEPENDENT AUDITORS' 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**

Board of Trustees of Miami University  
and Betty Montgomery, Auditor of State of Ohio

We have audited the financial statements of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") as of and for the year ended June 30, 2005, and have issued our report thereon dated November 15, 2005. We conducted our audit 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.

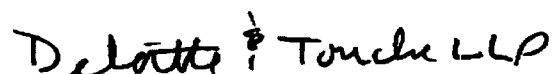
### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Station's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the Station's internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Station's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees and management of Miami University, the Auditor of State of Ohio, other the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.



November 15, 2005

# ***Miami University***

*Independent Accountants' Report on Agreed-  
Upon Procedures Performed on the  
Intercollegiate Athletic Department as  
Required by NCAA Bylaw 6.2.3.1 for the Year  
Ended June 30, 2005*

Dr. James C. Garland, President  
Miami University  
Oxford, Ohio

We have performed the procedures below, which were agreed to by the administration of Miami University (the "University"), with respect to the accounting records of the University as of June 30, 2005, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures ("statement") is in compliance with the National Collegiate Athletic Association's (the "NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2005. Miami University's management is responsible for the statement and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

The procedures that we performed are as follows:

We obtained the statement, as prepared by the administration of the University, which is included as Exhibit A. We agreed the statement to the University's general ledger on a test basis. For all revenue and expense categories, we performed the following:

- We compared and agreed each operating revenue and expense category reported in the statement during the reporting period to supporting schedules provided by the University with the following exceptions noted. We were unable to reconcile supporting schedules to the statement for the following revenue and expense categories: ticket sales revenue; program sales, concessions, novelty sales and parking revenue; sports camp revenues; other revenue; and all expense categories, except salaries and benefits paid by the University and related entities.
- We compared and agreed a sample of operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules to supporting documentation provided by the University.
- We compared each major revenue and expense account to prior period amounts provided by the University. We obtained and documented an understanding of any significant variations on a test basis. We were unable to compare each major revenue and expense account to budgeted estimates due to intercollegiate athletics detailed budget presentation being inconsistent with the revenue and expense presentation in the statement.



## Revenues

- *Ticket Sales* – We compared on a test basis tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenues reported by the University in the statement and the related attendance figures. We recalculated totals. We were unable to perform these procedures for the men’s basketball attendance due to lost gate count sheets. We were unable to compare one football selection and one hockey selection to adequate supporting documentation as a result of those selections being sold via the box office, instead of the athletic ticket office.
- *Student Fees* – We compared and agreed student fees reported in the statement to student enrollment information. We obtained an understanding of the University’s methodology for allocating student fees to intercollegiate athletics programs. We recalculated the totals.
- *Guarantees* – We selected a sample of settlement reports for away games during the reporting period and agreed each selection to the University’s general ledger and/or the statement. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the amount recorded for the guarantee in the University’s general ledger and/or the statement. We recalculated totals.
- *Contributions* – We obtained the supporting schedule for contributions of moneys, goods or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals and noted that no contributions exceeded 10 percent or more of all contributions received for intercollegiate athletics during the reporting periods.
- *Direct State or Other Governmental Support* – We compared the direct state and other governmental support recorded by the University during the reporting period with institutional authorizations and/or other corroborative supporting documentation on a test basis. We recalculated totals.
- *Direct Institutional Support* – We compared the direct institutional support recorded by the University during the reporting period with institutional authorizations and/or other corroborative supporting documentation on a test basis. We recalculated totals.
- *Indirect Facilities and Administrative Support* – We compared the direct institutional support recorded by the University during the reporting period with institutional authorizations and/or other corroborative supporting documentation on a test basis. We recalculated totals.
- *NCAA/Conference Distributions Including All Tournaments* – We obtained and read agreements related to the University’s NCAA and conference distributions received during the reporting period to gain an understanding of the relevant terms and conditions on a test basis. We compared and agreed, with the following exceptions, the related revenues to the University’s general ledger, and/or the statement on a test basis. We recalculated totals. We noted \$33,885 in fiscal year 2005 tournament revenue reimbursement requests sent by the University to NCAA that was not properly accrued for and recorded in the statement for the year ended June 30, 2005.

