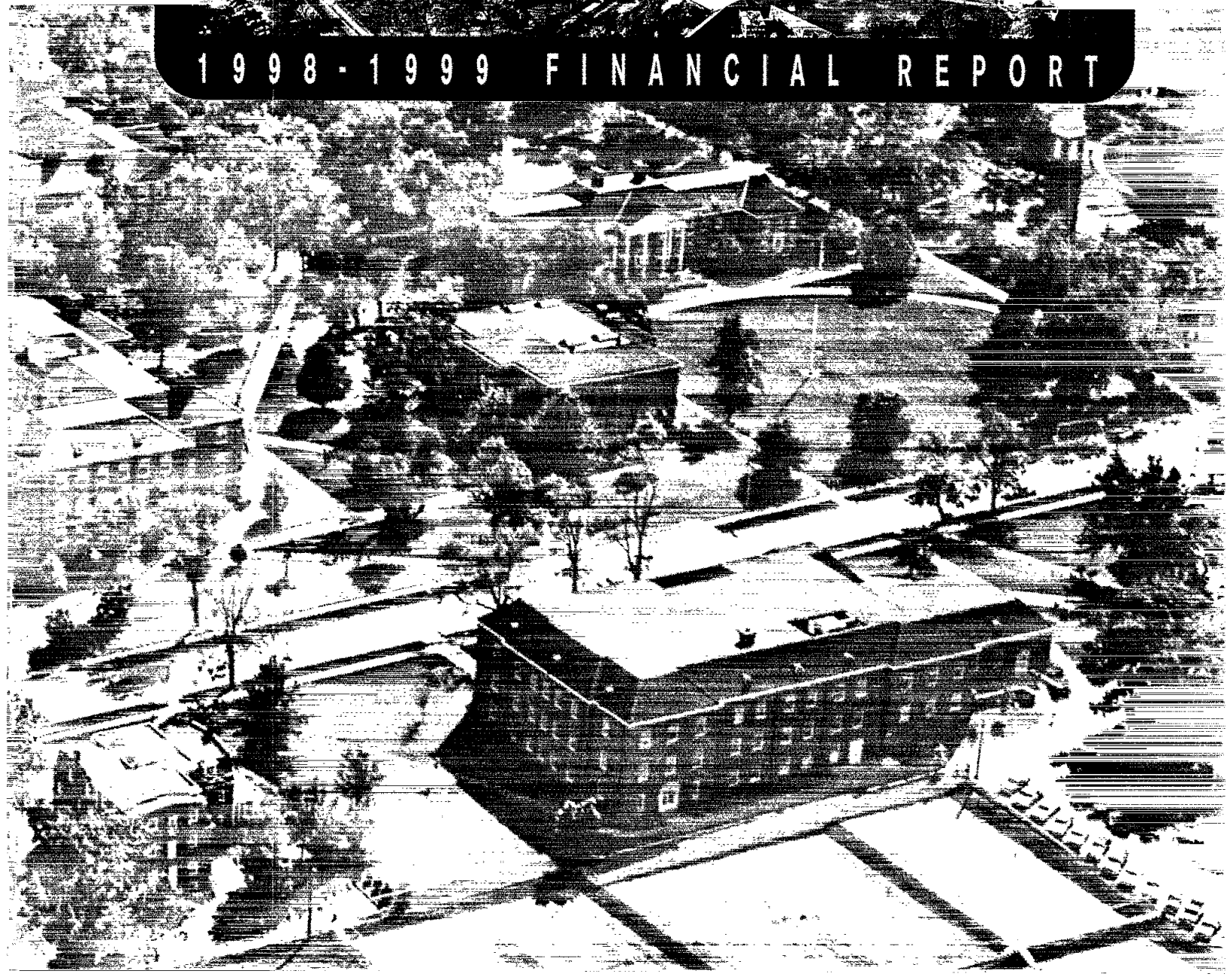


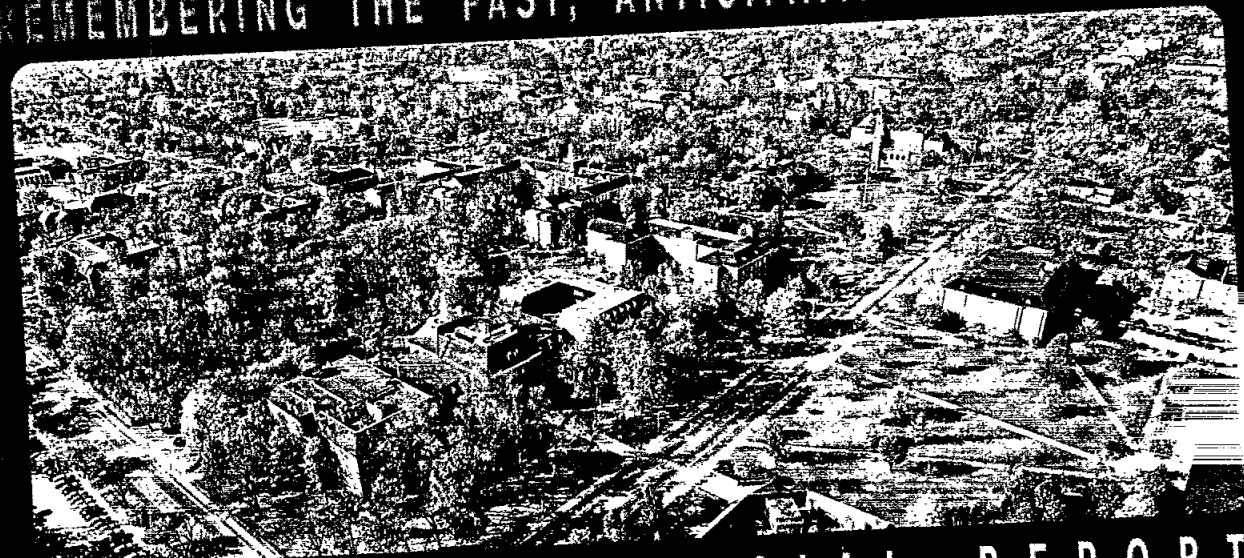


1998-1999 FINANCIAL REPORT



WAMI UNIVERSITY

REMEMBERING THE PAST, ANTICIPATING THE FUTURE



1998-1999 FINANCIAL REPORT



On the Cover:

The approaching new century provides a good opportunity to reflect on our past while we plan for the future. The photos illustrate that some dramatic changes can occur in just a couple of decades when you have a community of people dedicated to making a positive difference in the lives of Miami students.

Among the structural changes that have taken place along this High Street section of campus since the early 1980s are, east to west:

- Football field and gates moved; Pearson Hall in their place.
- Goggin Ice Arena constructed.
- Van Voorhis Hall demolished.
- Ogden Hall renovated.

Inquiries on this *Financial Report* may be directed to:

Division of Finance and Business Services
Miami University
Oxford, OH 45056

Cover color photo by Gordon Morioka, 1999.
Cover black and white photo, 1971.

Miami University: Equal opportunity in education and employment.

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Board of Trustees (as of June 30, 1999)

Name	Expiration of Term
Wayne R. Embry	March 1, 2000
Fred G. Wall, <i>Treasurer</i>	March 1, 2001
Eleanor B. Irwin, <i>Chair</i>	March 1, 2002
Fred Lick Jr., <i>Vice Chair</i>	March 1, 2003
Roger L. Howe, <i>Secretary</i>	March 1, 2004
Richard T. Farmer	March 1, 2005
Chandra R. Shah	March 1, 2006
Laurel A. Pressler	March 1, 2007
Kathleen M. Zouhary	March 1, 2008
Student Trustee (non-voting)	
Carolyn B. Baiocchi	March 1, 2001

Administrative Officers

James C. Garland, <i>President</i>	Edward J. Demske, <i>Senior Vice President for Finance and University Services and Treasurer</i>
Joseph T. Urell, <i>Acting Provost and Executive Vice President for Academic Affairs</i>	Kenneth E. Burke, <i>Vice President for University Relations</i>
Myrtis H. Powell, <i>Vice President for Student Affairs</i>	Stephen D. Snyder, <i>Secretary to the Board of Trustees and Executive Assistant to the President</i>

Finance and University Services Staff

Ralph R. Gutowski, <i>Director of University Budget and Institutional Research</i>	Barbara K. Jena, <i>Director of Internal Auditing</i>
Adolph Haislar, <i>Senior Associate Vice President for Auxiliary Services and Associate Treasurer</i>	Richard A. Keebler, <i>Director of Business Services</i>
Willard J. Haley, <i>Interim Associate Vice President for Facilities</i>	Beverly H. Thomas, <i>Director of Financial Affairs and Controller</i>

Treasurer's Report

As the 20th Century Closes

The new millennium is a grand occasion for considering the vast array of changes that have occurred this century. Even when we focus on a somewhat limited topic such as finance and university services at Miami University, the level of change is hard to comprehend.

I recently came across a university financial report for the year ended June 30, 1919. In that year there were 2,147 students registered, and total expenditures for the year were \$456,127. It cost \$5,159 to run the library in 1919, and expenditures that year included \$675 on maintenance for the university's single truck and \$879 to pay the night watchman. An important financial highlight for 1919 was a major bequest of \$250,000 from Mrs. Laura Ogden Whaling for the construction of a men's dormitory to be named in memory of her brother, George Ogden.

By 1982, when I arrived at Miami's Oxford campus, its enrollment was just under 15,000 students. We had two branch campuses and a European Center in Luxembourg. Annual expenditures had grown to \$96 million, and we were spending \$3.8 million on our five libraries. The endowment fund was valued at \$9,446,000, and the Miami University Foundation had assets of \$6,333,000.

Now, as we close the century, we are completing a major expansion and renovation of Ogden Hall, which now houses upperclass women, and expect to spend \$6 million on that project alone. The combined university and foundation endowments have reached a value of \$200 million. Miami's operating expenditures were \$299 million this year, quite a contrast from \$456 thousand at the beginning of the century.

Miami University has been served by only three treasurers in this century: Wallace P. Roudebush (1915-1956), Lloyd Goggin (1956-1982), and myself (1982-1999). The length of service of my predecessors has brought continuity and fiscal stability to Miami University. From what I've been told and know first-hand, I believe that all three of us have had a similarly conservative financial philosophy and long-term perspective that has positioned the university on a solid foundation to begin the 21st century. I am proud to have my name associated with my two predecessors, who exemplified the leadership qualities and outstanding citizenship of true fiscal stewards.

Change of Financial Leadership

1999 was also the year I announced my retirement from the university. I am very pleased to report that Richard M. Norman has been appointed vice president for finance and business services and treasurer. Richard has previous experience in Ohio public higher education, and most recently was vice president of administration and associate treasurer at Rutgers. I am confident that I am passing the position on to a highly qualified individual who will serve Miami University well as we begin the new century.

Additionally, Harold Gibbons, director of financial affairs, retired on Dec. 31, 1998, after 32 years of service to the university. Beverly Thomas, who worked with Harold as controller, has succeeded him as director of financial affairs and controller.

Ohio Education Funding

Fiscal year 1999 was the second year of a state biennial appropriation that saw the infusion of new resources into higher education. The overall increase in higher education appropriations was 4.1 percent, at a time when the state's treasury had a surplus well in excess of \$1 billion. The funding climate was influenced by the *DeRolph* court decision, which threw the funding model for primary and secondary education into question. Miami's instructional subsidy, after capital adjustment, grew by 4.5 percent at Oxford, 6.9 percent at Hamilton, and 5.5 percent at Middletown. We would like to thank the governor and the legislature for their support of higher education in these challenging times.

Thanks to the dedicated work of the Higher Education Funding Commission, performance initiatives were funded in the form of seven Challenge line items. Miami received funding in excess of \$1,125,600 through Jobs Challenge, Technology Challenge, Success Challenge, and Research Challenge. Other state line-item funding for articulation and transfer, Project Discovery, student support services, capital component, long-term care research, rural university projects, and other projects with restricted-use funding amounted to another \$2.7 million.

As a consequence of these improved levels of state support, tuition at the Oxford campus was increased 5.9 percent, slightly less than the state-imposed cap of 6 percent. Regional campus tuition for lower division courses was held to a 3 percent increase, following a 2 percent decrease in tuition the prior year; thus, over the biennium there was only a 1 percent increase in branch campus tuition.

Financial Highlights

Fiscal year 1999 was another year of solid financial performance for Miami University.

- The unrestricted educational and general funds ended the year with a surplus of \$234,000, on revenues of \$224 million.
- Total current fund revenues, including auxiliary enterprises and restricted funds, were \$313 million. Forty-four percent of revenues came from tuition and fees, while state appropriations provided 24 percent for the university as a whole; for the Oxford campus, revenues provided by state appropriations dropped to 23 percent.

- The value of the university's endowment funds totaled just under \$93 million, and the rate of return on invested assets was just over 10 percent. The university's endowment performance for the prior three and five years placed us in the top 10 percent and 25 percent, respectively, of colleges and universities nationally. The endowment fund distributed over \$3.4 million in earnings in 1999 to support scholarships and other programs. The Miami University Foundation, whose distributions are reported as gift revenue to the university, also distributed about \$4.1 million this year.
- The outlook for fiscal year 2000 looks even stronger: freshman enrollment is projected at a record high level of just over 3,600 this fall, some 200 more students than had been budgeted. Approximately 7,100 students have indicated their plan to live in the residence halls, and more than 2,100 students living off campus have purchased a university dining plan to eat their meals on campus.
- Miami University has once again been listed among the nation's "Best Buys" by the Fiske Guide to Colleges for 2000. Miami was the only Ohio school included among the 21 public and 21 private colleges and universities on the list. In addition, the *Public Accounting Report* ranked Miami's undergraduate accountancy program as the eighth best in the nation.

Capital Projects

The most significant capital project undertaken in 1999 was the renovation of Ogden Hall and the expansion of its dining facilities. Centered around an outdoor plaza, the new dining facilities feature a marketplace style of service. We think George Ogden and his sister, Laura, would be pleased. We have also completed the renovation of Hoyt Hall and Middletown's Levey Science Building. A new public safety building has been completed, and an addition to Cole Service Building is being completed as I write.

In June Miami purchased a large building formerly owned by the Kroger Company. The facility will be the home of our central food stores operation as well as the Miami Employees' Federal Credit Union. We are pleased with the "fit" of this one-story facility, which when equipped will bring our central food storage and preparation operations up to a state-of-the-art level. This should allow Miami's food service operation to maintain the standard of excellence it has adhered to over the years.

Year 2000 Technology Issues

The university made significant progress toward achieving year 2000 compliance for its core administrative systems in fiscal year 1999. Last year we reported that an integrated package had been purchased from the SCT Corporation to replace the legacy systems. Successfully implemented by the June 30 year-end were the student

financial aid module and the accounting system for the foundation. Shortly thereafter, the finance and human resources/payroll systems were implemented, on schedule. The plan calls for the admission, course registration, student records, and student accounts systems to be converted in September 1999. The final component to be converted will be the donor accounting system, which will be installed in November. The implementation has gone extremely well, thanks to some extraordinary efforts by a very dedicated team of staff members. The project is on schedule and the modules that have been implemented are performing as expected.

In addition to the administrative systems project, all other systems on campus have been tested, and many have been upgraded, to ensure that they are year 2000 compliant. Further details on the compliance effort are included in the section of this report entitled Required Supplemental Information. Achieving year 2000 compliance has been a top priority of the university this year, and we are determined to make our best efforts to minimize any technology problems associated with the turn of the century.

