

Miami University

Financial Report
June 30, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Miami University, Butler County, prepared by McGladrey LLP, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Miami University is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 18, 2013

This page intentionally left blank.

Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements	
Statements of Net Assets	12
Statements of Revenues, Expenses, and Changes in Net Assets	13
Statements of Cash Flows	14-15
Notes to Financial Statements	16-36

OMB Circular A-133 Audit Requirements	
Schedule of Expenditures of Federal Awards	37-45
Notes to Schedule of Expenditures of Federal Awards	46-47
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	48
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	49-50
Schedule of Findings and Questioned Costs	51-52
Schedule of Prior Year Findings and Questioned Costs	53

This page intentionally left blank.



Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Miami University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements as listed in the table of contents. 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. The financial statements of the University for the year ended June 30, 2011 were audited by other auditors, whose report dated October 14, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2012 and the respective changes in net assets and, where applicable, cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report (Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McGladrey LLP

Cleveland, Ohio
October 15, 2012

Miami University

Management's Discussion and Analysis June 30, 2012

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2012. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

The University's annual report consists of this Management's Discussion and Analysis, the statement of net assets, the statement of revenues, expenses, and changes in net assets, the statement of cash flows, and the notes to the financial statements. The financial statements of the University have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. The financial activity of the Miami University Foundation, a component unit of the University, is included through a discrete presentation as part of the University's financial statements.

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

Financial Highlights

For a third consecutive year, the University reported favorable year-end results. Stable enrollment, a modest tuition increase, and a focus on reducing operating costs are all contributing factors to these successful results.

Overall the University's financial position improved at June 30, 2012. Total assets rose 12.2 percent from \$1.276 to \$1.431 billion. Liabilities increased \$115.6 million and totaled \$530.1 million. Significant financial events during fiscal year 2012 were:

- For only the second time in the last six years, Miami increased tuition for Ohio students. The University implemented a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students.
- The fall 2011 first-year enrollment was 3,607 on the Oxford campus, which is approximately the same as the previous year, but surpassed the goal of 3,550 students. Non-resident first-year enrollment was 38 percent as compared to 33 percent for the fall 2010 class. In addition, there was a 15 percent increase in transfer students and regional campus relocation students and a 74 percent increase in international students for fall 2011. The first-year class enrollment on the Hamilton and Middletown campuses increased by 100 and 18 students, respectively.
- Fiscal year 2012 marked the end of the federal fiscal stabilization program. In fiscal year 2010 and 2011 funding from this program was distributed to Ohio higher education institutions as a replacement for a portion of the state share of instruction. Combining this \$11.7 million loss of funding with the reductions in state instructional and capital appropriations resulted in a \$19.2 million or 25.4 percent decrease in overall state support.
- On July 1, 2011, the Miami University Foundation entered into a Pooled Investment Agreement with Miami University whereby the Foundation will collectively manage all of the Foundation and University endowment and quasi-endowment funds in a single investment pool. This change will lead to improved efficiency, but more importantly, extend the expertise of the Foundation's Investment Committee to the entire endowment.
- Cash flow was strongly positive during the fiscal year. Operational investments experienced positive returns for the third consecutive year and recorded earnings of 1.9 percent. These results were achieved in spite of the continued near zero short-term interest rates. The combined University and Foundation endowment pools reported negative returns of 3.3 percent, which was due primarily to market declines in the global public equity market.

Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

- For fiscal year 2012, the University increased salaries by two percent. However, continued reduction in positions and unfilled vacant positions stabilized general fund salary expense on all three campuses at \$163.9 million or a \$1.1 million decrease for the fiscal year. Although the volume of health insurance claims increased 1.8 percent, benefits expense was \$7.8 million less than budget, primarily attributable to the number of vacant positions.
- In December 2011, an additional \$148.8 million in general receipts revenue bonds were issued to fund planned capital projects (see the capital assets and debt administration section for more information).

Statement of Net Assets

The statement of net assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The difference between total assets and total liabilities, or net assets, is one indicator of the overall strength of the institution. Also, the increase or decrease in total net assets indicates whether the financial position of the institution is improving or declining. Except for capital assets, all other assets and liabilities are measured at a point in time using current values. Capital assets are recorded at historical cost less an allowance for depreciation.

Net assets are classified into three major categories. The first category, invested in capital assets net of related debt, reports the institution's net equity in property, plant, and equipment. The second major category, restricted net assets, reports net assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. This category is subdivided into two types: nonexpendable and expendable. Nonexpendable restricted net assets are primarily endowment funds that may be invested for income and capital gains, but the endowed principal may not be spent. Expendable restricted net assets may be spent by the institution, but only for the purpose specified by the donor, grantor, or other external entity. The third category, unrestricted net assets, is separated into two types: allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are set aside for a specific purpose by University policy, management, or the governing board. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

	2012	2011	2010
Assets			
Current assets	\$ 529,678,151	\$ 388,226,232	\$ 218,683,477
Capital assets, net	738,665,680	713,966,987	704,302,948
Long-term investments	155,941,906	167,652,463	146,384,200
Other assets	7,035,261	6,355,458	6,655,414
Total assets	\$ 1,431,320,998	\$ 1,276,201,140	\$ 1,076,026,039
Liabilities			
Current liabilities	\$ 85,396,962	\$ 74,628,054	\$ 70,283,575
Noncurrent liabilities	444,744,520	339,894,619	229,584,437
Total liabilities	530,141,482	414,522,673	299,868,012
Net Assets			
Invested in capital assets, net of related debt	482,596,938	475,850,789	480,984,748
Restricted net assets – nonexpendable	84,392,200	89,023,106	76,926,360
Restricted net assets – expendable	63,999,857	56,633,817	50,709,308
Unrestricted net assets – allocated	262,999,984	233,523,028	162,523,346
Unrestricted net assets – unallocated	7,190,537	6,647,727	5,014,265
Total net assets	901,179,516	861,678,467	776,158,027
Total liabilities and net assets	\$ 1,431,320,998	\$ 1,276,201,140	\$ 1,076,026,039

Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

Fiscal Year 2012

Total assets of the institution increased 12.2 percent or \$155.1 million in fiscal year 2012. This increase was primarily a result of the increase in cash and cash equivalents and non-depreciable capital assets. The \$111.6 million or 76.7 percent increase in cash and cash equivalents is primarily attributable to the \$193.6 million in unspent Series 2010 and 2011 general receipts revenue bond proceeds. For more detailed information see the Investment Report included in this report. Details of the \$25.6 million increase in non-depreciable capital assets and the \$0.9 million decrease in depreciable capital assets is provided in the capital assets and debt administration section of this report.

Total liabilities of the institution increased \$115.6 million or 27.9 percent, which was primarily the net result of the \$148.8 million issuance of Series 2011 general receipts revenue bonds and the repayment of outstanding bonds, notes, and leases payable. A portion of the proceeds of the Series 2011 bonds were used to refund \$34.3 million for the Series 2003 General Receipts bonds. Additional details on bonds, notes and leases are provided in the capital assets and debt administration section of this report. Other current and long-term liabilities remained relatively unchanged. Overall, net assets increased by \$39.5 million.

Fiscal Year 2011

Total assets increased 18.6 percent or \$200.2 million while total liabilities increased \$114.7 million or 38.2 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from greater operating efficiencies in Residence and Dining Halls, increases in investments resulting from strong investment returns, unspent Series 2010 general receipts revenue bond proceeds, and an increase in capital assets. The issuance of Series 2010 general receipts revenue bonds and repayment of outstanding bonds, notes, and leases payable was the primary reason for the decrease in liabilities. Overall, net assets increased by \$85.5 million.

Statement of Revenues, Expenses and Changes in Net Assets

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

In fiscal year 2012, total revenues of the institution from all sources were approximately \$564.2 million, which represents a \$31.6 million or 5.3 percent decrease. Approximately 76.3 percent of revenues were classified as operating, and 20.7 percent were classified as non-operating revenues.

	2012	2011	2010
Operating revenues	\$ 430,625,582	\$ 410,610,659	\$ 397,994,014
Non-operating revenues	116,579,887	166,003,510	154,965,266
Other revenues	16,952,417	19,184,631	24,667,510
Total revenues	564,157,886	595,798,800	577,626,790
Operating expenses	(507,161,009)	(497,451,687)	(499,950,810)
Non-operating expenses	(17,495,828)	(12,826,673)	(9,537,782)
Total expenses	(524,656,837)	(510,278,360)	(509,488,592)
Increase in net assets	\$ 39,501,049	\$ 85,520,440	\$ 68,138,198

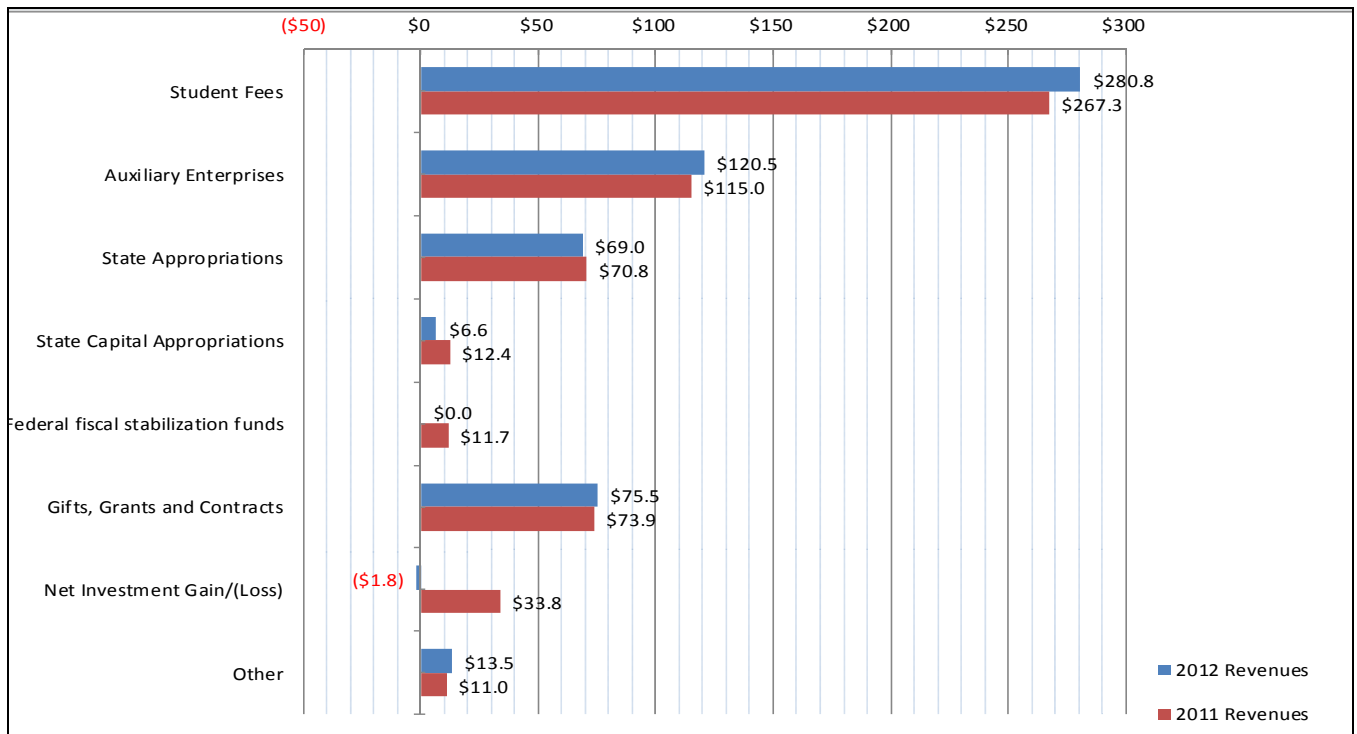
Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

The University revenue base is shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at just less than 50 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount. For the third consecutive year, state appropriations decreased by \$1.8 million or 2.6 percent, which was anticipated as part of the budget. Compounding this decrease, the federal fiscal stabilization funds were no longer available for 2012, which was also anticipated in the 2012 budget. Gifts, grants, and contracts remained relatively unchanged from last fiscal year, while endowment and investment income decreased substantially due to factors that were previously discussed.

Total Revenues (\$ in Millions)

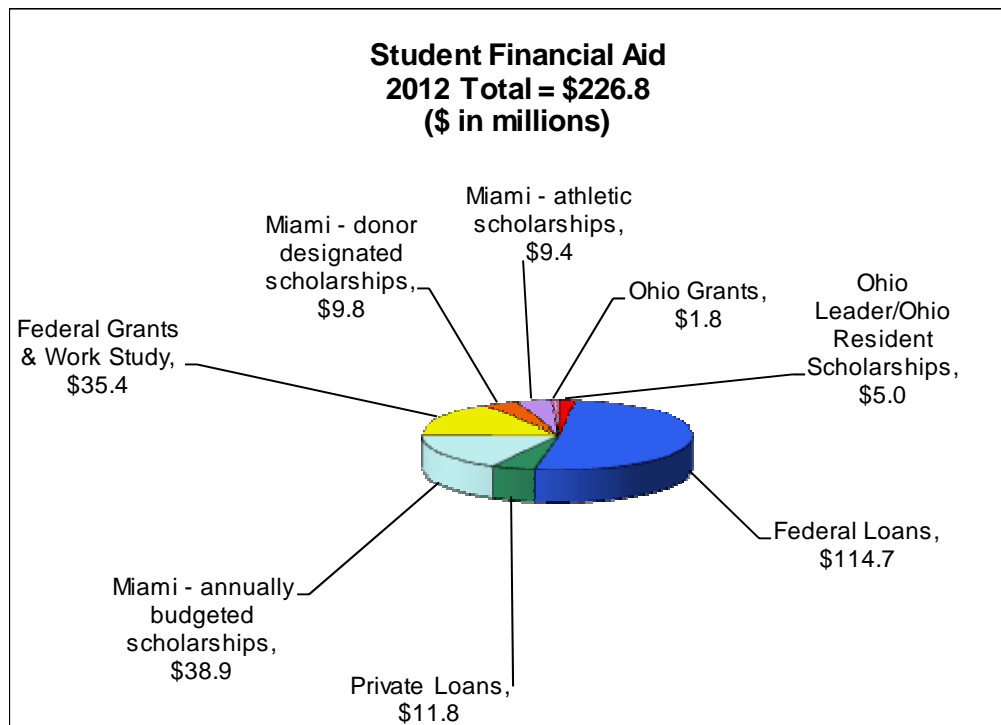


Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

Miami continues to expand the merit scholarship packages for in-state and out-of-state students in order to recognize student achievement and to continue to make a high quality education more affordable for parents and students. In fiscal year 2012, Miami-funded financial aid, excluding Ohio Leader and Ohio Resident Scholarships, increased by \$5.4 million or 10.2 percent. In total, financial aid awards were \$226.8 million.