- *Broadcast, Television, Radio and Internet Rights* – We obtained and read agreements related to broadcast, television, radio, and internet rights during the reporting period to gain an understanding of the relevant terms and conditions on a test basis. We compared and agreed the related revenues to the University’s general ledger, and/or the statement on a test basis. We recalculated totals. We noted via our review of supporting documentation, that the amount recorded in this revenue category related to fiscal year 2004, not fiscal year 2005. We also noted that the amount relates to Men’s Football, but is recorded in Non-Program Specific.
- *Program Sales, Concessions, Novelty Sales and Parking* – We were unable to reconcile amounts recorded in the statement to supporting schedules provided by the University. We compared and agreed on a test basis, general ledger operating receipts to supporting documentation. We noted in our review of the supporting schedule that several items recorded in Non-Program Specific in the statement appeared to relate to specific programs. We were unable to obtain adequate supporting documentation for one selection made for Away Football Income that totaled \$14,288.
- *Royalties, Advertisements and Sponsorships* – We obtained and read on a test basis agreements related to the University’s revenues from royalties, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University’s general ledger and/or the statement on a test basis. We recalculated totals. We noted in our review of the supporting schedule and related agreements that \$21,001 of the revenue recorded in the 2005 statement related to fiscal year 2004 activity.
- *Sports Camp Revenues* – We obtained and read on a test basis agreements related to institutional sports camps during the reporting period to obtain an understanding of the institution’s methodology for recording sports camp revenues. We obtained schedules of camp participants and selected a sample of camp participant cash receipts on a test basis and agreed the related revenues to the University’s general ledger and/or the statement. We recalculated totals.
- *Endowment and Investment Income* – We compared and agreed on a test basis the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreements, if available. We recalculated totals.
- *Other* – We were unable to reconcile amount recorded in the statement to supporting schedules provided by the University. We compared and agreed on a test basis, general ledger other income receipts to supporting documentation. We noted \$12,570 recorded in this category in the statement actually related to senior football camp revenue per review of supporting documentation. Amount was then reclassified from Other Revenue to Sports Camp Revenue.

## Expenses

- *Athletic Student Aid* – We selected a sample of students from the listing of institutional student aid recipients during the reporting period. The total amount of athletic student aid from the supporting schedule did not agree to the amount reflected in the statement by \$145,903. We obtained individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student’s account. We recalculated totals.
- *Guarantees* – We obtained and inspected contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period on a test basis. We compared and agreed related amounts expensed by the institution to the institution’s general ledger and/or the statement on a test basis. We recalculated totals.
- *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* – We obtained and inspected a listing of coaches employed by the institution and related entities during the reporting period. We selected a sample of coaches’ contracts that included football, and men’s and women’s basketball from this listing. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period on a test basis. We obtained and inspected W-2’s or 1099’s for each selection. We compared and agreed related W-2’s or 1099’s to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals.
- *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities* – We selected a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. We obtained and inspected W-2’s or 1099’s for each selection. We compared and agreed related W-2’s or 1099’s to the related support staff/administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period on a test basis. We recalculated totals.
- *Recruiting and Team Travel* – We obtained and documented an understanding of the University’s recruiting and team travel expense policies. We compared and agreed to existing institutional and NCAA related policies.
- *Indirect Facilities and Administrative Support* – We obtained an understanding of the University’s methodology for allocating indirect facilities. We summed the indirect facilities-support and indirect institutional-support totals reported by the University in the statement. We compared and agreed Indirect Facilities and Administrative Support reported by the University in the statement to the corresponding revenue category. We recalculated totals.
- *Equipment, Uniforms and Supplies; Game Expenses; Fund Raising, Marketing and Promotion; Sports Camps; Direct Facilities Maintenance and Rental; Spirit Groups; Medical Expenses and Medical Insurance; Memberships and Dues; Other Operating Expenses* – We were unable to reconcile amount recorded in the statement to supporting schedules provided by the University. We compared and agreed on a test basis, general ledger expenses to supporting documentation. We compared each major expense account to prior period amounts and investigated significant fluctuations.

## Capitalized Assets

- We obtained an understanding of the University's policies and procedures for acquiring, approving, depreciating and disposing of intercollegiate athletics related assets.
- The NCAA Agreed Upon Procedures, outlining the procedures to be performed by an independent accountant regarding an institution's compliance under NCAA Bylaw 6.2.3.1., appear to indicate the required disclosure in the accountant's report of certain capital expenditures activity related to intercollegiate athletics-related assets. However, those procedures do not define the term intercollegiate athletics-related assets or the type of disclosures required when such assets are identified. The University does not currently disaggregate athletics-related assets from other University owned assets. Therefore, the required disclosure of athletics-related assets is open for further investigation by the University.