Conclusion

In this, my final Treasurer's Report, I would like to say that I am proud to have been associated with Miami University for the past 17 years. These years really have been the capstone of my career. It was an honor to have been made an honorary alumnus in 1997. Miami is an outstanding institution with a strong heritage, an excellent academic program, and an excellent value for both Ohio residents and out-of-state students. But most importantly, Miami is its people. The faculty and staff of Miami University are a hard-working and very loyal group of people who are dedicated to the success of the institution and its students. The people of Miami University will continue to keep its traditions strong and its educational value among the best in the nation.

Respectfully submitted,



Edward J. Demske
Senior Vice President for Finance and University Services
and Treasurer

Private Support at Miami

Private gift support at Miami University is an integral part of the work that we are able to accomplish. In calendar year 1998, gifts of cash, cash equivalents, and payments on pledges made to Miami University and the Miami University Foundation totaled \$19,655,789. Of that total, more than \$15 million represents gifts from alumni and friends, while corporations, foundations, and other organizational entities contributed more than \$3 million.

More than \$7 million of gifts received in 1998 were used for academic enrichment. In order for Miami to remain competitive, we must be able to continue offering outstanding academic programs in and out of the classroom. The assistance offered by all Miamians ensures that the university will be able to continue offering an outstanding education at a competitive price.

Scholarship support continues to be the number-one priority of the university. In 1998, gifts for current-year scholarships and those for endowment totaled more than \$2.5 million. More than \$5 million was received for endowment to create new scholarships or to increase principal in existing scholarship funds. These investments in the Miami University endowment or the Miami University Foundation will provide ongoing assistance to talented students who need and merit this important support.

Once again, Miami has bested the national average for alumni giving to public institutions. In 1998, more than 32 percent of those alumni solicited responded with a gift. Considering that the national average for gifts to a public institution is 18 percent, Miami's alumni have continued to demonstrate their outstanding loyalty and support by providing much-needed resources for the life of the university.

If you wish to join us in our efforts to provide an enriched level of academic life at Miami, we encourage your call to our Office of Divisional Support at (513) 529-1230.

Friends \$7,805,092

Alumni \$7,287,179

Companies \$1,890,272

Foundations \$1,692,917

Parents \$612,289

Faculty and Staff \$253,872

Groups and Organizations \$114,168

TOTAL \$19,655,789

Academic Enrichment

Support for academic divisions, departments, the university libraries, student and faculty research

\$7,220,989

37%

Student and Faculty Programs

Support for athletics, student life enrichment, special faculty and student projects, and professional development activities in all areas

\$9,747,918

49%

Scholarships and Financial Assistance

Includes merit and need-based scholarships, loans, grants, and awards

\$2,686,882

14%

Statistical Summary 1998-1999

Faculty full-time instructional staff	872	
Percent faculty tenured	67 %	
Admissions—Oxford		
Applications	11,862	
Enrolled	3,366	
Enrollment—headcount	Oxford	All Campuses
Undergraduate	14,810	18,917
Graduate	<u>1,429</u>	<u>1,596</u>
TOTAL	<u>16,239</u>	<u>20,513</u>
Percent non-Ohio		27 %
Degrees granted		4,286
Placement rate (employed or pursuing advanced degree)—Oxford	99.6 %	
<i>(based on respondents to placement survey and does not include all students)</i>		
Financial aid—all campuses		
Total student employment	\$ 6,240,939	
Percent students receiving aid	59 %	
Current ratio		2 to 1
Ratio of expendable fund balances to debt		2 to 1
Endowment fund (market value) (including MU Foundation)	\$ 200,795,000	
Endowment fund per FTE student (including MU Foundation)	\$ 10,409	
Annual undergraduate tuition, fees, room and board—Oxford		
Ohio residents	\$ 10,812	
Out-of-state	\$ 17,272	
Unrestricted E&G revenues—all campuses:		
Tuition	\$ 138,055,578	
State	74,315,564	
Other	<u>11,870,135</u>	
TOTAL	<u>\$ 224,241,277</u>	
State's share of total E&G revenue—Oxford		29.3 %
Application of funds—all campuses		
Total unrestricted E&G funds	\$ 201,613,140	
Percent for academic area	71.1 %	
Library expenditures	\$ 9,244,558	

Number of buildings	188
Number of square feet in buildings	6,327,321
Number of acres	2,180
Number of trees and shrubs	24,200
Miles of sidewalks	38.5
Parking lots:	
Number	92
Total size in acres	77

Library holdings (volumes, maps, microforms, non-book material)—all campuses	5,450,000
Enhanced ACT composite scores, middle 50%—Oxford, freshman class	24 to 28
Undergraduate class size—Oxford	
Average number of students	31
Classes with 30 or fewer students	64%
Residence hall satisfaction survey—Oxford	
Attitude of food service staff	90%
Cleanliness—residence hall public areas	95%
Dining services	93%
Spending impact of Miami University on the Ohio economy, FY 1996—all campuses	
Initial spending	\$ 370,000,000
Induced spending	<u>370,000,000</u>
Miami University impact	\$ 740,000,000

Accreditation

Accreditation Board for Engineering & Technology
 American Assembly of Collegiate Schools of Business
 American Chemical Society (B.S. Chemistry)
 American Dietetic Association
 American Psychological Association
 American Speech-Language-Hearing Association
 Council on Social Work Education
 National Academy of Early Childhood Education—Child Studies Laboratory
 National Architecture Accrediting Board
 National Association of School Psychologists
 National Association of Schools of Art and Design
 National Association of Schools of Music
 National Association of Schools of Theatre
 National Athletic Trainers Association
 National Council for Accreditation of Teacher Education
 National League for Nursing
 North Central Association of Colleges and Schools
 Ohio Board of Nursing
 State of Ohio Department of Education

Sources and Uses of Total Current Funds

\$ 138,055,578	Tuition, Fees, and Other Student Charges — 44.0%
75,672,062	State Appropriations — 24.1%
11,532,866	Federal Grants and Contracts — 3.7%
3,130,386	State and Local Grants and Contracts — 1.0%
9,795,549	Private Gifts, Grants, and Contracts — 3.1%
2,222,188	Endowment Income — 0.7%
3,273,030	Sales and Services of Educational Activities — 1.1%
63,931,818	Sales and Services of Auxiliary Enterprises — 20.4%
5,886,963	Other Sources — 1.9%
<u>\$ 313,500,440</u>	

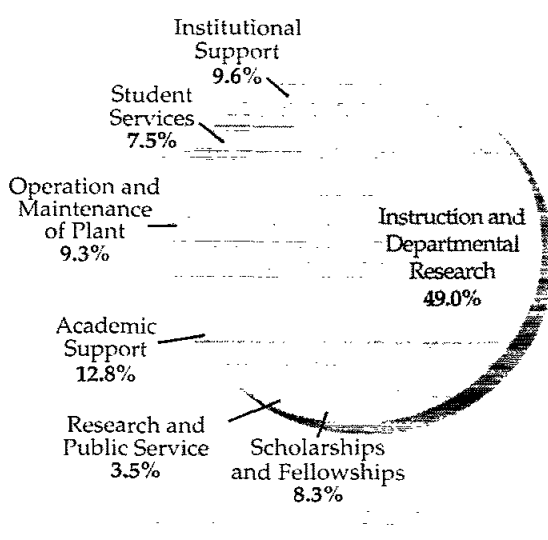
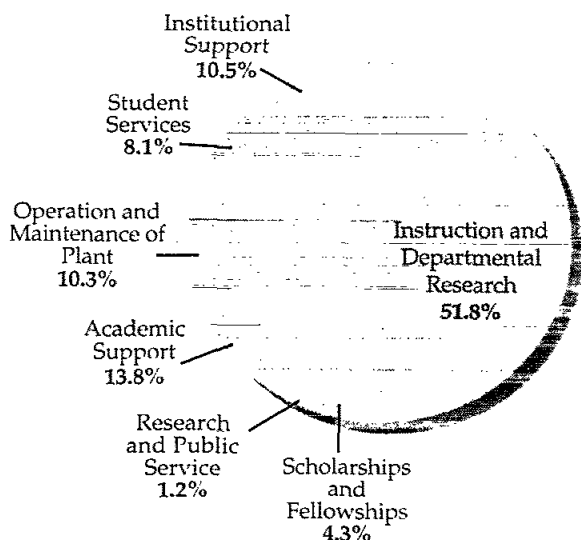
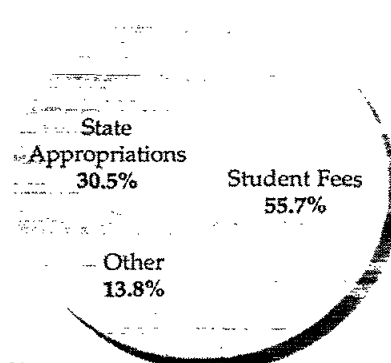
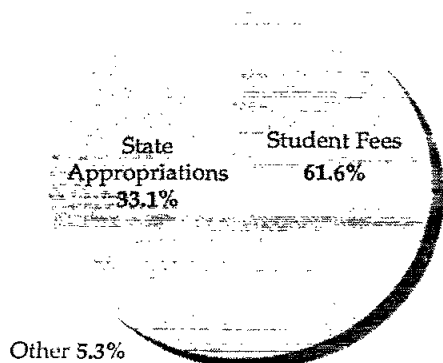
\$ 110,472,623	Instruction and Departmental Research — 35.2%
6,327,969	Separately Budgeted Research — 2.0%
1,632,820	Public Service — 0.5%
28,762,470	Academic Support — 9.2%
16,861,696	Student Services — 5.4%
21,657,244	Institutional Support — 6.9%
20,865,321	Plant Operation and Maintenance — 6.7%
18,817,966	Scholarships and Fellowships — 6.0%
67,064,426	Auxiliary Enterprises — 21.4%
6,319,038	Debt Payments and Other Mandatory Transfers — 2.0%
8,993,092	Net Transfers to Other Funds and Other Uses — 2.9%
5,725,775	Net Increase in Fund Balance — 1.8%
<u>\$ 313,500,440</u>	

Reference pages 16 and 17

Current Funds—Educational and General—All Campuses

Educational and General—Unrestricted

Educational and General—Unrestricted and Restricted



Reference pages 16 and 17



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

The President and the Board of Trustees
of Miami University

We have reviewed the independent auditor's report of the Miami University, Butler County, prepared by KPMG LLP, for the audit period July 1, 1998 through June 30, 1999. 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, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

January 5, 2000

Independent Auditors' Report



1600 PNC Center
201 East Fifth Street
Cincinnati, OH 45202

Independent Auditors' Report

The President and The Board of Trustees
of Miami University
and
Jim Petro, Auditor of State:

We have audited the accompanying balance sheet of Miami University (the University), a component unit of the State of Ohio, as of June 30, 1999, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami University as of June 30, 1999, and the changes in its fund balances and its current funds revenues, expenditures, and other changes for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 1999 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 grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Current Expenditures-Educational and General is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information 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 in relation to the basic financial statements taken as a whole.

The Year 2000 supplementary information is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that Miami University is or will become Year 2000 compliant, that Miami University's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which Miami University does business are or will become Year 2000 compliant.

KPMG LLP

September 10, 1999



KPMG LLP
A MEMBER FIRM OF THE KPMG NETWORK
A MEMBER OF THE PWC NETWORK

BALANCE SHEET as of June 30, 1999

With comparative figures as of June 30, 1998

Current funds

Unrestricted

Educational and general

Cash and cash equivalents	\$ 394,886	\$ 38,508
Investments	59,179,083	58,279,690
Accrued interest receivable	470,416	363,043
Accounts receivable, less allowance for doubtful accounts of \$1,012,000 in 1999 and \$1,010,000 in 1998	6,828,072	5,745,170
Inventories	774,186	846,318
Prepaid expenses and deferred charges	246,059	222,298
Net due from other funds	1,242,640	0

Total educational and general	\$ 69,135,342	\$ 65,495,027
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Auxiliary enterprises

Cash and cash equivalents	68,904	4,139,977
Investments	9,350,947	6,932,025
Accrued interest receivable	33,901	34,964
Accounts receivable	807,301	978,250
Inventories	2,039,111	2,165,827
Prepaid expenses	12,868	23,564
Net due from other funds	675,523	0

Total auxiliary enterprises	\$ 12,988,555	\$ 14,274,607
------------------------------------	----------------------	----------------------

Total unrestricted	\$ 82,123,897	\$ 79,769,634
---------------------------	----------------------	----------------------

Restricted

Cash and cash equivalents	14,317,828	8,731,976
Accrued interest receivable	146,587	168,310
Accounts receivable	2,246,318	2,841,002
Prepaid expenses	26,609	45,627
Net due from other funds	0	2,544,590

Total restricted	\$ 16,737,342	\$ 14,331,505
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Total current funds	\$ 98,861,239	\$ 94,101,139
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Loan funds

Cash and cash equivalents	798,940	833,05
Accounts receivable	284,015	114,628
Notes receivable		
Perkins Loan Program, less allowance for doubtful loans of \$985,000 in 1999 and \$925,000 in 1998	6,656,384	6,812,494
Nursing student loans	3,495	4,119
Other, less allowance for doubtful loans of \$300,000 in 1999 and 1998	1,793,619	1,681,845

Total loan funds	\$ 9,536,453	\$ 9,446,145
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See accompanying notes to financial statements.

Current funds		
Unrestricted		
Educational and general		
Accounts payable	\$ 5,300,423	\$ 6,498,169
Accrued salaries and wages	13,467,221	12,749,265
Accrued compensated absences	7,552,964	7,355,998
Deferred income	7,024,323	6,531,361
Deposits	798,789	733,521
Net due to other funds	0	3,382,850
Fund balances		
Allocated	32,876,917	26,362,948
Unallocated	2,114,705	1,880,915
Total educational and general	\$ 69,135,342	\$ 65,495,027
Auxiliary enterprises		
Accounts payable	287,460	917,498
Accrued salaries and wages	602,521	726,362
Accrued compensated absences	1,356,643	1,263,749
Deposits and deferred income	1,662,642	1,146,038
Net due to other funds	0	3,906,176
Fund balances		
Allocated	1,802,518	1,647,785
Unallocated	7,276,771	4,666,999
Total auxiliary enterprises	\$ 12,988,555	\$ 14,274,607
Total unrestricted	\$ 82,123,897	\$ 79,769,634
Restricted		
Accounts payable	122,442	598,818
Fund balances		
Educational and general	15,986,859	13,282,843
Auxiliary enterprises	628,041	449,844
Total restricted	\$ 16,737,342	\$ 14,331,505
Total current funds	\$ 98,861,239	\$ 94,101,139
Loan funds		
Accounts payable	56	2,865
Fund balances		
U.S. Government grants refundable	5,869,986	5,912,909
University funds		
Restricted	2,817,368	2,670,649
Allocated	849,043	859,722
Total loan funds	\$ 9,536,453	\$ 9,446,145

(continued)

BALANCE SHEET continued

Endowment and similar funds		
Cash and cash equivalents	\$ 388,041	\$ 1,703,562
Investments		
Marketable securities	91,792,710	84,284,028
Other	717,981	698,543
Accounts receivable	17,042	42,159
Total endowment and similar funds	\$ 92,915,774	\$ 86,728,292
Plant funds		
Plant additions		
Cash and cash equivalents	0	0
Accounts receivable	2,674,380	1,683,792
Total plant additions	\$ 2,674,380	\$ 1,683,792
Renewals and replacements		
Cash and cash equivalents	15,573,003	302,249
Investments	17,354,033	5,168,709
Accounts receivable	609,800	485,447
Construction in progress	9,135,117	0
Net due from other funds	70,363	8,200,000
Total renewals and replacements	\$ 42,742,316	\$ 14,156,405
Retirement of indebtedness		
Cash and cash equivalents	280,951	7,957
Investments	81,434	262,336
Net due from other funds	1,296,447	1,107,640
Total retirement of indebtedness	\$ 1,658,832	\$ 1,377,933
Investment in plant		
Land	2,294,212	2,294,212
Improvements other than buildings	59,350,951	32,730,768
Buildings	326,563,287	324,503,013
Movable equipment, furniture and library books	137,076,476	124,849,685
Construction in progress	15,764,485	30,566,984
Total investment in plant	\$ 541,049,411	\$ 514,944,662
Total plant funds	\$ 588,124,939	\$ 532,162,792
Agency funds		
Cash and cash equivalents	147,883	209,186
Investments	1,307,841	1,289,762
Accounts receivable	167,509	105,902
Total agency funds	\$ 1,623,233	\$ 1,604,850

See accompanying notes to financial statements.