Fiscal Year 2012

Operating revenues increased by 4.9 percent or \$20.0 million in fiscal year 2012. This increase was the net result of several factors including a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students on all three campuses and a 3.5 percent increase in room and board rates. In addition, beginning in the fall of 2008, the University began phasing out the 2004 tuition and scholarship plan. In FY2012, only fifth-year Ohio students remained in the earlier program. The phase-out of the program caused the decrease in tuition, fees, and other student charges and the decrease in the Ohio Leader and Ohio Resident Scholarships.

Operating expenses increased by 2.0 percent or \$9.7 million. This increase is primarily a result of a two percent salary increase for all employees and the payments to outside consultants for operational reviews in the continuing effort to reduce operating costs. Increases in operating expenses continue to be controlled through salary savings that are a direct result of the reduction in positions and number of vacant positions throughout the fiscal year.

Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

The majority of the \$54.1 million decrease in non-operating revenues and expenses is reflected in the \$35.6 million decrease in net investment income, the elimination of the \$11.7 million in federal fiscal stabilization funds, as was previously discussed, and a \$4.7 million increase in the interest payments on outstanding debt. The increase in interest on debt is related to the issuance of the Series 2011 general receipts revenue bonds. Other income remained relatively unchanged from last fiscal year.

In other revenues, the relatively small increases in capital grants, gifts and additions to permanent endowments were offset by the decrease in state capital appropriations. The state legislature did not appropriate any capital funds for the two-year capital budget cycle.

Fiscal Year 2011

Operating revenues increased by \$12.6 million primarily due to a 3.0 percent increase in undergraduate tuition on all three campuses and a 2.9 percent increase in room and board rates. Operating expenses decreased by \$2.5 million primarily due to the reductions in positions and a decrease in departmental non-personnel spending.

The majority of the increase in non-operating revenues and expenses was attributable to the \$8.9 million increase in net investment income and the \$6.4 million increase in federal grants. Offsetting these increases was the \$3.4 million increase in interest on debt. Other revenues decreased due to the decline in receipts for capital grants and gifts.

Statement of Cash Flows

The statement of cash flows presents detailed information about the major sources and uses of cash by the institution for the fiscal year. The cash flow analysis is divided into four types of cash flows: operating activities, noncapital financing activities (which includes the state appropriations as well as gift revenues), capital and related financing activities (which includes debt activity), and investing activities.

	2012	2011	2010
Net cash used for operating activities	\$ (36,652,109)	\$ (49,872,344)	\$ (68,726,251)
Net cash provided by noncapital financing activities	118,868,486	133,599,588	127,505,489
Net cash provided by/(used for) capital and related financing activities	48,751,164	78,066,433	(39,063,674)
Net cash provided by/(used for) investing activities	(19,415,722)	(77,247,582)	3,917,536
Net increase in cash	111,551,819	84,546,095	23,633,100
Cash and Cash Equivalents			
Beginning of year	145,379,653	60,833,558	37,200,458
End of year	<u>\$ 256,931,472</u>	<u>\$ 145,379,653</u>	<u>\$ 60,833,558</u>

The \$111.6 million increase in the fiscal year 2012 cash and cash equivalents balance relates primarily to the unspent and invested proceeds associated with the series 2010 and 2011 general receipts revenue bonds.

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

Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

Capital Assets and Debt Administration

During fiscal year 2012, the University completed and capitalized several projects. These projects were funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2010A and 2010B Series General Receipts Revenue Bonds totaling \$125 million and the 2011 Series General Receipts Revenue Bonds totaling \$148.8 million. Major projects capitalized in 2012 include renovation projects at Hughes Hall, Mosler Hall, Upham Hall, Laws Hall, Harris Dining Hall, and the Shriver Center. See footnote 4 for additional information concerning capital assets and accumulated depreciation.

On December 21, 2011, the University issued \$148,775,000 in General Receipts Revenue Bonds. The proceeds were used to refund \$34.3 million of the remaining Miami University General Receipts Bonds, Series 2003. The proceeds are also being used to provide funding for the second phase of a multi-phase effort to renovate all campus student housing and dining facilities.

During fiscal year 2012, the University paid off the outstanding note payable from the U.S. Department of Education in the amount of \$1,733,715. The note carried an interest rate of 5.5 percent and was scheduled to mature in 2026.

The University is planning to issue general receipts revenue bonds during fiscal year 2013 totaling approximately \$125 million. The primary consideration for the decision is the current interest rates on tax exempt bonds and cost of construction, which are both at historic lows. Proceeds from the bond sale are expected to be used to continue construction and renovation of the housing and dining facilities.

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

Economic Factors That Will Affect the Future

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

The University's initial efforts focused on reducing operating expenses. Although these cost reduction efforts will continue toward the \$30 million goal, the university has increased the efforts to identify new sources of revenue that will be needed to sustain the academic programs into the future. Examples of new revenue sources being considered include the addition of a winter term, expanding the course offerings in the summer term, and enhancing on-line course offerings.

Miami University

Management's Discussion and Analysis June 30, 2012

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

Revenues

The fall 2012 first-year enrollment is approximately 3,725 at the Oxford campus, which represents a 4.5 percent increase over the previous year and surpassed the goal of 3,600 students. Non-resident first-year enrollment is 38.5 percent as compared to 38 percent for the fall 2011 class. In addition, transfer students and regional campus relocation students decreased by 32 students or 13.2 percent. International students remained relatively the same as the previous fiscal year. These continuing positive results are directly attributable to numerous initiatives including integrating predictive modeling and market analysis, expanding recruitment and communication efforts to prospective students and parents, hiring and strategic placement of additional regional recruiters, increased high school visits both nationwide and in Ohio, and the continuation of the enhanced merit scholarship guarantee. Enrollments at the Hamilton campus decreased by 13.4 percent while the Middletown campus decreased by 4.1 percent. For fall 2012, the University was authorized to increase tuition by 3.5 percent for all students. For the second consecutive year, the University implemented a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students.

For fiscal year 2013, the university's state share of instruction is budgeted to increase by \$1.5 million or 2.8 percent for the Oxford campus and \$0.2 million or 3.1 percent for the Hamilton campus. The Middletown campus state share of instruction will decrease by \$0.2 million or 4.0 percent. In addition, through the work of leaders from higher education institutions in Ohio, the University will receive \$19.3 million in capital appropriations. The majority of these funds or \$18.2 million is earmarked to renovate Kreger Hall, while the remaining \$1.1 million will be for projects on the regional campuses. The State of Ohio's financial outlook has stabilized over this past fiscal year. State tax and other revenues have exceeded projections, while expenses appear to be on budget. However, the likelihood of substantial increases in state support is unlikely in the near future. The volatility and uncertainty of the national and world economies continue to be a concern as we enter the last quarter of 2012.

During 2012, the university experienced a 10.3 percent increase in donor contributions toward the Love and Honor Campaign. As of August 2012, the University's capital campaign commitments totaled \$455.9 million toward the goal of \$500 million. These funds will bring much needed support to the instructional, scholarly, and construction programs in the years to come.

Expenditures

In correlation with the recommendations of the SPTF, the 2013 expenditure budget includes an additional \$6.2 million in reductions related to the Strategic Priorities initiatives. This decrease is offset by a budgeted 2.0 to 2.5 percent salary increase for faculty and staff.

The University plans to transition from its traditional incremental budget framework to Responsibility Center Management (RCM). Institutional planning and assessment began in fiscal year 2012, the models are being run in parallel in fiscal year 2013, and RCM is scheduled to be implemented in fiscal year 2014. The RCM budget module provides a decentralized managerial framework for internal budgeting and financial reporting that allows academic divisions a broad control over the amount of tuition revenue generated and the costs incurred from academic programs.

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

Expenditures (Continued)

The world of higher education continues to be one of constant change and transformation. Technological advances, world and national economic stresses, increased competition, and changing demographics create challenges for Miami University's success in the future. President Hodge, in his 2012 Annual Address stated, "...success requires an inspiring vision, focused goals, and high performance execution." In order to achieve the success to which we aspire, the University will embark on developing a new strategic plan, the Miami 2020 Plan, during fiscal year 2013. The five goals of this plan are:

1. *Innovative Learning and Discovery* – Promote an innovative, engaged, learning and discovery environment that produces extraordinary student and scholarly success.
2. *Transformational Work Environment* – Build a campus culture that stimulates and recognizes creativity, entrepreneurial thinking, and exemplary performance.
3. *Global Engagement and Inclusive Culture* – Extend our global connections and strengthen a culture of inclusion, integrity, and collaboration that embraces a changing and diverse society.
4. *Dynamic Organizational Design* – Pursue forward-looking programs, activities, and structures that ensure academic success and financial sustainability in the evolving landscape of higher education.
5. *Effective Partnerships and Outreach* – Forge effective partnerships and contributions that impact the region, state, nation, and world.

The entire University will be invited to collaborate in a planning effort based on the goals of the Miami 2020 Plan as we look toward the future in order to be better prepared to respond to the ever growing challenges and seize the opportunities that produce extraordinary student and scholarly success.

Miami University

Statements of Net Assets
June 30, 2012 and 2011

	<u>Miami University</u>		<u>University Foundation</u>	
	2012	2011	2012	2011
Assets				
Current Assets				
Cash and cash equivalents	\$ 256,931,472	\$ 145,379,653	\$ 25,073,256	\$ 19,750,070
Investments	226,646,046	197,759,313	-	-
Accounts, pledges and notes receivable, net	38,532,756	38,231,922	15,690,294	17,565,673
Inventories	4,230,484	3,911,172	-	-
Prepaid expenses and deferred charges	3,337,393	2,944,172	-	-
Total current assets	529,678,151	388,226,232	40,763,550	37,315,743
Noncurrent Assets				
Restricted cash and cash equivalents	-	-	1,424,934	1,474,783
Investments	155,941,906	167,652,463	378,373,130	234,950,282
Pledges and notes receivable, net	7,035,261	6,355,458	34,257,166	31,552,046
Nondepreciable capital assets	102,673,230	77,077,480	-	-
Depreciable capital assets, net	635,992,450	636,889,507	-	-
Total noncurrent assets	901,642,847	887,974,908	414,055,230	267,977,111
Total assets	\$ 1,431,320,998	\$ 1,276,201,140	\$ 454,818,780	\$ 305,292,854
Liabilities				
Current Liabilities				
Accounts payable	\$ 25,102,294	\$ 21,642,092	\$ 13,792,870	\$ 11,373,323
Accrued salaries and wages	17,594,648	15,137,155	-	-
Accrued compensated absences	1,504,057	1,356,104	-	-
Deferred revenue	9,811,295	10,499,129	-	-
Deposits	11,177,678	9,806,927	-	-
Long-term debt - current portion	20,206,990	16,186,647	-	-
Other current liabilities	-	-	533,205	547,944
Total current liabilities	85,396,962	74,628,054	14,326,075	11,921,267
Noncurrent Liabilities				
Accrued compensated absences	14,302,889	15,179,374	-	-
Bonds payable	421,005,530	315,597,424	-	-
Note payable	-	1,656,789	-	-
Capital leases payable	3,006,952	1,003,045	-	-
Federal Perkins loan program	6,429,149	6,457,987	-	-
Other noncurrent liabilities	-	-	164,119,175	10,390,169
Total noncurrent liabilities	444,744,520	339,894,619	164,119,175	10,390,169
Total liabilities	530,141,482	414,522,673	178,445,250	22,311,436
Net Assets				
Invested in capital assets, net of related debt	482,596,938	475,850,789	-	-
Restricted net assets:				
Nonexpendable	84,392,200	89,023,106	160,563,050	150,091,389
Expendable	63,999,857	56,633,817	115,915,292	132,640,934
Unrestricted net assets	270,190,521	240,170,755	(104,812)	249,095
Total net assets	901,179,516	861,678,467	276,373,530	282,981,418
Total liabilities and net assets	\$ 1,431,320,998	\$ 1,276,201,140	\$ 454,818,780	\$ 305,292,854

See Notes to Financial Statements.

