

Miami University

Financial Statements for the Years Ended June 30,
2011 and 2010, and Single Audit Reports for the
Year Ended June 30, 2011



Dave Yost • Auditor of State

Board of Trustees
Miami University
107 Roudebush Hall
Oxford, Ohio 45056

We have reviewed the *Independent Auditors' Report* of the Miami University, Butler County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2010 through June 30, 2011. 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. The Miami University is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 31, 2012

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MIAMI UNIVERSITY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 11
FINANCIAL STATEMENTS AND NOTES THERETO FOR THE YEARS ENDED JUNE 30, 2011 AND 2010	12 - 39
REPORTS ON THE AUDIT OF FEDERAL GRANTS AND CONTRACTS — SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES THERE TO FOR THE YEAR ENDED JUNE 30, 2011	40 - 47
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 <i>GOVERNMENT AUDITING STANDARDS</i>	48 - 49
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	50 - 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	52 - 53
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS	54-55

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INDEPENDENT AUDITORS' REPORT

President and Board of Trustees of Miami University
Oxford, Ohio:

We have audited the accompanying statements of net assets of Miami University (the "university"), a component unit of the State of Ohio, and Miami University Foundation, the university's discretely presented component unit, as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit 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 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 university, and its discretely presented component unit, as of June 30, 2011 and 2010, and their respective changes in net assets and their respective cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011, 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, not to provide an opinion on 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 2-11 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of the university. 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 audits were 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 has been subjected to the auditing procedures applied in our audit 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.

Deloitte & Touche LLP

October 14, 2011

Management's Discussion and Analysis

June 30, 2011

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2011. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

For a second year, following two difficult years, the university reported favorable year-end results. Increased enrollment, a modest tuition increase, and strong investment returns are all reflected in the university's revenues. In addition, the university's sustained emphases on cost reduction measures are evident in the continued decrease in operating expenses.

Overall, the university's financial position improved at June 30, 2011. Total assets rose 18.6 percent from \$1.076 to \$1.276 billion. Liabilities increased \$114.7 million and totaled \$414.5 million.

Significant financial events during fiscal year 2011 were:

- For the first time in four years, Miami increased tuition for Ohio students. Although state legislators authorized a 3.5 percent tuition increase, the university only increased tuition for resident and non-resident students by 3.0 percent to keep tuition as affordable as possible.
- The fall 2010 first-year class enrollment of 3,595 on the Oxford campus was 359 students greater than the previous fall enrollment. The first-year class enrollment on the Hamilton campus increased by 181 students, whereas the Middletown campus decreased by 29 students.
- Operational investments continued to experience positive returns for the second consecutive year and recorded a gain of 2.8 percent. These results were achieved in spite of the continued near zero short-term interest rates. The university and foundation endowment pools also reported strong average returns of 19.6 percent, which is the second consecutive year for positive double digit returns. (For more details, see the Investment Report included in this report).
- A continued reduction in positions, unfilled vacant positions, and no salary increases, produced stable general fund salary expense on all three campuses at \$165 million for the fiscal year. Although the volume of health insurance claims increased 7.9 percent, benefits expense was \$7.0 million less than budget, primarily attributable to the number of vacant positions.

- In December 2010, an additional \$125 million in general receipts revenue bonds were issued to fund planned capital projects (see the Capital Assets and Debt Administration section for more information).

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 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 classified 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. This category is subdivided into two types: nonexpendable and expendable. Nonexpendable restricted net assets are primarily endowment funds that may be invested for income and capital gains, but the endowed principal may not be spent. Expendable restricted net assets may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. The third category, unrestricted net assets, is separated into two types: allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are set aside for a specific purpose by university policy, management, or the governing board. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

	2011	2010	2009
Assets			
Current assets	\$ 388,226,232	\$ 218,683,477	\$ 180,459,483
Capital assets, net	713,966,987	704,302,948	707,105,908
Long term investments	167,652,463	146,384,200	129,022,677
Other assets	6,355,458	6,655,414	6,476,915
Total assets	\$ 1,276,201,140	\$ 1,076,026,039	\$ 1,023,064,983
Liabilities			
Current liabilities	\$ 74,628,054	\$ 70,283,575	\$ 71,899,267
Noncurrent liabilities	339,894,619	229,584,437	243,145,887
Total liabilities	\$ 414,522,673	\$ 299,868,012	\$ 315,045,154

Net assets

Invested in capital assets, net of related debt	\$ 475,850,789	\$ 480,984,748	\$ 472,313,053
Restricted net assets – nonexpendable	89,023,106	76,926,360	67,047,116
Restricted net assets – expendable	56,633,817	50,709,308	39,917,025
Unrestricted net assets – allocated	233,523,028	162,523,346	123,912,138
Unrestricted net assets – unallocated	6,647,727	5,014,265	4,830,497
Total net assets	\$ 861,678,467	\$ 776,158,027	\$ 708,019,829
Total liabilities and net assets	\$ 1,276,201,140	\$ 1,076,026,039	\$ 1,023,064,983

Fiscal Year 2011

Total assets of the institution increased 18.6 percent or \$200.2 million in fiscal year 2011. This increase was primarily a result of the increase in cash and cash equivalents and investments. The \$89.8 million or 83.1 percent increase in current investments and the \$21.3 million or 14.5 percent increase in non-current investments was a result of strong investment returns and \$20.0 million in unspent Series 2010 general receipts revenue bond proceeds. For more detailed information see the Investment Report included in this report. The \$84.5 million increase in cash and cash equivalents reflects the increase in operating revenues, the continued decrease in overall spending, and unspent proceeds from the Series 2010 bonds. The \$3.7 million decrease in current accounts receivable is primarily attributable to a one-time billing error from the insurance carrier that was recorded in 2010. Details of the \$28.2 million increase in nondepreciable capital assets and the \$18.5 million decrease in depreciable capital assets is provided in the Capital Assets and Debt Administration section of this report.

Total liabilities of the institution increased \$114.7 million or 38.2 percent, which was primarily the net result of the \$125.0 million issuance of Series 2010 general receipts revenue bonds and the repayment of outstanding bonds, notes, and leases payable. Other current and long-term liabilities remained relatively unchanged. Overall, net assets increased by \$85.5 million.

Fiscal Year 2010

Total assets increased 5.2 percent or \$53.0 million while total liabilities decreased \$15.2 million or 4.8 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from greater operating efficiencies in Residence and Dining Halls and increases in investments resulting from stabilization in the global capital markets. The repayment of outstanding bonds, notes, and leases payable was the primary reason for the decrease in liabilities. Overall, net assets increased by \$68.1 million.

Statement of Revenues, Expenses and Changes in Net Assets

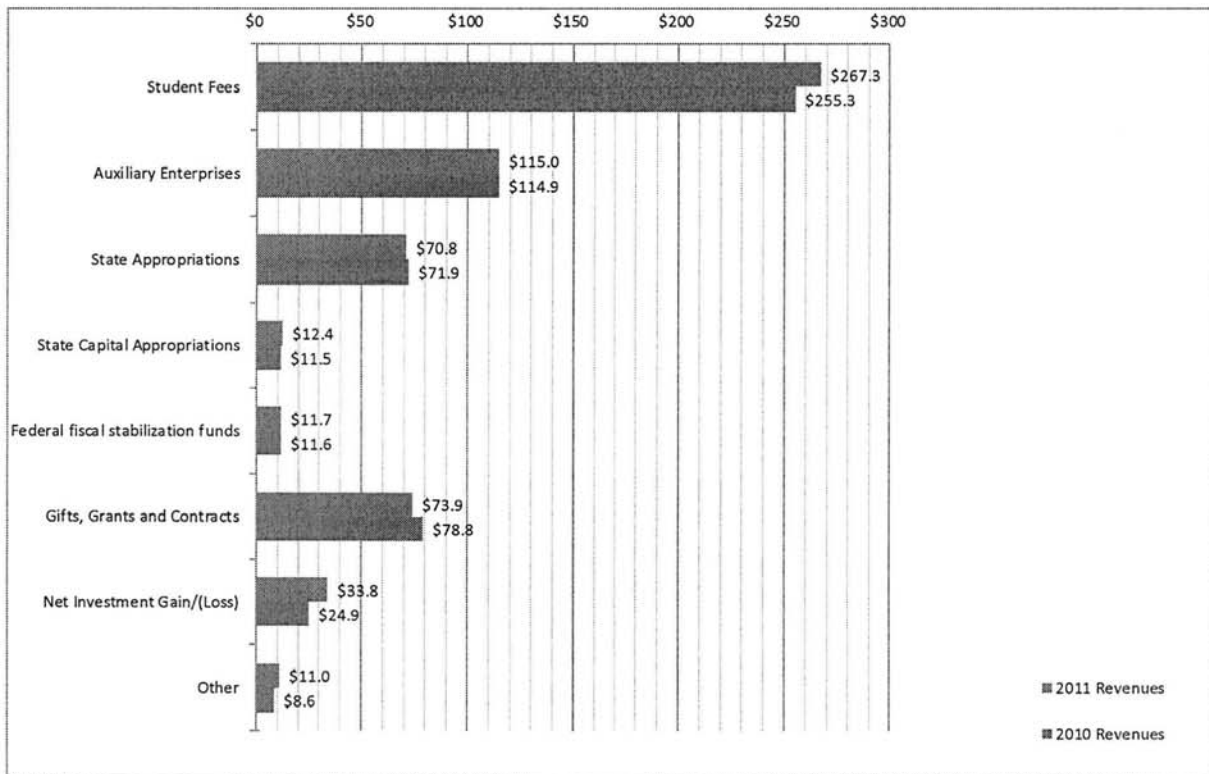
The Statement of Revenues, Expenses, and Changes in Net Assets presents the university's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and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

In fiscal year 2011, total revenues of the institution from all sources were approximately \$595.8 million, which represents an \$18.2 million or 3.1 percent increase. Approximately 69 percent of revenues were classified as operating, and 27 percent were classified as non-operating revenues.

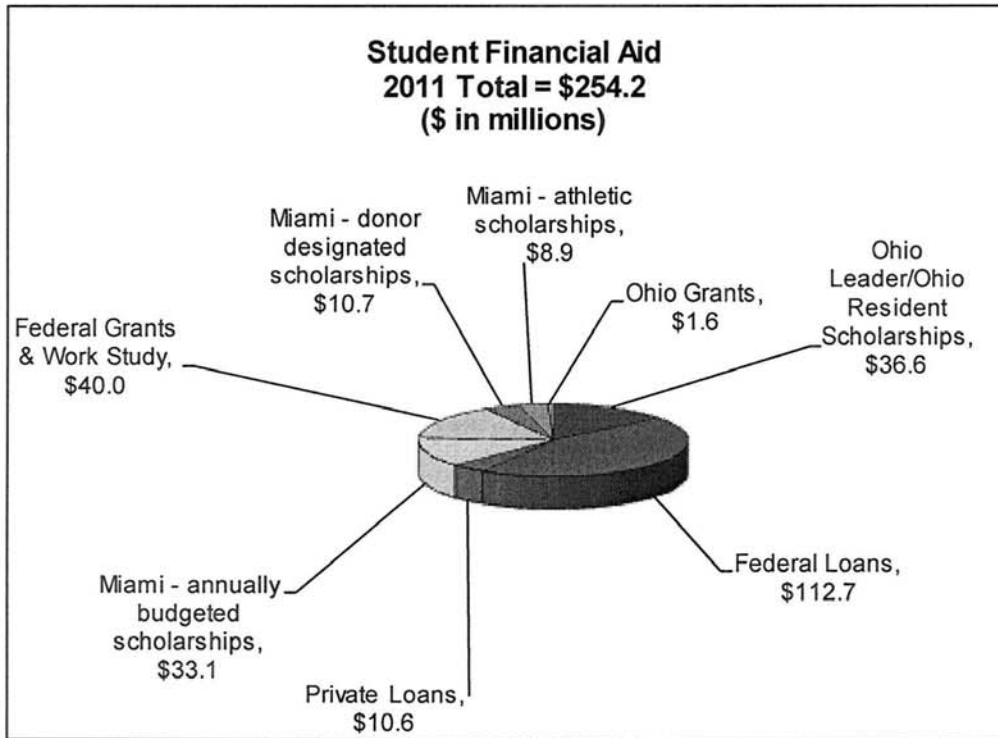
	2011	2010	2009
Operating revenues	\$ 410,610,659	\$ 397,994,014	\$ 395,160,946
Non-operating revenues	166,003,510	154,965,266	63,978,590
Other revenues	19,184,631	24,667,510	20,127,907
Total revenues	\$ 595,798,800	\$ 577,626,790	\$ 479,267,443
Operating expenses	(497,451,687)	(499,950,810)	(517,946,994)
Non-operating expenses	(12,826,673)	(9,537,782)	(8,485,145)
Total expenses	(510,278,360)	(509,488,592)	(526,432,139)
Increase/(decrease) in net assets	\$ 85,520,440	\$ 68,138,198	\$ (47,164,696)

The university has a diversified revenue base, as shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at just fewer than 45 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount. State appropriations decreased \$1.1 million or 1.6 percent, which was anticipated as part of the budget. Additionally, for the second consecutive fiscal year, the federal fiscal stabilization funds are reported on a separate line at \$11.7 million for 2011. These funds were provided by the federal government under the American Recovery and Reinvestment Act of 2009 and were allocated through state appropriations to higher education by the Ohio Board of Regents.

Total Revenues (\$ in Millions)



Beginning in the fall of 2010, Miami expanded the merit scholarship packages for in-state and out-of-state students in order to recognize student achievement and to continue to make a high quality education more affordable for parents and students. In fiscal year 2011, Miami-funded financial aid, excluding Ohio Leader and Ohio Resident Scholarships, increased by \$3.3 million or 6.7 percent. In total, financial aid awards were \$254.2 million.



Fiscal Year 2011

Operating revenues increased by 3.2 percent or \$12.6 million in fiscal year 2011. This increase was the net result of several factors including a 3.0 percent increase in undergraduate tuition on all three campuses and a 2.9 percent increase in room and board rates. In addition, beginning in the fall of 2008, the university began phasing out the 2004 tuition and scholarship plan. In FY2011, only fourth-year and fifth-year Ohio students remained in the earlier program. The phase-out of the program caused the decrease in tuition, fees, and other student charges and the decrease in the Ohio Leader and Ohio Resident Scholarships.

Operating expenses decreased by less than one percent or \$2.5 million. The majority of this decrease is reflected in salary savings that were a direct result of the reduction in positions and number of vacant positions throughout the fiscal year and a decrease in departmental non-personnel spending. This was offset in part by an increase in employee benefits expense, which was primarily attributable to health insurance claims which rose 7.9 percent.

The majority of the \$7.7 million increase in non-operating revenues and expenses is reflected in the \$8.9 million increase in net investment income and the \$6.4 million increase in federal grants. Gift revenues returned to normal levels after unusually large gifts were recorded in 2010 for the Farmer School of Business, the rehabilitation of Yager stadium, and other gift pledges. The federal grants increase is

attributable to the change in federal regulations that now permits Pell grants to be awarded to students for the summer term. Endowment and investment income increased substantially due to factors that were previously discussed. Other income remained relatively unchanged from last fiscal year. Offsetting the increase in non-operating revenues was the \$3.4 million increase in interest on debt, which is related to the issuance of the Series 2010 general receipts revenue bonds.