## **Agreed-Upon Procedures Related to the Internal Control Over Compliance**

Our procedures and results are as follows:

- Certain inquiries were made of the Controller's Office and Intercollegiate Athletic Department personnel relating to the procedures and internal accounting controls unique to the Intercollegiate Athletic Department, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, and controls over interaction with the information technology department. Suggestions for improvement in certain controls have been communicated to the University.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projections by the specified users of their evaluation of the internal control structure over financial reporting to future periods are subject to risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion, on the financial statements of the Intercollegiate Athletic Department of the University. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you. Nor, were we engaged to perform an examination, the objective of which would be the expression of an opinion on management's assertion about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Deloitte & Touche LLP*

December 5, 2005

**INTERCOLLEGIATE ATHLETICS DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Men's Basketball</b>	<b>Men's Football</b>	<b>Women's Basketball</b>	<b>Other Sports</b>	<b>Non-Program Specific</b>	<b>2005 Total</b>
<b>Revenues:</b>						
Ticket sales	\$ 204,972	\$ 565,722	\$ 7,083	\$ 104,561	\$ -	\$ 882,338
Student fees	727,449	2,715,791	720,724	4,935,062	1,192,094	10,291,120
Guarantees	35,000	490,000	4,500	16,714		546,214
Contributions	46,637	87,792	38,530	190,807	409,554	773,320
Direct state or other government support				28	1,491	1,519
Direct institutional support	44,103	505,113	89,448	1,496,417	1,249,219	3,384,300
Indirect facilities and administrative support					785,157	785,157
NCAA/Conference distributions including all		148,513		21,087	1,021,728	1,191,328
Broadcast, television, radio and internet rights					36,000	36,000
Program sales, concessions, novelty sales and	19	252		6,942	120,620	127,833
Royalties, advertisements and sponsorships				13,538	715,842	729,380
Sports camp revenues	1,842	12,570	343	16,236	898,685	929,676
Endowment and investment income	12,975	12,546	205	97,618	284,812	408,156
Other	5,444	7,012	4,629	184,810	270,051	471,946
<b>Total revenue</b>	<b>1,078,441</b>	<b>4,545,311</b>	<b>865,462</b>	<b>7,083,820</b>	<b>6,985,253</b>	<b>20,558,287</b>
<b>Expenses:</b>						
Athletic student aid	286,331	1,948,526	272,886	3,285,478	65,225	5,858,446
Guarantees	12,000	81,000	1,600	9,610		104,210
Coaching salaries, benefits, and bonuses paid by and related entities	358,945	931,885	311,429	1,710,869		3,313,128
Support-staff/administrative salaries, benefits, paid by the University and related entities	27,416	184,420	24,424	41,372	2,647,586	2,925,218
Recruiting	101,660	196,722	49,332	241,915	93,420	683,049
Team travel	107,576	466,584	72,923	925,934	87,672	1,660,689
Equipment, uniforms and supplies	30,035	186,646	31,617	320,460	125,926	694,684
Game expenses	50,274	105,688	41,090	149,780	54,199	401,031
Fund raising, marketing and promotion	3,680	15,427	6,370	20,227	203,017	248,721
Sports camps					683,051	683,051
Direct facilities, maintenance and rental	21,521	80,772	7,789	59,861	89,648	259,591
Spirit groups		157,415			42,346	199,761
Indirect facilities and administrative support					785,157	785,157
Medical expenses and medical insurance	5,922	24,424	7,386	70,942		108,674
Memberships and dues	540	60	580	5,083	157,105	163,368
Other operating expenses	72,541	165,742	38,036	242,289	1,448,181	1,966,789
<b>Total expenses</b>	<b>1,078,441</b>	<b>4,545,311</b>	<b>865,462</b>	<b>7,083,820</b>	<b>6,482,533</b>	<b>20,055,567</b>
Excess of revenues over expenses	\$ -	\$ -	\$ -	\$ -	\$ 502,720	\$ 502,720

**MIAMI UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT**

**NOTES TO STATEMENT OF REVENUES AND EXPENDITURES  
YEAR ENDED JUNE 30, 2005**

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**1. SUMMARY OF PRESENTATION POLICIES**

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

**2. OTHER SPORTS**

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

**3. GIFTS**

In accordance with the provisions of Statement of Financial Accounting Standards No. 116, which the University follows, gifts are classified as unrestricted, temporarily restricted, or permanently restricted dependent upon any donor-imposed restrictions. Gift revenue included in the statement of revenues and expenditures represent gifts given to the University's Athletics Department based on donor's instructions.

There were no individual contributions in excess of 10% of all contributions received for the Intercollegiate Athletic Department for the year ended June 30, 2005.

**4. OTHER FORMS OF COMPENSATION**

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



**Auditor of State  
Betty Montgomery**

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**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  
MARCH 14, 2006**