Miami University

**Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2012 and 2011**

	Miami University		University Foundation	
	2012	2011	2012	2011
Operating Revenues				
Tuition, fees, and other student charges	\$ 349,805,074	\$ 364,624,732	\$ -	\$ -
Less Ohio Leader and Ohio Resident Scholarships	(5,007,805)	(36,577,490)	-	-
Less allowance for student scholarships	(64,025,371)	(60,762,961)	-	-
Net tuition, fees, and other student charges	280,771,898	267,284,281	-	-
Sales and services of auxiliary enterprises	125,734,751	119,743,824	-	-
Less allowance for student scholarships	(5,192,304)	(4,701,315)	-	-
Net sales and services of auxiliary enterprises	120,542,447	115,042,509	-	-
Federal contracts	14,421,397	14,982,882	-	-
Gifts	-	-	9,854,487	8,131,893
Sales and services of educational activities	2,462,329	3,909,507	-	-
Private contracts	2,451,073	2,476,779	-	-
State contracts	1,092,148	1,200,489	-	-
Local contracts	327,526	286,524	-	-
Other	8,556,764	5,427,688	-	-
Total operating revenues	430,625,582	410,610,659	9,854,487	8,131,893
Operating Expenses				
Education and General				
Instruction and departmental research	167,277,750	166,583,779	-	-
Separately budgeted research	16,653,175	16,394,725	-	-
Public service	1,282,434	1,981,871	-	-
Academic support	52,829,081	49,731,409	-	-
Student services	21,778,626	23,250,532	-	-
Institutional support	45,741,162	37,757,289	-	-
Operation and maintenance of plant	32,575,843	31,858,558	-	-
Scholarships and fellowships	21,194,883	23,023,411	-	-
Auxiliary enterprises	105,943,125	103,598,299	-	-
Depreciation	37,940,355	38,339,812	-	-
Other	3,944,575	4,932,002	-	-
Total operating expenses	507,161,009	497,451,687	-	-
Net operating gain (loss)	(76,535,427)	(86,841,028)	9,854,487	8,131,893
Non-Operating Revenues (Expenses)				
State appropriations	69,013,751	70,795,961	-	-
Federal fiscal stabilization funds	-	11,669,447	-	-
Gifts, including \$18,662,382 in FY12 and \$14,660,423 in FY11 from the University Foundation	18,731,475	16,746,849	-	-
Federal grants	27,104,370	30,020,591	-	-
Net investment income (loss), net of investment expense of \$2,055,980 for University and \$2,926,590 for the Foundation in FY12 \$2,564,317 for University and \$2,599,412 for the Foundation in FY11	(1,819,622)	33,824,309	(7,798,696)	33,526,615
State grants	1,036,961	1,319,694	-	-
Interest on debt	(17,368,471)	(12,710,910)	-	-
Payments to Miami University	-	-	(18,662,382)	(14,660,423)
Other non-operating revenues (expenses)	2,385,595	1,510,896	(177,141)	1,168,881
Net non-operating revenues (expenses)	99,084,059	153,176,837	(26,638,219)	20,035,073
Income (loss) before other revenues, expenses, and gains or losses	22,548,632	66,335,809	(16,783,732)	28,166,966
Other Revenues, Expenses, Gains or Losses				
State capital appropriation	6,625,692	12,366,955	-	-
Capital grants and gifts	7,452,710	5,081,520	-	-
Additions to permanent endowments	2,874,015	1,736,156	10,175,844	7,117,265
Total other revenues, expenses, gains, or losses	16,952,417	19,184,631	10,175,844	7,117,265
Increase (decrease) in net assets	39,501,049	85,520,440	(6,607,888)	35,284,231
Net assets at beginning of year	861,678,467	776,158,027	282,981,418	247,697,187
Net assets at end of year	\$ 901,179,516	\$ 861,678,467	\$ 276,373,530	\$ 282,981,418

See Notes to Financial Statements.

Miami University

**Statements of Cash Flows
Years Ended June 30, 2012 and 2011**

	2012	2011
Cash Flows From Operating Activities		
Tuition, fees, and other student charges	\$ 344,975,889	\$ 325,761,824
Sales and services of auxiliary enterprises	126,108,977	121,261,724
Contracts	17,300,844	21,699,698
Other operating receipts	10,518,698	9,305,233
Payments for employee compensation and benefits	(312,179,364)	(314,332,665)
Payments to vendors for services and materials	(133,261,798)	(124,815,365)
Student scholarships	(90,412,558)	(88,487,687)
Loans issued to students and employees	(1,145,406)	(2,155,666)
Collection of loans from students and employees	1,442,609	1,890,560
Net cash (used in) operating activities	(36,652,109)	(49,872,344)
Cash Flows From Noncapital Financing Activities		
State share of instruction and federal fiscal stabilization funds	71,383,197	82,465,408
Grants for noncapital purposes	28,141,331	31,340,285
Gifts	19,343,958	19,793,895
Net cash provided by noncapital financing activities	118,868,486	133,599,588
Cash Flows From Capital and Related Financing Activities		
State capital appropriation	9,314,704	12,071,153
Grants for capital purposes	7,256,911	3,743,418
Other capital and related receipts	645,907	765,333
Proceeds from debt obligations	157,134,772	126,633,069
Payments to construct, renovate, or purchase capital assets	(58,400,237)	(41,837,568)
Principal paid on outstanding debt	(48,513,723)	(12,290,970)
Interest paid on outstanding debt	(18,687,170)	(11,018,002)
Net cash provided by capital and related financing activities	48,751,164	78,066,433
Cash Flows From Investing Activities		
Proceeds from sale of investments	61,154,895	87,902,794
Purchases of investments	(86,294,138)	(168,762,598)
Endowment income	278,759	3,652,354
Other investment income (loss)	5,444,762	(40,132)
Net cash (used in) investing activities	(19,415,722)	(77,247,582)
Net increase in cash and cash equivalents	111,551,819	84,546,095
Cash and cash equivalents		
Beginning	145,379,653	60,833,558
Ending	\$ 256,931,472	\$ 145,379,653

(Continued)

Miami University

Statements of Cash Flows (Continued)
Years Ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash flows		
Net operating loss, per statement of revenues, expenses and changes in net assets	\$ (76,535,427)	\$ (86,841,028)
Adjustments to reconcile net operating loss to net cash (used in) operating activities:		
Depreciation expense		
Net loss on disposal of capital assets	37,940,355	38,339,812
Accounts receivable bad debt adjustments	6,762	139,864
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	26,311	57,685
Accounts receivable	(1,261,414)	2,569,472
Inventories	(319,311)	563,562
Prepaid expenses	(396,180)	548,081
Notes receivable	344,213	(85,227)
Accounts payable	1,159,543	(4,070,213)
Accrued salaries	2,457,493	(834,472)
Compensated absences	(728,532)	1,078,031
Deferred income and deposits	682,916	(1,277,110)
Federal Perkins loans	(28,838)	(60,801)
Net cash (used in) operating activities	\$ (36,652,109)	\$ (49,872,344)
Supplemental Disclosure of NonCash Information:		
Property and equipment included in accounts payable	\$ 7,797,675	\$ 7,457,701
Property and equipment acquired by gifts in kind	\$ 195,800	\$ 1,338,103

See Notes to Financial Statements.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Miami University (the University) is a land grant institution chartered by the State of Ohio in 1809 and governed by a Board of Trustees (the board). The board consists of 14 members, including two student members and three non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate, and the national trustees are appointed by the voting members and can serve for no more than two consecutive three-year terms.

The Governmental Accounting Standards Boards (GASB) Statement No. 39 sets forth criteria to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University. The Miami University Foundation (the Foundation), which is a separate not-for-profit foundation, meets this criteria due to the significance of their operational or financial relationships with the University. Note 9 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately for the year ended June 30, 2012 and reports have been issued under separate cover.

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

Basis for presentation: Effective July 1, 2011, the University adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Standard provides guidance on accounting for the replacement of counterparties in a derivative transaction. There has been no impact to the University financial statements due to the adoption of Statement No. 64.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard provides guidance on accounting for service concession arrangements (SCAs) where a government transfers the right to operating a government asset to another entity in exchange for significant consideration from that entity. The statement is effective for periods beginning after December 15, 2011. The University feels this statement will not have an impact on the financial statements.

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

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) issued on or before November 30, 1989. The statement is effective for periods beginning after December 15, 2011. The University has not yet determined the impact this statement will have on the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Standard provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net asset reporting requirements. The statement is effective for periods beginning after December 15, 2011. The University has not yet determined the impact this statement will have on the financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for periods beginning after December 15, 2012. The University has not yet determined the impact this statement will have on the financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The statement is effective for periods beginning after December 15, 2012. The University has not yet determined the impact this statement will have on the financial statements.

In March 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The statement is effective for periods beginning after June 15, 2013. The University feels this statement will not have an impact on the financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The statement is effective for periods beginning after June 15, 2014. The University has determined this pronouncement will have a substantial impact on the financial statements.

The financial statements of the University have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 34 and 35. The University has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 1989, that are not in conflict with or contradict GASB pronouncements. The University has elected not to apply any FASB pronouncements issued after November 1989.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Deferred revenue: Tuition and fees relating to summer sessions that are conducted in July and August are recorded in the accompanying statement of net assets as deferred revenue. Deferred revenue also includes the amounts received from grant and contract sponsors that have not yet been earned and amounts received from a tuition payment service for payments received for the next fiscal year. These will be recorded as revenue in the following fiscal year.

Operating and non-operating revenue: The University defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Changes in Net Assets, as those activities that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Substantially all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, gifts, and investment income.

Bond premiums, discounts and issuance costs: Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated absences: Full-time unclassified staff earn vacation at rates of 18 to 22 days per year, based on the term of their employment contract, with a maximum accrual of 52 days. Classified employees earn vacation at rates ranging from 10 to 25 days per year, based on years of service, with a maximum accrual equivalent to the amount earned in three years. Upon retirement, termination, or death, the employee is compensated at the final rate of pay for unused vacation up to a maximum of 40 days. Faculty accrue no vacation benefits.

Full-time faculty, unclassified staff, and classified staff earn 15 days of sick leave per year and individuals who work less than full-time earn sick leave on a pro-rata basis. There is no limit on the number of sick leave hours that can be accumulated. Upon retirement a staff member with 10 or more years of Ohio public service is paid for one-fourth the value of earned but unused sick leave not to exceed 30 days, based on the employee's rate of pay at the time of retirement. The termination payment method is used to compute the liability for sick leave. Persons leaving employment for reasons other than retirement are not compensated for unused sick leave.

Net assets: Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, reports the institution's net equity in property, plant, and equipment. The second major category is restricted net assets. This category contains net assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted net assets is available for investment purposes only. The expendable restricted net assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the University. The third category is unrestricted net assets and is separated into two types: allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are allocated for a specific purpose within the institution by University policy, management, or the governing board. The allocated unrestricted net assets were \$262,999,985 and \$233,523,028 as of June 30, 2012 and 2011, respectively. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

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

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

Subsequent events: The University has evaluated events occurring between the end of our most recent fiscal year and October 15, 2012, the date the financial statements were issued.

Reclassifications: Certain items in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

Miami University

Notes to Financial Statements

Note 2. Cash and Investments

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

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

Cash and cash equivalents: At year-end, the carrying amount of the University's cash and cash equivalents was approximately \$256.9 million in 2012 and \$145.4 million in 2011, respectively. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less.

Approximately \$14.9 million of cash and cash equivalents was covered by federal depository insurance; \$184.4 million was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments: Investments held by the University at June 30, 2012 and 2011 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment management procedures establish guidelines for average credit quality ratings in the portfolios.

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

The investments as of June 30, 2012, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	\$ 25,548,504	\$ -	\$ 25,548,504	\$ -	\$ -
U.S. Agency bonds	22,464,062	-	22,464,062	-	-
Strips	4,939,361	-	4,939,361	-	-
Government-backed bonds	16,167,752	-	16,167,752	-	-
Corporate bonds	26,628,014	-	-	23,007,728	3,620,286
Municipal bonds	3,814,187	-	111,324	3,702,863	-
International bonds	519,126	-	-	519,126	-
Common and preferred stocks	459,000	459,000	-	-	-
Commingled funds	281,703,630	225,074,990	2,589,650	43,518,053	10,520,937
Real estate and other	344,316	344,316	-	-	-
Total investments	\$ 382,587,952	\$ 225,878,306	\$ 71,820,653	\$ 70,747,770	\$ 14,141,223

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

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

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

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

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Bond investments by length of maturity as of June 30, 2012, are summarized as follows:

Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	\$ 25,548,504	\$ 2,222,376	\$ 11,338,953	\$ 10,686,220	\$ 1,300,955
U.S. Agency bonds	22,464,062	1,335,103	19,105,805	2,023,154	-
Strips	4,939,361	602,670	3,877,640	-	459,051
Government-backed bonds	16,167,752	-	16,167,752	-	-
Corporate bonds	26,628,014	3,104,353	14,571,058	8,709,731	242,872
International bonds	519,126	-	-	519,126	-
Municipal bonds	3,814,187	253,978	1,008,681	2,551,528	-
Commingled bond funds	58,581,026	1,939,502	43,023,314	10,778,614	2,839,596
Total bonds	\$ 158,662,032	\$ 9,457,982	\$ 109,093,203	\$ 35,268,373	\$ 4,842,474

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

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

All of the University's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Investments include approximately \$88.0 million and \$89.2 million as of June 30, 2012 and 2011, respectively, managed by global managers, and such international investments are exposed to foreign currency risk. The University's investments that are exposed to concentration risk consist of securities issued by the U.S. Treasury which represents 13.80% of investments. No other single issuer represents more than 5.00% of investments.

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

Note 2. Cash and Investments (Continued)

Endowment funds: In July 2011, the University transferred all of its endowment assets to the Miami University Foundation (Foundation) and entered into a Pooled Investment Agreement whereby the Foundation manages the Foundation and University endowment and quasi-endowment funds in a single investment pool (Pooled Fund). The University investment is maintained as a separate fund on the financial system of the Foundation and receives a proportional share of the Pooled Fund's activity. The Foundation owns the assets of the Pooled Fund; the University has an interest in the Pooled Fund, which is considered an external investment pool to the University. The Foundation's Pooled Fund is not registered with the Securities and Exchange Commission as an investment company. The Foundation's Board of Directors appoints an Investment Committee, which is responsible for oversight of the Pooled Fund in accordance with Foundation policies. University investments include \$155.2 million managed by the Foundation as of June 30, 2012. The fair value of the University's position in the Pooled Fund is based on the University's proportional share of the Pooled Fund, which is marked-to-market annually. Note 9 provides additional information on the Foundation and the Pooled Fund.