In other revenues, the decrease in capital grants and gifts and additions to permanent endowments is a return to normal amounts after unusually large gifts were recorded in 2010.

Fiscal Year 2010

Operating revenues increased by \$2.8 million primarily due to a 3.5 percent increase in out-of-state Oxford campus student tuition and a 5.1 percent increase in room and board rates. There was no increase in the in-state student tuition and fee at all three campuses. Operating expenses decreased by \$18.0 million primarily due to the reductions in positions and a decrease in health insurance claims.

The majority of the increase in non-operating revenues and expenses was attributable to the \$81.3 million increase in net investment income, the \$9.1 million increase in federal grants, and gifts that increased by \$6.2 million. Offsetting these increases was the \$3.0 million decrease in the combined state appropriations and federal fiscal stabilization funds. Other revenues increased due to the receipt of capital grants and gifts, which provided funding for several capital projects.

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 types of cash flows: operating activities, noncapital financing activities (which includes the state appropriations as well as gift revenues), capital and related financing activities (which includes debt activity), and investing activities.

	2011	2010	2009
Net cash used for operating activities	\$ (49,872,344)	\$ (68,726,251)	\$ (91,829,343)
Net cash provided by noncapital financing activities	133,599,588	127,505,489	126,669,480
Net cash provided by/(used for) capital and related financing activities	78,066,433	(39,063,674)	(79,529,523)
Net cash provided by/(used for) investing activities	(77,247,582)	3,917,536	14,946,154

Net increase/(decrease) in cash	\$ 84,546,095	\$ 23,633,100	\$ (29,743,232)
Cash and cash equivalents at beginning of year	60,833,558	37,200,458	66,943,690
Cash and cash equivalents at end of year	\$ 145,379,653	\$ 60,833,558	\$ 37,200,458

The \$84.5 million increase in the fiscal year 2011 cash and cash equivalents balance relates primarily to the unspent and invested proceeds associated with the series 2010 general receipts revenue bonds.

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

Capital Assets and Debt Administration

During fiscal year 2011, the university completed and capitalized several projects. These projects were funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2005 Series General Receipts Revenue and Refunding Bonds totaling \$98.5 million, the 2007 Series General Receipts Revenue Bonds totaling \$83.2 million, and the 2010A and 2010B Series General Receipts Revenue Bonds totaling \$125 million. Major projects capitalized in 2011 include renovation projects at Pearson Hall and infrastructure projects including the western campus steam loop and the IT server virtualization. See Footnote 4 for additional information concerning capital assets and accumulated depreciation.

On December 22, 2010, the university issued \$125 million in General Receipts Revenue Bonds. Traditional tax-exempt bonds accounted for \$19.6 million of this issuance, while \$105.4 million was federally taxable Build America Bonds. The proceeds will be used for the following purposes: to construct, equip and furnish the Armstrong Student Center, renovate several housing and dining facilities, and construct a new addition to the Marcum Conference Center.

The university is planning to issue general receipts revenue bonds during fiscal year 2012 for approximately \$167 million, including a provision to refinance \$42 million from the 2003 Series General Receipts Revenue Bonds. The primary consideration for the decision will be market conditions, current interest rates on tax exempt bonds, and the best possible outcome for the university. Proceeds from the bond sale are expected to be used to continue construction and renovation of the housing and dining facilities.

The university's bond rating remained the same with a rating of Aa3 from Moody's Investors Services and a rating of A+ from Standard and Poor's. For more detailed information on current outstanding debt, see Footnote 6.

Economic Factors That Will Affect the Future

During fiscal year 2011, the Strategic Priorities Task Force (SPTF) recommendations were approved. The goals of these recommendations included prioritizing and aligning the university's strategic goals with the new economic reality and competitive higher education market, creating a long-term sustainable baseline budget, identifying strategic options for improving the resource base, and providing a framework that will guide decisions over the next five years in order to advance Miami University as a premier national university. The recommendations are intended to provide approximately \$10 million in new revenue and approximately \$30 million in expense reductions through improved efficiencies, savings and reallocation of funds.

Revenues

The fall 2011 first-year enrollment was approximately 3,600 at the Oxford campus, which is approximately the same as the previous year and surpassed the goal of 3,550 students. Non-resident first-year enrollment was 38 percent as compared to 33 percent for the fall 2010 class. In addition, there was a 15 percent increase in transfer students and regional campus relocation students and a 115 percent increase in international students for fall 2011. These continuing positive results are directly attributable to numerous initiatives including; the hiring and strategic placement of regional recruiters, an aggressive and regionally targeted marketing campaign, international recruiting trips and a newly developed English as a second language program, early admission offers and the continuation of the enhanced merit scholarship guarantee, and active faculty and staff involvement with recruiting students and families. Enrollments at the Hamilton campus increased by 1.4 percent while the Middletown campus decreased by 4.5 percent. For fall 2011, the university was authorized to increase tuition by 3.5 percent for all students. The university implemented a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students. The enrollment increases, together with the tuition increase, will help provide additional student fee income, which is needed to balance the budget in light of the substantial decrease in state support.

As part of the overall effort to balance the State of Ohio's fiscal year 2012 budget, legislators reduced general funding for higher education by 13 percent. As a result, the university's state share of instruction was reduced by \$11.6 million or 17.4 percent for the Oxford campus and \$2.0 million or 134.6 percent for the regional campuses. This reduction was primarily a result of the discontinuation of the one-time significant funding of the federal fiscal stabilization funds that was distributed to Ohio higher education institutions through the state share of instruction. In addition, the state legislature did not provide any capital appropriations for the two-year capital budget cycle. The university usually receives approximately \$22 million over the two years, which is used for maintaining and renovating state buildings. The State of Ohio's financial outlook continues to be a concern. Although state tax and other revenues appear to have stabilized, the funds needed to support state commitments in all areas continue to rise. In addition, the national and world economies are extremely volatile and uncertain as we enter the last quarter of 2011.

During 2011, the university experienced a 6.7 percent increase in donor contributions toward the Love and Honor Campaign. As of September 2011, the university's capital campaign commitments totaled \$414 million toward the goal of \$500 million. These funds will bring much needed support to the instructional, scholarly, and construction programs in the years to come.

Effective July 1, 2011, the Foundation entered into a Pooled Investment Agreement with Miami University whereby the Foundation will collectively manage all of the Foundation and University

endowment and quasi-endowment funds in a single investment pool. This change will lead to improved efficiency, but more importantly, extend the expertise of the Foundation's Investment Committee to the entire endowment.

Expenditures

In correlation with the recommendations of the SPTF, the university's 2012 expenditure budget was reduced by 0.7 percent over the previous fiscal year. Specifically, the educational and general budget was decreased by two percent or \$10.6 million dollars. This decrease in budgeted expenditures included \$7.9 million in Strategic Priorities initiatives and was offset by a two percent salary increase for faculty and staff.

In an ongoing effort to control the rise in nationwide health care costs, Miami continued to implement the Healthy Miami wellness program. The first of three phases was introduced in fiscal year 2011 and the second phase will be completed in fiscal year 2012. This program is designed to help employees learn more about their personal health and take actions necessary to improve and monitor their health through screenings.

In light of the global, national, and state challenges, Miami University is pursuing an intentional cultural change. President Hodge, in his 2011 Annual Address stated, "We need to create a culture that embraces change confidently and enthusiastically, a culture that sees change as an opportunity rather than a necessity, a culture that engages change to pursue excellence relentlessly." The 2011 positive operating results and the 2012 budget reductions in permanent operating funds are a reflection of the SPTF goals, which will help provide the resources to lead the university through cultural change to create an institutional entrepreneurial culture where the outcome is academic excellence and student success.

Miami University
Statements of Net Assets
June 30, 2011 and 2010

	Miami University		University Foundation	
	2011	2010	2011	2010
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 145,379,653	\$ 60,833,558	\$ 19,750,070	\$ 15,074,100
Investments (includes \$20.0 million at June 30, 2011 of bond proceeds)	197,759,313	107,989,530	0	0
Accounts, pledges and notes receivable, net	38,231,922	41,894,807	17,565,673	11,471,749
Inventories	3,911,172	4,474,736	0	0
Prepaid expenses and deferred charges	2,944,172	3,490,846	0	0
Total current assets	388,226,232	218,683,477	37,315,743	26,545,849
NONCURRENT ASSETS				
Restricted cash and cash equivalents	0	0	1,474,783	1,059,149
Investments	167,652,463	146,384,200	231,514,266	201,172,625
Pledges and notes receivable, net	6,355,458	6,655,414	31,552,046	38,265,059
Nondepreciable capital assets	77,077,480	48,913,280	0	0
Depreciable capital assets, net	636,889,507	655,389,668	0	0
Total noncurrent assets	887,974,908	857,342,562	264,541,095	240,496,833
Total assets	\$ 1,276,201,140	\$ 1,076,026,039	\$ 301,856,838	\$ 267,042,682
 LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 21,642,092	\$ 18,900,071	\$ 11,373,323	\$ 12,551,904
Accrued salaries and wages	15,137,155	15,971,627	0	0
Accrued compensated absences	1,356,104	1,189,507	0	0
Deferred revenue	10,499,129	11,963,742	0	0
Deposits	9,806,927	9,619,425	0	0
Long term debt - current portion	16,186,647	12,639,203	0	0
Other current liabilities	0	0	547,944	847,377
Total current liabilities	74,628,054	70,283,575	11,921,267	13,399,281
NONCURRENT LIABILITIES				
Accrued compensated absences	15,179,374	14,267,940	0	0
Bonds payable	315,597,424	205,169,941	0	0
Note payable	1,656,789	1,733,715	0	0
Capital leases payable	1,003,045	1,894,053	0	0
Federal Perkins loan program	6,457,987	6,518,788	0	0
Other noncurrent liabilities	0	0	6,954,153	5,946,214
Total noncurrent liabilities	339,894,619	229,584,437	6,954,153	5,946,214
Total liabilities	414,522,673	299,868,012	18,875,420	19,345,495
NET ASSETS				
Invested in capital assets, net of related debt	475,850,789	480,984,748	0	0
Restricted net assets				
Nonexpendable	89,023,106	76,926,360	150,091,389	143,362,903
Expendable	56,633,817	50,709,308	132,640,934	106,942,118
Unrestricted net assets	240,170,755	167,537,611	249,095	(2,607,834)
Total net assets	861,678,467	776,158,027	282,981,418	247,697,187
Total liabilities and net assets	\$ 1,276,201,140	\$ 1,076,026,039	\$ 301,856,838	\$ 267,042,682

See accompanying notes to financial statements.

Miami University
Statements of Revenues, Expenses, and Changes in Net Assets
Year ended June 30, 2011 and 2010

	Miami University		University Foundation	
	2011	2010	2011	2010
OPERATING REVENUES				
Tuition, fees, and other student charges	\$ 364,624,732	\$ 381,281,446	\$ 0	\$ 0
Less Ohio Leader and Ohio Resident Scholarships	(36,577,490)	(74,461,203)	0	0
Less allowance for student scholarships	(60,762,961)	(51,518,541)	0	0
Net tuition, fees, and other student charges	267,284,281	255,301,702	0	0
Sales and services of auxiliary enterprises	119,743,824	119,061,465	0	0
Less allowance for student scholarships	(4,701,315)	(4,129,050)	0	0
Net sales and services of auxiliary enterprises	115,042,509	114,932,415	0	0
Federal contracts	14,982,882	14,941,625	0	0
Gifts	0	0	8,131,893	6,621,410
Sales and services of educational activities	3,909,507	4,246,798	0	0
Private contracts	2,476,779	2,520,746	0	0
State contracts	1,200,489	1,854,140	0	0
Local contracts	286,524	321,991	0	0
Other	5,427,688	3,874,597	0	0
Total operating revenues	410,610,659	397,994,014	8,131,893	6,621,410
OPERATING EXPENSES				
Education and general:				
Instruction and departmental research	166,583,779	166,001,841	0	0
Separately budgeted research	16,394,725	17,152,920	0	0
Public service	1,981,871	2,456,073	0	0
Academic support	49,731,409	50,322,795	0	0
Student services	23,250,532	23,229,820	0	0
Institutional support	37,757,289	36,443,663	0	0
Operation and maintenance of plant	31,858,558	33,244,689	0	0
Scholarships and fellowships	23,023,411	23,038,554	0	0
Auxiliary enterprises	103,598,299	105,594,440	0	0
Depreciation	38,339,812	38,015,560	0	0
Other	4,932,002	4,450,455	0	0
Total operating expenses	497,451,687	499,950,810	0	0
Net operating gain (loss)	(86,841,028)	(101,956,796)	8,131,893	6,621,410
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	70,795,961	71,924,155	0	0
Federal fiscal stabilization funds	11,669,447	11,633,974	0	0
Gifts, including \$14,660,423 in FY11 and \$17,857,855 in FY10 from the University Foundation	16,746,849	20,937,185	0	0
Federal grants	30,020,591	23,627,443	0	0
Net investment income, net of investment expense of \$2,564,317 for University and \$2,599,412 for the Foundation in FY11 \$1,485,693 for University and \$1,269,572 for the Foundation in FY10	33,824,309	24,874,580	33,526,615	22,732,610
State grants	1,319,694	1,441,507	0	0
Interest on debt	(12,710,910)	(9,447,869)	0	0
Payments to Miami University	0	0	(14,660,423)	(17,857,855)
Other non-operating revenues (expenses)	1,510,896	436,509	1,168,881	(4,033,248)
Net non-operating revenues (expenses)	153,176,837	145,427,484	20,035,073	841,507
Income before other revenues, expenses, and gains or losses	66,335,809	43,470,688	28,166,966	7,462,917
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
State capital appropriation	12,366,955	11,504,340	0	0
Capital grants and gifts	5,081,520	9,238,334	0	0
Additions to permanent endowments	1,736,156	3,924,836	7,117,265	10,190,194
Total other revenues, expenses, gains, or losses	19,184,631	24,667,510	7,117,265	10,190,194
INCREASE IN NET ASSETS	\$ 85,520,440	\$ 68,138,198	\$ 35,284,231	\$ 17,653,111
Net assets at beginning of year	776,158,027	708,019,829	247,697,187	230,044,076
Net assets at end of year	\$ 861,678,467	\$ 776,158,027	\$ 282,981,418	\$ 247,697,187

See accompanying notes to financial statements.