Endowment and similar funds		
Net due to other funds	\$ 70,363	2,544,590
Fund balances		
Endowment	56,512,989	52,347,332
Quasi-endowment		
Restricted	3,877,264	3,692,233
Unrestricted	32,455,158	28,144,137
Total endowment and similar funds	\$ 92,915,774	\$ 86,728,292
Plant funds		
Plant additions		
Accounts payable	245,114	698,301
Net due to other funds	1,375,522	0
Fund balances		
Restricted	(3,500)	1,102,550
Unrestricted	1,057,244	(117,059)
Total plant additions	\$ 2,674,380	\$ 1,683,792
Renewals and replacements		
Accounts payable	733,617	343,927
Bonds payable	25,100,000	0
Fund balances		
Restricted	16,100,439	259,637
Unrestricted	808,260	13,552,841
Total renewals and replacements	\$ 42,742,316	\$ 14,156,405
Retirement of indebtedness		
Accrued interest payable	1,376,272	1,107,640
Fund balance	282,560	270,293
Total retirement of indebtedness	\$ 1,658,832	\$ 1,377,933
Investment in plant		
Bonds payable	32,369,884	25,769,884
Note payable	2,393,924	2,431,921
Capital leases payable	10,185,977	20,376,656
Net due to other funds	1,839,088	1,920,549
Net investment in plant	494,260,538	464,445,652
Total investment in plant	\$ 541,049,411	\$ 514,944,662
Total plant funds	\$ 588,124,939	\$ 532,162,792
Agency funds		
Accounts payable	76,097	11,780
Net due to other funds	0	98,065
Deposits held in custody for others	1,547,136	1,495,005
Total agency funds	\$ 1,623,233	\$ 1,604,850

Statement of Changes in Fund Balances for the year ended June 30, 1999

Current Funds

	Unrestricted			Restricted	
	Educational and General	Auxiliary Enterprises	Total	Educational and General	Auxiliary Enterprises
Revenues and other additions					
Unrestricted current fund revenues	\$ 224,241,277	\$ 65,059,188	\$ 289,300,465	\$ 0	\$ 0
State appropriations	0	0	0	1,916,736	0
Federal grants and contracts	0	0	0	11,161,507	131,278
State grants and contracts	0	0	0	2,329,418	0
Local grants and contracts	0	0	0	514,539	0
Private gifts, grants and contracts	0	0	0	9,171,068	452,814
Investment income					
Endowment income	0	0	0	2,492,659	1,655
Net increase in fair value of investments	0	0	0	0	0
Other investment income	0	0	0	0	0
Interest on loans receivable	0	0	0	0	0
Expended for plant facilities (including \$12,059,309 for capital improvements charged to current funds expenditures)	0	0	0	0	0
Retirement of indebtedness	0	0	0	0	0
Other	0	0	0	93,781	0
Total revenues and other additions	\$ 224,241,277	65,059,188	289,300,465	27,679,708	585,747
Expenditures and other deductions					
Educational and general expenditures	201,613,140	0	201,613,140	23,784,969	0
Auxiliary enterprises expenditures	0	66,649,420	66,649,420	0	415,006
Indirect cost	124,180	0	124,180	1,247,879	0
Refund to grantor	0	0	0	54,977	0
Loan cancellations and write-offs	0	0	0	0	0
Administrative and collection costs	0	0	0	0	0
Expended for plant facilities (including non-capitalized expenditures of \$3,971,121)	0	0	0	0	0
Retirement of indebtedness	0	0	0	0	0
Interest on indebtedness	0	0	0	0	0
Plant assets written off or reclassified	0	0	0	0	0
Issuance of indebtedness	0	0	0	0	0
Other	0	0	0	0	0
Total expenditures and other deductions	\$ 201,737,320	66,649,420	286,386,740	25,087,825	415,006
Transfers among funds-additions (deductions)					
Mandatory					
Principal and interest	(514,969)	(5,717,033)	(6,232,002)	(84,104)	0
Loan fund matching grant	(2,932)	0	(2,932)	0	0
Nonmandatory					
Renewals and replacements	(1,017,867)	(3,310,663)	(4,328,530)	(167,740)	0
General fee	(13,193,880)	13,193,880	0	0	0
Unrestricted allocated fund balance	(6,513,970)	(154,733)	(6,668,703)	0	0
Other transfers	(1,026,549)	188,553	(837,996)	363,977	7,456
Total transfers	\$ (22,270,167)	4,200,004	(18,070,163)	112,133	7,456
Net increase (decrease) for the year	233,790	2,609,772	2,843,562	2,704,016	178,197
Fund balances at beginning of year	1,880,915	4,666,999	6,547,914	13,282,843	449,844
Fund balances at end of year	\$ 2,114,705	\$ 7,276,771	\$ 9,391,476	\$ 15,986,859	\$ 628,041

See accompanying notes to financial statements.

Plant Funds

Total	Total Current Funds	Loan Funds	Endowment and Similar Funds	Plant Additions	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
\$ 0	\$ 289,300,465	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,916,736	1,916,736	0	0	11,835,482	4,803,496	0	0
11,292,785	11,292,785	31,537	0	0	0	0	0
2,329,418	2,329,418	0	0	0	0	0	0
514,539	514,539	0	0	0	0	0	0
9,623,882	9,623,882	5,753	739,958	5,000	127,454	0	306,475
2,494,314	2,494,314	130,823	141,280	0	2,124	0	0
0	0	0	5,632,555	0	11,936	0	0
0	0	395	0	16,498	1,290,019	12,267	0
0	0	149,388	0	0	0	0	0
0	0	0	0	0	0	0	29,045,620
0	0	0	0	0	0	0	18,618,615
93,781	93,781	6,695	2,285,175	627,201	9,745,856	13,757,716	0
28,265,455	317,565,920	324,591	8,798,968	12,484,181	15,980,885	13,769,983	47,970,710
23,784,969	225,398,109	0	0	0	0	0	0
415,006	67,064,426	0	0	0	0	0	0
1,247,879	1,372,059	0	0	0	0	0	0
54,977	54,977	556	0	0	0	0	0
0	0	65,329	0	0	0	0	0
0	0	126,521	0	0	0	0	0
0	0	0	0	16,494,483	13,598,038	0	0
0	0	0	0	0	0	17,100,871	0
0	0	0	0	0	0	3,190,307	0
0	0	0	0	0	0	0	3,247,346
0	0	0	0	0	0	0	14,908,478
0	0	60,000	72,807	0	0	0	0
25,502,831	293,889,571	252,406	72,807	16,494,483	13,598,038	20,291,178	18,155,824
(84,104)	(6,316,106)	0	0	0	(135,894)	6,452,000	0
0	(2,932)	2,932	0	0	0	0	0
(167,740)	(4,496,270)	0	0	0	4,496,270	0	0
0	0	0	0	0	0	0	0
0	(6,668,703)	0	0	0	0	0	0
371,433	(466,563)	18,000	(64,452)	4,078,555	(3,647,002)	81,462	0
119,589	(17,950,574)	20,932	(64,452)	4,078,555	713,374	6,533,462	0
2,882,213	5,725,775	93,117	8,661,709	68,253	3,096,221	12,267	29,814,886
13,732,687	20,280,601	9,443,280	84,183,702	985,491	13,812,478	270,293	464,445,652
\$ 16,614,900	\$ 26,006,376	\$ 9,536,397	\$ 92,845,411	\$ 1,053,744	\$ 16,908,699	\$ 282,560	\$494,260,538

Statement of Current Funds Revenues, Expenditures, and Other Changes for the year ended June 30, 1999

With comparative totals for the year ended June 30, 1998

	Educational and General	Auxiliary Enterprises	Total
Revenues			
Tuition, fees, and other student charges	\$ 138,055,578	\$ 0	\$ 138,055,578
State appropriations	74,315,564	0	74,315,564
Federal grants and contracts	1,012,710	57,040	1,069,750
State grants and contracts	147,398	0	147,398
Local grants and contracts	52,004	0	52,004
Private gifts, grants and contracts	1,745,402	1,892	1,747,294
Endowment income	742,120	78,946	821,066
Sales and services	3,273,030	63,931,818	67,204,848
Temporary investment income	3,375,906	989,492	4,365,398
Other sources	1,521,565	0	1,521,565
Total revenues	\$ 224,241,277	65,059,188	289,300,465
Expenditures and mandatory transfers			
Educational and general			
Instruction and departmental research	104,352,977	0	104,352,977
Separately budgeted research	1,823,101	0	1,823,101
Public service	714,996	0	714,996
Academic support	27,746,792	0	27,746,792
Student services	16,272,836	0	16,272,836
Institutional support	21,141,884	0	21,141,884
Plant operation and maintenance	20,814,186	0	20,814,186
Scholarships and fellowships	8,746,368	0	8,746,368
Total educational and general expenditures	201,613,140	0	201,613,140
Auxiliary enterprises	0	66,649,420	66,649,420
Mandatory transfers			
Principal and interest	514,969	5,717,033	6,232,002
Loan fund matching grant	2,932	0	2,932
Total expenditures and mandatory transfers	\$ 202,131,041	72,366,453	274,497,494
Nonmandatory transfers and additions (deductions)			
Nonmandatory transfers			
Renewals and replacements	(1,017,867)	(3,310,663)	(4,328,530)
General fee	(13,193,880)	13,193,880	0
Unrestricted allocated fund balance	(6,513,970)	(154,733)	(6,668,703)
Other transfers	(1,026,549)	188,553	(837,996)
Additions (deductions)			
Excess of restricted receipts	0	0	0
Indirect cost	(124,180)	0	(124,180)
Refund to grantor	0	0	0
Net increase (decrease) in fund balances	\$ 233,790	\$ 2,609,772	\$ 2,843,562

See accompanying notes to financial statements.

Restricted

Total Current Funds

Educational and General	Auxiliary Enterprises	Total	1999	1998
\$ 0	\$ 0	\$ 0	\$ 138,055,578	\$ 128,788,622
1,356,498	0	1,356,498	75,672,062	72,157,355
10,331,837	131,279	10,463,116	11,532,866	10,668,019
2,513,749	0	2,513,749	2,661,147	2,000,504
417,235	0	417,235	469,239	298,181
7,766,183	282,072	8,048,255	9,795,549	9,276,546
1,399,467	1,655	1,401,122	2,222,188	2,043,688
0	0	0	67,204,848	65,834,312
0	0	0	4,365,398	5,681,301
0	0	0	1,521,565	1,004,466
23,784,969	415,006	24,199,975	313,500,440	297,752,994
6,119,646	0	6,119,646	110,472,623	104,882,838
4,504,868	0	4,504,868	6,327,969	5,364,072
917,824	0	917,824	1,632,820	1,589,305
1,015,678	0	1,015,678	28,762,470	28,611,111
588,860	0	588,860	16,861,696	15,575,278
515,360	0	515,360	21,657,244	21,184,945
51,135	0	51,135	20,865,321	20,223,680
10,071,598	0	10,071,598	18,817,966	17,003,063
23,784,969	0	23,784,969	225,398,109	214,434,292
0	415,006	415,006	67,064,426	66,400,183
84,104	0	84,104	6,316,106	5,719,073
0	0	0	2,932	0
23,869,073	415,006	24,284,079	298,781,573	286,553,548
(167,740)	0	(167,740)	(4,496,270)	(6,507,922)
0	0	0	0	0
0	0	0	(6,668,703)	(4,105,736)
363,977	7,456	371,433	(466,563)	(608,084)
3,894,739	170,741	4,065,480	4,065,480	3,739,198
(1,247,879)	0	(1,247,879)	(1,372,059)	(1,160,869)
(54,977)	0	(54,977)	(54,977)	(22,913)
\$ 2,704,016	\$ 178,197	\$ 2,882,213	\$ 5,725,775	\$ 2,533,120

Notes to Financial Statements June 30, 1999

(1) Summary of Significant Accounting Policies

Miami University (the university) is a land grant institution chartered by the State of Ohio in 1809 and governed by a Board of Trustees (the board). The board consists of 11 members, including two student members. Members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate.

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

Accrual Basis

The financial statements of the university have been prepared on the accrual basis except for depreciation of plant and equipment that is not required to be recorded by governmental institutions of higher education. The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the university, the accounts of the university are maintained in accordance with the principles of fund accounting. Thus, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted fund balances allocated to specific purposes by action of the board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds, and are in contrast with unrestricted funds over which the board retains full control to use in achieving any of its institutional purposes.

Endowment Funds are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that the income only be utilized. The board may set aside other assets of the university for the same purposes as Endowment Funds (quasi-endowment); future expenditures of such funds are permitted only upon board action.

All gains and losses on investments and other non-cash assets are accounted for in the fund that owned the assets. Income derived from investments is accounted for in the fund owning the related assets, except for income derived from investments of Endowment and Similar Funds that is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in Unrestricted Current Funds.

All other unrestricted revenue is accounted for in the Unrestricted Current Funds. Restricted gifts, grants, endowment income, restricted quasi-endowment income, and other restricted resources are accounted for in the appropriate Re-

stricted Funds. Restricted Current Funds, including government grants and contracts, are reported as revenue and expenditures when expended for current operating purposes.

Investments

Investments that are market traded, such as equity and debt securities, mutual funds, and cash equivalents, are recorded at fair value. The fair value of investments is based on quoted market prices. Real estate is recorded at cost or appraised value.

Inventories

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

Land, Buildings, 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. To the extent that Current Funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books, (2) mandatory transfers, in the case of required provisions for principal and interest payments, and (3) as transfers of a non-mandatory nature for all other cases. When plant assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts, and the net investment in plant is reduced accordingly. Depreciation on plant and equipment is not recorded.

Deferred Income

Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying balance sheets as deferred income. These fees will be recorded as revenue in the following fiscal year.

Loan Funds

The allocated portion of Loan Fund balances represents the university's matching funds provided in accordance with the requirements of the Perkins Loan program. The funds must be retained in the Loan Fund as long as the university participates in the program.

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

Miami University makes investments in accordance with the board's policy, which conforms with and is more restrictive than the authority granted in the Ohio Revised Code. The

purchase of specific investment instruments is at the discretion of the university treasurer within these policy guidelines.