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

The University employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets. The University Board has approved an endowment spending policy whereby distributions in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value and a 70% weight to inflation. Annually the University establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets to other funds. The authorized spending amount was \$8,146,975 in 2012 and \$8,059,182 in 2011. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$7,335,241 and \$7,616,131 was distributed for expenditure for 2012 and 2011, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

Miami University

Notes to Financial Statements

Note 3. Accounts Receivable

The accounts, pledges and notes receivable as of June 30, 2012 and 2011, are summarized as follows:

	2012	2011
Accounts Receivable		
Student receivables	\$ 10,413,722	\$ 9,887,857
University Foundation	13,626,854	11,301,092
State capital appropriations	2,474,506	5,163,518
Grants and contracts	4,435,739	3,636,505
Investment trade settlements	406,740	-
Other receivables	2,784,467	2,871,184
Total accounts receivable	34,142,028	32,860,156
Less allowances for doubtful accounts	(1,285,000)	(1,035,000)
Net accounts receivable	\$ 32,857,028	\$ 31,825,156
Pledges Receivable		
Pledges receivable	\$ 3,704,342	\$ 3,412,792
Less allowance for doubtful pledges	(365,179)	(368,784)
Net pledges receivable	\$ 3,339,163	\$ 3,044,008
Notes Receivable		
Federal loan programs	\$ 7,823,165	\$ 8,165,126
University loan programs	3,139,661	3,044,090
Total notes receivable	10,962,826	11,209,216
Less allowance for doubtful notes	(1,591,000)	(1,491,000)
Net notes receivable	9,371,826	9,718,216
Total	\$ 45,568,017	\$ 44,587,380

Miami University

Notes to Financial Statements

Note 4. Capital Assets

The capital assets and accumulated depreciation as of June 30, 2012, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	\$ 4,841,276	\$ -	\$ -	\$ 4,841,276
Collections of works of art and historical treasures	7,328,565	172,300	-	7,500,865
Construction in progress	64,907,639	50,788,676	25,365,226	90,331,089
Total nondepreciable capital assets	77,077,480	50,960,976	25,365,226	102,673,230
Land improvements	29,713,497	1,793,906	-	31,507,403
Buildings	773,146,074	28,285,568	-	801,431,642
Infrastructure	116,034,312	274,124	-	116,308,436
Machinery and equipment	114,006,008	4,405,844	4,117,001	114,294,851
Library books and publications	64,305,539	1,281,083	-	65,586,622
Vehicles	9,136,768	406,290	267,319	9,275,739
Intangible assets	16,193,515	603,245	-	16,796,760
Total depreciable capital assets	1,122,535,713	37,050,060	4,384,320	1,155,201,453
Total capital assets	1,199,613,193	88,011,036	29,749,546	1,257,874,683
Less accumulated depreciation:				
Buildings	313,364,528	22,049,273	-	335,413,801
Infrastructure	45,624,965	4,216,269	-	49,841,234
Land improvements	10,463,882	1,015,025	-	11,478,907
Machinery and equipment	57,857,975	6,743,675	4,117,001	60,484,649
Library books and publications	37,726,698	2,242,016	-	39,968,714
Vehicles	7,133,726	645,748	260,557	7,518,917
Intangible assets	13,474,432	1,028,349	-	14,502,781
Total accumulated depreciation	485,646,206	37,940,355	4,377,558	519,209,003
Total capital assets, net	\$ 713,966,987	\$ 50,070,681	\$ 25,371,988	\$ 738,665,680

Miami University

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	\$ 4,841,276	\$ -	\$ -	\$ 4,841,276
Collections of works of art and historical treasures	6,665,257	663,308	-	7,328,565
Construction in progress	37,406,747	35,617,264	8,116,372	64,907,639
Total nondepreciable capital assets	48,913,280	36,280,572	8,116,372	77,077,480
Land improvements	28,093,190	1,620,307	-	29,713,497
Buildings	766,005,259	7,140,815	-	773,146,074
Infrastructure	112,718,339	3,315,973	-	116,034,312
Machinery and equipment	114,539,375	4,754,319	5,287,686	114,006,008
Library books and publications	62,619,357	1,686,182	-	64,305,539
Vehicles	9,059,890	261,936	185,058	9,136,768
Intangible assets	14,993,532	1,199,983	-	16,193,515
Total depreciable capital assets	1,108,028,942	19,979,515	5,472,744	1,122,535,713
Total capital assets	1,156,942,222	56,260,087	13,589,116	1,199,613,193
Less accumulated depreciation:				
Buildings	292,434,553	20,929,975	-	313,364,528
Infrastructure	41,359,644	4,265,321	-	45,624,965
Land improvements	9,505,103	958,779	-	10,463,882
Machinery and equipment	54,354,636	8,655,970	5,152,631	57,857,975
Library books and publications	35,563,290	2,163,408	-	37,726,698
Vehicles	6,898,219	415,756	180,249	7,133,726
Intangible assets	12,523,829	950,603	-	13,474,432
Total accumulated depreciation	452,639,274	38,339,812	5,332,880	485,646,206
Total capital assets, net	\$ 704,302,948	\$ 17,920,275	\$ 8,256,236	\$ 713,966,987

Miami University

Notes to Financial Statements

Note 5. Long term Liabilities

The long term liabilities as of June 30, 2012, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Leases, and Notes Payable					
Bonds payable	\$ 324,595,000	\$ 148,775,000	\$ 45,865,000	\$ 427,505,000	\$ 18,420,000
Capital leases payable	1,877,335	2,848,719	915,008	3,811,046	804,094
Notes payable	1,733,715	-	1,733,715	-	-
Premiums, issue costs, loss on refunding	6,237,855	8,579,192	1,913,621	12,903,426	982,896
Total bonds, leases, and notes payable	334,443,905	160,202,911	50,427,344	444,219,472	20,206,990
Other Liabilities					
Compensated absences	16,535,478	4,342,508	5,071,040	15,806,946	1,504,057
Federal Perkins loans	6,457,987	255,132	283,970	6,429,149	-
Total other liabilities	22,993,465	4,597,640	5,355,010	22,236,095	1,504,057
Total	\$ 357,437,370	\$ 164,800,551	\$ 55,782,354	\$ 466,455,567	\$ 21,711,047

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

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

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

Note 6. Indebtedness

The bonds are secured by a pledge of the general receipts of the University. The University may at its discretion use, or pledge, to the extent lawfully authorized, such other resources as are available for use in the performance of its obligation under the various trust agreements.

During the year ended June 30, 2012, the University issued \$148,775,000 in General Receipts Revenue Bonds with interest rates ranging from 2.00 percent to 5.00 percent and maturities from 2012 to 2036. The proceeds are being used to provide funding for the second phase of a multi-phase effort to renovate all campus student housing and dining facilities. A part of the proceeds were also used to refund a portion of the remaining Miami University General Receipts Bonds, Series 2003. The net change in cash flows related to the refunding was approximately \$2.1 million and the net present value savings was approximately \$1.6 million. In fiscal year 2012, the University defeased a portion of the Series 2003 bonds by placing some of the proceeds from the Series 2011 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was \$31,215,000 as of June 30, 2012.

Miami University

Notes to Financial Statements

Note 6. Indebtedness (Continued)

During the year ended June 30, 2011, the University issued \$125,000,000 in General Receipts Revenue Bonds consisting of \$105,445,000 Series 2010A (Federally Taxable Build America Bonds – Direct Payment) and \$19,555,000 Series 2010B (Tax-Exempt Bonds). Interest rates range from 4.81% to 6.77% for the Series 2010A bonds and from 2.00 percent to 5.00 percent for the Series 2010B bonds. Maturities range from 2017 to 2035 for the Series 2010A bonds and from 2011 to 2016 for the Series 2010B bonds. The Series 2010 bond proceeds are being used to provide funding for the first phase of planned improvements to student housing and dining facilities and the first phase of construction of the Armstrong Student Center.

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

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

During the year ended June 30, 2005, the University issued \$98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the University defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was \$11,305,000 and \$12,650,000 as of June 30, 2012 and 2011, respectively.

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

The University incurred interest costs of \$18,229,548 and \$12,865,732 as of June 30, 2012 and 2011, respectively. For the year ended June 30, 2012, \$861,077 of the interest cost was capitalized. For the year ended June 30, 2011, \$154,822 of the interest cost was capitalized.

During fiscal year 2012, the University paid off the outstanding note payable from the U.S. Department of Education in the amount of \$1,733,715. The note carried a 5.50 percent interest rate and was scheduled to mature in 2026.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2012, are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds Payable			
Series 2011 general receipts	2013 - 2033	2.00% - 5.00%	\$ 148,775,000
Series 2010A general receipts	2018 - 2036	4.81% - 6.77%	105,445,000
Series 2010B general receipts	2013 - 2017	4.00% - 5.00%	16,630,000
Series 2007 general receipts	2013 - 2027	3.25% - 5.25%	74,630,000
Series 2005 general receipts	2013 - 2025	3.38% - 5.00%	73,805,000
Series 2003 general receipts	2013 - 2014	3.75% - 5.50%	8,220,000
Total bonds payable			427,505,000
Bond premiums			(14,833,538)
Bond issuance costs			2,659,077
Deferred loss on refunding			(728,965)
Total bonds payable, net			\$ 414,601,574

Miami University

Notes to Financial Statements

Note 6. Indebtedness (Continued)

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

	Principal	Interest	Total
2013	\$ 18,420,000	\$ 21,178,673	\$ 39,598,673
2014	19,120,000	20,416,717	39,536,717
2015	18,030,000	19,609,070	37,639,070
2016	18,785,000	18,820,910	37,605,910
2017	19,670,000	17,965,660	37,635,660
2018-2022	106,080,000	58,167,539	164,247,539
2023-2027	102,825,000	48,056,528	150,881,528
2028-2032	58,765,000	27,954,685	86,719,685
2033-2036	65,810,000	8,814,478	74,624,478
	<u>\$ 427,505,000</u>	<u>\$ 240,984,260</u>	<u>\$ 668,489,260</u>

The University has \$3,811,046 in capitalized lease obligations that have varying maturity dates through 2032 and carry implicit interest rates ranging from 4.00 percent to 17.16 percent. The scheduled maturities of these leases as of June 30, 2012, are:

Year Ended June 30	<u>Minimum Lease Payments</u>
2013	\$ 916,960
2014	448,394
2015	195,849
2016	194,020
2017	194,586
2018 - 2022	971,583
2023 - 2027	967,119
2028 - 2032	961,480
Total minimum lease payments	<u>4,849,991</u>
Less amount representing interest	<u>(1,038,945)</u>
Net minimum lease payments	<u><u>\$ 3,811,046</u></u>

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2012 and June 30, 2011 are \$2,779,920 and \$1,605,123 for buildings and \$3,580,222 and \$3,800,408 for equipment, respectively.

Note 7. Retirement Plans

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

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

Note 7. Retirement Plans (Continued)

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

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

Contribution rates for STRS Ohio are established by the State Teachers Retirement Board, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Contribution rates for fiscal year 2011 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2011, and June 30, 2010, the Retirement Board allocated employer contributions equal to 1.00 percent of covered payroll to the Health Care Stabilization Fund (Note 8).

During calendar year 2011, employees covered by the OPERS system were required by state statute to contribute 10.0 percent of their salary to the plan. The University was required to contribute 14.00 percent of covered payroll. Law enforcement employees who are a part of the OPERS law enforcement division contribute 11.60 percent of their salary to the plan. For these employees, the University was required to contribute 18.10 percent of covered payroll. The portion of employer contributions to OPERS allocated to health care for members in the Traditional Plan was 4.00 percent from January 1 through December 31, 2011 (Note 8).

The payroll for employees covered by STRS Ohio for the years ended June 30, 2012 and 2011, were approximately \$63,038,000 and \$64,727,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2012 and 2011, were approximately \$84,266,000 and \$84,585,000, respectively.

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

The payroll for employees electing the alternative retirement program for the years ended June 30, 2012 and 2011, were approximately \$50,374,000 and \$47,826,000, respectively.

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

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. OPERS also provides retirement, disability, survivor, and postretirement health care benefits to qualified members. The portion of employer contributions to OPERS allocated to health care for members in the Combined Plan was 6.05 percent from January 1 through December 31, 2011 (Note 8).

Miami University

Notes to Financial Statements

Note 7. Retirement Plans (Continued)

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

	Employer Contribution		
	STRS Ohio	OPERS	Alternative Programs
2012	\$ 8,825,325	\$ 11,863,447	\$ 5,807,341
2011	9,061,480	11,841,929	5,530,805
2010	9,271,116	12,303,519	5,575,241

Note 8. Other Postemployment Benefits

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

OPERS health care benefits are advance-funded on an actuarially determined basis. The amount of employer contributions made to fund post-employment benefits was \$3.4 million.

Note 9. Related Organization

The Miami University Foundation (the Foundation) is a separate not-for-profit entity organized for the purpose of promoting educational and research activities of the University. Since the resources held by the Foundation can be used only by and for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation board is comprised of a maximum of 29 members. Up to 21 members are elected by the board and eight members are appointed by Miami University. At least two-thirds of the elected trustees are required to be alumni or former students of Miami University. The Foundation reports using standards issued by the Financial Accounting Standards Board.

Amounts received by the University from the Foundation are restricted and are included in gifts in the accompanying financial statements. The Foundation values its investments at fair value.

Summary financial information for the Foundation as of June 30, 2012, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	\$ (104,812)	\$ 115,915,292	\$ 160,563,050	\$ 276,373,530
Change in net assets for the year	(353,907)	(16,725,642)	10,471,661	(6,607,888)
Distributions to Miami University	18,662,382	-	-	18,662,382

Miami University

Notes to Financial Statements

Note 9. Related Organization (Continued)

Summary financial information for the Foundation as of June 30, 2011:

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

Cash and cash equivalents: Cash and cash equivalents consists primarily of cash in banks, money market accounts, BlackRock Liquidity Federal Trust Fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. On June 30, approximately \$872,057 of cash and cash equivalents was covered by federal depository insurance and the remainder was not insured, exposing it to custodial credit risk. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

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

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

The Foundation believes that the carrying amounts are reasonable estimates of fair value as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting.

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

Miami University

Notes to Financial Statements

Note 9. Related Organization (Continued)

Long-term investments: Investments held by the Foundation as of June 30 were:

Investment Description	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Domestic Public Equities	\$ 18,345,154	\$ 20,794,348	\$ 27,987,199	\$ 32,871,867
Global Public Equities	102,919,948	104,484,593	36,946,791	43,007,452
International Public Equities	14,499,910	13,018,134	10,801,774	12,752,544
Domestic Public Fixed Income	15,352,200	17,729,871	7,029,540	8,035,284
Global Public Fixed Income	16,718,703	16,321,200	7,584,763	7,821,539
Hedge Funds	76,449,477	97,641,252	47,626,743	64,201,566
Private Investments	107,190,042	95,013,447	60,857,752	52,496,982
Split-Interest Funds				
Charitable remainder trusts	7,583,141	8,065,107	8,167,887	8,699,324
Charitable gift annuities	2,270,433	2,541,779	2,216,026	2,478,331
Pooled income funds	565,635	613,188	605,609	650,246
Total	\$ 361,894,643	\$ 376,222,919	\$ 209,824,084	\$ 233,015,135

The Foundation maintains a diversified investment portfolio for the Pooled Funds, intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The Foundation's investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The Foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of Foundation assets. As of June 30, 2012, the Foundation has made commitments to limited partnerships of approximately \$37.0 million that have not yet been funded.