Miami University
Statements of Cash Flows
Year ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees, and other student charges	\$ 325,761,824	\$ 303,724,525
Sales and services of auxiliary enterprises	121,261,724	119,331,940
Contracts	21,699,698	17,419,248
Other operating receipts	9,305,233	8,319,643
Payments for employee compensation and benefits	(314,332,665)	(315,162,628)
Payments to vendors for services and materials	(124,815,365)	(124,040,591)
Student scholarships	(88,487,687)	(78,686,145)
Loans issued to students and employees	(2,155,666)	(1,975,381)
Collection of loans from students and employees	1,890,560	2,343,138
Net cash used for operating activities	(49,872,344)	(68,726,251)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State share of instruction and federal fiscal stabilization funds	82,465,408	83,558,129
Grants for noncapital purposes	31,340,285	25,068,950
Gifts	19,793,895	18,878,410
Net cash provided by noncapital financing activities	133,599,588	127,505,489
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriation	12,071,153	11,576,140
Grants for capital purposes	3,743,418	8,630,448
Other capital and related receipts	765,333	524,871
Proceeds from debt obligations	126,633,069	0
Payments to construct, renovate, or purchase capital assets	(41,837,568)	(37,894,893)
Principal paid on outstanding debt	(12,290,970)	(10,931,913)
Interest paid on outstanding debt	(11,018,002)	(10,968,327)
Net cash provided by/(used for) capital and related financing activities	78,066,433	(39,063,674)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	87,902,794	66,810,888
Purchases of investments	(168,762,598)	(67,597,445)
Endowment income	3,652,354	6,079,490
Other investment income	(40,132)	(1,375,397)
Net cash provided by/(used for) investing activities	(77,247,582)	3,917,536
NET INCREASE IN CASH	\$ 84,546,095	\$ 23,633,100
Cash and cash equivalents at beginning of year	60,833,558	37,200,458
Cash and cash equivalents at end of year	\$ 145,379,653	\$ 60,833,558

See accompanying notes to financial statements.

Miami University
Statements of Cash Flows
Year ended June 30, 2011 and 2010

	2011	2010
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net Operating Loss, per Statement of Revenues, Expenses, and Changes in Net Assets	\$ (86,841,028)	\$ (101,956,796)
Adjustments to reconcile net operating loss to net cash used for operating activities:		
Depreciation expense	38,339,812	38,015,560
Net loss on disposal of capital assets	139,864	169,416
Accounts receivable bad debt adjustments	57,685	19,824
Adjustments to reconcile change in net assets to net cash used for operating activities		
Accounts receivable	2,569,472	(4,105,066)
Inventories	563,562	71,739
Prepaid expenses	548,081	(1,554,359)
Notes receivable	(85,227)	484,550
Accounts payable	(4,070,213)	2,787,629
Accrued salaries	(834,472)	(1,138,784)
Compensated absences	1,078,031	(867,244)
Deferred income and deposits	(1,277,110)	(701,341)
Federal Perkins loans	(60,801)	48,621
Net cash used for operating activities	\$ <u>(49,872,344)</u>	\$ <u>(68,726,251)</u>
 Supplemental disclosure of noncash information		
Property and equipment included in accounts payable	7,457,701	2,644,479
Property and equipment acquired by gifts in kind	1,338,103	607,887

See accompanying notes to financial statements.

Notes to Financial Statements
June 30, 2011 and 2010

(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 14 members, including two student members and three non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate, and the national trustees are appointed for three-year terms by the voting members.

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, 2010, the university adopted Governmental Accounting Standards Board (GASB) Statement No. 59, *Financial Instruments Omnibus*. The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. There has been no impact to the university financial statements due to the adoption of Statement No. 59.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The statement is effective for periods beginning after June 15, 2012. The university has not yet determined the impact this statement will have on the financial statements.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) issued on or before November 30, 1989. The statement is effective for periods beginning after December 15, 2011. The university has not yet determined the impact this statement will have 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. 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, that are not in 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, as established by the major securities markets. The value of holdings of commingled funds investing in publicly traded stocks and bonds and not having a readily determined market value for fund units is based on the funds' net asset value as supplied by the investment manager. Investments in real estate are recorded at appraised value at the date of donation. The issuing insurance companies determine the cash surrender value of the paid-up life insurance policies annually.

Market prices are not available for certain investments. These investments are carried at estimated fair value provided by the funds' management. Some 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.

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

Inventories

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. Intangible assets include patents, trademarks, land rights and computer software. Land, collections of works of art and historical treasures are capitalized but not depreciated. Any collection that is not capitalized is charged to operations at the time of purchase. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings; 25 years for infrastructure, library books and land improvements; 20 years for improvements to buildings; and 5 to 7 years for equipment, vehicles, and furniture. Intangible assets are depreciated based on the estimated life of each asset. The university's capitalization threshold is the lower of 5 percent of the original building cost or \$100,000 for building renovations and \$5,000 for other capitalized items. The capitalization threshold for intangible assets is \$100,000 except for internally generated computer software which has a threshold of \$500,000.

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 amounts received from grant and contract sponsors that have not yet been earned and amounts received from a tuition payment service for payments received for the next fiscal year. These will be recorded as revenue in the following fiscal year.

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. Effective January 1, 2012 the maximum accrual will be 52 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 a maximum of 40 days. Faculty accrue no vacation benefits.

Full-time faculty, unclassified staff, and classified staff earn 15 days of sick leave per year and individuals who work less than full-time earn sick leave on a pro-rata basis. There is no limit on the number of sick leave hours that can be accumulated. Upon retirement a staff member with 10 or more years of Ohio public service is paid for one-fourth the value of earned but unused sick leave not to exceed 30 days, based on the employee's rate of pay at the time of retirement. The termination payment method is used to compute the liability for sick leave. 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 nonexpendable 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 nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the university. The third category is unrestricted net 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 \$233,523,028 and

\$162,523,346 as of June 30, 2011 and 2010, 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 \$145.4 million in 2011 and \$60.8 million in 2010, respectively. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that includes short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less.

Approximately \$12.4 million of cash and cash equivalents was covered by federal depository insurance; \$67.2 million was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the university may not be able to recover its deposits or collateral securities. The university maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments

Investments held by the university at June 30, 2011 and 2010 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.

The investments as of June 30, 2011, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	\$ 17,841,804	\$ 0	\$ 17,841,804	\$ 0	\$ 0
U.S. Agency bonds	20,339,158	0	20,339,158	0	0
Strips	6,529,423	0	6,529,423	0	0
Government-backed bonds	14,787,111	0	14,787,111		
Corporate bonds	21,248,456	0	0	21,140,455	108,001
Municipal bonds	2,438,825	0	0	2,438,825	0
International bonds	148,129	0	0		148,129
Certificate of deposit (bond proceeds)	20,000,000	0	0	20,000,000	0
Common and preferred stocks	69,848,129	69,848,129	0	0	0
Commingled funds	158,672,705	122,459,074	0	36,213,631	0
Limited partnerships	33,229,245	33,229,245	0	0	0
Real estate and other	328,791	328,791	0	0	0
Total investments	\$365,411,776	\$ 225,865,239	\$ 59,497,496	\$ 79,792,911	\$ 256,130

The investments as of June 30, 2010, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	\$ 8,165,256	\$ 0	\$ 8,165,256	\$ 0	\$ 0
U.S. Agency bonds	7,763,364	0	7,763,364	0	0
Strips	2,357,298	0	2,357,298	0	0
Government-backed bonds	4,384,548	0	4,384,548	0	0
Corporate bonds	17,162,133	0	0	16,953,568	208,565
Municipal bonds	1,896,978	0	0	1,896,978	0
International bonds	327,332	0	327,332	0	0
Common and preferred stocks	59,477,952	59,477,952	0	0	0
Commingled funds	128,166,164	80,077,461	31,959,456	13,279,329	2,849,918
Limited partnerships	24,357,820	24,357,820	0	0	0
Real estate and other	314,885	314,885	0	0	0
Total investments	\$ 254,373,730	\$ 164,228,118	\$ 54,957,254	\$ 32,129,875	\$3,058,483

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

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

Bond investments by length of maturity as of June 30, 2011, are summarized as follows:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury bonds	\$ 17,841,804	\$ 1,740,093	\$ 12,364,704	\$ 3,737,007	\$ 0
U.S. Agency bonds	20,339,158	4,022,970	12,757,476	3,558,712	0
Strips	6,529,423	0	5,749,795	0	779,628
Government-backed bonds	14,787,111	0	14,617,666	169,445	0
Corporate bonds	21,248,456	2,029,930	12,993,739	6,008,984	215,803
International bonds	148,129	0	148,129	0	0
Municipal bonds	2,438,825	105,796	1,468,059	864,970	0
Commingled bond funds	36,213,632	0	6,180,014	30,033,618	0
Total Bonds	\$119,546,538	\$ 7,898,789	\$ 66,279,582	\$ 44,372,736	\$ 995,431

Bond investments by length of maturity as of June 30, 2010, are summarized as follows:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury bonds	\$ 8,165,256	\$ 301,452	\$ 6,516,152	\$ 1,347,652	\$ 0
U.S. Agency bonds	7,763,364	1,792,867	4,707,470	1,263,027	0
Strips	2,357,298	499,510	1,333,132	382,224	142,432
Government-backed bonds	4,384,548	0	4,172,925	211,623	0
Corporate bonds	17,162,133	2,862,170	10,364,932	3,935,031	0
International bonds	327,332	0	179,090	148,242	0
Municipal bonds	1,896,978	0	477,881	1,419,097	0
Commingled bond funds	48,512,971	9,366,867	20,651,428	11,014,667	7,480,009
Total Bonds	\$ 90,569,880	\$14,822,866	\$48,403,010	\$19,721,563	\$ 7,622,441

All of the university's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of university assets. Investments include approximately \$89.2 million and \$46.8 million as of June 30, 2011 and 2010, respectively, managed by international and global equity managers, and such international investments are exposed to foreign currency risk. The university's investments that

are exposed to concentration risk consist of securities issued by the U.S. Treasury which represents 12.2% of investments. No other single issuer represents more than 5% of investments.

Fair values were determined based on prices of established securities markets, with the exception of some hedge funds and alternative investments whose fair values were provided by the funds' managements. Alternative investments generally represent investments that are less liquid than publicly traded securities and include private equity, investments in real assets, and other strategies. Hedge funds may include, but are not limited to, long and short investments in domestic and international equity securities, distressed securities, fixed income securities, currencies, commodities, options, futures, and other derivatives. Many of these securities are intended to reduce market risk, credit risk, and interest rate risk. As of June 30, 2011, the university has made commitments to limited partnerships totaling \$24.9 million that have not yet been funded.

Endowment Funds

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

The university employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the endowment investment pool. The University Board has approved an endowment spending policy whereby distributions in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value and a 70% weight to inflation. Annually the university establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment investment pool to other funds. The authorized spending amount was \$8,059,182 in 2011 and \$7,694,587 in 2010. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$7,616,131 and \$6,650,929 was distributed for expenditure for 2011 and 2010, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

(3) Accounts Receivable

The accounts, pledges and notes receivable as of June 30, 2011 and 2010, are summarized as follows:

	2011	2010
Accounts Receivable		
Student receivables	\$ 9,887,857	\$ 8,839,858
University Foundation	11,301,092	12,490,461
State capital appropriations	5,163,518	4,867,716
Grants and contracts	3,636,505	5,314,129
Investment trade settlements	0	549,103
Other receivables	<u>2,871,184</u>	<u>3,562,328</u>
Total accounts receivable	\$ 32,860,156	\$ 35,623,595
Less allowance for doubtful accounts	<u>(1,035,000)</u>	<u>(785,000)</u>
Net accounts receivable	\$ 31,825,156	\$ 34,838,595
Pledges Receivable		
Pledges receivable	\$ 3,412,792	\$ 4,471,960
Less allowance for doubtful pledges	<u>(368,784)</u>	<u>(393,830)</u>
Net pledges receivable	\$ 3,044,008	\$ 4,078,130
Notes Receivable		
Federal loan programs	\$ 8,165,126	\$ 7,892,480
University loan programs	<u>3,044,090</u>	<u>3,132,016</u>
Total notes receivable	\$ 11,209,216	\$ 11,024,496
Less allowance for doubtful notes	<u>(1,491,000)</u>	<u>(1,391,000)</u>
Net notes receivable	\$ 9,718,216	\$ 9,633,496
Total	<u>\$ 44,587,380</u>	<u>\$ 48,550,221</u>

(4) Capital Assets

The capital assets and accumulated depreciation as of June 30, 2011, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	\$ 4,841,276	\$ 0	\$ 0	\$ 4,841,276
Collections of Works of Art and Historical Treasures	6,665,257	663,308	0	7,328,565
Construction in Progress	<u>37,406,747</u>	<u>35,617,264</u>	<u>8,116,372</u>	<u>64,907,639</u>
Nondepreciable capital assets	\$ 48,913,280	\$ 36,280,572	\$ 8,116,372	\$ 77,077,480
Land Improvements	28,093,190	1,620,307	0	29,713,497
Buildings	766,005,259	7,140,815	0	773,146,074
Infrastructure	112,718,339	3,315,973	0	116,034,312
Machinery and Equipment	114,539,375	4,754,319	5,287,686	114,006,008
Library Books and Publications	62,619,357	1,686,182	0	64,305,539
Vehicles	9,059,890	261,936	185,058	9,136,768
Intangible Assets	<u>14,993,532</u>	<u>1,199,983</u>	<u>0</u>	<u>16,193,515</u>
Depreciable capital assets	<u>\$1,108,028,942</u>	<u>\$ 19,979,515</u>	<u>\$ 5,472,744</u>	<u>\$1,122,535,713</u>
Total capital assets	<u>\$1,156,942,222</u>	<u>\$ 56,260,087</u>	<u>\$13,589,116</u>	<u>\$1,199,613,193</u>
Less Accumulated Depreciation:				
Buildings	292,434,553	20,929,975	0	313,364,528
Infrastructure	41,359,644	4,265,321	0	45,624,965
Land Improvements	9,505,103	958,779	0	10,463,882
Machinery and Equipment	58,319,111	8,655,970	5,152,631	61,822,450
Library Books and Publications	35,563,290	2,163,408	0	37,726,698
Vehicles	6,898,219	415,756	180,249	7,133,726
Intangible Assets	<u>8,559,354</u>	<u>950,603</u>	<u>0</u>	<u>9,509,957</u>
Total Accumulated Depreciation	<u>\$ 452,639,274</u>	<u>\$ 38,339,812</u>	<u>\$ 5,332,880</u>	<u>\$ 485,646,206</u>
Capital Assets, Net	<u>\$ 704,302,948</u>	<u>\$ 17,920,275</u>	<u>\$ 8,256,236</u>	<u>\$ 713,966,987</u>