At year-end, the fair value of the university's cash and cash equivalents was approximately \$31,970,000. Approximately \$700,000 was covered by federal depository insurance, and the remaining amount 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. The university has compensating balance agreements with several banks.

Investments held by the university as of June 30, 1999 are presented below. Investments are categorized according to the level of credit risk involved. Miami University's investments in U.S. government securities, common and preferred stocks, and corporate bonds and notes are categorized as credit risk category 1, which includes investments that are insured or registered, or securities held by Miami University or its agent in the university's name. The university holds no investments in credit risk category 2, which includes investments that are collateralized with securities held by a pledging financial institution's trust department or agent in the university's name. Likewise, the university holds no investments in credit risk category 3, which are uninsured and unregistered investments held by a trust department or agent, but not in the university's name. Certain other investments are not required to be categorized.

	Fair Value
Endowment Fund Investments	
U.S. government securities	\$ 4,050,386
Common and preferred stocks	52,787,369
Corporate bonds and notes	732,634
State Treasury Asset Reserve of Ohio (STAR Ohio)	116,125
Mutual funds	27,341,286
Limited partnerships	6,764,910
Real estate	351,100
Other	366,881
Total	\$ 92,510,691
Investments held by all other funds	
U. S. Government securities	48,983,799
State Treasury Asset Reserve of Ohio (STAR Ohio)	38,289,539
Total	\$ 87,273,338

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.

STAR Ohio is an investment pool managed by the state treasurer's office that allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The investment is valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

Annually the university establishes a spending rate that defines the total amount of dividends, interest, and realized gains to be distributed from the Endowment Fund investment pool to other funds. The authorized spending rate for fiscal year 1999 was 5 percent of the average quarterly

market value of pooled investments for the previous three-year period, or \$3,583,166. Of this amount, \$1,284,801 of accumulated gains was utilized to meet the spending rate. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$3,441,886 was distributed to Current Unrestricted and Current Restricted Funds for expenditure.

(3) Indebtedness

Bonds and notes payable consist of university general receipts obligations. Series 1998 bonds were issued in October 1998 to refinance the Series 1989 bonds and certain capital leases and to pay a portion of the costs of constructing or renovating auxiliary facilities. The maturity dates, interest rates, and outstanding principal balances as of June 30, 1999, are as follows:

Indebtedness	Maturity Dates	Interest Rate	Outstanding Principal
Bonds Payable			
Series 1998 general receipts	2000 - 2018	3.35% - 4.8%	\$ 37,720,000
Series 1993 general receipts	2000 - 2013	4.65% - 5.8%	19,749,884
Note Payable			
U.S. Department of Education	2000 - 2006	5.5%	2,393,924
Total			\$ 59,863,808

The scheduled maturities of the bonds and note subsequent to June 30, 1999, are as follows:

Year Ended June 30	Series 1998 Bonds	Series 1993 Bonds	U.S. Department of Education Note	Total
2000	\$ 2,440,000	1,185,000	40,115	\$ 3,665,115
2001	2,535,000	1,240,000	42,352	3,817,352
2002	2,620,000	1,300,000	44,713	3,964,713
2003	2,730,000	1,365,000	47,206	4,142,206
2004	2,840,000	1,430,000	49,838	4,319,838
Thereafter	24,555,000	13,229,884	2,169,700	39,954,584
Total	\$ 37,720,000	19,749,884	2,393,924	\$ 59,863,808

The bonds are secured by a pledge of 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.

\$5,230,000 of the proceeds from the issuance of Series 1998 bonds were used to legally defease the university's general receipts bonds dated July 1, 1989. The trustee of the defeased bonds expects to redeem the bonds on Dec. 1, 1999. Additionally, in November 1988, the university defeased its dormitory revenue bonds dated May 1, 1972. Because the defeasances effectively relieved the university of its liability for payment on the bonds, the bonds and related investments were removed from the university's balance sheet as of that date. The outstanding balance of defeased bonds at June 30, 1999, was approximately \$4,990,000.

The university has approximately \$10,186,000 in capitalized lease obligations that have varying maturity dates through 2011 and carry implicit interest rates ranging from 2.78 percent to 14.24 percent. Lease arrangements are being used to provide partial financing for the university's campus-wide data and video network. The scheduled maturities of these leases as of June 30, 1999, are:

Year Ended June 30	Minimum Lease Payments
2000	\$ 2,553,716
2001	2,351,213
2002	2,102,968
2003	1,675,676
2004	1,222,559
Thereafter	2,234,662
Total minimum lease payments	12,140,792
Less amount representing interest	(1,954,815)
Net minimum lease payments	\$ 10,185,977

From time to time the university may establish interfund borrowings. At June 30, 1999, the Investment in Plant Fund had outstanding indebtedness to the Auxiliary Enterprises Fund in the amount of \$1,839,088. This loan was made in fiscal year 1992, for the purpose of acquiring the Miami Inn.

(4) Retirement Plans

Substantially all non-student employees participate in contributory retirement plans administered by the State Teachers Retirement System of Ohio (STRS) and the Public Employees Retirement System of Ohio (PERS). Both STRS and PERS are cost-sharing multiple-employer defined benefit pension plans. Both plans provide retirement, disability, postretirement health care coverage, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute.

STRS and PERS 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 PERS, 277 East Town Street, Columbus, OH 43215-4642.

University faculty participate in STRS. Contribution rates for STRS are established by the State Teachers Retirement Board, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Contribution rates for fiscal year 1999 were 9.3 percent for employees and 14 percent for employers. Twelve percent of the employer rate is used to fund pension obligations, and 2 percent funds the retiree health care program (Note 5).

Employees covered by the PERS system are required by state statute to contribute 8.5 percent of their salary to the plan. The university is required to contribute 13.31 percent of covered payroll; 9.11 percent is used to fund pension obligations and 4.2 percent funds the retiree health care program (Note 5).

Beginning in 1999, full-time faculty and unclassified employees with less than five years of service credit became eligible to participate in an alternative retirement program. The Ohio Department of Insurance has designated eight companies as eligible to serve as plan providers for the alternative retirement program. The Board of Trustees has established the employer contribution as an amount equal to the amount that the university would have contributed to the respective state retirement system in which the employee would participate, less six percent which is required to be remitted to the state retirement systems.

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	PERS	
1999	\$ 9,109,936	\$ 9,071,109	\$ 404,235
1998	9,025,457	8,287,760	N/A
1997	8,672,894	7,798,568	N/A

(5) Other Postemployment Benefits

In addition to the pension benefits described in Note 4, STRS and PERS 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 reimbursement of monthly Medicare premiums. A portion of the employer contribution (2 percent for STRS and 4.2 percent for PERS) is allocated to fund the health care benefits.

The STRS health care plan is advance funded, but not on an actuarially determined basis. The net health care costs paid by the plan were \$219 million for the year ended June 30, 1998, the date of its most recent audited financial report. The plan's net assets available to fund future health care benefits totaled \$2,156 million as of June 30, 1998. At that date there were 91,999 eligible benefit recipients in the STRS plan.

PERS health care benefits are financed through employer contributions and investment earnings, which are expected to be sufficient to sustain the program indefinitely. The net health care costs paid by the plan were \$441 million for the year ended June 30, 1998, the date of its most recent audited financial report. The plan's net assets available to fund future health care benefits totaled \$9.4 billion as of June 30, 1998. At that date there were 115,579 eligible benefit recipients in the PERS plan.

(6) Compensated Absences

At June 30, 1999, the university's liability for compensated absences was comprised of the following balances:

	Total
Educational and General Funds	
Accrued vacation	\$ 3,422,505
Accrued sick leave	4,130,459
Total	\$ 7,552,964
Auxiliary Enterprises	
Accrued vacation	\$ 1,057,409
Accrued sick leave	299,234
Total	\$ 1,356,643

Effective July 1, 1998, the university changed its method of calculating accrued sick leave from the vesting method to the termination payment method. The purpose of the change was to simplify the recordkeeping and computations required for the accrual. The effect of the change was immaterial to the financial statements, and as a result the prior year's balances were not restated.

Full-time unclassified staff earn vacation at rates of 18 to 22 days per year, based on the term of their employment contract, with a maximum accrual of 40 days. Classified employees earn vacation at rates ranging from 10 to 25 days per year, based on years of service, with a maximum accrual equivalent to the amount earned in three years. Upon retirement, termination, or death, the employee is compensated at the final rate of pay for unused vacation up to the maximum allowed accrual. Faculty accrue no vacation benefits.

Full-time faculty, unclassified and classified staff earn 15 days of sick leave per year, and individuals who work less than

full-time earn sick leave on a pro-rata basis. There is no limit on the number of sick leave hours that can be accumulated. Upon retirement a staff member with 10 or more years of Ohio public service is paid for one-fourth the value of earned but unused sick leave not to exceed 30 days, based on the employee's rate of pay at the time of retirement. Persons leaving employment for reasons other than retirement are not compensated for unused sick leave.

(7) 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. Fifty percent of the members of the foundation's board of trustees are appointed by the university, while 50 percent are appointed by the foundation's board of trustees.

Assets and financial activity of the foundation are not reported in the university's financial statements. Amounts received by the university from the foundation are restricted and are included in private gifts, grants, and contracts in the accompanying financial statements.

The foundation values its investments at fair value. Summary financial information for the foundation as of Dec. 31, 1998, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	\$ 874,654	\$ 36,774,461	\$ 72,189,072	\$ 109,838,187
Change in net assets for the year	(634,650)	2,484,894	5,873,654	7,723,898
Distributions to Miami University	4,171,750	0	0	4,171,750

(8) Commitments

At June 30, 1999, the university is committed to future contractual obligations for capital expenditures of approximately \$10.6 million. These commitments are being funded from the following sources:

Contractual Obligations	
Approved State appropriations not expended as of June 30, 1999	\$ 5,689,470
University funds	4,908,591
Total	\$ 10,598,061

(9) Risk Management

The university's employee health insurance program is a self-insured plan administered by Anthem Blue Cross/Blue Shield ("Anthem"). The university's risk exposure is limited to 110% of estimated claims in any given year, which reduces its exposure to material financial loss. To further reduce potential loss exposure, the university has also established a reserve for health insurance stabilization of \$1 million within the Allocated fund balance.

Health insurance claims are accrued based upon estimates of the claims liabilities made by Anthem. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of \$2,003,000 is included in accrued salaries and wages as of June 30. The change in the total liability for actual and estimated claims is summarized below:

Health Insurance	1998	1999
Liability at beginning of year	\$ 2,415,249	\$ 2,544,278
Claims incurred	10,164,729	10,012,343
Claims paid	(10,101,700)	(9,771,849)
Increase (decrease) in estimated claims incurred but not reported	66,000	(30,000)
Liability at end of year	\$ 2,544,278	\$ 2,754,772

Of the total liability at June 30, 1999, \$2,434,356 is recorded in the Unrestricted Educational and General Fund, and the remainder in the Auxiliary Enterprises fund.

The university participates in a consortium with other state-assisted universities for the acquisition of commercial property and casualty insurance. The property insurance program has been in place for five years and has had no material losses. The casualty program was initiated in 1999. The university also carries commercial insurance for liability and other risks.

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.

REQUIRED SUPPLEMENTAL INFORMATION

Year 2000 Preparedness

Many electronic processing systems and related equipment were not originally developed to anticipate the new century. This issue is commonly called the "year 2000" or "Y2K" problem. If not corrected, the year 2000 problem could have adverse effects on operations. Miami University has been working for several years to assess, remediate, and test the year 2000 readiness of its systems.

The university's core administrative systems, which are comprised of finance, human resources/payroll, and student systems, were evaluated in 1996 and found to have a year 2000 problem. In 1998, the university contracted with an outside vendor to replace the core administrative systems with systems that are year 2000 compliant. As of July 1, 1999, the components of the core administrative systems that had been replaced were student financial aid, finance, and human resources/payroll. The remaining components (admissions, course registration and student records, student accounts, and donor accounting) are currently being installed and tested and are expected to be completed before December 1999.

In addition to the administrative systems software project, a university committee has reviewed all other systems and has prepared a plan for millennium compliance. The university estimates that 90 percent of the desktop equipment used for academic purposes has been upgraded for year 2000 compliance. Compliance work has been completed on the following systems: campus-wide network, telecommunications, building environmental controls, and housing, dining and guest services. The following systems are in the remediation phase: student ID card, employee time and attendance, and police dispatching. Additionally, there is a back-up plan in place in the event of the possible loss of utility services.

The project budget for the replacement of the core administrative systems is \$13 million; of this amount, approximately \$10 million has been incurred and paid from the project's inception through fiscal year 1999. Hardware or software upgrades or replacements for the remaining systems are being funded as part of the university's regular budget process.

Miami University's Board of Trustees and administration have recognized the importance of addressing the year 2000 issue and have directed significant attention and resources toward prioritizing and correcting the university's systems. Although the final outcome of these efforts will not be fully determinable until after January 1, 2000, it is the university's intent to be prepared for the year 2000 in all its operations.

Schedule of Current Expenditures—Educational and General Central Campus and Branches for the year ended June 30, 1999

With comparative totals for the year ended June 30, 1998

			Total	
	Unrestricted	Restricted	1999	1998
Instruction and departmental research				
College of Arts and Science	\$ 53,747,709	\$ 2,022,275	\$ 55,769,984	\$ 53,325,152
School of Education and Allied Professions	13,632,863	1,403,902	15,036,765	14,254,328
School of Business Administration	15,439,532	1,231,031	16,670,563	15,929,197
School of Fine Arts	8,461,659	163,706	8,625,365	8,125,212
School of Applied Science	6,853,518	245,102	7,098,620	6,645,268
School of Interdisciplinary Studies	990,591	479,426	1,470,017	1,543,503
Other	5,227,105	574,204	5,801,309	5,060,178
Total instruction and departmental research	\$ 104,352,977	6,119,646	110,472,623	104,882,838
Separately budgeted research				
Research centers	375,125	200,936	576,061	564,147
Other	1,447,976	4,303,932	5,751,908	4,799,925
Total separately budgeted research	\$ 1,823,101	4,504,868	6,327,969	5,364,072
Public service				
Community service	55,408	772,335	827,743	874,833
Noncredit instruction	658,666	3,712	662,378	630,378
Other	922	141,777	142,699	84,094
Total public service	\$ 714,996	917,824	1,632,820	1,589,305
Academic support				
Libraries	9,244,558	172,289	9,416,847	9,301,790
Academic administration	7,070,856	396,483	7,467,339	7,448,882
Applied technologies	1,989,820	6,666	1,996,486	1,750,893
Broadcasting services	625,878	192,629	818,507	741,172
Continuing education	527,628	754	528,382	633,706
Graduate school	460,539	43	460,582	466,796
Institute of environmental sciences	459,528	3,374	462,902	490,424
Instrumentation laboratory	278,567	0	278,567	287,155
Office for the advancement of scholarship and teaching	1,317,408	786	1,318,194	1,271,122
Other	5,772,010	242,654	6,014,664	6,219,171
Total academic support	\$ 27,746,792	1,015,678	28,762,470	28,611,111
Student services				
Vice president for student affairs	808,030	192,118	1,000,148	1,017,553
Admission office	2,369,699	12,779	2,382,478	2,158,202
Career planning and placement	694,147	62,908	757,055	627,533
Learning assistance	1,150,070	12,091	1,162,161	887,066
Registrar's office	2,041,771	2	2,041,773	1,867,429
Student activities	222,186	6,683	228,869	244,645
Student counseling service	552,224	2,224	554,448	512,856
Student financial aid	1,752,654	18,210	1,770,864	2,036,877
Student health service	2,139,842	30,405	2,170,247	2,095,831
Student leadership	265,155	100,545	365,700	347,470
Student orientation and registration	284,228	0	284,228	325,318
Student services - branch campuses	681,761	2,799	684,560	614,113
University funded student organizations	831,776	15,629	847,405	765,958
University lectures and artists	621,158	99,614	720,772	599,136
Other	1,858,135	32,853	1,890,988	1,475,291
Total student services	\$ 16,272,836	\$ 588,860	\$ 16,861,696	\$ 15,575,278

See accompanying independent auditors' report.