The 2012 dividend and interest income of \$2,455,266, as reported in the Statement of Activities, is net of fees from external investment managers totaling \$554,796. The 2011 dividend and interest income of \$1,970,234 is reported net of fees from external investment managers totaling \$644,702.

Fair value measurements: The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Subsequent changes in fair value are recorded as an adjustment to earnings.

Pledges receivable: As of June 30, 2012, contributors to the Foundation have made unconditional pledges totaling \$49,635,789 with 18 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using interest rates to a net present value of \$48,357,117 at June 30, 2012. Discount rates based on the U.S. Treasury yield curve three-year average ranged from .24 percent to 3.40 percent for 2012. Management has set up an allowance for uncollectible pledges of \$3,584,106 at June 30, 2012. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time.

The Foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions have not been substantiated by unconditional written promises to the foundation. The Foundation's policy is not to record these intentions to give as revenues until they are reduced to writing or are collected.

Note 9. Related Organization (Continued)

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

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

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

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

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were \$948,391 as of June 30, 2012 and \$223,549 as of June 30, 2011. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

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

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

Miami University

Notes to Financial Statements

Note 10. Commitments

At June 30, 2012, the University is committed to future contractual obligations for capital expenditures of approximately \$76.1 million. These commitments are being funded from the following sources:

Contractual Obligations	
Approved state appropriations not expended	\$ 1,193,829
University funds	74,923,511
Total	<u><u>\$ 76,117,340</u></u>

Note 11. Risk Management

The University's employee health insurance program is a self-insured plan. Administration of the plan is provided by Humana Inc. and employees are offered two plan options, a Traditional PPO Plan or a High Deductible Health Plan with a Health Savings Account.

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of \$2,872,200 and \$3,867,600 is included in the accrued salaries and wages as of June 30, 2012 and 2011, respectively. The change in the total liability for actual and estimated claims is summarized below:

	<u>2012</u>	<u>2011</u>
Liability at beginning of year	\$ 2,208,827	\$ 2,908,351
Claims incurred	35,499,748	34,379,797
Claims paid	(35,053,282)	(34,505,521)
Increase (decrease) in estimated claims incurred but not reported	1,007,200	(573,800)
Liability at end of year	<u><u>\$ 3,662,493</u></u>	<u><u>\$ 2,208,827</u></u>

To reduce potential loss exposure, the University has established a reserve for health insurance stabilization of \$4.2 million.

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Insurance Consortium. The commercial property program's loss limit is \$1.0 billion and the general/auto liability loss limit is \$50 million. The property insurance program has been in place for 17 years during which time Miami has had one material loss above the insurance policy deductible of \$350,000. The property pool deductible for individual schools is \$100,000. The liability program has been in place for 12 years during which time Miami has had three losses above the pool deductible, which is \$100,000. The current self-insured retention for the liability program is \$1.0 million. The educator's legal liability loss limit is \$30 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks. Over the past five years, settlement amounts related to insured risks have not exceeded the University's coverage amounts.

Miami University

Notes to Financial Statements

Note 12. Contingencies

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

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

Note 13. Subsequent Events

The University is planning to issue general receipts revenue bonds during fiscal year 2013 totaling approximately \$125 million. Proceeds from the bond sale are expected to be used to continue construction and renovation of the housing and dining facilities.

Miami University

OMB Circular A-133 Requirements

Miami University

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education:			
Supplemental Educational Opportunity Grant Program	84.007	P007A113315	\$ 984,604
College Work Study Program	84.033	P033A113315	561,895
Federal Perkins Loan Program	84.038		8,461,867
Federal Pell Grant Program	84.063	P063P110342	23,142,707
Federal Direct Student Loan Program	84.268	P268K130342	114,116,318
Academic Competiveness Grant Program	84.375	P375A060342	(2,094)
National Science and Mathematics Access to Retain Talent (SMART) Grant	84.376	P376S060342	1,169
TEACH Grant Program	84.379	P379T090342	2,248,730
Total U.S. Department of Education			<u>149,515,196</u>
Total Student Financial Assistance Cluster			<u>\$ 149,515,196</u>
Research and Development Cluster			
U.S. Department of Agriculture:			
Influence of Tannins on Nitrogen Cycling	10.001	58-1902-1-195	\$ 38,289
Effects of Polyphenolic Substances on Soil Organic Matter	10.2	58-1932-6-634	28,667
Effort of Landscape Structure on Invasion Dynamics of the Invasive Shrub Lonicera Maackii	10.206	2007-35320-18349	35,478
Restoration of Blight-resistant American Chestnut Trees on Mine Land in Ohio	10.652	06-JV11242300-093	1,776
Comparative Genome Mapping and Microsatellite DNA Sequence Resources	10.664	12-JV11330126-015	9,549
Comparative Genome Mapping and Microsatellite DNA Sequence Resources	10.664	11-JV-11330126-020	12,394
Host-Range Studies of Baculoviruses for Insect Control	10.961	58-3148-7-164	8,044
Total U.S. Department of Agriculture			<u>134,197</u>
U.S. Department of Commerce:			
Summer Undergraduate Research Fellowship Partnership in Physics	11.609	70NANB11H042	1,050
Summer Undergraduate Research Fellowship Partnership in Physics	11.609	70NANB11H099	3,093
Summer Undergraduate Research Fellowship Boulder	11.609	70NANB12H120	3,821
Summer Undergraduate Research Fellowship Gaithersburg	11.609	70NANB12H045	8,281
Total U.S. Department of Commerce-Direct Programs			<u>16,245</u>
Pass-Through Programs From:			
Stratus Consulting: Assessment of Ecological Impacts of the BP Deep Horizon Oil Spill	11.XXX	S087-OC-1553	173,763
OSURF: Knauss Marine Policy Fellowship- Erin E. Sams	11.417	60031204	22,245
Total U.S. Department of Commerce-Pass-Through Programs			<u>196,008</u>
Total U.S. Department of Commerce			<u>212,253</u>
Department of Defense:			
Gram-Negative Bacterial Wound Infections	12.42	W81XWH-12-2-0035	28,314
Enabling Large- Scale Multi-User Immersive Virtual Reality Simulations	12.431	W911NF-10-1-0301	24,539
Realistic Simulation of Environments of Unlimited Size in Immersive Virtual Environments	12.431	W911NF-08-1-0474	41,149
Cross-Conjugated Nanoarchitectures	12.8	FA9550-10-1-0377	114,610
Satellite Signal Parameter Estimation Algorithms for High-Accuracy Applications	12.8	FA9550-10-1-0346	210,242
Total Department of Defense-Direct Programs			<u>418,854</u>

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Pass-Through Programs From:			
KeraNetics: Spatiotemporally Controlled Keratin Biomaterial Delivery System	12.XXX	W81XWH-11-C-0060,00001	\$ 5,143
Universal Technology Corporation: 2011/2012 Aerospace Propulsion Outreach Program (APOP)	12.XXX	11-S590-0020-34-C6	10,895
KeraNetics: Flowable Keratin Biomaterials for Improving Infection Control...	12.XXX	A112-108-0273	23,537
UES, Inc. :Modeling the Thermal Management of a Directed Energy power System Using MATLAB	12.XXX	S-745-41-MR019	26,923
KeraNetics: Keratin Biomaterials for Craniofacial Tissue Engineering	12.XXX	--	54,435
Shaw Environmental: The Influence of Plant-Microbe Interactions on the Mobility and Bioavailability of Arsenic in Soil	12.XXX	570951 OP	58,414
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYSN	12.XXX	RF01130475	143,034
Tsui Consulting: Algorithms for Digital Wideband Receiver Design/Analysis for Electronic Attack - Phase 2	12.3	--	14,447
General Dynamics: Progressive Failure Analysis of Translaminar Reinforced Composite Structures	12.8	F3446-10-45-SC01-01	21,710
Applied Systems and Technology Transfer, LLC: Applied Systems and Technology Transfer Mentor Proposal	12.91	D12PC00014	3,415
Total Department of Defense-Pass-Through Programs			<u>361,953</u>
Total Department of Defense			<u>780,807</u>
National Security Agency:			
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-11-1-0223	206,053
U.S. Department of the Interior:			
Collaborative Research: Delineating Future Cascadia Megathrust Rupture with Continuous GPS and Seismic Recordings of Episodic Tremor and Slip (ETS)	15.807	G11AP20025	23,718
Continued Operation of the NTN Precipitation Collection Station in Oxford, OH	15.808	G11PX00205	5,191
Total U.S. Department of the Interior-Direct Programs			<u>28,909</u>
Pass-Through Programs From:			
ODNR-OSU: Classification of Ohio Reservoirs Based on Lower Tropic Levels: Implementing a Watershed	15.605	60027535	(1,652)
National Fish and Wildlife Foundation: using Buffer Zones to Promote Amphibian Populations	15.608	--	1,960
Total U.S. Department of the Interior-Pass-Through Programs			<u>308</u>
Total U.S. Department of the Interior			<u>29,217</u>
U.S. Department of Justice:			
Pass-Through Programs From:			
Univ. of Massachusetts: Building a Prevention Framework to Address Teen "Sexting" Behaviors	16.543	551000000015355	75,023
Miami Tribe of Oklahoma:Evaluation of Miami Tribe Project	16.731		5,815
Total U.S. Department of Justice			<u>80,838</u>
U.S. Department of Labor:			
Pass-Through Programs From:			
DOL: Enhancing the SCSEP Network: History, Characteristics, Collaboration, and Best Practices	17.235	--	(3,964)
ARRA Cincinnati State: Health Career Collaborative of Greater Cincinnati	17.275	GC-J-20070-1060A-39/A	155,234
Total U.S. Department of Labor			<u>151,270</u>
U.S. Department of Education:			
Pass-Through Programs From:			
Ohio Department of Public Safety: 2011 Highway Traffic Safety Evaluation and Action Planning	20.6	GC-2011-6-00-00-00567-00	167,244
Ohio Department of Public Safety: 2012 Ohio Highway Traffic Safety Evaluation and Action Planning	20.6	GC-2012-9-00-00-00267-00	317,350
Total U.S. Department of Education			<u>484,594</u>
National Aeronautics & Space Administration:			
Aseismic Fault Slip Processes Through Space-Based and Seismic Observations	43.001	NNX09AV31H	4,317
Fractional Gravity Studies of Sensory Mechanisms in Root Phototropism	43.002	NNX09AF11G	26,571
Investigations of the plant cytoskeleton in microgravity with gene profiling and cytochemistry	43.002	NNX10AF44G	55,277
Novel Explorations into the Interactions between Light and Gravity Sensing in Plants	43.002	NNX10AM86G	106,839
Total National Aeronautics & Space Administration-Direct Programs			<u>193,004</u>

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Pass-Through Programs From:			
Ohio Space Grant Consortium: Development of Reduce Order Models for Simulations and Feedback Control of Aerodynamic Flows	43.XXX	--	\$ 903
Total National Aeronautics & Space Administration			193,907
National Science Foundation:			
Modeling the Equilibria of Macromolecules	47.041	1104350	21,363
Natural Structures in Set Theory	47.049	DMS-0700983	482
Dynamical Process in Semiconductor Nanowire in the Quantum Regime	47.049	DMR-1105121	13,619
Collaborative Research: A Multi-Proxy Approach to Early Miocene Community, Landscape, and Climate Reconstruction, Ethiopian Plateau	47.049	EAR-1052478	14,552
Algebraic K-Theory of Infinite Groups With Torsion	47.049	DMS-0805605	14,651
Absoluteness and Choice	47.049	DMS-0801009	15,475
Integrated Paramagnetic Resonance of High Spin Cobalt(II) Systems	47.049	CHE-1152755	21,995
Integrated Paramagnetic Resonance of High Spin Cobalt (II) Systems	47.049	CHE-0809985	24,377
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0856158	26,805
Materials World Network Collaborative: Semiconductor Nanowire Heterostructures	47.049	DMR-0806572	26,817
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-1101764	45,646
CAREER: Enamine-Metal Lewis Acid Bifunctional Catalysts for Asymmetric Organic Transformations	47.049	CHE1056420	56,347
Cellular NADH Fluorescence as a Metabolic Indicator Under Pressure:			
Piezophysiological Studies at a Predominantly- Undergraduate Physics Department	47.049	PHY-0957675	62,773
Summer Undergraduate Research Experiences in Chemistry and Biochemistry	47.049	CHE-1004875	94,540
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-1011909	95,484
CAREER: Phylogenetic Diversity of Protist Populations and their Functional Roles in Dry Valley Lake Microbial Loop	47.049	ANT-1056396	121,521
Collaborative Research: Resolving Structural Controls of Episodic Tremor and Slip Along the Length of Cascadia	47.05	EAR-0642765	(8,062)
Collaborative Research: Paleomagnetism of the Tibetan Plateau	47.05	EAR-0609756	526
Collaborative Research: Forearc Cracks and the Rupture Segments of Great Earthquakes, N. Chile and S. Peru	47.05	EAR-0738507	5,742
Interaction of Planetary-Scale Waves and the Ionosphere at Low Latitudes	47.05	AGS-104223	14,106
Links Between Magma Source Characteristics, Shallow Plumbing, and Eruptive Styles in Mafic Intraplate Volcanic Fields (Lunar Crater Volcanic Field, Nevada)	47.05	EAR1016042	15,034
Collaborative Research: Understanding the Causes of Continental Intraplate Tectonomagmatism: A Case Study from the Pacific Northwest			
Coprecipitation of Pb and As in Apatite and Applications to Environmental Remediation	47.05	EAR-0952298	28,030
A Study on the Circulation and Structure of Metallic Ions in the Mid-Latitude Ionosphere	47.05	ATM-0633418	47,620
Identifying Crustal and Mantle Processes in the Central Trans-Mexican Volcanic Belt	47.05	EAR-1019798	61,902
Acquisition of an Inductively Coupled Plasma- Optical Emission Spectrometer for Geological and Environmental Applications	47.05	1028789	72,770
Constraining Processes and Timescales of Magma Evolution	47.05	EAR-0911182	93,947
Privacy-Constrained Searching	47.07	CNS-0915843	27,628
II-EN: Enabling Large-Scale Multi-User Immersive Virtual Reality Simulations	47.07	CNS-0958303	33,424
Evaluation of Collaborative Research MU CPATH II; Incorporating communication Outcomes into the Computer Science Curriculum	47.07	CCF-0939122 003	37,928
CPATH II: Incorporating Communication Outcomes into the Computer Science Curriculum	47.07	CCF-0939122	60,089
HCC: Medium: Collaborative Research: Low Cost, Portable, Multi-User, Immersive Virtual Environment Systems for Education and Training in Worlds of Unlimited Size	47.07	HS-0964324	285,712