The capital assets and accumulated depreciation as of June 30, 2010, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	\$ 4,841,276	\$ 0	\$ 0	\$ 4,841,276
Collections of Works of Art and Historical Treasures	6,249,107	416,150	0	6,665,257
Construction in Progress	<u>91,766,031</u>	<u>22,379,319</u>	<u>76,738,603</u>	<u>37,406,747</u>
Nondepreciable capital assets	\$ 102,856,414	\$ 22,795,469	\$ 76,738,603	\$ 48,913,280
Land Improvements	25,503,174	2,590,016	0	28,093,190
Buildings	690,741,899	75,263,360	0	766,005,259
Infrastructure	109,681,326	3,037,013	0	112,718,339
Machinery and Equipment	146,458,730	5,181,004	37,100,359	114,539,375
Library Books and Publications	61,106,896	1,512,461	0	62,619,357
Vehicles	9,045,086	308,957	294,153	9,059,890
Intangible Assets	<u>13,641,300</u>	<u>1,432,339</u>	<u>80,107</u>	<u>14,993,532</u>
Depreciable capital assets	\$ 1,056,178,411	\$ 89,325,150	\$ 37,474,619	\$1,108,028,942
Total capital assets	\$ 1,159,034,825	\$ 112,120,619	\$114,213,222	\$1,156,942,222
Less Accumulated Depreciation:				
Buildings	272,502,404	19,932,149	0	292,434,553
Infrastructure	37,102,125	4,257,519	0	41,359,644
Land Improvements	8,610,427	894,676	0	9,505,103
Machinery and Equipment	85,901,742	9,348,312	36,930,943	58,319,111
Library Books and Publications	33,395,437	2,167,853	0	35,563,290
Vehicles	6,664,879	527,493	294,153	6,898,219
Total Accumulated Depreciation	<u>7,751,903</u>	<u>887,558</u>	<u>80,107</u>	<u>8,559,354</u>
Capital Assets, Net	\$ 451,928,917	\$ 38,015,560	\$ 37,305,203	\$ 452,639,274
	\$ 707,105,908	\$ 74,105,059	\$ 76,908,019	\$ 704,302,948

(5) Long term Liabilities

The long term liabilities as of June 30, 2011, are summarized as follows:

Bonds, Leases, and Notes Payable	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 210,880,000	\$125,000,000	\$ 11,285,000	\$ 324,595,000	\$ 14,650,000
Capital leases payable	2,810,442	0	933,107	1,877,335	874,290
Notes payable	1,806,578	0	72,863	1,733,715	76,926
Premiums, issue costs, loss on refunding	<u>5,939,892</u>	<u>773,152</u>	<u>475,189</u>	<u>6,237,855</u>	<u>585,431</u>
Total bonds, leases, and notes payable	\$ 221,436,912	\$ 125,773,152	\$ 12,766,159	\$ 334,443,905	\$ 16,186,647
Other Liabilities					
Compensated absences	15,457,447	6,471,632	5,393,601	16,535,478	1,356,104
Federal Perkins loans	<u>6,518,788</u>	<u>228,515</u>	<u>289,316</u>	<u>6,457,987</u>	<u>0</u>
Total other liabilities	\$ 21,976,235	6,700,147	5,682,917	22,993,465	1,356,104
Total	<u>\$ 243,413,147</u>	<u>\$ 132,473,299</u>	<u>\$ 18,449,076</u>	<u>\$ 357,437,370</u>	<u>\$ 17,542,751</u>

The long term liabilities as of June 30, 2010, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Leases, and Notes Payable					
Bonds payable	\$ 220,814,612	\$ 0	\$ 9,934,612	\$ 210,880,000	\$ 11,285,000
Capital leases payable	3,738,728	0	928,286	2,810,442	916,389
Notes payable	1,875,593	0	69,015	1,806,578	72,863
Premiums, issue costs, loss on refunding	<u>6,304,842</u>	<u>0</u>	<u>364,950</u>	<u>5,939,892</u>	<u>364,951</u>
Total bonds, leases, and notes payable	\$ 232,733,775	\$ 0	\$ 11,296,863	\$ 221,436,912	\$ 12,639,203
Other Liabilities					
Compensated absences	16,324,692	6,993,176	7,860,421	15,457,447	1,189,507
Federal Perkins loans	<u>6,470,167</u>	<u>291,527</u>	<u>242,906</u>	<u>6,518,788</u>	<u>0</u>
Total other liabilities	<u>\$ 22,794,859</u>	<u>\$ 7,284,703</u>	<u>\$ 8,103,327</u>	<u>\$ 21,976,235</u>	<u>\$ 1,189,507</u>
Total	<u><u>\$ 255,528,634</u></u>	<u><u>\$ 7,284,703</u></u>	<u><u>\$ 19,400,190</u></u>	<u><u>\$ 243,413,147</u></u>	<u><u>\$ 13,828,710</u></u>

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

(6) Indebtedness

The bonds 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.

During the year ended June 30, 2011 the university issued \$125,000,000 in General Receipts Revenue Bonds consisting of \$105,445,000 Series 2010A (Federally Taxable Build America Bonds – Direct Payment) and \$19,555,000 Series 2010B (Tax-Exempt Bonds). Interest rates range from 4.807% to 6.772% for the Series 2010A bonds and from 2.00% to 5.00% for the Series 2010B bonds. Maturities range from 2017 to 2035 for the Series 2010A bonds and from 2011 to 2016 for the Series 2010B bonds. The Series 2010 bond proceeds are being used to provide funding, together with other university resources, for two major project initiatives. These are the first phase of planned improvements to student housing and dining facilities and the first phase of construction of the Armstrong Student Center.

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

During the year ended June 30, 2007, the university issued \$83,210,000 in General Receipts Revenue Bonds with interest rates ranging from 3.25 percent to 5.25 percent and maturities from 2010 to 2026. The proceeds were used to fund capital asset additions.

During the year ended June 30, 2005 the university issued \$98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3 percent to 5 percent and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the university defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was \$12,650,000 and \$13,955,000 as of June 30, 2011 and 2010, respectively.

During the year ended June 30, 2003, the university issued \$61,400,000 in General Receipts Revenue and Refunding Bonds. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1993 and for the funding of additional capital assets.

The university incurred interest costs of \$12,865,732 and \$9,447,869 as of June 30, 2011 and 2010, respectively. For the year ended June 30, 2011, \$154,822 of the interest cost was capitalized. No interest cost was capitalized for the year ended June 30, 2010.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2011, are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds Payable			
Series 2010A general receipts	2018 – 2036	4.807% - 6.772%	\$ 105,445,000
Series 2010B general receipts	2012 – 2017	2.00% - 5.00%	19,555,000
Series 2007 general receipts	2012 – 2027	3.25% - 5.25%	77,610,000
Series 2005 general receipts	2012 – 2025	3.375% – 5.0%	78,655,000
Series 2003 general receipts	2012 – 2024	3.5% - 5.5%	43,330,000
Note Payable			
U.S. Department of Education	2012 – 2026	5.5%	<u>1,733,715</u>
Total Bonds and Notes Payable			\$ 326,328,715
Bond premiums			(8,829,575)
Bond issuance costs			2,076,684
Deferred loss on refunding			<u>515,037</u>
Total Bonds and Notes Payable, net			<u><u>\$ 320,090,861</u></u>

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

Year Ended June 30	Principal	Interest	Total
2012	\$ 14,726,926	\$ 16,592,728	\$ 31,319,654
2013	15,746,215	16,017,732	31,763,947
2014	16,385,743	15,321,298	31,707,041
2015	15,230,524	14,573,395	29,803,919
2016	15,950,571	13,825,089	29,775,660
2017 – 2021	87,618,985	56,799,446	144,418,431
2022 – 2026	88,094,751	34,077,229	122,171,980
2027 – 2031	36,090,000	17,573,577	53,663,577
2032 – 2036	<u>36,485,000</u>	<u>6,393,615</u>	<u>42,878,615</u>
Total	<u><u>\$ 326,328,715</u></u>	<u><u>\$ 191,174,109</u></u>	<u><u>\$ 517,502,824</u></u>

The university has \$1,877,335 in capitalized lease obligations that have varying maturity dates through 2014 and carry implicit interest rates ranging from 3.28 percent to 17.16 percent. The scheduled maturities of these leases as of June 30, 2011, are:

Year Ended June 30	Minimum Lease Payments
2012	\$ 946,194
2013	780,260
2014	<u>255,361</u>
Total minimum lease payments	\$ 1,981,815
Less amount representing interest	<u>(104,480)</u>
Net minimum lease payments	<u><u>\$ 1,877,335</u></u>

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2011 and June 30, 2010 are \$1,605,123 and \$1,362,497 for buildings and \$3,800,408 and \$3,939,087 for equipment.

(7) Retirement Plans

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

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

Defined Benefit Plans:

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

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

Contribution rates for STRS Ohio 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 2010 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2010, and June 30, 2009, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund (Note 8).

During calendar year 2010, employees covered by the OPERS system were required by state statute to contribute 10.0 percent of their salary to the plan. The university was required to contribute 14.0 percent of covered payroll. Law enforcement employees who are a part of the OPERS law enforcement division contribute 11.1 percent of their salary to the plan. For these employees, the university was required to contribute 17.87 percent of covered payroll. The portion of employer contributions to OPERS allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent from March 1 through December 31, 2010 (Note 8).

The payroll for employees covered by STRS Ohio for the years ended June 30, 2011 and 2010, were approximately \$64,727,000 and \$66,222,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2011 and 2010, were approximately \$84,585,000 and \$87,443,000, respectively.

Defined Contribution Plan:

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

The payroll for employees electing the alternative retirement program for the years ended June 30, 2011 and 2010, were approximately \$47,826,000 and \$47,853,000, respectively.

Combined Plans:

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

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. OPERS also provides retirement, disability, survivor, and

postretirement health care benefits to qualified members. The portion of employer contributions to OPERS allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010 (Note 8).

Retirement Plan Funding:

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

	Employer Contribution		Alternative Programs
	STRS Ohio	OPERS	
2011	\$ 9,061,840	\$ 11,841,929	\$ 5,530,805
2010	9,271,116	12,303,519	5,575,241
2009	9,587,418	13,480,250	6,878,942

(8) Other Postemployment Benefits

In addition to the pension benefits described in Note 7, STRS Ohio and OPERS provide postretirement health care coverage to retirees and their dependents. Health care coverage for disability recipients and primary survivor recipients is also provided. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. A portion of the employer contribution is allocated to fund the health care benefits (Note 7).

OPERS health care benefits are advance-funded on an actuarially determined basis. The amount of employer contributions actually made to fund post-employment benefits was \$4.3 million.

(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 the resources held by the foundation can be used only by and for the benefit of the university, the foundation is considered a component unit of the university and is discretely presented in the university's financial statements.

The foundation board is comprised of a maximum of 29 members. Up to 21 members are elected by the board and eight members are appointed by Miami University. At least two-thirds of the elected trustees are required to be alumni or former students of Miami University. 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.

Summary financial information for the foundation as of June 30, 2011, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	\$ 249,095	\$ 132,640,934	\$ 150,091,389	\$ 282,981,418
Change in net assets for the year	2,856,929	25,698,816	6,728,486	35,284,231
Distributions to Miami University	14,660,423	0	0	14,660,423

Summary financial information for the foundation as of June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	\$ (2,607,834)	\$ 106,942,118	\$ 143,362,903	\$ 247,697,187
Change in net assets for the year	6,690,639	6,485,992	4,476,480	17,653,111
Distributions to Miami University	17,857,855	0	0	17,857,855

(a) Cash and Cash Equivalents - Cash and cash equivalents consists primarily of cash in banks, money market accounts, BlackRock Liquidity Federal Trust Fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. On June 30, approximately \$451,003 of cash and cash equivalents was covered by federal depository insurance and the remainder was not insured, exposing it to custodial credit risk. The foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

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

Market prices are not available for certain investments. These investments are carried at estimated fair value provided by the funds' managements. Some 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 foundation believes that the carrying amounts are reasonable estimates of fair value as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of gain or

loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting.

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

(c) Long-Term Investments

Investments held by the foundation as of June 30 were:

<u>Investment Description</u>	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Domestic Public Equities	\$ 27,987,199	\$ 32,871,867	\$ 25,219,743	\$ 24,206,859
Global Public Equities	36,946,791	43,007,452	36,528,862	36,520,067
International Public Equities	10,801,774	12,752,544	8,801,774	8,882,680
Domestic Public Fixed Income	7,029,540	8,035,284	13,584,364	15,264,463
Global Public Fixed Income	7,584,763	7,821,539	0	0
Hedge Funds	47,626,743	64,201,566	51,682,305	64,220,993
Private Investments	60,857,752	52,496,982	54,982,905	42,893,316
Split-Interest Funds	<u>10,989,523</u>	<u>11,827,901</u>	<u>10,972,295</u>	<u>10,503,928</u>
Subtotal	<u>209,824,085</u>	<u>233,015,135</u>	<u>201,772,248</u>	<u>202,492,306</u>
Less assets held for Miami University Paper Science & Engineering Foundation	<u>(2,550,000)</u>	<u>(3,436,016)</u>	<u>(2,550,000)</u>	<u>(3,096,747)</u>
Total	<u>\$207,274,085</u>	<u>\$229,579,119</u>	<u>\$199,222,248</u>	<u>\$199,395,559</u>

The foundation maintains a diversified investment portfolio for the Pooled Funds, intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The foundation's investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of foundation assets. As of June 30, 2011, the foundation has made commitments to limited partnerships of approximately \$24.9 million that have not yet been funded.

The 2011 dividend and interest income of \$1,970,234, as reported in the Statement of Activities, is net of fees from external investment managers totaling \$644,702. The 2010 dividend and interest income of \$2,401,012 is reported net of fees from external investment managers totaling \$627,407.

(d) Fair Value Measurements - The foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Subsequent changes in fair value are recorded as an adjustment to earnings.

(e) Pledges Receivable - As of June 30, 2011, contributors to the foundation have made unconditional pledges totaling \$52,823,500 with 19 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using current interest rates to a net present value of \$50,804,307, which represents fair market value at June 30, 2011. Discount rates based on the U.S. Treasury yield curve three-year average ranged from .36 percent to 3.88 percent for 2011. Management has set up an allowance for uncollectible pledges of \$3,289,367 at June 30, 2011. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time.

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.

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

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

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

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

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were \$223,549 as of June 30, 2011 and \$3,036,760 as of June 30, 2010. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

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

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

(10) Commitments

At June 30, 2011, the university is committed to future contractual obligations for capital expenditures of approximately \$29.9 million. These commitments are being funded from the following sources:

Contractual Obligations

Approved state appropriations not expended	\$ 5,744,035
University funds	<u>24,111,095</u>
Total	<u><u>\$ 29,855,130</u></u>

(11) Risk Management

The university’s employee health insurance program is a self-insured plan. As of January 1, 2009, the administration of the plan was changed from Anthem Blue Cross and Blue Shield to Humana Inc. Employees are offered two plan options, a Traditional PPO Plan or a High Deductible Health Plan with a Health Savings Account.

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not

reported in the amount of \$3,867,600 and \$2,439,200 is included in the accrued salaries and wages as of June 30, 2011 and 2010, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2011	2010
Liability at beginning of year	\$ 2,908,351	\$ 2,539,910
Claims incurred	34,379,797	31,974,238
Claims paid	(34,505,521)	(31,799,797)
Increase (decrease) in estimated claims incurred but not reported	<u>1,428,800</u>	<u>194,000</u>
Liability at end of year	<u>\$ 4,211,427</u>	<u>\$ 2,908,351</u>

To reduce potential loss exposure, the university has established a reserve for health insurance stabilization of \$5.2 million.

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 \$50.0 million. The property insurance program has been in place for 17 years during which time Miami has had one material loss above the pool deductible of \$350,000. The deductible for individual schools is \$100,000. The casualty program has been in place for 12 years during which time Miami has had one loss above the pool deductible, which was \$250,000 at the time. The current self-insured retention is \$1.0 million, and the deductible for individual schools is \$100,000. The university also carries commercial insurance for other risks. Over the past five 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.