			Total	
	Unrestricted	Restricted	1999	1998
Institutional support				
President's office	\$ 598,727	\$ 880	\$ 599,607	\$ 624,711
Executive vice president for academic affairs	1,087,019	104,687	1,191,706	1,243,407
Senior vice president for finance and university services	535,257	5,970	541,227	476,834
Vice president for university relations	3,922,081	214,293	4,136,374	3,975,918
Secretary of the university	350,616	566	351,182	378,758
Affirmative action	777,551	8,136	785,687	854,766
Bursar's office	2,387,481	4,164	2,391,645	2,298,668
Controller's office	1,746,059	0	1,746,059	1,881,899
Degree audit program	1,458,001	696	1,458,697	1,246,414
Environmental health and safety	494,032	530	494,562	469,683
General counsel	139,555	0	139,555	391,582
Office of university budget and institutional research	456,086	0	456,086	419,584
Personnel office	1,129,326	1,120	1,130,446	892,655
Publications office	1,441,828	380	1,442,208	1,438,119
Purchasing office	576,807	1,971	578,778	555,123
Public safety	1,828,762	2,671	1,831,433	1,670,059
Western College alumnae association	197,675	96,326	294,001	323,961
Executive directors of branches	1,332,885	56,451	1,389,336	1,145,100
Other	682,136	16,519	698,655	897,704
Total institutional support	\$ 21,141,884	515,360	21,657,244	21,184,945
Plant operation and maintenance				
Administration	1,178,109	3,922	1,182,031	1,083,610
Custodial service	4,501,912	241	4,502,153	4,557,290
Maintenance of buildings	4,678,368	3,101	4,681,469	4,544,066
Maintenance of grounds	2,332,355	42,671	2,375,026	2,321,027
Operation of motor vehicles	714,055	0	714,055	631,834
Planning and construction	811,911	1,200	813,111	790,299
Purchased utilities	4,176,908	0	4,176,908	3,983,556
Steam plant	1,644,602	0	1,644,602	1,866,754
Other	775,966	0	775,966	445,244
Total plant operation and maintenance	\$ 20,814,186	51,135	20,865,321	20,223,680
Scholarships and fellowships				
Scholarships				
Grants-in-aid	4,587,757	10,058,670	14,646,427	13,014,116
Fee remissions	2,176,852	0	2,176,852	2,084,447
Fellowships				
Graduate summer fellowships	1,148,260	0	1,148,260	992,573
Doctoral dissertation fellowships	160,622	5,134	165,756	162,803
Fee remissions	373,092	1,616	374,708	333,834
Other	0	6,178	6,178	4,743
Post-secondary enrollment options program	299,785	0	299,785	410,547
Total scholarships and fellowships	\$ 8,746,368	10,071,598	18,817,966	17,003,063
Total current expenditures - educational and general	\$ 201,613,140	\$ 23,784,969	\$ 225,398,109	\$ 214,434,292

The Miami University Board of Trustees



Wayne R. Embry



Fred G. Wall, *Treasurer*



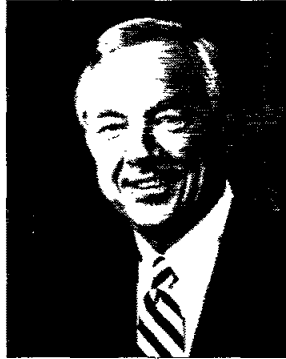
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Myrtis H. Powell, *Vice President for Student Affairs*



Kenneth E. Burke, *Vice President for University Relations*



Stephen D. Snyder, *Secretary to the Board of Trustees and Executive Assistant to the President*

A Fond Farewell

Three key managers in the business division retired from Miami in fiscal year 1998-99. Their contributions to Miami are enormous, and the university thanks them for their loyal service and wishes each of them many years of health and happiness.



Harold Gibbons

No matter the fiscal crisis, no matter the pressure of deadlines, no matter the impending auditor's visit, you could always count on Harold Gibbons, director of financial affairs, for a smile. Not just a quick barely-show-your-teeth kind of smile, but a full-fledged glad-to-see-you grin. Harold has a way of making everyone feel that all is right with the world.

And all *was* right with the financial world under Harold's leadership. As the university's comptroller, Harold successfully ushered Miami through the tremendous accounting system changes brought on by the Information Age, moving us from hand entries in ledger books through the design and development of a computerized accounting system. Harold's ability to embrace the technology resulted in his appointment as chair of a Board of Regents committee charged with creating a standardized reporting format implemented by all state-assisted universities in Ohio.

A lifelong resident of Hamilton, Harold earned his bachelor's in accounting at Miami in 1966 having already worked as a staff accountant for Champion Papers for two years. In 1967 he began his long career at Miami, serving as administrative assistant, assistant comptroller, comptroller, and director of financial affairs and controller. He served as trustee and controller for the Miami University Foundation and trustee and treasurer for the Miami University Paper Science and Engineering Foundation. Outside the university, he served as president of the Ohio Association of College and University Business Officers and on the board of directors of Columbia Federal Savings.

An avid golfer, Harold is now enjoying life on the links in Naples, Florida, with his wife, Charlene.



William S. Hanger

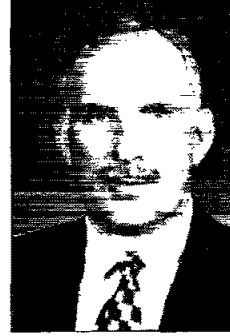
To a lot of people, Bill Hanger is Mr. Miami. He effectively translated his devotion to alma mater into a career as Miami's director of institutional relations. In this capacity, he represented Miami in meetings with legislators, legislative staff, and executive officers, and he monitored the impact of prospective legislation on the university.

Bill's reasoned, thoughtful, and passionate conversations with state lawmakers earned him the respect of people in Columbus and of his peers in Ohio's other public universities. One of his proudest accomplishments was the successful lobbying for changes to the state subsidy structure to allow recognition of quality factors in the distribution of funds.

Bill graduated from Miami in 1968 with a bachelor's in political science and in 1972 with a master's in educational administration. From 1968 through 1982, he served on Miami's staff in a variety of positions: assistant registrar, assistant to the executive vice president for academic affairs, acting chair of nursing, and assistant provost. In 1983 he left to become vice president of enrollment at Transylvania University in Kentucky, but soon heeded the call back to Miami as director of institutional relations.

Equally devoted to Oxford as he is to Miami, Bill served on city council, on the board of the Oxford Community Improvement Corporation, and as vice president of the Oxford NAACP. He also served as acting director of the Ohio Student Loan Commission, chair of the Inter-University Council of Legislative Officers, member of the Ohio YMCA Youth in Government Committee, and board member of Greater Dayton Public Television Inc.

He and his wife, Nancy, have retired to Maine where they enjoy hikes through the woods, cross country skiing, and visits from their children, Miami graduates Lisa and Jill.



Roger E. Rowe

The hallmark of Roger Rowe's leadership in the physical facilities department was his ability to make every employee *know* he or she was an integral part of the Miami Family.

As a result, his decisions centered on one question: how will this affect the members of my team. In response, Roger reorganized the department staff in 1987 and developed a master plan for the university's physical plant in 1979. He invested resources in extensive job enrichment, promotion, and employee recognition programs, a formal TQM process, and a department newsletter that focuses on staff accomplishments. His efforts were rewarded with the highest recognition granted by APPA, the industry's professional organization—the 1996 Award for Excellence in all nine categories of judging.

Roger's career in Miami's physical facilities department spanned more than 30 years, beginning in 1968 as a student having just been released from active duty in the Army Corps of Engineers. He signed on full-time as assistant superintendent of building maintenance and moved through a number of promotions until he was named, in 1998, senior associate vice president for finance and university services.

Simultaneously, Roger progressed in his career with the Ohio Army National Guard, ultimately attaining the rank of Brigadier General. He earned most major awards bestowed by the Guard and holds the special distinction of having an award named after him. The Roger E. Rowe Quality Award is presented annually to a member of the Ohio Guard who best champions the quality cause.

Although he retired from Miami, Roger has been unable to keep away from higher education. He is now working at the University of West Florida as executive assistant to the vice president of administrative affairs. He and his wife, Linda, are enjoying the Florida weather and golf courses. Like the Hangers, they also have two children who graduated from Miami, Jenny and Jon (J.J.).

Special Recognition

Edward J. Demske

In this last annual report directed by Ed Demske – and over his objections – we offer this brief tribute along with the gratitude of all members of the Miami Family.



Officially, Edward J. Demske, senior vice president for finance and university services and treasurer, retired in August after 17 years of "taking care of business" for Miami.

Unofficially, Ed continues to be with us, not only in spirit, but also in tightly knotted necktie on those days that find him in Roudebush Hall, tying up loose ends and easing the transition for his successor.

Ed came to Miami in 1982 following the retirement of Lloyd Goggin. He was quickly accepted in the Miami community — in part because of his seamless shift in allegiance to all Miami athletic endeavors, an allegiance that earned him fame as one of Miami's most rabid bleacher-bound basketball coaches.

Ed received a bachelor's degree in education from State University of New York in 1958 and performed graduate work in public administration at SUNY-Albany and Syracuse University before joining SUNY-Binghamton in 1966 as coordinator of research. In 1969, he was promoted to vice president for business affairs. One year later, he was named vice president for finance and management, a position he retained until coming to Miami.

Ed's service to Miami includes membership on the President's Council, Miami University Foundation board of trustees, and numerous committees. He worked on the boards of McCullough-Hyde Hospital and Oxford Rotary Club. Beyond Oxford city limits, Ed served Ohio's Inter-University Council as a member of the fiscal officers and legislative liaison committees; for the Ohio Board of Regents, Ed served on committees for higher education funding, subsidy review, and capital improvement consultation. On a national level, Ed served as managing director of School, College, and University Underwriters Ltd. (SCUUL) and on numerous committees for the National Association of State Universities and Land Grant Colleges (NASLGC) and the National Association of College and University Business Officers (NACUBO).

Ed and Elizabeth, parents of three Miami alumni, Gregory, Bruce and Steven, remain in Oxford, anchored in part by grandchildren in the Cincinnati area and by Elizabeth's position as instructor of business technology at Miami's Hamilton campus. They will spend time this winter traveling to warmer locales in Florida and Arizona to visit friends and scout vacation spots.

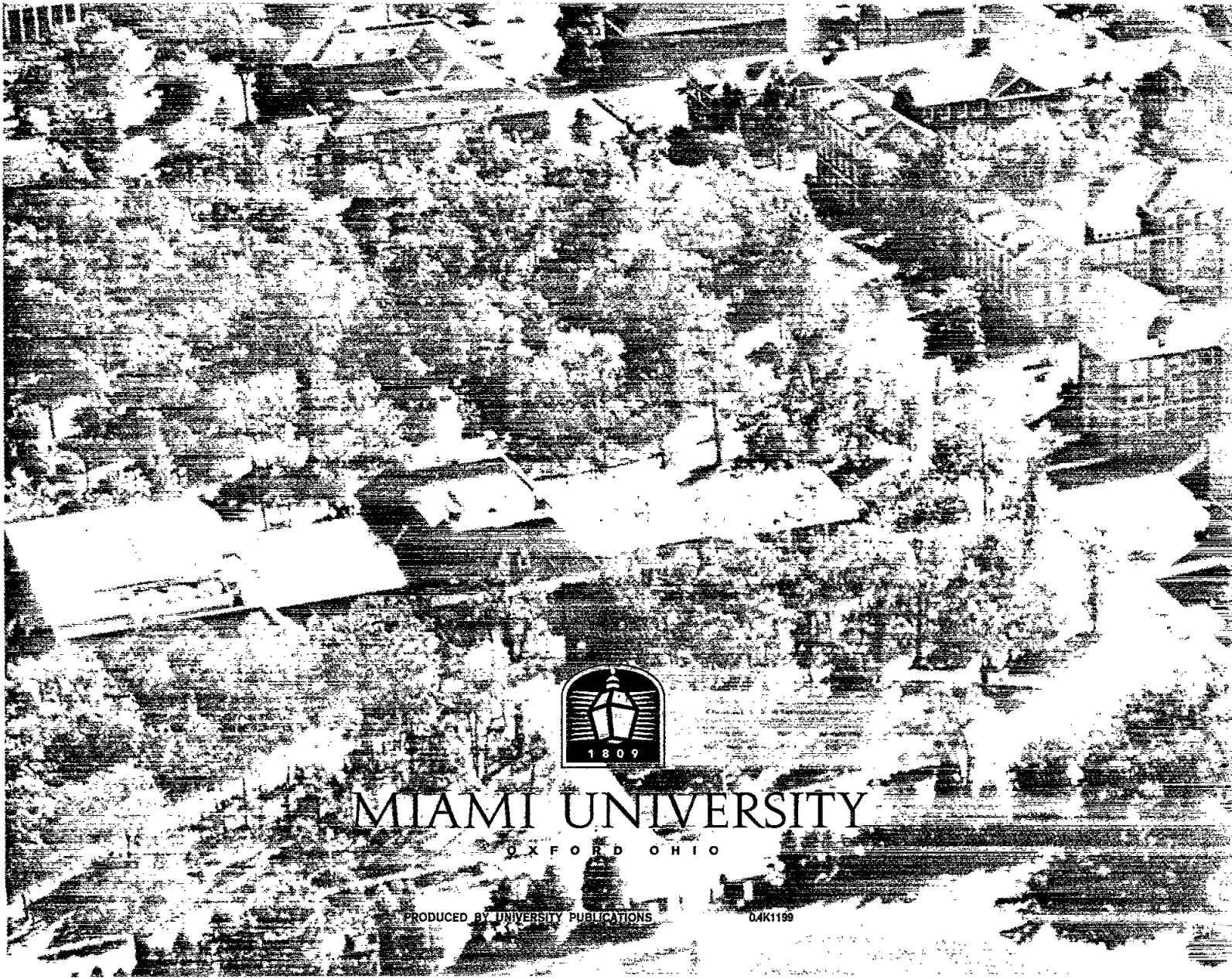
He may be turning in his key to Roudebush Hall; however, at Miami University, the door will always be open for Ed Demske.

Comparison of Ed Demske's First and Final Budgets			
	1983-84	1999-2000	Percent Change
Educational & General Fund	\$ 89,706,000	\$ 252,456,000	181%
Auxiliaries	\$ 23,442,100 (9 auxiliary units)	\$ 71,907,500 (16 auxiliary units)	207%
Total Budget	\$ 113,148,000	\$ 324,363,600	187%
Salaries	\$ 51,554,600	\$ 142,153,900	176%
Benefits Costs	\$ 11,917,500	\$ 38,385,100	222%
Libraries	2,730,700 holdings 0 computers	5,231,700 holdings 200+ computers	92%
Financial Aid	\$2,426,932 awarded	\$18,817,966 awarded	675%
Utilities Costs	\$ 3,172,870	\$ 6,069,358	91%
Endowment	\$15 million	\$200 million	1,333%

Buildings and Infrastructure

1983 to 1999

- 22 new buildings
- 21 major renovations
- 10 property acquisitions
- Telecommunications system
- Computer network
- Replacement of administrative systems
- Chilled water loop



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1600 PNC Center
201 East Fifth Street
Cincinnati, OH 45202

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Miami University:

We have audited the financial statements of Miami University as of and for the year ended June 30, 1999, and have issued our report thereon, dated September 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Miami University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Miami University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted an immaterial matter involving the internal control and its operation that we have reported to management of the University in a separate letter dated September 10, 1999.