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Dissertation Research: Causes and Consequences of Cyanobacterial Dominance and Toxin Production	47.074	DEB-1110536	\$ 561
MRI: Acquisition of a Confocal Microscope	47.074	DBI-0821211	1,245
Arabidopsis Kleisin Proteins and Their Role in Meiosis and Chromosome Biology	47.074	MCB-0718191	1,840
Planning Grant: Developing a plan for a Watershed Education and Research Center	47.074	DBI-0935452	3,005
Investigation of Genes and Complex Social Behavior Under Ecologically Relevant Conditions	47.074	IOS-0614015	6,930
Research Experiences for Undergraduates Site: Ecology in Human-Dominated Landscapes	47.074	DBI-0754991	7,759
Ballistospore Discharge: Adaptations Among Mushroom-forming Fungi	47.074	IOS-0743074	13,284
ABI Innovation: Analysis of Operon Evolution Using an Event-Driven Approach	47.074	DBI-1146960	14,273
OPUS: Nutrient Cycling by Animals in Freshwater Ecosystems	47.074	DEB-0918993	18,664
Collaborative Research: Nutrient Co-limitation in Young and Mature Hardwood Forests	47.074	DEB-0949317	19,233
Collaborative Research: Winter Climate Change in a Northern Hardwood Forest	47.074	DEB-0949301	21,783
Mechanisms of Physiological Mechanisms in Anuran Adaptation to Extreme Cold	47.074	IOS-1022788	26,580
REU Site: Ecology in Human-Dominated Landscapes	47.074		30,304
Functional Consequences of Modulation of CPG Feedback to Descending Projection Neurons	47.074	IOS-1153417	53,528
RUI: Patterns of Biodiversity of Benthic Invertebrates in Chihuahuan Desert Springs	47.074	DEB-0717064	68,769
LTREB: Response of a Reservoir Ecosystem to Variable Subsidies of Nutrients and Detritus	47.074	DEB-0743192	70,503
Niche Differentiation between Ammonia-Oxidizing Archaea and Bacteria in Freshwater Lakes	47.074	DEB-1120443	77,050
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IOS-0840772	82,336
CAREER: The de novo Discovery of Transposable Elements for the Study of Neutral Substitution Rate Variations in Plant Genomes	47.074	DBI-0953215	92,651
Collaborative Proposal: CPSF30 At The Convergence of RNA Processing, Cellulare Signaling and Development in Plants	47.074	IOS-0817829	113,278
Theta Modulation of Hippocampal Ensembles across Subregions	47.074	IOS-1121969	117,562
Molecular Mechanisms Contributing Evolutionary Morphological Diversity	47.074	IOS-0950964	128,799
Exploring the Generality of Light, Nutrient and Predator Constraints on Food Chain Efficiency	47.074	DEB-0949500	171,273
URM: ASSURE - Achieving Success in Science through Undergraduate Research Experiences	47.074	DBI-0731634	240,926
Doctoral Dissertation Research: Focal Social Actors and Tacit Coordination	47.075	SES-1124132	2,269
New Research on Gender in Political Psychology Conference	47.075	SES-1014854	2,327
Global Localism at Manaslu Conservation Area in the Eastern Himalayas, Nepal: Integrating Ecological and Ethnobotanical Knowledge about Community Forests for Biodiversity Conservation	47.075	BCS-1030513	2,555
The Social-Behavioral Consequences of Perceptual Fluency: How Processing Ease Guides Intergroup Contact, Goal Pursuit and Behavioral Mimicry	47.075	BCS-0719694	24,264
Adapting Systems Factorial Technology to Model Selection: Applications to Perception and Classification	47.075	BCS-0544688	25,156
Coordination in Small Groups: Matching and Mismatching	47.075	BCS-0744696	29,026
The Motivated Origins of the Cross Race Effect	47.075	BCS-0951463	32,493
Short Term Dynamics in Changing Environments: A Geospatial Analysis of Seasonal Forest Response and Extractive Resource Entitlements at Mt. Kaigau, Kenya	47.075	BCS-1061407	89,201
Decision Making Processes Under Stress	47.075	SES-0851990	109,971
Missing Links Problems and Participation in Collective Decisions	47.075	SES-1124367	124,566
Collaborative Research: A Model for Data-Driven Reform in Chemistry Education	47.076	DUE-0817297	(1,716)
Collaborative Research: Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	20,259
Evaluation of Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	21,338
Collaborative Research: Transforming Web-based Courseware into a Full Statics Course that Informs Interactive-Collaborative Classroom Activities	47.076	DUE-0918956	43,633
Collaboration and Guided Inquiry in the Organic Chemistry Lab	47.076	DUE-1044549	54,437
The Missing Piece of the STEM Puzzle: The Role of Communion in Women's Career Decisions	47.076	HRD-0827606	70,809
Development and Integration of Computational and Experimental Activity Based Studios...	47.076	DUE-1044698	87,590
National Science Foundation Graduate Research Fellowships	47.076	DGE-1144472	91,784
Wild Research Grant	47.076	ESI-0610409	94,471
Chemistry Education Research Doctoral Scholars Program	47.076	DRL-0733642	287,048
Saving Species	47.076	DRL-1010938	388,938

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Workshop: China-US Collaborative Research on Geomicrobiological Processes in Extreme Environments	47.079	OISE-0836450	\$ 1,801
ARRA MRI-R2: Acquisition of Dense Array EEG for Research and Training Across the Disciplines	47.082	BCS-0958874	41,322
ARRA Rationale Capture for High-Assurance Systems	47.082	CCF-0844638	110,370
ARRA Ortho-Phenylene Oligomers and Graphene Nanoribbons	47.082	CHE-0910477	110,386
ARRA CAREER: Implementing Inquiry-Based Approaches in Geoscience Education and Research	47.082	EAR-0847688	121,040
ARRA Collaborative Proposal: Roles for Dehydration and Photoperiodism in Preparing an Antarctic Insect for the Polar Night	47.082	ANT-0837559	131,071
Total National Science Foundation-Direct-Programs			<u>4,959,385</u>
Pass-Through Programs From:			
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	(115)
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	31,135
IRIS: Technology Assistance with Implementation and Operation of Transportable Array Element of USArray and EarthScope	47.05	80.16	26,902
Cornell University: Long-Term Ecological Research at the Hubbard Brook Experiment Forest	47.074	46222-8722	(1,290)
University of Maine: Climate-Induced Shifts in Alpine Diatom Communities: Linking Neocological and Paleoecological Approaches to Incorporate Responses to Trophic Forcing	47.074	DEB-0734277	3,683
Cornell Univ.: Long-term Ecological Research at the Hubbard Brook Experimental Forest	47.074	61468-9520	38,799
University of Illinois: GEPR: The Origin of Dioecy and the Evolution of Sex Chromosomes in Caricaceae	47.074	2009-03499-01	81,510
University of Cincinnati: Evaluation of CEEMS: The Cincinnati Engineering Enhanced Mathematics & Science Program	47.076	A12-4500062490	1,323
Kent State University: Evaluation of Kent State University NOYCE Scholars Program	47.076	402005-MU	1,640
Sinclair Community College: Dayton Urban STEM Teacher Academy	47.076	DUE-08402428	1,848
OSURF: Evaluation of Beyond Penguins & Polar Bears: Literacy & IPY	47.076	DRL-0733024	3,982
Sinclair Community College: Faculty Development in Hybrid and Advanced Automotive Technology	47.076	MUM2990-1	9,359
Sinclair Community College: The High School STEM Teacher Synergistic Institute	47.076	1003048	15,336
OSURF: Evaluation of Middle Level Mathematics, Science & Career Pathways (MLP)	47.076	60018327	19,129
Cornell: Evaluation of Cornell University Fossil Finders	47.076	53051-8661	27,969
Univ of Penn: Evaluation of the Univ of Pennsylvania Science Teacher Institute	47.076	543371-7	33,654
Stevens Institute of Technology: Evaluation of Improving Instruction & Community to Retain Undergraduate Women	47.076	527631-FY09-3	38,558
Purdue University: Evaluation of Purdue Center for Faculty Success	47.076	4101-27694-03	46,550
Evaluation of Targeted MSP: The University at Buffalo/ Buffalo Public Schools (UB/BPS) Interdisciplinary Science and Engineering Partnership	47.076	R748928	53,231
Michigan State Univ: Evaluation of MSU ADAPP ADVANCE	47.076	61-2340OEAC	66,438
University of Nevada Las Vegas: PIRE: Toward a Holistic and Global Understanding of Hot Springs Ecosystems: A US-China based International Collaboration	47.079	11-707D-E	121,547
ARRA Kent State University: Environmental Aquatic Res Sensing: Basic Science, Bus Ed & Outreach	47.082	448004-MU	211,992
Total National Science Foundation-Pass-Through Programs			<u>833,180</u>
Total National Science Foundation			<u>5,792,565</u>

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
U.S. Environmental Protection Agency: The Role of Human-Made Impoundments and Watershed Land Use on Carbon Cycling and Sequestration at Local and Regional Scales	66.514	F08E10744	\$ 3,735
Pass-Through Programs From: MACTEC: Operation of the US EPA National Dry Deposition Network Station at Miami University	66.XXX	--	<u>3,016</u>
Total U.S. Environmental Protection Agency			<u><u>6,751</u></u>
U.S. Department of Energy Scientific Meeting: Automated Gene and Protein Function Prediction Featuring a Critical Assessment of Function Annotation	81.049	DE-SC0006807	4,700
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	120,719
ARRA Thylakoid Assembly and folded Protein Transport by the Tat Pathway	81.049	DE-SC0003914	136,807
Technetium and Iron Biogeochemistry in Suboxic Subsurface Environments with Emphasis on the Hanford Site	81.XXX	DE-FG02-07ER64369	<u>57,332</u>
Total U.S. Department of Energy-Direct Programs			<u><u>319,558</u></u>
Pass-Through Programs From: Pennslvanis State University: Reactivity of Iron-bearing Phyllosilicates with Uranium and Chromium through Redox Transition Zone	81.049	4229-MU-DOE-5333	63,991
ARRA Univ. of MN: A Nationwide Consortium of Universities to Revitalize Electric Power Engineering Education by State-of-Art Laboratories	81.122	A000211526	<u>11,321</u>
Total U.S. Department of Energy-Pass-Through Programs			<u><u>75,312</u></u>
Total U.S. Department of Energy			<u><u>394,870</u></u>
U.S. Department of Education: ESOL MIAMI	84.195	T195N070166-11	<u>263,086</u>
Pass-Through Programs From: ODE: Intervention Specialist Improvement Grant	84.027	6668-6530S-062984-FY11	41,438
ODE: Intervention Specialist Improvement Grant- Year 2	84.027	062984-8472-6530S FY12	49,181
Ohio Board of Regents: Secondary Career-Technical Alignment Initiative (SCTAI)	84.048		997
University of Minnesota: Regional Campuses Participation in Retention Study	84.051	0000226273	6,404
Cincinnati Children's Hospital: Children's Hospital Wade Traineeship-Green	84.133	--	16,221
Warren County: Integrating Schools and Mental Health Systems	84.215	--	(2,294)
Lehigh Univ.: Examination of Decisions Leading to External Restrictive Placements for ED Youth	84.324	541821-78001	27,180
OBOR:iDiscovery Sustaining Professional Development Through Web-Based Learning Communities	84.366	09-28	70
OBOR: Evaluation of iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	11-28	133
ODE-WSU: Evaluation of WSU MSP:phase 2	84.366	EDU01-0000006179	239
OBOR: Evaluation of iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	09-28	1,693
East Texas STEM Center Partnership- Year 5	84.366	SC11-139180-01	13,121
University of Texas: East Texas STEM Center Partnership- Year 6	84.366	SC12-320084-06	16,648
ODE: Wright State University:Phase II Evaluation of Wright State University Mathematics and Science Partnership	84.366	PO022215	19,941
OBOR: Evaluation of iDiscovery: Sustaining Professional Development through Web-Based Learning Communities 11-12	84.366	10-30	23,985
ODE: Cross-Project Evaluation of the Ohio Mathematics and Science Partnership (OMSP) Program	84.366	EDUR201116300	114,963
ARRA USED-ODE: Evaluation of Ohio Education Reserch Center(OERC) Race to the Top (RttP)	84.395	60035141-MU	8,795
ARRA Ohio Department of Education: Race to the Top Family and Community (Civic) Engagement Evaluation	84.412	EDU01-0000008480	5,350
ARRA ODE: Evaluation of Ohio Resident Program (REP) Race to the Top (RttT)	84.412	CSP905812	<u>6,642</u>
Total U.S. Department of Education-Pass-Through Programs			<u><u>350,707</u></u>
Total U.S. Department of Education			<u><u>613,793</u></u>