(13) Subsequent Events

Effective July 1, 2011, the university entered into a Pooled Investment Agreement with the foundation whereby the foundation will collectively manage all of the foundation and university endowment and quasi-endowment funds in a single investment pool. All cash sums, securities and other property detailed in the Pooled Investment Agreement were transferred from the university to the foundation on July 1, 2011. The collective investments will be governed by the Investment Committee of the foundation.

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Supplemental Educational Opportunity Grant Program	84.007	P007A103315	\$ 1,162,323
College Work Study Program	84.033	P033A103315	828,047
Federal Perkins Loan Program	84.038	P037Y103315	9,426,697
Federal Pell Grant Program	84.063	P063P0342	24,711,315
Federal Direct Student Loan Program	84.268	P268KI00342	112,675,397
Academic Competitiveness Grant Program	84.375	P375A060342	849,609
National Science and Mathematics Access to Retain Talent (SMART) Grant	84.376	P376S060342	486,721
TEACH Grant Program	84.379	P379T090342	2,533,471
Total U.S. Department of Education			<u>152,673,580</u>
Total Student Financial Assistance Cluster			<u>152,673,580</u>
RESEARCH AND DEVELOPMENT CLUSTER			
U.S. Department of Agriculture			
Effects of Polyphenolic Substances on Soil Organic Matter	10.2	58-1932-6-634	80,760
Effort of Landscape Structure on Invasion Dynamics of the Invasive Shrub Lonicera Maackii	10.206	2007-35320-18349	65,673
Restoration of Blight-resistant American Chestnut Trees on Mine Land in Ohio	10.652	06-JV11242300-093	3,524
Display, Curation and Dissemination of Genome Mapping for Loblolly Pine	10.664	10JV11330126-012	5,200
Comparative Genome Mapping and Microsatellite DNA Sequence Resources	10.664	11-JV-11330126-020	7,606
Host-Range Studies of Baculoviruses for Insect Control	10.961	58-3148-7-164	11,871
Total U.S. Department of Agriculture-Direct Programs			<u>174,634</u>
Pass-Through Programs From:			
University of Nevada-Reno: Research to Develop Indicators of Change for Lake Tahoe's Nearshore Fish Community	10.652	09-38	<u>-3,373</u>
Total U.S. Department of Agriculture			<u>171,261</u>
U.S. Department of Commerce:			
NIST SURF			
Summer Undergraduate Research Fellowship Partnership in Physics	11.609	70NANB1H084	700
Summer Undergraduate Research Fellowship Partnership in Physics	11.609	70NANB1H099	14,307
Summer Undergraduate Research Fellowship Partnership in Physics	11.609	70NANB1H042	22,650
Total U.S. Department of Commerce-Direct Programs			<u>37,657</u>
Pass-Through Programs From:			
OSURF: Knauss Fellowship - Carl Nim	11.417	60021062	20,133
Stratus Consulting: Assessment of Ecological Impacts of the BP Deep Horizon Oil Spill	11.XXX	S087-OC-1553	31,425
Total U.S. Department of Commerce-Pass-Through Programs			<u>51,558</u>
Total U.S. Department of Commerce			<u>89,215</u>
Department of Defense:			
Enabling Large- Scale Multi-User Immersive Virtual Reality Simulations	12.431	W911NF-10-1-0301	121,272
Realistic Simulation of Environments of Unlimited Size in Immersive Virtual Environments	12.431	W911NF-08-1-0474	128,914
Precise GPS Signal Tracking in Interference and Multipath Environment Using a Multi-Channel Software Receiver	12.8	FA9550-08-1-0071	53,161
Satellite Signal Parameter Estimation Algorithms for High-Accuracy Applications	12.8	FA9550-10-1-0346	148,351
Cross-Conjugated Nanoarchitectures	12.8	FA9550-10-1-0377	191,794
Total Department of Defense-Direct Programs			<u>643,492</u>
Pass-Through Programs From:			
Tsui Consulting: Algorithms for Digital Wideband Receiver Design/Analysis for Electronic Attack - Phase 2	12.3	--	74,790
General Dynamics: Progressive Failure Analysis of Translaminar Reinforced Composite Structures	12.8	F3446-10-45-SC01-01	51,961
UES, Inc. :Modeling the Thermal Management of a Directed Energy power System Using MATLAB	12.XXX	S-745-41-MR019	28,013
Universal Technology Corporation: Experimental Analytical Nonlinear Structural Response Prediction	12.XXX	10-S2601-03-C24	46,558
Shaw Environmental: The Influence of Plant-Microbe Interactions on the Mobility and Bioavailability of Arsenic in Soil	12.XXX	570951 OP	61,175
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYRN	12.XXX	RF01130475	69,944
DHS-Norwich University: Cyber Conflict Research Consortium Web*DECIDE	12.XXX	SA 2008-054	147,429
Total Department of Defense-Pass-Through Programs			<u>479,870</u>
Total Department of Defense			<u>1,123,362</u>
National Security Agency:			
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-09-1-0099	1
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-11-1-0223	67,098
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-10-1-0224	114,915
Total National Security Agency			<u>182,014</u>

MIAMI UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
U.S. Department of the Interior:			
Collaborative Research: Delineating Future Cascadia Megathrust Rupture with Continuous GPS and Seismic Recordings of Episodic Tremor and Slip (ETS)	15.807	G11AP20025	\$ 4,397
Continued Operation of the NTN Precipitation Collection Station in Oxford, OH	15.808	G11PX00205	80
Operation of the NADP/NTN Precipitation Chemistry Station at Oxford, Ohio	15.808	02HQPR00076	15,700
Miocene Arrival of the Yellowstone Hotspot and Inception of Basin and Range Extension in Southern Oregon	15.81	G09AC00145	<u>2,617</u>
Total U.S. Department of the Interior-Direct Programs			<u>22,794</u>
Pass-Through Programs From:			
ODNR-OSU: Classification of Ohio Reservoirs Based on Lower Tropic Levels: Implementing a Watershed Template	15.605	60022564	1,941
ODNR-OSU: Classification of Ohio Reservoirs Based on Lower Tropic Levels: Implementing a Watershed	15.605	60027535	82,156
National Fish and Wildlife Foundation: using Buffer Zones to Promote Amphibian Populations	15.608	--	<u>18,195</u>
Total U.S. Department of the Interior-Pass-Through Programs			<u>102,292</u>
Total U.S. Department of the Interior			<u>125,086</u>
U.S. Department of Justice:			
Pass-Through Programs From:			
Univ. of Massachusetts: Building a Prevention Framework to Address Teen "Sexing" Behaviors	16.543	55100000015355	34,147
Miami Tribe of Oklahoma: Evaluation of Miami Tribe Project	16.731		<u>5,496</u>
Total U.S. Department of Justice			<u>39,643</u>
U.S. Department of Labor:			
Pass-Through Programs From:			
DOL: Enhancing the SCSEP Network: History, Characteristics, Collaboration, and Best Practices	17.235	--	35,179
Cincinnati State: Health Career Collaborative of Greater Cincinnati	17.275	GC-J-20070-1060A-39/A	<u>53,919</u>
Total U.S. Department of Labor			<u>89,098</u>
U.S. Department of Transportation:			
Pass-Through Programs From:			
Ohio Department of Public Safety: 2011 Highway Traffic Safety Evaluation and Action Planning	20.6	H45066	282,756
Ohio Department of Public Safety and Governor's Highway Safety Office	20.601	GG2010-9-00-00-00844-00	<u>173,006</u>
Total U.S. Department of Transportation			<u>455,762</u>
National Aeronautics and Space Administration:			
Aseismic Fault Slip Processes Through Space-Based and Seismic Observations	43.001	NNX09AV31H	29,402
Novel Explorations into the Interactions between Light and Gravity Sensing in Plants	43.002	NNX10AM86G	12,005
Investigations of the plant cytoskeleton in microgravity with gene profiling and cytochemistry	43.002	NNX10AF44G	52,322
Fractional Gravity Studies of Sensory Mechanisms in Root Phototropism	43.002	NNX09AF11G	<u>170,290</u>
Total National Aeronautics and Space Administration			<u>264,019</u>
National Endowment for Humanities:			
Pass-Through Programs From:			
OHC: A People and Their Homeland: The Miami Tribe (Myaamia)	45.129	OHC 10-008	8,863
OHC: Homefront Heroines	45.129	OHC-10-015	<u>9,255</u>
Total National Endowment for Humanities			<u>18,118</u>
Institute of Museum and Library Services:			
Pass-Through Programs From:			
State Library of Ohio: Enhancing Access to Newspaper Collections in DSPace	45.31	VI-3-10	<u>2,259</u>
National Science Foundation:			
National Science Foundation Graduate Research Fellowships	47.XXX	--	9,916
Modeling the Equilibria of Macromolecules	47.041	1104350	19,614
Uniform Metal nanoparticle Arrays as Model Electrocatalysts: Unraveling Particle Structure-Reactivity Relationship	47.049	CHE-0616436	7,684
Natural Structures in Set Theory	47.049	DMS-0700983	11,976
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-1101764	15,593
Cellular NADH Fluorescence as a Metabolic Indicator Under Pressure: Piezophysiological Studies at a Predominantly- Undergraduate Physics Department	47.049	PHY-0957675	17,146
Summer Undergraduate Research Experiences in Chemistry and Biochemistry	47.049	CHE-1004875	22,210
CAREER: Enamine-Metal Lewis Acid Bifunctional Catalysts for Asymmetric Organic Transformations	47.049	CHE1056420	23,870
Materials World Network Collaborative: Semiconductor Nanowire Heterostructures	47.049	DMR-0806572	24,800
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-0645709	26,649
Absoluteness and Choice	47.049	DMS-0801009	38,597
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0856158	<u>39,697</u>

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
National Science Foundation (Continued):			
Algebraic K-Theory of Infinite Groups With Torsion	47.049	DMS-0805605	\$ 39,937
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-1011909	56,308
CAREER: Phylogenetic Diversity of Protist Populations and their Functional Roles in Dry Valley Lake Microbial Loop	47.049	ANT-1056396	57,027
Integrated Paramagnetic Resonance of High Spin Cobalt (II) Systems	47.049	CHE-0809985	134,947
Collaborative Proposal: Miocene Paleoclimatic Reconstruction along the Andean Forearc	47.05	EAR-0609571	-231
Technician Support: Management of Thermal Ionization Mass Spectrometry and Isotope Geochemistry Labs	47.05	EAR-0622267	8,735
Collaborative Research: A Study of Deep Subduction Integrating Broadband Seismology and Mineral Physics	47.05	EAR-0552002	13,050
Collaborative Research: Forearc Cracks and the Rupture Segments of Great Earthquakes, N. Chile and S. Peru	47.05	EAR-0738507	15,595
MRI: Acquisition of a High Resolution Analytical Transmission Electron Microscope for the Miami University Facility	47.05	EAR-0722807	17,658
Constraining Processes and Timescales of Magma Evolution	47.05	EAR-0911182	18,914
Links Between Magma Source Characteristics, Shallow Plumbing, and Eruptive Styles in Mafic Intraplate Volcanic Fields (Lunar Crater Volcanic Field, Nevada)	47.05	EAR1016042	23,494
Identifying Crustal and Mantle Processes in the Central Trans-Mexican Volcanic Belt	47.05	EAR-1019798	24,026
Coprecipitation of Pb and As in Apatite and Applications to Environmental Remediation	47.05	EAR-0952298	40,067
Collaborative Research: Paleoaltimetry of the Tibetan Plateau	47.05	EAR-0609756	40,237
Collaborative Research: Understanding the Causes of Continental Intraplate Tectonism: A Case Study from the Pacific Northwest	47.05	EAR-0506887	49,277
A Study on the Circulation and Structure of Metallic Ions in the Mid-Latitude Ionosphere	47.05	ATM-0653418	49,661
Collaborative Research: Resolving Structural Controls of Episodic Tremor and Slip Along the Length of Cascadia	47.05	EAR-0642765	82,624
Evaluation of Collaborative Research MU CPATH II; Incorporating communication Outcomes into the Computer Science Curriculum	47.07	CCF-0939122 003	29,423
Privacy-Constrained Searching	47.07	CNS-0915843	35,292
HCC: Medium: Collaborative Research: Low Cost, Portable, Multi-User, Immersive Virtual Environment Systems for Education and Training in Worlds of Unlimited Size	47.07	HS-0964324	111,641
CPATH II: Incorporating Communication Outcomes into the Computer Science Curriculum	47.07	CCF-0939122	131,734
II-EN: Enabling Large-Scale Multi-User Immersive Virtual Reality Simulations	47.07	CNS-0958303	176,255
Evaluations of URM:ASSURE: Achieve Success in Science through Undergraduate Research Experiences	47.074	DBI 0731634	-17
Dissertation Research: Causes and Consequences of Cyanobacterial Dominance and Toxin Production	47.074	DEB-1110536	536
Effects of Sublethal Levels of Contamination on Competition Between Anurans and on Community Structure	47.074	DEB-0717088	2,140
Planning Grant: Developing a plan for a Watershed Education and Research Center	47.074	DBI-0935452	7,712
MRI: Acquisition of a Confocal Microscope	47.074	DBI-0821211	7,861
A role for neuron-founder cell interactions in patterning the Drosophila musculature	47.074	IOB-0517515	10,135
Mechanisms of Physiological Mechanisms in Anuran Adaptation to Extreme Cold	47.074	IOS-1022278	16,024
Collaborative Research: Nutrient Co-limitation in Young and Mature Hardwood Forests	47.074	DEB-0949317	19,205
Collaborative Research: Invasion of North Temperate Forest Soils by Exotic Earthworms	47.074	DEB-0739985	23,949
Collaborative Research: Winter Climate Change in a Northern Hardwood Forest	47.074	DEB-0949301	25,050
Investigation of Genes and Complex Social Behavior Under Ecologically Relevant Conditions	47.074	IOS-0614015	26,470
Collaborative Proposal: CPSF30 At The Convergence of RNA Processing, Cellular Signaling and Development in Plants	47.074	IOS-0817829	28,678
Research Experiences for Undergraduates Site: Ecology in Human-Dominated Landscapes	47.074	DBI-0754991	37,894
Modulation of Hippocampal Systems During Classical Conditioning	47.074	IOB-0517575	39,508
LTREB: Response of a Reservoir Ecosystem to Variable Subsidies of Nutrients and Detritus	47.074	DEB-0743192	59,791
Ballistospore Discharge: Adaptations Among Mushroom-forming Fungi	47.074	IOS-0743074	64,044
CAREER: The de novo Discovery of Transposable Elements for the Study of Neutral Substitution Rate Variations in Plant Genomes	47.074	DBI-0953215	64,408
OPUS: Nutrient Cycling by Animals in Freshwater Ecosystems	47.074	DEB-0918993	70,372
Molecular Mechanisms Contributing Evolutionary Morphological Diversity	47.074	IOS-0950964	87,781
RUI: Patterns of Biodiversity of Benthic Invertebrates in Chihuahuan Desert Springs	47.074	DEB-0717064	96,704
Exploring the Generality of Light, Nutrient and Predator Constraints on Food Chain Efficiency	47.074	DEB-0949500	108,223
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IOS-0840772	116,729
Arabidopsis Kleisin Proteins and Their Role in Meiosis and Chromosome Biology	47.074	MCB-0718191	183,559
URM: ASSURE - Achieving Success in Science through Undergraduate Research Experiences	47.074	DBI-0731634	198,880
Global Localism at Manaslu Conservation Area in the Eastern Himalayas, Nepal: Integrating Ecological and Ethnobotanical Knowledge about Community Forests for Biodiversity Conservation	47.075	BCS-1030513	6,835
The Social-Cognitive Origins of the Cross Race Effect	47.075	BCS-0642525	7,139
The Social-Behavioral Consequences of Perceptual Fluency: How Processing Ease Guides Intergroup Contact, Goal Pursuit and Behavioral Mimicry	47.075	BCS-0719694	27,557
The Motivated Origins of the Cross Race Effect	47.075	BCS-0951463	28,622
Short Term Dynamics in Changing Environments: A Geospatial Analysis of Seasonal Forest Response and Extractive Resource Entitlements at Mt. Kaigau, Kenya	47.075	BCS-1061407	44,654
New Research on Gender in Political Psychology Conference	47.075	SES-1014854	45,335
Coordination in Small Groups: Matching and Mismatching	47.075	BCS-0744696	52,943
Adapting Systems Factorial Technology to Model Selection: Applications to Perception and Classification	47.075	BCS-0544688	56,355
Decision Making Processes Under Stress	47.075	SES-0851990	110,128
Mapping the Dimensions of the Undergraduate Chemistry Laboratory: Faculty Perspectives on Curriculum, Pedagogy, and Assessment	47.076	DUE-0536776	945
Development and Integration of Computational and Experimental Activity Based Studios...	47.076	DUE-1044698	10,346
Integrated Pedagogy to Promote Understanding of Nature of Science and Scientific Inquiry in a College Biology Laboratory	47.076	DUE0736786	27,382
Collaborative Research: Transforming Web-based Courseware into a Full Statics Course that Informs Interactive-Collaborative Classroom Activities	47.076	DUE-0918956	40,621
Saving Species	47.076	DRL-1010938	42,766
Collaborative Research: A Model for Data-Driven Reform in Chemistry Education	47.076	DUE-0817297	44,761
The Missing Piece of the STEM Puzzle: The Role of Communion in Women's Career Decisions	47.076	HRD-0827606	91,363
Chemistry Education Research Doctoral Scholars Program	47.076	DRL-0733642	211,891
Wild Research Grant	47.076	ESI-0610409	456,360
Collaborative Research: IPY-Plankton Dynamics in the McMurdo Dry Valley Lakes During the Transition to Polar Night	47.078	ANT0631659	1,066
International Planning Visit for US-Korea Undergraduate Research in Smart Materials	47.079	OISE-1036554	6,380
Workshop: China-US Collaborative Research on Geomicrobiological Processes in Extreme Environments	47.079	OISE-0836450	7,638
ARRA Collaborative Proposal: Roles for Dehydration and Photoperiodism in Preparing an Antarctic Insect for the Polar Night	47.082	ANT-0837559	34,569
ARRA CAREER: Implementing Inquiry-Based Approaches in Geoscience Education and Research	47.082	EAR-0847688	36,086
ARRA Rationale Capture for High-Assurance Systems	47.082	CCF-0844638	62,852
ARRA Ortho-Phenylene Oligomers and Graphene Nanoribbons	47.082	CHE-0910477	87,041
ARRA MRI-R2: Acquisition of Dense Array EEG for Research and Training Across the Disciplines	47.082	BCS-0958874	178,826
Total National Science Foundation-Direct Programs			4,429,520