This report is intended for the information of the Board of Trustees, management and 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.

KPMG LLP

September 10, 1999





REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Trustees
Miami University:

Compliance

We have audited the compliance of Miami 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 each of its major federal programs for the year ended June 30, 1999, except those requirements discussed in the third following paragraph. Miami 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 Miami University's management. Our responsibility is to express an opinion on Miami University's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Miami 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 Miami University's compliance with those requirements.

In our opinion, Miami 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, 1999, other than those requirements discussed in the following paragraph. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 99-1.

We did not audit Miami University's compliance with requirements governing accuracy of FISAP data and due diligence and repayment records for Perkins Loans. Those requirements govern functions that are performed by University Accounting Service, Inc. (UAS), a third party servicer. Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

UAS compliance with the requirements governing the functions that it performs for Miami University was examined by other accountants whose report has been furnished to us. The report of the other accountants indicates that compliance with those requirements was examined in accordance with the Department of Education's Audit Guide, *Compliance Audits (Attestation*

Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers. Based on our review of the service organization accountants' report, we have determined that all of the compliance requirements included in the *Compliance Supplement* that are applicable to the major programs in which Miami University participates are addressed in either our report or the report of the service organization accountants. Further, based on our review of the service organization accountants' report, we have determined that it does not contain any findings of noncompliance that would have a direct and material effect on Miami University's major programs.

Internal Control Over Compliance

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

Requirements governing accuracy of FISAP data and due diligence and repayment records for Perkins Loans are performed by UAS. Internal control over compliance relating to such functions was reported on by other accountants in accordance with the Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers.* A copy of the service organization accountant's report has been furnished to us. However, the scope of our work did not extend to internal control maintained at UAS.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Miami University, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 10, 1999. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Board of Trustees, management and 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.

KPMG LLP

September 10, 1999

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
RESEARCH:			
U.S. Department of Labor:			
Pass-through program from:			
Colorado State University - Operation of a USDA UV-B Radiation Monitoring Network Station	10.200	P520266	\$ 7,890
Total U.S. Department of Labor			<u>\$ 7,890</u>
U.S. Department of Agriculture:			
Regulation of Insect Cold-hardiness Using Ice Nucleating Active Bacteria	10.206	96-35302-3419	\$ 105,464
Regulation of Microsporogenesis in Arabidopsis thaliana	10.206	95-37304-2246	45,194
Spiders in Agroecosystems: Ecological Processes and Biological Control	10.206	98-35302-6027	6,312
Subtotal Direct Programs			<u>\$ 156,970</u>
Pass-through program from:			
Oregon State University - Subcontract for USDA Proposal	10.206	C0169A-01/97-35304-4521	\$ 14,009
University of Dayton - Animal Disturbances in Rangeland Ecosystems	10.206	93-37101-1901/RI-33809X	405
			14,414
Apache-Sitgreaves National Forests: Clarification of the Taxonomic Status of Anodonta Mussels on the Apache-Sitgreaves National Forests		0301-97-CCS-016	3,314
Ouachita National Forest - The Role of Unionids in the Upper Ouachita River	10.652	08-99-09-CCS-001	1,860
Subtotal Pass-Through Program			<u>\$ 19,588</u>
Total U.S. Department of Agriculture			<u>\$ 176,558</u>
U.S. Department of Commerce:			
Operation of an Atmospheric Integrated Research Monitoring (AIRMON) Station	11.431	40EANR802007	\$ 18,473
Subtotal Direct Programs			<u>\$ 18,473</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Department of Commerce (continued):			
Pass-through program from:			
Economic Development in Local Government	11.303	06-06-02827-97	\$ 13,955
Bowling Green State University - Economic Development Initiative for Local Government	11.303	06-06-02827-98	22,209
			<u>35,764</u>
Ohio Sea Grant College Program - Effects of Habitat Modification by Dreissena spp. On Burrowing Mayfly Survival and Fitness	11.417	RF74827101	5,928
Ohio Sea Grant College Program - Vegetation Dynamics in Great Lakes Coastal Wetlands: Toward a Field-based Mgmt Model	11.417	NA46RG04382	6,676
State University of New York - Implants and Mitigation of Commercial Net- Pen Culture in the Great Lakes-Subcontract -Year 2	11.417	RF122-S304Q	9,547
Ohio State University -Strategies to Control Exotic Invasive Plant Species in Great Lakes Coastal Wetlands: A Field Evaluation	11.417	NA86RG0053/RF735494	8,657
Ohio State University - Final Cover Vegetation Literature Evaluation	11.417	—	1,725
			<u>32,533</u>
National Institute of Standards & Tech: - National Institute of Standards and Tech: Surfing the Physics Lab: AMO Physics	11.609	8T8009	7,984
National Institute of Standards & Tech: - National Institute of Standards and Tech: Surfing the Physics Lab: AMO Physics	11.609	8T8015	2,892
National Institute of Standards & Tech: - Surfing the Physics Lab	11.609	70NANB9H0042	10,486
			<u>21,362</u>
Subtotal Pass-Through Program			\$ 89,659
Total U.S. Department of Commerce			<u>\$ 108,132</u>
Department of Naval Research:			
Digestive Kinetics Determines Bioavailability of Pollutants	12.300	—	\$ 14,003
Total Department of Naval Research			<u>\$ 14,003</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
National Security Agency:			
The Summer Undergraduate Mathematical Science Research Institute	12.901	MDA904-99-1-0014	\$ 32,995
Total National Security Agency			<u>\$ 32,995</u>
U.S. Geological Survey:			
Operation of the NADP/NTN Precipitation Chemistry Station at Oxford	15.808	98-4883-0007	\$ 636
Subtotal Direct Programs			<u>\$ 636</u>
Pass-through program from:			
Ohio State University: Degradation of Groundwater Quality from Pumping -Induced Surfaced Water Infiltration: Bacterial Contamination	15.805	REF# 735026	\$ 25,803
City of Cincinnati: Fate and Transport of Pathogens in Areas of Induced Surface-water Infiltration		95X0009	2,880
Subtotal Pass-Through Program			<u>\$ 28,683</u>
Total U.S. Geological Survey			<u>\$ 29,319</u>
U.S. Department of Labor:			
Explaining The Decline in Pension Coverage of Less Educated Workers	17.150	N/A	\$ 38
The Determinants of 401(k) Participation and Contribution Levels	17.150	CONT. 41USC252C3	844
A Conference on Current Pension Policy Issues	17.150	41USC252C3	1,913
The Impact of Rising 401(k) Pension Coverage on Future Retirement Income	17.150	CONT. 41USC252C3	597
Total U.S. Department of Labor			<u>\$ 3,392</u>
National Aeronautics and Space Administration:			
The Role of Integrins in the Transduction of Gravitropism	43.001	NGT5-50041	\$ 21,053
Graviperception in Starch-Deficient Plants in Biorack	43.002	NAG 2-1017-3	62,921
Subtotal Direct Programs			<u>\$ 83,974</u>
Total National Aeronautics and Space Administration			<u>\$ 83,974</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
National Endowment for the Humanities:			
Dispositions: Rhetoric, Difference and Public Space	45.160	FA-34987-98	\$ 30,000
Total National Endowment for the Humanities			\$ 30,000
National Science Foundation:			
Investigations on Normal and Paracompact Spaces	47.049	DMS-9623391	\$ 11,473
Research Experiences for Undergraduates in Chemistry	47.049	CHE-9619696	76,194
Structure of Vector-Valued Function Spaces and Non-Commutative Function Spaces	47.049	DMS-9703789	19,318
Electron-correlated Calculations of Two- and Three-body Intermolecular Complexes and their Properties	47.049	CHE-9616683	35,576
			<u>142,561</u>
Petrologic and Geochemical Investigation of the Wrangell Volcanic Field, Alaska.	47.050	EAR-9304379	575
Microbial and Geochemical Controls on Metal Cycling in Lake Vanda	47.050	OPP-9319044	8,656
Active Tectonics of a Young Oblique-Rifted Continental Margin, Loreto, Baja	47.050	EAR-9526470	12,463
Experiments in X-ray Crystallography	47.050	EAR-9627222	7,238
Collaborative Research: Active Strain within the Pacific-North American Oblique-Divergent Plate Boundary, Baja California Sur, Mexico	47.050	EAR-9802790	2,362
Determination of Site Occupancy in Multiply-Occupied Atomic Sites	47.050	EAR-9804768	16,470
Probing the Structure and Energetic of Reactive Sites at the Mineral-Water Interface: Implications for Element Partitioning and Geochronology. REU	47.050	EAR-9814691	4,179
Microbial Mediation of Trace Metal Cycling in Four Stratified Antarctic Lakes	47.050	OPP-9814837	3,453
			<u>55,406</u>
Extending Fuzzy Reasoning to General Knowledge Base Systems	47.070	IRI-9612171	950
			<u>950</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
National Science Foundation (continued):			
Ecophysiological Correlates of Vertebrate Freeze Tolerance	47.074	IBM-9507437	\$ 55,545
Competitive Co-Existence Of Two Predators In A Spatially Patterned Landscape.	47.074	DEB-9527710	52,949
The effects of Territory Quality and Resource Distribution on Dispersal and Space Use	47.074	IBN-9700900	564
The Importance of Biodiversity to Resource Heterogeneity and the Structure of Neo tropical Streams	47.074	DEB-9615620-01	15,483
Insect Cold-Hardiness and Diapause: Regulatory Relationships	47.074	IBN-9728573	79,953
3-Ketoacyl Synthases: Modification and Characterization	47.074	MCB-9728786	78,153
Impacts of a Strong Interactor Along a Productivity Gradient: Linking Watersheds with Reservoir Food Webs	47.074	DEB-9726877	98,160
Willard Sherman Turrell Herbarium Improvement	47.074	DBI-9808577	100,672
Collaborative Research: Context-Dependence in Hippocampal Place Fields: Experimental Investigation of the Dentate Gyrus-Hilus System	47.074	IBN-9816612	9,191
Phylogeny, Biogeography and Systematics of Edrithalis and Ermodea (Rubiaceae) in the Caribbean Basin	47.074	DEB-9807089	3,313
Ecophysiological Correlates of Vertebrate cold Hardiness	47.074	IBN-9817087	119
			<u>494,102</u>
U.S.-Polish Collaborative Research on Electronanalytical Chemistry in the Absence of a Bulk Solution Phase	47.075	INT-9529589	4,479
Annual Cilmometrics Conferences	47.075	SBR-9515252	30,922
			<u>35,401</u>
Rich Curriculum: A Model for Lifelong and Continuous Learning	47.076	DUE-9652063	45,736
Bridging the Gap: Equity in Systemic Reform	47.076	REC-9602137	306,230
Modernization of Plant Taxonomy Curriculum Through Use and Development of Plant Identification Expert Systems	47.076	DUE-9850878	30,052
			<u>382,018</u>
Renovation of Hughes Hall Chemistry Research Facilities	47.077	STI-9602322	183,652
Subtotal Direct Programs			\$ <u>1,294,090</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
National Science Foundation (continued):			
Pass-Through Programs From:			
Texas A&M: Structural Studies of Leg-153 (MARK Area)	47.050	USSSP 153-20816 & 20850	\$ 5,760
University of Cincinnati: CRI: A Model-Driven Investigation of Hippocampal Functionality in the Rat	47.074	IBN-9634424	886
Subtotal Pass-Through Programs			\$ 6,646
Total National Science Foundation			\$ 1,300,736
U.S. Department of Interior:			
Applications of LANDSAT, ASTER and MODIS Data to Land Cover Mapping in Ohio			
Fundamentals Through Application of Space Technologies	15.808	98CRAG1014	\$ 109,227
Subtotal Direct Programs:	15.808	99CRAG0009	48,187
			\$ 157,414
Pass-Through Programs From:			
National Biological Service: Biochemical Mechanisms of photo-induced Toxicity of Polycyclic Aromatic Hydrocarbons in Fish	15.NBS	14-45-GT03-96-1015	\$ 2,851
Total U.S. Department of Interior			\$ 160,265
U.S. Department of Education:			
Pass-Through Programs From:			
Talawanda School District: School-to-Work Program Evaluation	17.249	—	\$ 5,770
Ohio Dept. of Education: Transforming Learning Communities	84.276	—	102,968
Ohio Dept. of Education: Transforming Learning Communities		062984 G2-SP-OOP	3,135
Subtotal Pass-Through Programs			\$ 111,873
Total U.S. Department of Education			\$ 111,873