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
U.S. Department of Health & Human Services:			
Use of an Amphibian Model to Evaluate the Effects of Contaminants on Development	93.113	1R15ESO16435-01	\$ 18,618
SporeRelease Mechanisms in Indoor Fungi	93.113	1R15ES016425-01	33,258
Inspiratory Muscle Strength Training in Patients with Upper Airway Obstruction	93.173	1R03DC009057-01A2	127,863
Role and Mechanisms of Prolactin on HPA Axis Activation Following Stress	93.242	1R15MH083310-01A	35,803
Evaluation of Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	8R250D011090-02	12,277
Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	1R25RR032208-01	100,706
Ribosome-binding and translation of leaderless mRNA	93.39	1 R15GM65120-01	23,248
AtETHEL, A Model System to Understand the Metabolic Role of ETHE1	93.39	1R15GM076199	119,857
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	59,652
A Web Tutor to Help Women Decide About Testing for Genetic Breast Cancer Risk	93.393	1R21CA149796-01A1	144,741
Metabonomics Studies of Human Diseases	93.394	1R15CA152985-01A1	156,176
ARRA Regulation of Neurotrophin Expression in the Periphery	93.701	2R15NS051206-02A1	13,050
ARRA EPR and Solid-State NMR Studies of Integral Membrane Proteins (Supplement)	93.701	3R01GM080542-02S1	17,414
ARRA Sol-Gel Based nanoarrays for Electrocatalytic Amperometric Detection of Phospholipids	93.701	1 R15 GM087662-01	83,055
ARRA Expression Control in Drosophila Splicing Assembly Factor RNP-4F	93.701	1R15GM093895-01	84,701
ARRA Analysis of an NHE Inhibitor Signaling Pathway That Regulates Sperm Motility	93.701	1R15HD065633-01	133,761
ARRA Time Dependent Structural Studies on Dinuclear Metal Containing Enzymes	93.701	1R15GM093987-01	300,435
Keratin Hydrogel Matrix for Tunable Growth Factor in Bone Regeneration	93.846	1R01AR061391-01A1	7,127
Role of OFQ/N in Regulating the Prolactin Response to Stress	93.847	1R15DK073073-01A2	94,626
Lipid Overload and Skeletal Muscle Energetics	93.847	1R15DK085497-01A1	134,040
Sex-Specific Roles of Brain-Derived Neurotrophic Factor	93.847	1R15DK090823-01	136,626
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	1R15AI073994-01A1	123,617
Study of Iron Acquisition in Acinetobacter Baumannii	93.855	1R01AI070174-01A1	241,521
Alkylammonium Formate Ionic Liquids as Mobile Phase Modifiers for Liquid Chromatography of Proteins	93.859	1 R15 GM074661-01A2	19,942
Chemistry of Reactive Intermediates Generated from Benzothiazole Derived Drug Candidates	93.859	1R15GM088751-01	42,402
In-silico Exploration of Alternative Polyadenylation using Next-Generation Sequencing	93.859	1R15GM094732-01A1	96,982
EPR and Solid-State NMR Studies of Integral Membrane Proteins	93.859	R01 GM080542-01 A2	222,317
Glial Remodeling in Drosophila: Proliferation, Membrane Outgrowth and Nerve Ensheathment	93.865	1R15HD071799-01	14,136
Gene Expression and Phenotypic Consequences of Laboratory Housing in Aging Rat	93.866	1R15AG029653-01A1	3,154
The Role of Fibroblast Growth Factors in Lens Development	93.867	EY012995-06A1	39,816
Epigenetic Regulation of Lens Fiber Cell Differentiation: The Role of DNA Methylation	93.867	EY022210-01	62,693
Signaling Pathways During Chick Retina Regeneration	93.867	1R01EY017319-01A2	292,490
Government-Sponsored GA in Statistics	93.XXX	214-2011-M-41940	11,100
Total U.S. Department of Health & Human Services-Direct Programs			3,007,204

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Pass-Through Programs From:			
University of Cincinnati-Cincinnati Children's Medical Hospital: Metabonomics Study of Asthma from Serum and Exhaled Breath Condensates	93.XXX	--	\$ 17
DHHS: Aging Network Business Practice, Planning and Program Development	93.048	--	54,468
National Association of Area Agencies on Aging: Aging Network Business Practice, Planning and Program Development	93.048	--	156,305
Wright State University: Genetic Architecture of the Human Dentognathic Complex	93.121	PSQ07070	75,964
Bowling Green State University: Children's Family Structures and Transitions: Accounting for Allostasis	93.239	10450045 MIAMI	7
Cincinnati Children's Hospital: Children's ADHD Traineeship-Green	93.242	--	17,050
YWCA Hamilton: Keeping Females on Course for US	93.29	--	136,765
ARRA Boston University: Investigating the Function of the mttB1 Gene Product from Desulfotobacterium hafniense	93.701	4500000088	4,306
ARRA University of Maryland, Baltimore: Russian Generativity in the Lives of Older Women (GLOW)	93.701	0000009848	27,751
ODJFS-OSURF: Long Term Care Direct Care Workforce Project	93.791	60033102	17,148
ODJFS-OSU: Organizational Best Practices in Ohio Nursing Homes and Home Care Agencies	93.791	60033102	28,239
ODJFS: Proposal to Provide Data to Improve Ohio's Long-Term Services and Support System: Phase II	93.791	G1213-07-0203	155,709
Texas BioMedical Research Institute: Genetics of Bone Structure and Metabolism	93.846	09-4195.004	135,148
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	4139	276,004
Cincinnati Children's Medical Hospital:Novel Genetic and Salivary Glycan Biomarkers for Risk of NEC in ELBW Infants	93.865	1061950	14,688
Univ. of Nebraska Lincoln: Sexual Revictimization: Emotional and Psychosocial Mediators	93.865	24-0523-0082-002	114,495
University of Maryland, Baltimore: Generativity in the Lives of Older Women (GLOW)	93.866	0000009738	7,066
University of Michigan: The Relationship between Marital Quality and Physical Health among Older African Americans	93.866	3001896660	9,793
Princeton University: Regional and International Differences in Health and Longevity at Older Ages	93.866	00001988	43,221
UDRI: Investigating the Pluripotency Potential of Lens Epithelial Cells	93.867	RSC11004	39,657
Ohio Department of Mental Health: Ohio Mental Health Network for School Success	93.958	BG-11-221-02-001	15,759
Total U.S. Department of Health & Human Services-Pass-Through Programs			1,329,560
Total U.S. Department of Health & Human Services			4,336,764
Total Research and Development Center Cluster			13,417,879

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Number	Federal Expenditures
Instructional			
U.S. Department of State:			
Pass-Through Programs From:			
Institute of International Education: Fulbright Seminar for Afghan Students on Social Entrepreneurship	19.XXX	--	\$ 75,366
National Aeronautics & Space Administration:			
High Flight	43.001	066094	3,584
National Science Foundation:			
Science, Technology, Engineering, and Mathematics Scholarships to Recruit and Retain Undergraduate Chemistry and Biochemistry Majors	47.076	DUE-0728614	134,948
U.S. Department of Education:			
Miami University Three Campus Child Care Centers	84.335	P335A100269	87,181
Ohio Writing Project	84.928	92-OH01	22,177
Total U.S. Department of Education-Direct Programs			<u>109,358</u>
Pass-Through Programs From:			
Hamilton City Schools: America's Journey: The Quest for Freedom 1492-1824	84.215	475-02-03	700
Hamilton City Schools: Voices of America	84.215	312120	80,449
Preble County Educational Service Center: Hometown American History: As goes Ohio so goes the Nation	84.215	--	130,537
Princeton City Schools: America's Journey: Ever Growing Freedom	84.215	--	69,524
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	10-30	253,727
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	11-28	8,853
OBOR: Improving Elementary Science Literacy through Writing to Learn	84.367	09-26	2,591
Ohio Board of Regents: Scaffolding Physical Science Inquiry through Reflective Writing	84.367	11-27	14,665
Ohio Board of Regents-Kent State University: Evaluation of Math in the City: A Professional Development Model for the Learning and Teaching of Mathematics in Context	84.367	446627-MU	11,242
Total U.S. Department of Education-Pass-Through Programs			<u>572,288</u>
Total U.S. Department of Education			<u>681,646</u>
Department of Health & Human Services:			
Pass-Through Programs From:			
ODMH: Ohio ENGAGE System of Care Planning Grant	93.104	NGAG-12-221-02-001	9,450
Total Instructional			<u>904,994</u>
Public Service			
National Endowment for the Arts:			
Digital Interactive Art Commentaries	45.024	10-5900-8056	6,908
Pass-Through Programs From:			
Arts Midwest: Ragamala	45.025	FY12-136121	3,100
American Library Association:Let's Talk About It: Making Sense of the American Civil War	45.164	167	2,228
Total National Endowment for the Arts Pass-Through Programs			<u>5,328</u>
Total National Endowment for the Arts			<u>12,236</u>
U.S. Department of Health & Human Services:			
Pass-Through Programs From:			
ODADAS: College High Risk Drinking Initiative	93.959	99-8040-HEDUC-P-11-9726	(1)
ODADAS: Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-12-9726	15,895
Total U.S. Department of Health & Human Services			<u>15,894</u>
Total Public Service			<u>28,130</u>
Total Federal Expenditures			<u>\$ 163,866,199</u>

See Notes to Schedule of Expenditures of Federal Awards.

Miami University

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Note 1. Basis of Presentation

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

Note 2. Pass-Through Awards

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

Note 3. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the University provided federal awards to subrecipients as follows:

<u>Federal Program Title</u>	<u>Federal CFDA #</u>	<u>Amount Provided</u>
Grants for Agricultural Research-Competitive Research Grants	10.206	\$ 27,331
Air Force Defense Research Sciences Program	12.80	78,258
Aeronautics	43.002	24,580
Biological Sciences	47.074	62,753
Social, Behavioral, and Economic Sciences	47.075	59,440
Education and Human Resources	47.076	42,432
English Language Acquisiton National Professional Development Program	84.195N	70,843
Mathematics and Science Partnerships	84.366	71,799
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	8,484
Environmental Health	93.113	18,618
Research Related to Deafness and Communication Disorders	93.173	8,010
National Center for Research Resources	93.389	23,511
Cancer Cause and Prevention Research	93.393	65,415
Trans-NIH Recovery Act Research Support	93.701	20,203
Biomedical Research and Research Training	93.859	10,528
Block Grants for Community Mental Health Services	93.958	15,000
Total		<u>\$ 607,205</u>

Miami University

Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Note 4. Federal Perkins Loan Program

Outstanding loans at June 30, 2012 under the Federal Perkins Loan Program were \$7,839,617. New Federal Perkins Loans of \$622,250 were advanced to students in 2012. The University did not receive a federal capital contribution or make a matching contribution to the Federal Perkins Loan fund in 2012. Administrative and collection costs for the Federal Perkins Loan Program were \$72,315 in 2012.

Note 5. Federal Direct Student Loans

The University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans "Stafford" and Federal PLUS Loans "PLUS". New loans processed for student during the year ended June 30, 2012, were as follows:

Federal Direct Student Loan Program

Stafford:	
Subsidized	\$ 38,122,294
Unsubsidized	37,788,768
GLPS	360,191
PLUS	37,845,065



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

President and Board of Trustees of Miami University
Oxford, Ohio

We have audited the financial statements of the business-type activities and the discretely presented component unit of Miami University (the University) as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

McGladrey LLP

Cleveland, Ohio
October 15, 2012



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

President and Board of Trustees of Miami University
Oxford, Ohio

Compliance

We have audited Miami University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2012. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 (Continued)

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

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

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

McGladrey LLP

Cleveland, Ohio
October 15, 2012

Miami University

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unqualified Opinion</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
• Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
• Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported	

Type of auditor's report issued on compliance for major programs:	<u>Unqualified Opinion</u>		
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:	
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster
Various	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 430,530 </u>
--	-------------------------------

Auditee qualified as a low risk auditee?	<u> X </u> Yes	<u> </u> No
--	--------------------------	--------------------------------

Miami University

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

III. Findings and Questioned Costs

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

Miami University

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2012**

No matters were reported.

Miami University

Independent Accountant's Report on Applying
Agreed-Upon Procedures Performed on the
Intercollegiate Athletics Department as required by
NCAA Constitution 3.2.4.16

June 30, 2012



Independent Accountant's Report

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

We have performed the procedures enumerated below, which were agreed to by Miami University (the University), with respect to the accounting records and internal control of the Intercollegiate Athletics Department of the University (the Department) for the year ended June 30, 2012, solely to assist the University in evaluating whether the accompanying statement of Revenues and Expenditures (the Statement) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16. The University's management is responsible for the University's compliance with these guidelines and preparing the accompanying Statement in accordance with those requirements (see Exhibit A). Management is also responsible for maintaining effective internal control over the University's Intercollegiate Athletics Department (the Department) and its financial reporting. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. We obtained the Statement of Revenues and Expenditures (the Statement) for the year ended June 30, 2012, as prepared by management and attached to this report. We recalculated the amounts on the Statement and compared the amounts on each line on the Statement to the corresponding amounts on the reconciliation between the University's general ledger and the amounts on the Statement prepared by management. We also compared the general ledger amounts on management's reconciliation to the University's general ledger and recalculated the totals presented in the Statement.

No exceptions were noted as a result of applying these procedures.

2. We compared the classifications in the Statement to the defined classifications in the NCAA Constitution section 3.2.4.16.

No exceptions were noted as a result of applying this procedure.

3. We compared current year actual revenue and expense amounts to prior year amounts and obtained explanations from the Intercollegiate Athletics Department of the University (the Department) for any variances in excess of 10% in major revenue and expense accounts. Each major revenue and expense account was defined as equal to or greater than 10% of the total revenue or expense amount; respectively. We obtained and documented an understanding of any variance in excess of 10% of prior year amounts from the Department.

No exceptions were noted as a result of applying this procedure.

Agreed-Upon Procedures Related to Revenues

4. *Ticket Sales* – We selected, on a random test basis, one athletic event from a list of athletic events held during the year ended June 30, 2012 provided by the Department. We recalculated cash receipts based upon tickets sold, complimentary tickets provided, and unsold tickets and compared such, on a random test basis, to attendance figures from the ticket system. We compared the amount per ticket sales report to the amount recorded in the University's general ledger and the Statement and re-calculated totals.

No exceptions were noted as a result of applying these procedures.

5. *Student Fees* – We compared student fees reported in the Statement for the year ended June 30, 2012 to student enrollment information. We obtained the University's methodology for allocating student fees to intercollegiate athletics departments and recalculated the totals based on this methodology.

No exceptions were noted as a result of applying these procedures.

6. *Guarantees* – We obtained from the Department a listing of the guarantee contracts during the year ended June 30, 2012, read three contractual agreements provided by the Department pertaining to revenues derived from guaranteed contracts, and compared the related revenues to the University's general ledger.

No exceptions were noted as a result of applying these procedures.

7. *Contributions* – We obtained a listing of the general ledger accounts comprising contributions revenue related to intercollegiate athletics provided by the Department. We compared the listing of contributions revenue from the general ledger detail for the year ended June 30, 2012 to the Statement noting agreement in amount and to identify any contributions from any affiliated or outside organizations, agencies or groups of individuals that constitute more than 10% of the total contributions reported on the Statement. We found no contributions in excess of 10% of the total contribution revenue reported on the Statement.

No exceptions were noted as a result of applying these procedures.