MIAMI UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
Pass-Through Programs From:			
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	\$ 5,120
Purdue University: Evaluation of the Center for Authentic Science Practice in Education	47.049	501-1756-01	7,959
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	110,312
IRIS: Technology Assistance with Implementation and Operation of Transportable Array Element of USArray and EarthScope	47.05		6,965
University of Maine: Climate-Induced Shifts in Alpine Diatom Communities: Linking Neoeological and Paleoeological Approaches to Incorporate Responses to Trophic Forcing	47.074	DEB-0734277	1,865
Cornell Univ.: Long-term Ecological Research at the Hubbard Brook Experimental Forest	47.074	61468-9520	9,257
Cornell University: Long-Term Ecological Research at the Hubbard Brook Experiment Forest	47.074	46222-8722	16,027
University of Illinois: GEPR: The Origin of Diocey and the Evolution of Sex Chromosomes in Caricaceae	47.074	2009-03499-01	60,400
Sinclair Community College:Dayton Urban STEM Teacher Academy	47.076	DUE-08402428	58
Central State University: Curriculum Enhancements in Environmental Engineering	47.076	8353-001	2,153
Sinclair Community College:The High School STEM Teacher Synergistic Institute	47.076	1003048	5,030
Sinclair Community College: Faculty Development in Hybrid and Advanced Automotive Technology	47.076	MUM2990-1	15,874
Purdue University:Evaluation of Purdue Center for Faculty Success	47.076	4101-27694-02	24,473
OSURF:Evaluation of Beyond Penguins & Polar Bears: Literacy & IPY	47.076	DRL-0733024	28,049
Stevens Institute of Technology: Evaluation of Improving Instruction & Community to Retain Undergraduate Women	47.076	527631-FY09-3	38,881
Michigan State Univ: Evaluation of MSU ADAPP ADVANCE	47.076	61-2340EAC	61,693
Cornell: Evaluation of Cornell University Fossil Finders	47.076	53051-8661	68,519
OSURF:Evaluation of Middle Level Mathematics, Science & Career Pathways (MLP)	47.076	60018327	81,706
Univ of Penn: Evaluation of the Univ of Pennsylvania Science Teacher Institute	47.076	543371-7	116,462
University of Nevada Las Vegas: PIRE: Toward a Holistic and Global Understanding of Hot Springs Ecosystems: A US-China based International Collaboration	47.079	11-707D-E	10,052
ARRA Kent State University: Environmental Aquatic Res Sensing: Basic Science, Bus Ed & Outreach	47.082	448004-MU	222,233
Total National Science Foundation-Pass-Through Programs			<u>893,088</u>
Total National Science Foundation			<u>5,322,608</u>
U.S. Environmental Protection Agency:			
The Role of Human-Made Impoundments and Watershed Land Use on Carbon Cycling and Sequestration at Local and Regional Scales	66.514	F08E10744	4,976
Pass-Through Programs From:			
MACTEC: Operation of the USEPA National Dry Deposition Network Station at MU	66.XXX	S68D98112-SITEOP-122	-1,546
MACTEC: Operation of the USEPA National Dry Deposition Network Station at Miami University	66.XXX	--	3,947
ITCorp: Research at the US EPA Test and Evaluation Facility-Base-Op	66.XXX	PEI-3810	12,358
Total U.S. Environmental Protection Agency-Pass Through Programs			<u>14,759</u>
Total U.S. Environmental Protection Agency			<u>19,735</u>
U.S. Department of Energy			
Defect Chemistry Study of Nitrogen Doped ZnO Thin Films	81.049	DE-FG025-07ER46389	554
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	100,017
ARRA Thylakoid Assembly and folded Protein Transport by the Tat Pathway	81.049	DE-SC0003914	130,135
Technetium and Iron Biogeochemistry in Suboxic Subsurface Environments with Emphasis on the Hanford Site	81.XXX	DE-FG02-07ER64369	53,573
Total U.S. Department of Energy-Direct Programs			<u>284,279</u>
Pass-Through Programs From:			
Pennslvanis State University: Reactivity of Iron-bearing Phyllosilicates with Uranium and Chromium through Redox Transition Zone	81.049	4229-MU-DOE-5333	10,766
ARRA Univ. of MN: A Nationwide Consortium of Universities to Revitalize Electric Power Engineering Education by State-of-Art Laboratories	81.122	A000211526	7,924
Total U.S. Department of Energy-Pass-Through Programs			<u>18,690</u>
Total U.S. Department of Energy			<u>302,969</u>
U.S. Department of Education:			
Purchase of a NMR Instrument for Collaboration with the Children's Hospitals	84.116	P116Z090276	114,897
ESOL MIAMI	84.195	T195N070166-10	231,991
Total U.S. Department of Education-Direct Programs			<u>346,888</u>
Pass-Through Programs From:			
ODE:Intervention Specialist Improvement Grant	84.027	6668-6530S-062984-FY11	40,944
University of Minnesota: Regional Campuses Participation in Retention Study	84.051	0000226273	1,654
University of Toledo: Project AHEAD	84.206	S206A040096	146
Warren County: Integrating Schools and Mental Health Systems	84.215	--	21,241
Lehigh Univ.: Examination of Decisions Leading to External Restrictive Placements for ED Youth	84.324	541821-78001	54,289
OBOR: Sustaining Professional Development Through Web-Based Learning Communities	84.336	08-24	416
ODE:Evaluation of Miami University Partnership for Enhancing the Teaching of Mathematics(MUPET)09-10	84.336	C1667-MSP-10-400	5,092
OBOR:Evaluation of iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	08-24	-51
Wright State University: Evaluation of WSU MSP	84.366	PSQ07145	-9

MIAMI UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
Pass-Through Programs From (Continued):			
Evaluation of iDiscovery: Sustaining Professional Development through Web-Based Learning Communities 11-12	84.366	10-30	\$ 3
University of Texas: East Texas STEM Center Partnership YR 4	84.366	SC10-139097-06	9,010
ODE:Evaluation of the Ohio Mathematics and Science Partnership (OMSP) Program 10	84.366	C1667-MSP-10-406	11,438
East Texas STEM Center Partnership- Year 5	84.366	SC11-139180-01	11,849
Evaluation of WSU MSP:phase 2	84.366	EDU01-0000006179	16,847
OBOR:Evaluation of iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	09-28	23,303
ODE:Cross-Project Evaluation of the Ohio Mathematics and Science Partnership (OMSP) Program	84.366	EDUR201116300	138,671
OBOR:iDiscovery Sustaining Professional Development Through Web-Based Learning Communities	84.366	09-28	238,270
Kent State University: Evaluation of Building on the Foundation of SUCCESS: Making Mathematics Accessible to all Students	84.367	446616-MU	8,662
Total U.S. Department of Education-Pass Through Programs			581,775
Total U.S. Department of Education			928,663
U.S. Department of Health & Human Services:			
SporeRelease Mechanisms in Indoor Fungi	93.113	1R15ES016425-01	47,499
Use of an Amphibian Model to Evaluate the Effects of Contaminants on Development	93.113	1R15ES016435-01	57,832
Physicians Understanding of Human Genetic Variation	93.172	HHSN302201000016M	2,900
Inspiratory Muscle Strength Training in Patients with Upper Airway Obstruction	93.173	1R03DC009057-01A2	116,180
Neuro-glial Interactions during the Remodeling of Adult Innervation in Drosophila	93.242	1 R15 MH077720-01	16,965
Role and Mechanisms of Prolactin on HPA Axis Activation Following Stress	93.242	1R15MH083310-01A	48,137
Phase II HealthRICH Health Risks, Information and Choices	93.333	2R25RR016301-04	-597
Cortical Mechanisms of Spatial Vision	93.39	1 R15 EY 13953-01	-28,637
Ribosome-binding and translation of leaderless mRNA	93.39	1 R15GM65120-01	45,226
AtETHEL, A Model System to Understand the Metabolic Role of ETHE1	93.39	1R15GM076199	48,035
A Web Tutor to Help Women Decide About Testing for Genetic Breast Cancer Risk	93.393	1R21CA149796-01A1	15,629
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	51,974
Metabonomics Studies of Human Diseases	93.394	1R15CA152985-01A1	27,301
ARRA Polyphenol-Protein Antioxidants in the GI Environment (Administrative Supplement)	93.701	3R15DK069285-01A1S1	5,295
ARRA-Health RICH Administrative Supplement	93.701	3R25RR016301-05S1	7,174
ARRA Administrative Supplement to 1R15ES016425-01 / Spore Release Mechanisms in Indoor Fungi	93.701	3R15ES016425-01S1	11,035
ARRA: The Role of a New Cleavage and Polyadenylation Specificity Factor	93.701	3R15GM077192-01A1S1	39,057
ARRA Sol-Gel Based nanoarrays for Electrochemical Amperometric Detection of Phospholipids	93.701	1 R15 GM087662-01	39,172
ARRA Regulation of Neurotrophin Expression in the Periphery	93.701	2R15NS051206-02A1	76,964
ARRA EPR and Solid-State NMR Studies of Integral Membrane Proteins (Supplement)	93.701	3R01GM080542-02S1	102,236
ARRA Time Dependent Structural Studies on Dinuclear Metal Containing Enzymes	93.701	1R15GM093987-01	113,493
ARRA Expression Control in Drosophila Splicing Assembly Factor RNP-4F	93.701	1R15GM093895-01	120,506
ARRA Analysis of an NHE Inhibitor Signaling Pathway That Regulates Sperm Motility	93.701	1R15HD065633-01	197,174
Role of OFQ/N in Regulating the Prolactin Response to Stress	93.847	1R15DK073073-01A2	21,940
Lipid Overload and Skeletal Muscle Energetics	93.847	1R15DK085497-01A1	58,200
Sex-Specific Roles of Brain-Derived Neurotrophic Factor	93.847	1R15DK090823-01	88,239
Regulation of neurotrophin expression in the periphery	93.853	1 R15 NS051206-01	-56
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	1R15A1073994-01A1	52,507
Study of Iron Acquisition in Acinetobacter Baumannii	93.855	1R01AI070174-01A1	275,771
The Role of a New Cleavage and Polyadenylation Specificity Factor (CPSF73-II)	93.859	1R15GM077192-01A1	2,723
In-silico Exploration of Alternative Polyadenylation using Next-Generation Sequencing	93.859	1R15GM094732-01A1	21,405
Alkylammonium Formate Ionic Liquids as Mobile Phase Modifiers for Liquid Chromatography of Proteins	93.859	1 R15 GM074661-01A2	40,265
Chemistry of Reactive Intermediates Generated from Benzothiazole Derived Drug Candidates	93.859	1R15GM088751-01	48,594
EPR and Solid-State NMR Studies of Integral Membrane Proteins	93.859	R01 GM080542-01 A2	205,550
Determination of IGFBP-3 and -4mRNA down-regulation by HB-EGF	93.865	1R15HD050299-01A2	52,195
Impact of Monitoring Technology on Family Caregivers	93.866	1R21AG029224-01	-16
Gene Expression and Phenotypic Consequences of Laboratory Housing in Aging Rat	93.866	1R15AG029653-01A1	3,945
The Role of Fibroblast Growth Factors in Lens Development	93.867	EY012995-06A1	304,601
Signaling Pathways During Chick Retina Regeneration	93.867	1R01EY017319-01A2	395,779
Evaluation of a Home-Care Workers Safety Program	93.XXX	214-2009-M-31117	4,878
Promoting State-of-the-Art Management Practices at the State and Regional Level of the Aging Network	93.XXX	90OP0003/01	49,117
Total U.S. Department of Health & Human Services-Direct Programs			2,786,187
Pass-Through Programs From:			
ATM Education: ATM Education Evaluation 2009-10	93.01	--	8,622
The RIDGE Project: The RIDGE Project Abstinence Education Evaluation 2009-10	93.01	--	16,911
Catholic Charities of Central Florida: ThinkSmart Program Evaluation 2009-10	93.01	--	27,016
DHHS: Aging Network Business Practice, Planning and Program Development	93.048	CIFERRI-N4A-G01802	42,469
DHHS: Aging Network Business Practice, Planning and Program Development	93.048	--	159,253
Wright State University: Genetic Architecture of the Human Dentognathic Complex	93.121	PSQ07070	57,381
Bowling Green State University: Children's Family Structures and Transitions: Accounting for Allotaxis	93.239	10450045 MIAMI	19,971
Cincinnati Children's Hospital: Children's ADHD Traineeship-Green	93.242	--	1,550
Ohio Mental Health Network for School Success (OMHSS) - Mental Health, Education, & Family Collaboration	93.243	TSG1-10-014-02-001	4,951
University of Cincinnati: Nonlinear Dynamics of Postural Control: Effect of Aging	93.262	001147	4,122
YWCA Hamilton: Keeping Females on Course for US	93.29	--	78,887
ARRA DHHS-Boston University: Investigating the Function of the mtbB1 Gene Product from Desulfotobacterium hafniense	93.701	GC-208219NGC	9,894