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Environment Protection Agency:			
Molecular Indicators of Contaminant Exposure in Fish	66.500	CR827000-01-0	\$ 12,459
Ecological Assessment of the Phototoxic Polycyclic Aromatic Hydrocarbon Fluoranthene in Freshwater	66.505	R823873-01-0	105,999
Little Scioto River Microbial Community Response to Polycyclic Aromatic Hydrocarbons		—	12,632
Subtotal Direct Programs			<u>\$ 131,090</u>
Pass-Through Programs From:			
QST Environmental Inc.: Operation of a U.S.E.P.A. National Dry Deposition Network Station at Miami University		3197532GB-9702-3100	\$ 3,774
Science Application Intern. Corp.: Construction Effective Concentration Estimates For an Analysis of a Large Database of Aquatic Toxicology Experiments		SUBCONT 4500145731/WA3-21	17,370
International Technology Inc.: Research at the US. EPA Test & Evaluation Facility-Base Op		0039-95-001-773182	11,895
International Technology Inc.: Alternative Drinking Water Treatment Technologies for Small Communities		EPA WA NO.3-09	9,724
International Technology Inc.: Research at the USEPA T & E Facility: Total PAH Degraders, 30 Composting Samples		81131OP	11
International Technology Inc.: Total PAH-Degraders in Bioslurry Samples		81636OP	405
International Technology Inc.: Total PAH-Degraders in Environmental Samples		86152 OP	2,037
International Technology Inc.: Electrochemical Mixed Oxidant Treatment: Phase II Chemical Detail of Mixed Oxidant Technology		EPA WA NO.4-09 99650 OP	30,000
International Technology Inc.: Phytoremediation Study-Research at USEPA T&E facility		0039-95-001/776975	1,420
International Technology Inc.: Research at EPA Test&Eval Facility Base Op		P.O. 93939	29,894
International Technology Inc.: PAH - Degraders in Bioslurries		102584 OP (9/30/99)	2,615
Subtotal Pass-Through Programs:			<u>\$ 109,145</u>
Total U.S. Environment Protection Agency			<u>\$ 240,235</u>
U.S. Department of Energy:			
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	\$ 61,985
Subtotal Direct Programs			<u>\$ 61,985</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Department of Energy (continued):			
Pass-Through Programs From:			
Michigan State University: A National Cooperative for Genetic Engineering of Plant Lipids	81.049	DE-FG02-86ER45281	\$ 24,876
Fluor Daniel Fernald: Basic Ordering Agreement - Program Management		96SS000294	2,345
Fluor Daniel Fernald: FERMCO Task Order 007 Tree Tissue Analysis		96SS000294	3,280
Fluor Daniel Fernald: American Chestnut Restoration Project		96SS000294	8,447
Fluor Daniel Fernald: Status of Activities in Response to Technology Needs		96SS000294	6,098
Fluor Daniel Fernald: Intern Program		96SS000294	39,003
Fluor Daniel Fernald: Representative Vegetation Test Plots		96SS000294	71,863
Fluor Daniel Fernald: Intern Program - Kimberly J. Lahman		96SS000294	20,680
Fluor Daniel Fernald: Intern Program		96SS000294	19,885
Fluor Daniel Fernald: Research & Eval at USEPA T&E facility Base Ops		96SS000294	17,764
Fluor Daniel Fernald: Final Cover Vegetation Literature Evaluation		96SS000294	6,293
Fluor Daniel Fernald: History & Status of Regulatory Standards for Radiological Materials.		96SS000294	437
Fluor Daniel Fernald: DOE/FDF Task Order 018-Intern Program		96SS000294	4,512
Subtotal Pass-Through Programs			<u>200,607</u>
Total U.S. Department of Energy			<u>\$ 225,483</u>
			<u>\$ 287,468</u>
U.S. Department of Health & Human Services:			
Neural Substrates of Adaptive Jaw Movement	93.121	1R15DE12248-01	\$ 35,303
Influence of Social Stimulation on Sexual Development	93.242	1R15MH52471-01	19,373
Relating Categories to Perceptual Representations	93.242	1R03MH5881201	15,316
			<u>34,689</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Department of Health & Human Services (continued):			
Analyses of a New Tetrahymean Ciliary Dynein	93.390	1R15GM54274-01	\$ 29,269
Analysis of Meiotic Cell Cycle Control Genes	93.390	1R15GM5595601	29,338
Organization of a Cytochrome P450 Gene Cluster in Mice	93.390	1R15GM5595101A1	1,738
Integrin-like Proteins in Signal Transduction	93.390	1R15GM57806-01	11,720
Indoleamine Dioxygenase in Intracellular Infections	93.390	1R15A132741-01	2,802
Iron Acquisition by Haemophilus Aegyptius	93.390	1R15A137781-01	30,423
			105,290
Mass Spectral Studies of Deprotonated Peptides	93.821	1R01GM51384-03	65,347
Amperometric Sensors for Gas Phase Analytes	93.821	1R15GM/OD54327-01A1	39,183
			104,530
Prolactin Regulation By Angiotensin II: Sex Differences	93.847	1R15DK48023-01	1,744
Prolactin Stimulation by Multiple Opiate Receptors	93.847	1R15DK/OD51332-01	21,054
Estrogen Affects the Prolactin Response to AngiotensinII	93.847	1R15DK54065-01	32,328
			55,126
NGF-Induced Plasticity of Cerebrovascular Innervation	93.854	1R15NS32876-01	1,640
Retrograde Determination of Synaptic Plasticity	93.854	1R15NS38257-01A1	23,731
Neurotrophin Regulation of Cerebrovascular Axons	93.854	1R15NS3460301A1	24,195
			49,566
Cytokine Potentiation of IFN-Induced IDO Activity	93.856	1R15A1/9D39727-01	22,805
Fungal Pigmentation and Turgor Pressure in Human Mycoses	93.856	1R15A1/OD41198-01	54,693
Metallo Beta Lactamase from X Maltophilia	93.856	1R29A140052-01A2	127,008
			204,506

(Continued)

MIAMI UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

The University is responsible only for the performance of certain administrative duties with respect to the federally-guaranteed student loan programs and, accordingly, the Direct Student Loans and PLUS Loans are not included in the University's financial statements. It is not practical to determine the balance of loans outstanding to students and parents of students of the University under these programs at June 30, 1999.

Additionally, as of June 30, 1999, the balances of loans outstanding under the Nursing Student Loan program and the Perkins Loan Program were approximately \$2,903 and \$7,640,011, respectively. Total loan advances for the year ended June 30, 1999 were \$1,094,371 for the Perkins Loan program. There were no new loan advances for the Nursing Student Loan program.

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
INSTRUCTIONAL:			
U.S. Department of Labor:			
Pass-Through Programs From:			
A Conference on Current Pension Policy Issues	17.150	41USC252C3	\$ 288
Total U.S. Department of Labor			<u>\$ 288</u>
National Aeronautics and Space Administration:			
Pass-Through Programs From:			
National Alliance State Science & Math Coalition: Linking Leaders Project Part 2	43.002	---	\$ 133,556
Ohio Aerospace Institute: Development of NASA Educational Programs			6,420
Total National Aeronautics and Space Administration			<u>\$ 139,976</u>
National Endowment for the Humanities:			
The Vroma Project: A Virtual Community for the Teacher of Classics	45.162	ED-2045496	\$ 133,285
Total National Endowment for the Humanities			<u>\$ 133,285</u>
National Science Foundation:			
Penrose Conference on Ophiolites and Oceanic Crust: New Insights from Field Studies and Ocean Drilling Program	47.050		\$ 13,458
Integrating A Formal Method Into the Software Engineering Curriculum	47.070	98HQAG2135	69,820
Teaching Science With TOYS: Cultivating Advancements in Physical Science	47.076		5,178
Partnership for the Advancement of Chemical Technology	47.076	DUE-9454518	221,012
Alliance of Scientists, Teachers, and Children: Elementary Science Education	47.076	ESI-9550538	438,880
Let There Be Light!™ Introductory Experiments with Electric and Magnetic Fields	47.076	DUE-9555215	9,038
Teacher Enhancement in Molecular Biology and Recombinant DNA Technology	47.076	ESI-9618727	128,231

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
National Science Foundation (continued):			
Chromatography For Laboratory Instruction and Undergraduate Research	47.076		\$ 476
Chemical Technology Education Collaborative	47.076	DUE-9751993	229,691
Teaching Undergraduates in Biological Sciences: Concepts and Technologies	47.076	DUE-9851373	48,745
Dragonfly Quest: An Inquiry-Driven Science Program for Informal Settings	47.076	ESI-9804318	73,275
Furthering Advances Toward Learner-Centered Education	47.076	DUE-9850015	52,361
			<u>1,206,887</u>
Subtotal Direct Programs			\$ 1,290,165
Pass-Through Programs From:			
Ohio Board of Regents: Ohio's Systemic Initiative Transition 96/97	47.076	—	\$ 20,107
Subtotal Pass-Through Programs			\$ 20,107
Total National Science Foundation			<u>\$ 1,310,272</u>
U.S. Department of Education:			
Local School-to-Work Opportunities Partnership Grant	84.278C	V278C60077	\$ 21,039
Local School-to-Work Opportunities Partnership Grant	84.278C	V278C60077	9,773
Subtotal Direct Programs			\$ 30,812
Pass-Through Programs From:			
Ohio Dept. of Education: Local School-to-Work Opportunities Partnership Grant	17.249	—	\$ 38,985
Ohio Dept. of Education: Local School-to-Work Opportunities Partnership Grant	17.249	—	35,635
Ohio Dept. of Education: Local School-to-Work Opportunities Partnership Grant	17.249	—	96,250
Ohio Dept. of Education: Local School-to-Work Opportunities Partnership Grant	17.249	—	102,402
			<u>273,272</u>
Ohio Board of Regents: TQM FOR TQS: Top Quality Mathematics for Top Quality Students	84.164	—	5,400
Ohio Board of Regents: Miami Integrated Mathematics Project	84.164	—	7,454
Ohio Board of Regents: Science is Doing and Asking: A Collaboration between Miami University and Local Schools	84.164	—	16,372

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Department of Education (continued):			
Ohio Board of Regents: Ohio Inquiry Precalculus Consortium	84,164	—	\$ 9,198
Ohio Board of Regents: SITES VI	84,164	—	68,656
Ohio Board of Regents: Teaching Science with TOYS--Targeting Ohio	84,164	—	85,330
			<u>192,410</u>
Ohio Board of Regents: ACTIVE Chrn: Adding Context+Technology+Inquiry=Very Exciting Chemistry	84,281	8-39	13,407
Ohio Board of Regents: Blending Reading, Investigating, and Discovery into the Goals of Elementary Science. (Brigdes)	84,281	8-38	24,108
Ohio Board of Regents: Teaching Science with TOYS--Targeting Ohio II	84,281	—	18,560
Ohio Board of Regents: Supporting Standards-based Mathematics Reform in Northwest Local School District and Miami University	84,281	—	66,427
Ohio Board of Regents: Focus on Algebraic Thinking Project	84,281	—	10,835
Ohio Board of Regents: Using Native American Stories to Attain Ohio Elementary School Competency-based Science Standards	84,281	—	18,151
			<u>151,488</u>
National Writing Project: Ohio Writing Project	84,298	—	14,886
Ohio Board of Regents: Using Native American Stories to attain Ohio Elementary School Competency-based Science Standards	84,319	—	76,579
Subtotal Pass-Through Programs			\$ 708,635
Total U.S. Department of Education			<u>\$ 739,447</u>

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Department of Energy:			
Pass-Through Programs From:			
Institute of Paper Science & Tech: Energy Challenge 98	81.087	—	\$ 2,984
Fluor Daniel Fernald: Dept. of Interdisciplinary Problem-Based Learning in Science for K-8 Teachers		—	543
Subtotal Pass-Through Programs			<u>3,527</u>
Total U.S. Department of Energy			<u>\$ 3,527</u>
U.S. Department of Health and Human Services:			
Risk and Choices: Teaching Environmental Health Science	93.113	1R25ES08192-01	\$ 88,500
Total U.S. Department of Health and Human Services			<u>\$ 88,500</u>
U.S. Information Agency:			
Pass-Through Programs From:			
NAFSA-Association of Intern'l Educators: Student Financial Aid			\$ 3,532
Total U.S. Information Agency			<u>\$ 3,532</u>
Total Instructional			<u>\$ 2,418,827</u>

Miami University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
STUDENT FINANCIAL ASSISTANCE:			
U.S. Department of Education:			
Supplemental Educational Opportunity Grant Program	84.007	PO07A83315	\$ 643,652
College Work Study Program 1994/95	84.033	PO33A43315	3,927
College Work Study Program 1996/97	84.033	PO33A73315	(617)
College Work Study Program 1997/98	84.033	PO33A83315	46,418
College Work Study Program 1998/99	84.033	PO33A93315	119,065
			168,793
Pell Grant Program	84.063	PO63P75123	14,189
Pell Grant Program	84.063	PO63P85123	4,696,727
			4,710,916
Total Student Financial Assistance			\$ 5,523,361
PUBLIC SERVICE:			
U.S. Department of Health and Human Services:			
Ohio Department of Health: Rape Prevention Program/Project Safety	93.991	—	\$ 22,675
Total U.S. Department of Health and Human Services			\$ 22,675
U.S. Department of Commerce:			
National Telecommunication & Info Agency: National Telecommunication and Information Replacement of Production and Broadcast Equipment		39-01-98115	\$ 23,312
Total U.S. Department of Commerce			\$ 23,312

(Continued)

Miami University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
U.S. Department of Education:			
Increasing Expectations for Student Academic Effort	84.116B	P116B61444-98	\$ 60,496
Total U.S. Department of Education			<u>\$ 60,496</u>
National Science Foundation:			
Intergovernmental Personnel Agreement	47.076	ESI-9908386	\$ 12,206
Visiting Scientist Position at the National Science Foundation	47.050	EAR-9804987	47,411
Total National Science Foundation			<u>\$ 59,617</u>
U.S. Small Business Administration:			
Small Business Institute Program	59.	950930010	\$ 296
Small Business Institute Program	59.	96 050006310	1,799
Total U.S. Small Business Administration			<u>\$ 2,095</u>
Department of Interior:			
Ohio View Clearinghouse Development Project		98HQAG2135	\$ 26,842
Total Department of Interior			<u>\$ 26,842</u>
Institute of Museum Services:			
Hefner Zoology Museum: Assessment Program	45.301	IM70215-97	\$ 525
Total Institute of Museum Services			<u>\$ 525</u>
Total Public Service			<u>\$ 195,562</u>
Total Federal Expenditures			<u>\$ 11,431,707</u>

See accompanying independent auditors' report.

MIAMI UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) reflects the disbursements/ expenditures of Miami University under programs of the federal government for the year ended June 30, 1999 using the accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in fund balance and current funds, revenues, expenditures and other changes of the University for the year ended June 30, 1999.

Expenditures for non-financial aid awards include facilities and administrative costs, relating primarily to facilities operation and maintenance and general administration services, which are allocated to direct costs (including federal awards) based on negotiated formulas commonly referred to as indirect cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 1999 were based on predetermined fixed rates negotiated with the cognizant federal agency, the Department of Health and Human Services.

The activity in the Perkins Loan Program and the Nursing Student Loan Program is recorded in the loan fund of the University's basic financial statements. The revenues and expenses of other programs including facilities and administrative costs and recoveries of those costs under sponsored programs of the federal awards listed on the accompanying Schedule of Expenditures of Federal Awards are recorded in the restricted current fund in the University's basic financial statements.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and various departments of the federal government and federal monies passed through state governments and other organizations.

(2) Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for federal student financial assistance programs are recognized as incurred and include Pell grants to students, Federal Supplemental Educational Opportunity Grants, College Work Study earnings, administrative cost allowances and required University match, where applicable. The University also makes loans to certain eligible students under the federal student loan programs; however, these loans are not included in total federal award expenditures (see Note 3).

(3) Federally-Guaranteed Loans

Federally-guaranteed loans issued to students during the year ended June 30, 1999 are summarized as follows:

Guarantee programs:	
Subsidized Direct Student Loans	\$ 18,277,873
Unsubsidized Direct Student Loans	12,548,835
PLUS	<u>7,030,207</u>
	\$ <u>37,856,915</u>

MIAMI UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

The University is responsible only for the performance of certain administrative duties with respect to the federally-guaranteed student loan programs and, accordingly, the Direct Student Loans and PLUS Loans are not included in the University's financial statements. It is not practical to determine the balance of loans outstanding to students and parents of students of the University under these programs at June 30, 1999.

Additionally, as of June 30, 1999, the balances of loans outstanding under the Nursing Student Loan program and the Perkins Loan Program were approximately \$2,903 and \$7,640,011, respectively. Total loan advances for the year ended June 30, 1999 were \$1,094,371 for the Perkins Loan program. There were no new loan advances for the Nursing Student Loan program.

MIAMI UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 1999

(1) Summary of Auditor's Results

- (a) Type of report issued on the general purpose financial statements: Unqualified opinion
- (b) Reportable conditions or material weaknesses in the internal control structure that were disclosed by the audit of the financial statements: None reported
- (c) Noncompliance which is material to the general purpose financial statements: None
- (d) Reportable conditions or material weaknesses in the internal control structure over major programs: None reported
- (e) Type of report issued on compliance for major programs: Unqualified opinion
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: Yes, see item 99-1.
- (g) Major program for the June 30, 1999 audit: Student Financial Assistance
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$342,954
- (i) Miami University qualified as a low-risk auditee under Section .530 of OMB Circular A-133: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

99-1; Miami University is required to report changes in status for students receiving financial aid to the National Student Loan Clearinghouse (NSLC) within 60 days of the student's status change. During the year ended June 30, 1999, we noted a significant number of instances where student withdrawals were not communicated to the NSLC. Although we noted no findings in our testwork of refunds related to student withdrawals, this lack of proper reporting to the NSLC could result in potential fines and loss of future funding. Management of Miami University informed us that they have since corrected this finding.