8. *Compensation and Benefits Provided by a Third-Party* – We noted, through inquiry of Department personnel, that the University's Athletics Department did not receive any compensation and benefits provided by a third-party for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

9. *Direct State or Other Governmental Support* – We selected one direct state and other governmental support amount recorded by the University during the year ended June 30, 2012 and compared with institutional authorizations, deposit receipts and amount recorded in the University's general ledger.

No exceptions were noted as a result of applying these procedures.

10. *Direct Institutional Support* – We obtained from the Department a listing of all direct institutional support provided by the University during the year ended June 30, 2012. We then selected and compared, on a random test basis, one direct institutional revenue recorded with institutional authorizations and approved fund transfer requests and recalculated totals.

No exceptions were noted as a result of applying these procedures.

11. *Indirect Facilities and Administrative Support* – We obtained from the Department a listing of all indirect facilities and administration support provided by the University during the year ended June 30, 2012, and selected and agreed, on a random test basis, one indirect facilities and administrations support with institutional authorizations and invoice payments on behalf of the Department and recalculated totals.

No exceptions were noted as a result of applying these procedures.

12. *NCAA/Conference Distributions Including all Tournament Revenue* – We obtained from the Department a listing of all NCAA and conference distributions and selected, on a random test basis, three receipts provided by management related to NCAA and conference distributions during the year ended June 30, 2012 and compared the related revenues to the University's general ledger.

No exceptions were noted as a result of applying these procedures.

13. *Broadcast, Television, Radio and Internet Rights* – We noted, through inquiry of the Department, that the Department did not receive any direct broadcast television, radio or internet rights for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

14. *Program Sales, Concessions, Novelty Sales and Parking* – We obtained supporting schedules from the Department for each of the following operating revenue line items: Program Sales, Concessions, Novelty Sales and Parking. We selected on a random test basis, five amounts reported as revenue from among these categories and compared each revenue amount selected to supporting documentation provided by the Department, which included a copy of a deposit ticket and bank statement.

No exceptions were noted as a result of applying these procedures.

15. *Royalties, Licensing, Advertisements and Sponsorships* – We obtained from the Department a listing of all royalties, licensing, advertisements and sponsorship revenue and selected, on a random test basis, one agreement provided by the Department related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2012 and compared the related revenues to the University's general ledger.

No exceptions were noted as a result of applying these procedures.

16. *Sports Camp Revenues* – We obtained and read agreements related to institutional sports camps during the period ended June 30, 2012. We obtained schedules of camp participants for three camps held during the year ended June 30, 2012 and selected, on a random test basis, two participant cash receipts for each of the three camps (six total) and agreed the related revenues to the University's general ledger and recalculated totals.

No exceptions were noted as a result of applying these procedures.

17. *Endowment and Investment Income* – We compared the allocations of the endowment and investment income from the Department records to the calculations performed by the Treasury Services office. We obtained the Treasury Services Office's allocation calculations for the period ended June 30, 2012, recalculated the allocation for five endowment funds, and agreed the amounts to the University's general ledger.

No exceptions were noted as a result of applying these procedures.

18. *Other* – We obtained from the Department a listing of all other revenue earned during the year ended June 30, 2012, and selected, on a random test basis, one other revenue amount and compared the amount selected to supporting documentation provided by the Department, which included a copy of a deposit ticket and check.

No exceptions were noted as a result of applying these procedures.

Agreed-Upon Procedures Related to Expenditures

19. *Athletic Student Aid* – We selected, on a random test basis, five students from the listing of athletic student aid recipients during the year ended June 30, 2012 provided by the Department and compared total University aid allocated from the related aid award letter to the student's account and recalculated totals.

No exceptions were noted as a result of applying these procedures.

20. *Guarantees* – We obtained from the Department a listing of the guarantee contracts during the year ended June 30, 2012 and agreed two contractual agreements provided by the Department to expenses recorded by the University from guaranteed contracts.

No exceptions were noted as a result of applying these procedures.

21. *Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities* – We obtained a listing of coaches employed by the University during the year ended June 30, 2012 from the Department. We selected five coaches' contracts from this listing, including football, men's and women's basketball and men's ice hockey. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the Statement during the reporting period. We reviewed W-2 information for each selection. We compared and agreed information from W-2's to the related coaching salaries, benefits, and bonuses paid by the University during the year ended June 30, 2012 and recalculated totals.

No exceptions were noted as a result of applying these procedures.

22. *Coaching Other Compensation and Benefits Paid by a Third Party* – We noted, through inquiry of the Department, that the University's Athletics Department did not incur any coaching salaries, benefits, and bonuses paid by a third-party for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

23. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities* – We obtained a listing of support and administration staff employed by the University during the year ended June 30, 2012, and selected, on a random test basis, five support staff/administrative personnel employed by the University during the reporting period. We reviewed W-2 information for each selection. We compared and agreed information from W-2's to the related support staff/administrative salaries, benefits, and bonuses paid by the University during the year ended June 30, 2012 and recalculated totals.

No exceptions were noted as a result of applying these procedures.

24. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by Third Parties* – We noted, through inquiry of the Department, that the University's Athletics Department did not receive any support staff/administrative other compensation and benefits paid by a third-party for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

25. *Severance Payments* – We noted, through inquiry of management, that the Department did not incur any severance expenses for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

26. *Recruiting* – We obtained and documented an understanding of the University's written recruiting expense policies and compared these policies to NCAA related policies. We obtained supporting documentation, which included a copy of the invoice and check, or credit card receipt, for five recruiting expenses and compared and agreed the related expenses to the University's policies for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

27. *Team Travel* – We obtained an understanding of the University's Athletics Department team travel expense policies and compared and agreed these policies to the NCAA-related policies. We obtained supporting documentation, which included a copy of the invoice and check, or credit card receipt, for five team travel expenses and compared and agreed the related expenses to the University's policies for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

28. *Indirect Facilities and Administrative Support* – We obtained an understanding of the University's methodology for allocating indirect facilities costs to different departments during the year ended June 30, 2012 and selected, on a random test basis, one payment made by University for the departmental expenditures. We summed the indirect facilities support and indirect institutional support totals reported by the University in the NCAA statement.

No exceptions were noted as a result of applying these procedures.

29. *Equipment, Uniforms, and Supplies; Game Expenses; Fund Raising, Marketing, and Promotion; Sports Camps; Direct Facilities Maintenance and Rental; Spirit Groups; Medical Expenses and Medical Insurance; Memberships and Dues; Other Operating Expenses* – We selected, on a random test basis, one operating expense amount from among each of these categories and compared each expense amount selected to supporting documentation provided by the Department, which included a copy of an invoice and check.

No exceptions were noted as a result of applying these procedures.

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

Department:

The management of the University is responsible for establishing and maintaining a system of internal control. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected.

Other procedures and findings were as follows:

30. We obtained the organization chart of the Athletics Department and discussed with University management the control environment. University management informed us of the following:

- Standards of conduct and ethics for the Department have been established and are enforced by the following governing bodies:
 - Miami University
 - National Collegiate Athletic Association
 - Mid-American Conference
- A staff handbook and student-athlete handbook that outline policies and procedures are available on the University's website.
- Operating budgets are prepared annually. Variances are identified and investigated monthly by the Department.

No exceptions were noted as a result of applying these procedures.

31. We inquired of appropriate Department personnel as to the controls over cash received from ticket sales and other miscellaneous receipts (parking, sports camps, etc.). We noted that the Reserve Officers Training Corps (ROTC) assists the Department with selling parking tickets at football and basketball home games. We selected, on a test basis, two reconciliations of parking tickets sold and parking collections were actually returned to the Department and compared the amount collected with the amount deposited.

No exceptions were noted as a result of applying these procedures.

32. We noted through inquiry and observation that the Department has the following control procedures for disbursements:

- The Athletic Director or Director of Business Operations and the coach initiating the purchase are required to approve purchase requisitions for all goods and services requested.
- The Department utilizes the University's purchasing policies when ordering goods and services.
- All Department disbursements are subject to the same controls the University has in place for preparing the University's financial statements.

No exceptions were noted as a result of applying these procedures.

33. We obtained written representations from the Department that to the best of their knowledge and belief all revenues and expenses related to the Department have been properly summarized on the Statement for the year ended June 30, 2012.

No exceptions were noted as a result of applying these procedures.

34. We obtained an understanding of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.

The NCAA Agreed-Upon Procedures, outlining the procedures to be performed by an independent accountant regarding an institution's compliance under NCAA Constitution 3.2.4.16, appear to indicate a required disclosure in the independent accountant's report of certain capital expenditures activity related to intercollegiate athletics-related assets. However, those procedures do not define the term intercollegiate athletics-related assets or the type of disclosures required when such assets are identified. The University does not currently disaggregate athletics-related assets from other University-owned assets.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were not engaged to, and did not perform an examination of the University's system of internal controls over financial reporting, the objective of which would be the expression of an opinion on the suitability of design of internal controls over financial reporting of the University as of June 30, 2012. Accordingly, we do not express such an opinion. We also were not engaged to examine and report on the operating effectiveness of the University's internal control over financial reporting as of June 30, 2012, and, accordingly, we express no opinion on its operating effectiveness. Had we performed additional procedures, or had we made an examination of the system of internal controls over financial reporting, other matters might have come to our attention that would have been reported to you. This report only relates to the procedures specified above and does not extend to the financial statements of the University or its Intercollegiate Athletics Department taken as a whole.

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

McGladrey LLP

Cleveland, Ohio
January 14, 2013

**INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

	Men's Basketball	Men's Football	Men's Ice Hockey	Women's Basketball	Other Sports	Non-Program Specific	2012 Total
REVENUES							
Operating Revenues:							
Ticket Sales	\$ 167,864	\$ 576,409	\$ 558,727	\$ 9,252	\$ 19,477	\$ 126	\$ 1,331,855
Student Fees	931,716	3,245,771	1,453,623	1,299,982	6,109,270	1,509,482	14,549,844
Guarantees	222,000	800,000	-	-	8,800	-	1,030,800
Contributions	92,498	325,270	96,867	32,137	224,498	772,488	1,543,758
Compensation and Benefits Provided by a Third-Party	-	-	-	-	-	-	-
Direct State or Other Governmental Support	-	300	-	-	-	6,157	6,457
Direct Institutional Support	79,880	1,031,765	365,942	137,123	1,693,557	2,094,812	5,403,079
Indirect Facilities and Administrative Support	-	-	-	-	-	24,970	24,970
NCAA/Conference Distributions Including All Tournament Revenues	111,786	-	5,322	-	-	1,382,356	1,499,464
Broadcast, Television, Radio and Internet Rights	-	-	-	-	-	-	-
Program Sales, Concessions, Novelty Sales and Parking	18,753	89,755	10,800	-	1,625	66,072	187,005
Royalties, Licensing, Advertisements and Sponsorships	-	-	-	-	-	589,349	589,349
Sports Camp Revenues	-	-	-	-	-	832,516	832,516
Endowment and Investment Income	14,808	310,921	1,824	55	80,372	308,955	716,935
Other revenues	34,848	8,241	1,060	215	72,968	288,119	405,451
Operating revenue	1,674,153	6,388,432	2,494,165	1,478,764	8,210,567	7,875,402	28,121,483
EXPENSES							
Operating Expenses:							
Athletic Student Aid	406,911	2,883,120	681,118	523,865	4,308,521	607,709	9,411,244
Guarantees	7,500	190,000	3,000	3,000	3,000	-	206,500
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	662,103	1,735,012	769,289	458,887	1,965,686	-	5,590,976
Coaching Other Compensation and Benefits Paid by a Third-Party	-	-	-	-	-	-	-
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	10,141	268,250	66,926	63,036	35,928	3,737,092	4,181,373
Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party	-	-	-	-	-	-	-
Severance Payments	-	-	-	-	-	-	-
Recruiting	47,406	231,755	50,299	39,728	150,635	67,147	586,970
Team Travel	124,394	306,920	217,053	197,549	914,485	417,857	2,178,258
Equipment, Uniforms and Supplies	52,293	64,878	140,189	21,531	295,599	467,894	1,042,384
Game Expenses	129,814	273,382	252,593	84,136	141,219	83,447	964,591
Fund Raising, Marketing and Promotion	2,983	12,800	16,889	4,200	5,452	124,205	166,529
Sports Camp Expenses	-	-	-	-	-	499,166	499,166
Direct Facilities, Maintenance and Rental	24,071	87,353	7,868	18,294	62,711	61,814	262,111
Spirit Groups	-	-	-	-	-	33,036	33,036
Indirect Facilities and Administrative Support	-	-	-	-	-	24,970	24,970
Medical Expenses and Medical Insurance	10,121	42,599	10,815	10,692	64,591	138,388	277,206
Memberships and Dues	4,066	11,939	85,680	1,980	5,317	270,137	379,119
Other Operating Expenses	192,351	280,424	192,446	51,866	257,423	1,053,968	2,028,478
Operating expenses	1,674,153	6,388,432	2,494,165	1,478,764	8,210,567	7,586,830	27,832,911
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,572	\$ 288,572

See Notes to Statement of Revenues and Expenditures.

MIAMI UNIVERSITY

INTERCOLLEGIATE ATHLETICS DEPARTMENT NOTES TO STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2012

1. Basis of Presentation

The accompanying Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Miami University (the Statement) has been prepared in accordance with accounting principles generally accepted in the United States of America and the NCAA Agreed-Upon Procedures guidelines. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Department of Miami University (the Department) for the year ended June 30, 2012 on the accrual basis. Revenues are recorded when earned. Expenses are recorded in the period in which the related liability is incurred. Because the Statement presents only a selected portion of the activities of Miami University (the University), it is not intended to and does not present the financial position, changes in net assets or revenues and expenses for the year then ended for the University as a whole.

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

2. Other Sports

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

3. Contributions

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

There were no individual contributions made that comprised more than 10 percent of the total contributions revenue related to Intercollegiate Athletics for the year ended June 30, 2012.

4. Other Forms of Compensation

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

MIAMI UNIVERSITY

**INTERCOLLEGIATE ATHLETICS DEPARTMENT
NOTES TO STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

5. Property, Plant, and Equipment

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

This page intentionally left blank.



Dave Yost • Auditor of State

MIAMI UNIVERSITY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 31 2013**