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
Pass-Through Programs From (Continued):			
Department of Health and Human Services - Ohio Department of Job and Family Services: Long Term Care Direct Care Workforce Project	93.791	RF01240884	\$ 7,990
ODJFS: Proposal to Provide Data to Improve Ohio's Long-Term Services and Support System	93.791	G-1011-07-0640	234,425
Southwest Foundation of BioMedical Research: Genetics of Bone Structure and Metabolism	93.846	09-4195.004	99,731
Cincinnati Children's Hospital: Effects of Nifedipine Treatment of Hypertensive TTTS Cardiomyopathy	93.847	--	8,000
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	5 U54 GM074958-02	22,217
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	4139	328,592
Univ. of Nebraska Lincoln: Sexual Revictimization: Emotional and Psychosocial Mediators	93.865	24-0523-0082-002	42,777
University of Michigan: The Relationship between Marital Quality and Physical Health among Older African Americans	93.866	3001896660	18,607
UDRI: Investigating the Pluripotency Potential of Lens Epithelial Cells	93.867	RSC11004	343
ODMH: Ohio Mental Health Network for School Success (OMHNSS) - Mental Health, Education, & Family Collaboration	93.958	BG-1-221-02-001	17,088
Ohio Department of Mental Health: Ohio Mental Health Network for School Success	93.958	BG-11-221-02-001	79,241
Butler County Educational Service Center: Evaluation of Butler County Success Program	93.XXX	--	-77
Total U.S. Department of Health & Human Services-Pass-Through Programs			<u>1,289,961</u>
Total U.S. Department of Health & Human Services			<u>4,076,148</u>
Corporation for National & Community Service:			
Pass-Through Programs From:			
Otterbein College: Young Authors Program	94.005	06LHHOH001	<u>485</u>
Total Research and Development Cluster			<u>13,210,445</u>
STATE FISCAL STABILIZATION FUNDS CLUSTER			
ARRA ODE-SSI-State Fiscal Stabilization Education Funds	84.394	235-644	10,169,219
ARRA ODE-SSI-State Fiscal Stabilization Government Services Funds	84.397	--	1,500,228
Total State Fiscal Stabilization Cluster			<u>11,669,447</u>
INSTRUCTIONAL			
U.S. Department of State:			
Pass-through Programs From:			
Academy for Educational Development: Study of United States Institutes for Student Leaders	19.XXX	4310-02-02	<u>149,298</u>
Library of Congress:			
Pass-through Programs From:			
Illinois State University: America's Journey: Continuing to use the "American Memory Project" to meet Ohio's Content Standards	42.XXX	11510-04-890009477	<u>11,254</u>
Institute of Museum and Library Services:			
The GREEN Teachers Institute: Museum Resources for Teachers	45.301	MA-02-07-0189-07	<u>3,746</u>
National Science Foundation:			
Computer Science, Engineering and Mathematics Scholarships	47.076	DUE-0422418	502
Science, Technology, Engineering, and Mathematics Scholarships to Recruit and Retain Undergraduate Chemistry and Biochemistry Majors	47.076	DUE-0728614	<u>175,184</u>
Total National Science Foundation			<u>175,686</u>
U.S. Department of Education:			
Journey to Freedom: A History and Civics Summer Academy	84.215	U215D060005	27,231
Ohio Writing Project	84.928A	92-OH01	44,373
Miami University Three Campus Child Care Centers	84.335	P335A100269	<u>39,274</u>
Total U.S. Department of Education- Direct Programs			<u>110,878</u>
Pass-Through Programs From:			
Hamilton City Schools: The Beacon of Liberty 1492-1965	84.215	--	3,526
Hamilton City Schools: Voices of America	84.215	312120	17,363
Preble County Educational Service Center: Hometown American History: As goes Ohio so goes the Nation	84.215	--	81,943
Princeton City Schools: America's Journey: Ever Growing Freedom	84.215	--	179,876
OBOR: Across the Curriculum Environment Science to Attain Ohio Elementary School Academic Content Standards and Achievement Test Outcomes	84.336	08-23	-3,178
Kent State University: Project Success: Assisting Students With Disabilities to Succeed in Mathematics	84.336	446611-MU	-7
ODE: Miami University Partnership for Enhancing Teaching (of Mathematics) (MUPETS)	84.336	CI667-MSP-10-400	9,758
iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	10-30	2,949
Ohio Board of Regents-Kent State University: Evaluation of Math in the City: A Professional Development Model for the Learning and Teaching of Mathematics in Context	84.367	446627-MU	54
Ohio Board of Regents: Advancing Ohio's Science Proficiency 2009-10	84.367	08-25	76,051
Improving Elementary Science Literacy through Writing to Learn	84.367	09-26	<u>205,605</u>
Total U.S. Department of Education -Pass-Through Programs			<u>573,940</u>
Total U.S. Department of Education			<u>684,818</u>

MIAMI UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
INSTRUCTIONAL (Continued)			
Corporation for National & Community Service:			
Pass-Through Programs From:			
Ohio Campus Compact-Denison University: Pay It Forward: Strengthening Communities Through Student-Led Philanthropy	94.005	--	\$ (14)
Ohio Campus Compact: Pay it Forward: Strengthening Communities through Student-Led Philanthropy	94.005	--	<u>5,269</u>
Total Corporation for National & Community Service			<u>5,255</u>
Total Instructional			<u><u>1,030,057</u></u>
PUBLIC SERVICE			
National Endowment for the Arts:			
Arts Midwest: The Big Read-Hamilton Relates to the Grapes of Wrath	45.024	--	1,431
Digital Interactive Art Commentaries	45.024	10-5900-8056	3,092
Ohio Arts Council: 2009 Africana Film Festival	45.025	090196	81
N*W*C*	45.025	FY11-104033	3,240
Arts Midwest: Scrooge	45.025	FY11-103155	<u>4,000</u>
Total National Endowment for the Arts			<u>11,844</u>
U.S. Department of Health & Human Services:			
Drug Free Communities Support Program	93.276	1 H79 SP12988-01	<u>43,408</u>
Pass-Through Programs From:			
ODADAS: Coalition for a Healthy Community	93.959	99-8040-CMMCO-P-10-0026	-9,957
ODADAS: College High Risk Drinking Initiative	93.959	99-8040-HEDUC-P-10-9726	145
ODADAS: Coalition for a Healthy Community	93.959	99-8040-CMMCO-P-11-0026	1,976
ODADAS: College High Risk Drinking Initiative	93.959	99-8040-HEDUC-P-11-9726	<u>13,980</u>
Total U.S. Department of Health & Human Services-Pass Through Programs.			<u>6,144</u>
Total U.S. Department of Health & Human Services			<u>49,552</u>
Corporation for National & Community Service:			
Otterbein College: Curriculum Development and Civics Day	94.005	--	<u>806</u>
Total Corporation for National & Community Service			<u>806</u>
Total Public Service			<u><u>62,202</u></u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 178,645,731</u></u>

MIAMI UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

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 \$5,359,372.

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, 2011, under the Federal Perkins Loan Program were \$8,177,486. New Federal Perkins Loans of \$1,249,211 were advanced to students in 2011. The university did not receive a federal capital contribution or make a matching contribution to the Federal Perkins Loan fund in 2011. Cumulative administrative and collection costs for the Federal Perkins Loan Program were \$3,062,798 in 2011.

4. FEDERAL DIRECT STUDENT LOANS

The university also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans (“Stafford”) and Federal PLUS Loans (“PLUS”). New loans processed for students during the year ended June 30, 2010, were as follows:

Federal Direct Student Loan Program:	
Stafford:	
Subsidized	\$ 39,188,565
Unsubsidized	38,297,927
GLPS	306,624
PLUS	34,882,281

* * * * *

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
Oxford, Ohio:

We have audited the financial statements of Miami University (the "university") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. 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

Management of the university is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the university's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the university's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 14, 2011.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Deloitte & Touche LLP

October 14, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

President and Board of Trustees of Miami University
Oxford, 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 programs for the year ended June 30, 2011. The university's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the university is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the university's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees and management of the university, the Auditor of State of Ohio, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

October 14, 2011

MIAMI UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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	
Significant deficiency(ies) 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	
Significant deficiency(ies) 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	Name of Federal Program or Cluster Number
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
84.394 & 84.397	State Fiscal Stabilization Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$5,359,372		
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No	

MIAMI UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011 (Continued)

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 reported.

MIAMI UNIVERSITY

SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Finding 2010-1: Noncompliance with Procurement Requirements

Federal Program Information: Research and Development Cluster, Multiple CFDA's and Agencies

Criteria: Institutions of higher education shall use procurement procedures that conform to applicable Federal law and regulations and standards identified in OMB Circular A-110. Specifically, non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Condition: Our testing of the procurement and suspension debarment compliance requirement identified three instances, in a sample of 25, that the university did not have the appropriate wording on the non-purchase order requisition to ensure the university was not transacting with vendors that were on the Federal Suspension and Debarment list.

Effect: Potential impact of this condition is that the university could transact with entities that are on the Federal Suspension and Debarment List.

Cause: There was no process in place to include the suspension and debarment language on non-purchase order requisitions. Several of these documents were issued for grant purchases and as such, the suspension and debarment language was not placed on these purchases.

Recommendation: Management should consider another control to ensure sufficient coverage of all grant purchases related to this requirement.

Views of responsible officials and planned corrective actions: The university is implementing procurement software that will automate the inclusion of the suspension and debarment compliance information on all purchasing documents.

2011 Status: The planned corrective actions have been fully implemented.

Finding 2010-2: Noncompliance with Reporting Requirements

Federal Program Information: Research and Development Cluster, CFDA 15.608, US Fish and Wildlife Service

Criteria: All financial reports that are submitted to awarding agencies should be reviewed and approved in accordance with university policies and procedures.

Condition: Our testing of the reporting compliance requirement identified one instance, in a sample of 25, of a submitted financial report that did not have the appropriate review and approval in order to ensure the accuracy of the report.

Effect: Potential impact of this condition is that the university could submit an inaccurate financial report to the reporting agency.

Cause: This grant had a unique requirement of submitting a combined programmatic and financial report to the reporting agency. As such, the financial report was prepared and submitted along with the programmatic report by the Principal Investigator.

Recommendation: The university should ensure all submitted financial reports are reviewed and approved.

Views of responsible officials and planned corrective actions: For existing active grants, communication will be sent to Principal Investigators reminding them that all financial reports must be prepared and submitted by the Grants & Contracts Office. For newly awarded grants, this same information will be communicated through the New Award notice that is sent electronically to the Principal Investigator(s).

2011 Status: The planned corrective actions have been fully implemented.

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Miami University

Independent Accountants' Report on Applying
Agreed-Upon Procedures Performed on the
Intercollegiate Athletics Department as
Required by NCAA Constitution 3.2.4.16
for the Year Ended June 30, 2011

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES PERFORMED ON THE INTERCOLLEGIATE ATHLETICS DEPARTMENT AS REQUIRED BY NCAA CONSTITUTION 3.2.4.16 FOR THE YEAR ENDED JUNE 30, 2011

Dr. David C. Hodge, President
Miami University
Oxford, Ohio

We have performed the procedures enumerated below, which were agreed to by Miami University (the "University"), with respect to the accounting records and internal control of the Intercollegiate Athletics Department of the University (the "Department") for the year ended June 30, 2011, solely to assist the University in evaluating whether the accompanying Statement of Revenues and Expenditures (the "Statement") is in compliance with the National Collegiate Athletic Association ("NCAA") Constitution 3.2.4.16. The University's management is responsible for the University's compliance with these guidelines. Specifically, the University's management is responsible for the accompanying Statement and the Statement's compliance with those requirements (See Exhibit A). Management is also responsible for maintaining effective internal control over the University's Intercollegiate Athletics Department (the "Department") and its financial reporting. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. We obtained the Statement for the year ended June 30, 2011, as prepared by management and attached to this report. We recalculated the addition of the amounts on the Statement and compared the amounts on each line on the Statement to the corresponding amounts on the reconciliation prepared by management between the University's general ledger and the amounts on the Statement. We also compared the general ledger amounts on management's reconciliation to the University's general ledger and recalculated the totals presented in the Statement. No exceptions were found as a result of these procedures.
2. We compared the classifications in the Statement to the defined classification in the NCAA Constitution section 3.2.4.16. No exceptions were found as a result of this procedure.
3. We compared a random sample of transactions, comprised of operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules, to supporting documentation, comprised of invoices and deposit receipts provided by the University. No exceptions were found as a result of these procedures.

4. We compared current year actual revenue and expense amounts to prior year amounts and obtained explanations from the Department for any variances in excess of 20% in major revenue and expense accounts. Each major revenue and expense account was defined as equal to or greater than 20% of the total revenue or expense amount. No fluctuations greater than 20% over prior year in major categories were noted. We were unable to compare each major revenue and expense account to budgeted estimates because the NCAA-mandated format of the statement differs from the format the University uses for budget and management purposes.