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

MIAMI UNIVERSITY

OXFORD, OHIO

Financial Statements

June 30, 1999

With Independent Auditors' Report Thereon



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

MIAMI UNIVERSITY

OXFORD, OHIO

Financial Statements

June 30, 1999

With Independent Auditors' Report Thereon



1600 PNC Center
201 East Fifth Street
Cincinnati, OH 45202

Independent Auditors' Report

The President and The Board of Trustees
of Miami University

and

Jim Petro, Auditor of State:

We have audited the accompanying balance sheet of WMUB Radio (a noncommercial public radio station owned and operated by Miami University) as of June 30, 1999, and the related statements of support and revenues, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WMUB Radio as of June 30, 1999, and its support and revenues, expenses and changes in fund balances and its cash flows for the year then ended in conformity with generally accepted accounting principles.

KPMG LLP

October 22, 1999



WMUB RADIO
(a Noncommercial Public Radio Station
Owned and Operated by Miami University)

Balance Sheet

June 30, 1999

(with comparative totals at June 30, 1998)

	1999			1998 Totals
	Current Fund	Plant Fund	Total	
Assets:				
Net accounts receivable from Miami University	\$ 112,795	—	112,795	163,823
Property and equipment:				
Building, tower and antenna	—	389,844	389,844	389,844
Studio and broadcast equipment	—	367,539	367,539	331,626
Furniture and fixtures	—	33,883	33,883	33,883
Total property and equipment	—	791,266	791,266	755,353
Total assets	\$ 112,795	791,266	904,061	919,176
Fund balances	\$ 112,795	791,266	904,061	919,176

See accompanying notes to financial statements.

WMUB RADIO
(a Noncommercial Public Radio Station
Owned and Operated by Miami University)

Statement of Support and Revenues, Expenses and Changes in Fund Balances

Year ended June 30, 1999
(with comparative totals for the year ended June 30, 1998)

	1999			1998 Totals
	Current Fund	Plant Fund	Total	
Support and revenues:				
Appropriation from Miami University	\$ 522,418	—	522,418	503,814
Donated facilities and administrative support	233,790	—	233,790	248,595
Corporation for Public Broadcasting grant	133,348	—	133,348	133,108
Membership income	77,980	—	77,980	84,890
In-kind contributions:				
Ohio Educational Telecommunications	50,661	—	50,661	24,607
Ohio Educational Telecommunications (OET) Grant	49,120	—	49,120	50,961
OET capital grant	6,890	—	6,890	—
National Telecommunications and Information				
Administration grant	23,312	—	23,312	—
Business and underwriting support	37,922	—	37,922	44,160
Total support and revenues	<u>1,135,441</u>	<u>—</u>	<u>1,135,441</u>	<u>1,090,135</u>
Expenses:				
Program services:				
Programming and production	561,789	—	561,789	501,213
Broadcasting	106,785	—	106,785	84,646
Program information	36,607	—	36,607	42,881
Total program services	<u>705,181</u>	<u>—</u>	<u>705,181</u>	<u>628,740</u>
Supporting services:				
Administrative support	233,790	—	233,790	248,595
Management and general	155,219	—	155,219	157,405
Fund raising	40,568	—	40,568	45,505
Underwriting	15,798	—	15,798	15,391
Total supporting services	<u>445,375</u>	<u>—</u>	<u>445,375</u>	<u>466,896</u>
Total expenses	<u>1,150,556</u>	<u>—</u>	<u>1,150,556</u>	<u>1,095,636</u>
Expenses in excess of support and revenues	(15,115)	—	(15,115)	(5,501)
Transfers –				
Property and equipment additions	(35,913)	35,913	—	—
Net increase (decrease) for the year	(51,028)	35,913	(15,115)	(5,501)
Fund balance, beginning of year	163,823	755,353	919,176	924,677
Fund balance, end of year	<u>\$ 112,795</u>	<u>791,266</u>	<u>904,061</u>	<u>919,176</u>

See accompanying notes to financial statements.

WMUB RADIO
(a Noncommercial Public Radio Station
Owned and Operated by Miami University)

Statements of Cash Flows

Years ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Financial resources used for –		
Expenses over support and revenues	\$ (15,115)	(5,501)
Financial resources used for –		
Additions to property and equipment	<u>(35,913)</u>	<u>(7,230)</u>
Net decrease in cash and cash equivalent	(51,028)	(12,731)
Cash and cash equivalent, beginning of year	<u>163,823</u>	<u>176,554</u>
Cash and cash equivalent, end of year	<u>\$ 112,795</u>	<u>163,823</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 1999

(1) Organization and Summary of Significant Accounting Policies

Organization

WMUB Radio (Station) is owned and operated by Miami University (University), a governmental institution of higher education. The license for the Station is issued by the Federal Communications Commission to the President and Board of Trustees of the University. The Station is administered as a division of the Department of Communication in the University's College of Arts and Sciences.

Accrual Basis

The financial statements of the Station have been prepared on the accrual basis. The statement of support and revenues, expenses and changes in the fund balances does not purport to represent net income or loss for the period as would a statement of income of a business enterprise operated for profit.

Fund Accounting

The assets, liabilities and fund balances of the Station are reported in two self-balancing fund groups as follows:

- (a) The Current Fund is used for transactions in support of programming, community support, and technical and general support services of the Station.
- (b) The Plant Fund is used for transactions relating to investment in Station properties.

Revenue Recognition

Contributions and grants which are not restricted in use by the donor are recorded as revenue in the Current Fund when received. Operating grants restricted by the grantor for particular operating purposes are deemed to be earned and reported as revenues of the Current Fund when the Station has incurred expenditures in compliance with the specific restrictions of the grant.

Net Accounts Receivable from Miami University

Miami University maintains cash accounts which support the operations of the Station. All of the Station's receipts and disbursements are reflected in these accounts as the Station does not maintain its own separate account. As a result, the Station has net accounts receivable or payable from Miami University in the Current Fund. For the purposes of the statement of cash flows, the net accounts receivable from Miami University is considered a cash equivalent.

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

Notes to Financial Statements

June 30, 1999

Equipment

Equipment is recorded at cost as of the date of acquisition or fair value at date of donation in the case of gifts. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation of equipment is not required to be recorded by governmental institutions of higher education.

Donated Facilities and Administrative Support

Donated facilities from the University consist of office and studio space, use of the broadcast tower and occupancy cost, and are recorded as revenues and expenses in the accompanying statement of support and revenues, expenses and changes in fund balances in accordance with allocation guidelines provided by the Corporation for Public Broadcasting (CPB).

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

In-kind Support

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

(2) Income Taxes

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



MIAMI UNIVERSITY
Intercollegiate Athletics Department
National Collegiate Athletic Association
Year ended June 30, 1999



MIAMI UNIVERSITY

Intercollegiate Athletics Department

National Collegiate Athletic Association

Year ended June 30, 1999



1600 PNC Center
201 East Fifth Street
Cincinnati, OH 45202

Independent Accountant's Report

Dr. James C. Garland, President
Miami University:

We have performed the procedures enumerated below, which were agreed to by Dr. James C. Garland, President, Miami University, and the management of Miami University solely to assist in evaluating (1) whether the Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Miami University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 and (2) the effectiveness of Miami University Intercollegiate Athletics Department's internal control over financial reporting for the year ended June 30, 1999. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of 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.

Procedures Related to Statement of Revenues and Expenditures

- a. We obtained the Statement of Revenues and Expenditures (the Statement) of the Intercollegiate Athletics Department for the year ended June 30, 1999, as prepared by management and presented as the Exhibit to this report. We recalculated the addition of the amounts on the Statement and agreed the amounts to the general ledger. We found no exceptions as a result of these procedures.
- b. We compared the revenues and expenditures as reported in the Exhibit to 1999 budgeted and 1998 actual amounts. We discussed the nature of account relationships with management and obtained explanations of fluctuations greater than \$30,000 and changes of 15% or more relative to both the previous year and budgeted amounts. We found no exceptions as a result of these procedures.
- c. We obtained a listing of all gifts to Intercollegiate Athletics prepared by management and determined that there was one contribution received directly by the University which constituted more than 10% of all contributions received for Intercollegiate Athletics. We agreed the amount of the contribution to the check copy and gift agreement. We found no exceptions as a result of these procedures.

Procedures Related to Internal Control Over Financial Reporting

- d. We discussed with management the general control environment including the department organization, control consciousness of the staff, competency of the department, and adequacy of safeguard controls over records and assets.



- e. We obtained an understanding of the relationship of the Athletic Department to specific systems of cash receipts and disbursements, and reviewed accounting controls in connection with the audit of Miami University.
- f. We selected a sample of twenty cash receipts for revenue transactions, including ticket sales, of Intercollegiate Athletics. All transactions were agreed to the detail of the deposit slips, the Bursar's receipt and the general ledger. We found no exceptions as a result of these procedures.
- g. We obtained a listing of Intercollegiate Athletics expenditures for the year ended June 30, 1999. We randomly selected a sample of twenty expenditures, ten of which related to travel. The other ten related to non-travel expenditures. We traced and agreed the amount of each expenditure to copies of checks and the general ledger. Travel expenditures were agreed to authorized travel expense reports or request forms, and non-travel related expenditures were traced and agreed to authorized supporting documentation. We found no exceptions as a result of these procedures.
- h. We inquired of management concerning the University's procedures for gathering information on the nature and extent of the outside organization's activity for or on behalf of the intercollegiate athletics programs.

We were informed that on a periodic basis, the Assistant Vice President for Recreational Facilities/Associate Athletic Director reviews the financial activity of the outside organization. We obtained from the Treasurer of the outside organization a detail listing of the outside organization's cash receipts and cash disbursements for the year ended June 30, 1999.

Procedures Related to Outside Organization

- i. We obtained the following list of booster organizations and their related financial activities for the year ended June 30, 1999:

<u>Organization</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Blue Line Club	\$ <u>4,779</u>	<u>11,967</u>	<u>13,146</u>	<u>3,600</u>

- j. We confirmed with management that the foregoing represents a complete list of the outside booster organizations which conducted any transactions for or on behalf of the Miami University Intercollegiate Athletics programs during the year ended June 30, 1999.
- k. We agreed total cash receipts and cash disbursements to a detail listing prepared by the Treasurer of the Blue Line Club. We also confirmed with him that the foregoing table represents a complete and accurate accounting of the financial activities of the organization for the year ended June 30, 1999.

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 of Revenues and Expenditures of the Intercollegiate Athletics of Miami University or the effectiveness of Miami University Intercollegiate Athletics internal control over financial reporting for the year ended June 30, 1999. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Dr. James C. Garland, President, Miami University, the management of Miami University, and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 22, 1999

MIAMI UNIVERSITY
Intercollegiate Athletics Department
Statement of Revenues and Expenditures
Year ended June 30, 1999
(Unaudited)

Exhibit

	Men's Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Revenues:							
Student activity fees	\$ 1,522,563	279,531	481,946	1,365,758	1,513,195	1,037,407	6,200,400
Ticket sales	277,348	270,810	3,256	77,617	0	0	629,031
Guarantees	400,000	20,000	5,500	23,300	0	0	448,800
Program advertising	0	0	0	0	0	16,020	16,020
Programs,merchandise,handbooks	0	0	0	0	0	23,624	23,624
Advertising, promotions and events	0	0	0	120,714	25,871	356,774	503,359
Vending proceeds	0	0	0	0	0	27,248	27,248
Seminars and workshops	0	3,730	103	13,034	6,019	39,751	62,637
Federal work study program	271	92	0	58	0	5,279	5,700
Other	18,858	2,604	5,423	199	2,135	2,548	31,767
Temporary investment income	0	0	0	0	0	100,000	100,000
Endowment	0	0	0	1,655	0	58,678	60,333
Gifts - restricted	1,369	18,848	49	19,545	290	209,541	249,642
Tournaments	0	77,604	0	9,325	5,257	566,374	658,560
Total revenues	2,220,409	673,219	496,277	1,631,205	1,552,767	2,443,244	9,017,121
Expenditures:							
Financial aid	872,296	129,711	74,844	450,329	548,409	1,810	2,077,399
Coaches salaries	566,259	185,512	184,388	405,716	384,558	0	1,726,433
Other salaries and wages	41,290	29,763	13,215	44,381	10,056	1,188,841	1,327,546
Staff benefits	114,023	48,709	34,796	103,485	99,392	310,176	710,581
Team travel	179,387	98,766	47,068	266,933	327,262	0	919,416
Travel	0	1,914	0	434	0	16,172	18,520
Recruiting	134,857	27,349	33,094	53,552	35,248	1,400	285,500
Equipment and supplies	76,953	16,321	40,271	123,851	105,333	313,139	675,868
Maintenance and administration	346	770	45	1,158	30	221,338	223,687
Supplies	0	199	0	0	35	20,268	20,502
Game expenses	58,465	31,151	22,096	60,706	32,636	6,446	211,500
Tournaments	0	0	0	2,532	9,743	147,531	159,806
Telephone	24,526	11,351	8,100	29,626	16,999	88,372	178,974
Postage	16,158	2,661	4,405	12,771	6,855	28,751	71,601
Guarantees	0	14,828	1,500	2,000	0	0	18,328
Complimentary tickets	78	14,370	0	0	0	0	14,448
Textbooks	29,153	5,493	3,956	20,604	23,785	0	82,991
Food,housing-pregame,holiday	60,000	7,580	6,660	30,460	24,584	671	129,955
Printing and advertising	12,407	39,912	9,848	17,813	20,501	38,553	139,034
Publicity - printing	0	0	0	44,421	1,864	263,109	309,394
Films	8,495	81	0	1,224	0	0	9,800
Hospitality	0	4,231	4	44	0	77,671	81,950
Services	24,218	0	4,529	26,780	24,756	65,371	145,654
Other	1,498	9,301	207	3,757	1,370	3,729	19,862
Cheerleaders	0	0	0	0	7,853	0	7,853
Total expenditures	2,220,409	679,973	489,026	1,702,577	1,681,269	2,793,348	9,566,602
Excess (Deficiency) of revenues over expenditures	0	(6,754)	7,251	(71,372)	(128,502)	(350,104)	(549,481)
Transfers (to)/from other funds	0	6,753	(1,567)	85,124	128,502	2,512,317	2,731,129
Unrestricted allocated funds	0	0	0	0	0	(28,708)	(28,708)
Excess (deficit) of restricted revenues over expenditures	635	(8,306)	(49)	57,369	(290)	116,833	166,192
Net increase/(decrease) in fund balance	\$ 635	(8,307)	5,635	71,121	(290)	2,250,338	2,319,132
Other institutional expenditures on behalf of intercollegiate athletics:							
Salaries and Benefits	0	0	0	0	45,940	212,317	258,257
Restricted scholarships	2,345	0	1,835	16,880	5,930	8,400	35,390
University scholarships	82,456	9,292	27,169	43,648	56,885	23,272	242,722
Out-of-state fee waivers	222,493	58,140	32,300	344,587	242,856	0	900,376
Total athletics expenditures	\$ 2,527,703	747,405	550,330	2,107,692	2,032,880	3,037,337	11,003,347



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
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Facsimile 614-466-4490

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.

By: *Susan Babbitt*

Date: JAN 13 2000