Agreed-Upon Procedures Related to Revenues

5. *Ticket Sales* — We selected, on a random test basis, one athletic event from a list of athletic events held during the year ended June 30, 2011 provided by the Department. We recalculated cash receipts based upon tickets sold, complimentary tickets provided, and unsold tickets and compared such, on a random test basis, to attendance figures from the ticket system. We compared the amount per ticket sales report to the amount recorded in the University's general ledger and the NCAA Statement and re-calculated totals. No exceptions were found as a result of these recalculations and comparisons.
6. *Student Fees* — We compared student fees reported in the Statement for the year ended June 30, 2011 to student enrollment information. We obtained an understanding of the University's methodology for allocating student fees to intercollegiate athletics departments and recalculated the totals. No exceptions were found as a result of these procedures.
7. *Guarantees* — We obtained from the Department a listing of the guarantee contracts during the year ended June 30, 2011, reviewed contractual agreements provided by the Department pertaining to revenues derived from guaranteed contests, and compared the related revenues to the University's general ledger. No exceptions were found as a result of these procedures.
8. *Contributions* — We obtained a listing of the general ledger accounts comprising contributions revenue related to intercollegiate athletics provided by the Department. We compared the listing of contributions revenue from the general ledger detail for the year ended June 30, 2011 to a listing of affiliated and outside organizations, agencies and groups of individuals obtained from management to identify any individual contributions from any affiliated or outside organizations, agencies, or group of individuals that constitute more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2011. As indicated at Note 3 to the Statement of Revenues and Expenses, we identified one individual contribution that comprised more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2011.
9. *Compensation and Benefits Provided by a Third-Party* - We noted, through inquiry of the Department, that the University's Athletics Department did not receive any compensation and benefits provided by a third-party for the year ended June 30, 2011.
10. *Direct State or Other Governmental Support* — We compared the direct state and other governmental support recorded by the University during the year ended June 30, 2011 with institutional authorizations and deposit receipts on a random test basis and recalculated totals as part of the Miami University financial statement audit. No exceptions were found as a result of these procedures.

11. *Direct Institutional Support* — We obtained from the Department a listing of all direct institutional support provided by the University during the year ended June 30, 2011, selected and compared, on a random test basis, one direct institutional revenue recorded with institutional authorizations and approved fund transfer requests and recalculated totals. We noted no exceptions as a result of these procedures, except for a cutoff error amounting to \$8,011, which management acknowledged and corrected in the Statement of Revenues and Expenditures in Exhibit A.
12. *Indirect Facilities and Administrative Support* — We obtained from the Department a listing of all indirect facilities and administration support provided by the University during the year ended June 30, 2011, and selected and agreed, on a random test basis, one indirect facilities and administration support with institutional authorizations and invoice payments on behalf of the athletic and recalculated totals. No exceptions were found as a result of these procedures.
13. *NCAA/Conference Distributions Including all Tournaments* — We obtained from the Department a listing of all NCAA and conference distributions and selected, on a random test basis, one receipt provided by management related to NCAA and conference distributions during the year ended June 30, 2011 and compared the related revenues to the University's general ledger. No exceptions were found as a result of this procedure.
14. *Broadcast Television, Radio and Internet Rights* - We noted, through inquiry of the Department, that the University's Athletics Department did not receive any direct broadcast television, radio and internet rights for the year ended June 30, 2011.
15. *Program Sales, Concessions, Novelty Sales and Parking* — We obtained supporting schedules from the Department for each of the following operating revenue line items: (a) Program Sales, Concessions, Novelty Sales and Parking; and (b) Other Operating Revenues. We selected, on a random test basis, one operating revenue amount from among these categories and compared each revenue amount selected to supporting documentation provided by the Department, which included a copy of a deposit ticket and bank statement. No exceptions were found as a result of these procedures.
16. *Royalties, Licensing, Advertisement and Sponsorships* — We obtained from the Department a listing of all royalties, licensing, advertisements and sponsorship revenue and selected, on a random test basis, one agreement provided by the Department related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2011 and compared the related revenues to the University's general ledger. No exceptions were found as a result of these procedures.
17. *Sports Camp Revenues* — We obtained and read agreements related to institutional sports camps during the period ended June 30, 2011. We obtained schedules of camp participants and selected, on a random test basis, one participant cash receipt and agreed the related revenues to the University's general ledger and recalculated totals. No exceptions were found as a result of these procedures.
18. *Endowment and Investment Income* — We compared the allocations of the endowment and investment income from the Athletics department records to the calculations performed by the Treasury Services office. We obtained the Treasury Services office's allocation calculations for the period ended June 30, 2011, recalculated the allocation, and agreed the amount to the University's general ledger. No exceptions were found as a result of these procedures.

19. *Other* — We obtained from the Department a listing of all other revenue earned during the year ended June 30, 2011, and selected, on a random test basis, one other revenue amount from among these categories and compared each revenue amount selected to supporting documentation provided by the Department, which included a copy of a deposit ticket and check. No exceptions were found as a result of these procedures.

Agreed-Upon Procedures Related to Expenses

20. *Athletic Student Aid* — We selected, on a random test basis, twenty-five students from the listing of athletic student aid recipients during the year ended June 30, 2011 provided by the Department and compared total University aid allocated from the related aid award letter to the student's account and recalculated totals. No exceptions were found as a result of this procedure.

21. *Guarantees* — We obtained from the Department a listing of the guarantee contests during the year ended June 30, 2011 and agreed contractual agreements provided by the Department to expenses recorded by the University from guaranteed contests. We compared the related expenses to the University's general ledger. No exceptions were found as a result of these procedures.

22. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* — We obtained a listing of coaches employed by the University during the year ended June 30, 2011 from the Department. We selected four coaches' contracts from this listing, including football, and men's and women's basketball coaches. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the Statement during the reporting period. We reviewed W-2's information for each selection. We compared and agreed information from W-2's to the related coaching salaries, benefits, and bonuses paid by the University during the year ended June 30, 2011 and recalculated totals. We noted no exceptions as a result of procedures.

23. *Coaching Other Compensation and Benefits Paid by a Third Party* — We noted, through inquiry of the Department, that the University's Athletics Department did not incur any coaching salaries, benefits, and bonuses paid by a third-party for the year ended June 30, 2011.

24. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities* — We obtained a listing of support and administration staff employed by the University during the year ended June 30, 2011, and selected, on a random test basis, two support staff/administrative personnel employed by the University during the reporting period. We reviewed W-2's information for each selection. We compared and agreed information from W-2's to the related support staff/administrative salaries, benefits, and bonuses paid by the University during the year ended June 30, 2011 and recalculated totals. We noted no exceptions as a result of these procedures.

25. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by Third Parties* — We noted, through inquiry of the Department, that the University's Athletics Department did not incur any support staff/administrative other compensation and benefits paid by a third-party for the year ended June 30, 2011.

26. *Severance Payments* — We noted, through inquiry of management, that the University's Athletics Department did not incur any severance expenses for the year ended June 30, 2011.

27. *Recruiting* — We obtained and documented an understanding of the University’s written recruiting expense policies and compared these policies to NCAA related policies. We obtained supporting documentation, which included a copy of the invoice and check, or credit card receipt, for one recruiting expense and compared and agreed the related expenses to the University’s policies for the year ended June 30, 2011. No exceptions were found as a result of these procedures.
28. *Team Travel* — We obtained an understanding of the University’s Athletics Department team travel expense policies and compared and agreed these policies to the NCAA-related policies. We obtained supporting documentation, which included a copy of the invoice and check, or credit card receipt, for one individual trip and compared and agreed the related expenses to the University’s policies for the year ended June 30, 2011. No exceptions were found as a result of these procedures.
29. *Indirect Facilities and Administrative Support* — We obtained an understanding of the University’s methodology for allocating indirect facilities costs to different departments during the year ended June 30, 2011 and selected, on a random test basis, one payment made by University for the departmental expenditures. We summed the indirect facilities support and indirect institutional support totals reported by the University in the NCAA statement. No exceptions were found as a result of these procedures.
30. *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 selected, on a random test basis, one operating expense amount from among each of these categories and compared each expense amount selected to supporting documentation provided by the Department, which included a copy of an invoice and check. No exceptions were found as a result of these procedures.

Agreed-Upon Procedures Related to Internal Control of the Intercollegiate Athletics Department:

The Department is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by the Department are required to assess the expected benefits and related costs of control procedures. The objectives of a system of internal control are to provide the Department with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the Department’s authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our procedures and findings were as follows:

31. We obtained an understanding of the organization chart of the Athletics Department from the Deputy Director for Athletics and inquired of University management for the purpose of learning about the control environment. University management informed us of the following:
 - Standards of conduct and ethics for the Department have been established and are enforced by the following governing bodies:
 - Miami University
 - National Collegiate Athletic Association
 - Mid-American Conference
 - A staff handbook and student-athlete handbook that outline policies and procedures are available on the University's website.
 - Operating budgets are prepared annually. Variances are identified and investigated monthly by the Deputy Athletic Director and the Athletic Director.
32. We selected, on a random test basis, twenty-five travel advances for team travel for the year ended June 30, 2011 from the University's listing of all travel advances that were approved and distributed. For the travel advances selected, we compared the disbursed amount and requestor to the corresponding information on the underlying expense receipts and authorization forms provided by the Department. No exceptions were found as a result of these procedures.
33. We inquired of appropriate Department personnel as to the controls over cash received from ticket sales and other miscellaneous receipts (parking, sports camps, etc.). We noted that the Reserve Officers Training Corps ("ROTC") assists the Department with selling parking tickets at football and basketball home games. We selected, on a test basis, two reconciliations of parking tickets sold and parking collections that are actually returned to the Department and compared the amount collected with the amount deposited. No exceptions were found as a result of these comparisons.
34. We selected, on a random test basis, twenty-five students from the listing of athletic student aid recipients during the year ended June 30, 2011 provided by the Department and compared the authorization noted on the student aid forms to the University requirements. No exceptions were found as a result of these procedures.
35. We noted through inquiry and observation that the Department has the following control procedures for disbursements:
 - The Athletic Director or Business Directors and the coach initiating the purchase are required to approve purchase requisitions for all goods and services requested.
 - The Department utilizes the University's purchasing policies when ordering goods and services.
 - All Department disbursements are subject to the same controls the University has in place for preparing the University's financial statements.

36. We obtained written representations from the Department that to the best of their knowledge and belief all revenues and expenses related to the Department have been properly summarized on the Statement for the year ended June 30, 2011.

Agreed-Upon Procedures Related to the Notes to the Statement

37. 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 Constitution 3.2.4.16, appear to indicate a 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.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the Statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to accounts and items specified above or on the attached Statement, and does not extend to the financial statements of the University or its Intercollegiate Athletics Department, taken as a whole.

We were not engaged to, and did not, perform an examination of the University's system of internal controls over financial reporting, the objective of which would be the expression of an opinion on the suitability of design of internal controls over financial reporting of the University as of June 30, 2011. Accordingly, we do not express such an opinion. We also were not engaged to examine and report on the operating effectiveness of the University's internal control over financial reporting as of June 30, 2011, and, accordingly, we express no opinion on its operating effectiveness. Had we performed additional procedures, or had we made an examination of the system of internal controls over financial reporting, other matters might have come to our attention that would have been reported to you. This report only relates to the procedures specified above and does not extend to the financial statements of the University or its Intercollegiate Athletics Department taken as a whole.

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 23, 2011

**INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

	Men's Basketball	Men's Football	Men's Ice Hockey	Women's Basketball	Other Sports	Non-Program Specific	2011 Total
REVENUES:							
Ticket sales	\$ 215,801	\$ 363,843	\$ 482,956	\$ 9,023	\$ 7,660	\$ -	\$ 1,079,283
Student fees	777,817	4,008,334	486,885	1,040,173	5,720,979	2,138,185	14,172,373
Guarantees	175,000	740,000	-	-	3,200	200,000	1,118,200
Contributions	19,673	170,067	818,872	51,496	281,651	835,967	2,177,726
Direct state or other government support	-	1,104	-	-	-	1,989	3,093
Direct institutional support	107,624	1,017,335	344,719	149,057	1,625,255	731,206	3,975,196
Indirect facilities and administrative support	-	-	-	-	-	40,687	40,687
NCAA/conference distributions including all tournament revenues	129,050	400,000	2,500	-	-	984,081	1,515,631
Broadcast, television, radio and internet rights	-	-	-	-	-	-	-
Program sales, concessions, novelty sales and parking	27,561	72,873	11,118	-	930	58,213	170,695
Royalties, licensing, advertisements and sponsorships	-	-	-	-	-	434,510	434,510
Sports camp revenues	-	-	-	-	-	1,048,578	1,048,578
Endowment and investment income	15,075	178,081	1,901	242	72,781	329,734	597,814
Other revenues	16,730	7,447	23,785	8,500	98,350	257,401	412,213
Total revenue	1,484,331	6,959,084	2,172,736	1,258,491	7,810,806	7,060,551	26,745,999
EXPENSES:							
Athletics student aid	407,736	3,177,734	665,061	455,703	4,026,999	177,067	8,910,300
Guarantees	15,000	-	64,162	2,000	4,080	-	85,242
Coaching salaries, benefits, and bonuses paid by the university and related entities	523,213	1,697,263	792,632	442,911	1,904,459	-	5,360,478
Support-staff/administrative salaries, benefits, and bonuses paid by the university and related entities	20,314	254,839	78,053	56,292	35,864	3,784,331	4,229,693
Recruiting	49,126	242,792	40,256	38,906	171,201	58,039	600,320
Team travel	138,204	877,410	147,047	91,018	884,738	85,646	2,224,063
Equipment, uniforms and supplies	45,690	231,467	99,895	20,159	261,916	322,416	981,543
Game expenses	130,122	200,643	121,045	46,595	111,675	90,493	700,573
Fund raising, marketing and promotion	4,042	10,075	9,841	4,263	9,898	87,657	125,776
Sports camp expenses	-	-	-	-	-	1,149,004	1,149,004
Direct facilities, maintenance and rental	25,417	68,461	9,397	12,241	31,051	64,911	211,478
Spirit groups	-	-	-	-	-	102,918	102,918
Indirect facilities and administrative support	-	-	-	-	-	40,687	40,687
Medical expenses and medical insurance	14,284	35,501	19,051	10,671	79,367	40,220	199,094
Memberships and dues	3,016	1,847	5,504	2,919	5,967	271,246	290,499
Other operating expenses	108,167	161,052	120,792	74,813	283,591	1,015,484	1,763,899
Total expenses	1,484,331	6,959,084	2,172,736	1,258,491	7,810,806	7,290,119	26,975,567
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (229,568)	\$ (229,568)

MIAMI UNIVERSITY

INTERCOLLEGIATE ATHLETICS DEPARTMENT NOTES TO STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2011

1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Miami University (the "Statement") has been prepared in accordance with the 1996 Financial Audit Guidelines established by the National Collegiate Athletic Association, as amended, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Department of Miami University (the "Department") for the year ended June 30, 2011 on the accrual basis. Revenues are recorded when earned. Expenses are recorded in the period in which the related liability is incurred. Because the Statement presents only a selected portion of the activities of Miami University (the "University"), it is not intended to and does not present the financial position, changes in net assets or revenues and expenses for the year then ended for the University as a whole.

The amounts in the accompanying Statement were obtained from the University's trial balance, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed as such, except compensation and benefits paid by third parties 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 swimming, men's track and cross country, women's field hockey, women's soccer, women's softball, women's swimming, women's tennis, women's track and cross country, women's volleyball, and women's skating.

3. CONTRIBUTIONS

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

There was one individual contribution made that comprised more than 10 percent of the total contributions revenue related to Intercollegiate Athletics for the year ended June 30, 2011. The contribution was \$600,000 received from an anonymous donor in support of Ice Hockey.

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.

5. PROPERTY, PLANT, AND EQUIPMENT

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

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Dave Yost • Auditor of State

MIAMI UNIVERSITY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2012**