Miami University

Financial Report
June 30, 2013

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, 2012 through June 30, 2013. 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.

Dave Yost

Dave Yost
Auditor of State

December 4, 2013

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McGladrey

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Miami University (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits, the 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 Miami University as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–10 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards as required by *Office of Management and Budget Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 15, 2013 and 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 those reports 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

McGladrey LLP

Cleveland, Ohio
October 15, 2013

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2013. 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 Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements 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

The University reported favorable year-end results for the fourth consecutive year.   Stable enrollment, a modest tuition increase, solid investment returns, and a continued focus on reducing operating costs are all contributing factors to these successful results.

Overall the University's financial position improved at June 30, 2013. Total assets rose 14.3 percent from $1.431 to $1.635 billion. Liabilities increased $117.7 million and totaled $647.9 million. Significant financial events during fiscal year 2013 were:

- 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 on all three campuses.
- The fall 2012 first-year enrollment was 3,734 on the Oxford campus, which represented a 3.5 percent increase over the previous year and surpassed the goal of 3,600 students. Non-resident first-year enrollment was 38.5 percent as compared to 38 percent for the fall 2011 class. In addition, there was a 13.2 percent decrease in transfer students and regional campus relocation students, while international student enrollment remained relatively the same. The first-year class enrollment on the Hamilton and Middletown campuses decreased by 120 and 15 students, respectively.
- The investment portfolios produced solid results for the fiscal year. For the fourth consecutive year, operational investments experienced positive returns recording earnings of 3.5 percent. These results were achieved in spite of another year of near zero short-term interest rates. The combined University and Foundation managed endowment pools reported positive returns of 11.2 percent. These positive returns are attributable to improved University operating cash flow, solid investment performance, and sustained donor contributions.
- For fiscal year 2013, the University increased salaries by 2.5 percent. This resulted in general fund salary expense on all three campuses increasing by $3.9 million to $167.8 million, which was $9.6 million below the adopted budget. Although a hiring freeze is not in affect, requests to add new positions or fill previously vacant positions are carefully scrutinized.
- Changes to employee health insurance benefits, resulted in a $5.6 million or 16 percent decrease in health insurance claim expense. These changes included a significant reduction in health care coverage for spouses, bidding and negotiating the medical and pharmacy contract, discontinuing the application of co-pays toward out-of-pocket maximums, and opening an employee on-site health clinic in order to reduce emergency room visits. Overall, general fund benefit expense was $12.4 million less than budget.
- In November 2012, an additional $116.1 million in general receipts revenue bonds were issued to fund planned capital projects (see the Capital Assets and Debt Administration section for more information).

Statements of Net Position

The statements of net position presents the assets, liabilities, and net position of the University as of the end of the fiscal year. The difference between total assets and total liabilities, or net position, is one indicator of the overall strength of the institution. Also, the increase or decrease in total net position 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 position is classified into three major categories. The first category, investment in capital assets, reports the institution's net equity in property, plant, and equipment. The second major category, restricted net position, reports 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 assets are primarily endowment funds that may be invested for income and capital gains, but the endowed principal may not be spent. Expendable restricted 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 position, is separated into two types: allocated and unallocated. Allocated unrestricted assets are available to the institution, but are set aside for a specific purpose by University policy, management, or the governing board. Unallocated unrestricted assets are available to be used for any lawful purpose of the institution.

	2013	2012	2011
Assets			
Current assets	$ 630,190,581	$ 529,678,151	$ 388,226,232
Capital assets, net	832,124,564	738,665,680	713,966,987
Long-term investments	163,672,938	155,941,906	167,652,463
Other assets	9,511,837	7,035,261	6,355,458
Total assets	$ 1,635,499,920	$ 1,431,320,998	$ 1,276,201,140
Liabilities			
Current liabilities	$ 98,914,522	$ 85,396,962	$ 74,628,054
Noncurrent liabilities	548,962,929	444,744,520	339,894,619
Total liabilities	647,877,451	530,141,482	414,522,673
Net Position			
Investment in capital assets	497,890,122	482,596,938	475,850,789
Restricted – nonexpendable	89,565,237	84,392,200	89,023,106
Restricted – expendable	68,160,201	63,999,857	56,633,817
Unrestricted – allocated	322,480,209	262,999,984	233,523,028
Unrestricted – unallocated	9,526,700	7,190,537	6,647,727
Total net position	987,622,469	901,179,516	861,678,467
Total liabilities and net position	$ 1,635,499,920	$ 1,431,320,998	$ 1,276,201,140

Financial Highlights (Continued)

Fiscal Year 2013

Total assets of the institution increased 14.3 percent or $204.2 million in fiscal year 2013. This increase was primarily a result of the increase in cash and cash equivalents, investments, and capital assets. The $28.0 million or 10.9 percent increase in cash and cash equivalents and the $77.7 million or 20.3 percent increase in investments is primarily attributable to the unspent Series 2011 and 2012 general receipts revenue bond proceeds and improved investment performance. Details of the $50.6 million increase in non-depreciable capital assets and the $42.9 million increase in depreciable capital assets is provided in the capital assets and debt administration section of this report.

Total liabilities of the institution increased $117.7 million or 22.2 percent, which was primarily the net result of the $116.1 million issuance of Series 2012 general receipts revenue bonds and the repayment of outstanding bonds and leases payable. Additional details on bonds and leases are provided in the capital assets and debt administration section of this report. The $16.7 million or 66.6 percent increase in the accounts payable liability is primarily related to the timing of the receipt of capital projects invoices. Other current and long-term liabilities remained relatively unchanged. Overall, net position increased by $86.4 million.

Fiscal Year 2012

Total assets increased 12.2 percent or $155.1 million while total liabilities increased $115.6 million or 27.9 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from unspent Series 2010 and 2011 general receipts revenue bond proceeds and non-depreciable capital assets. The issuance of the Series 2011 general receipts revenue bonds, which was offset in part by the repayment of outstanding bonds, notes, and leases payable was the primary reason for the net increase in liabilities. Overall, net assets increased by $39.5 million.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position 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.

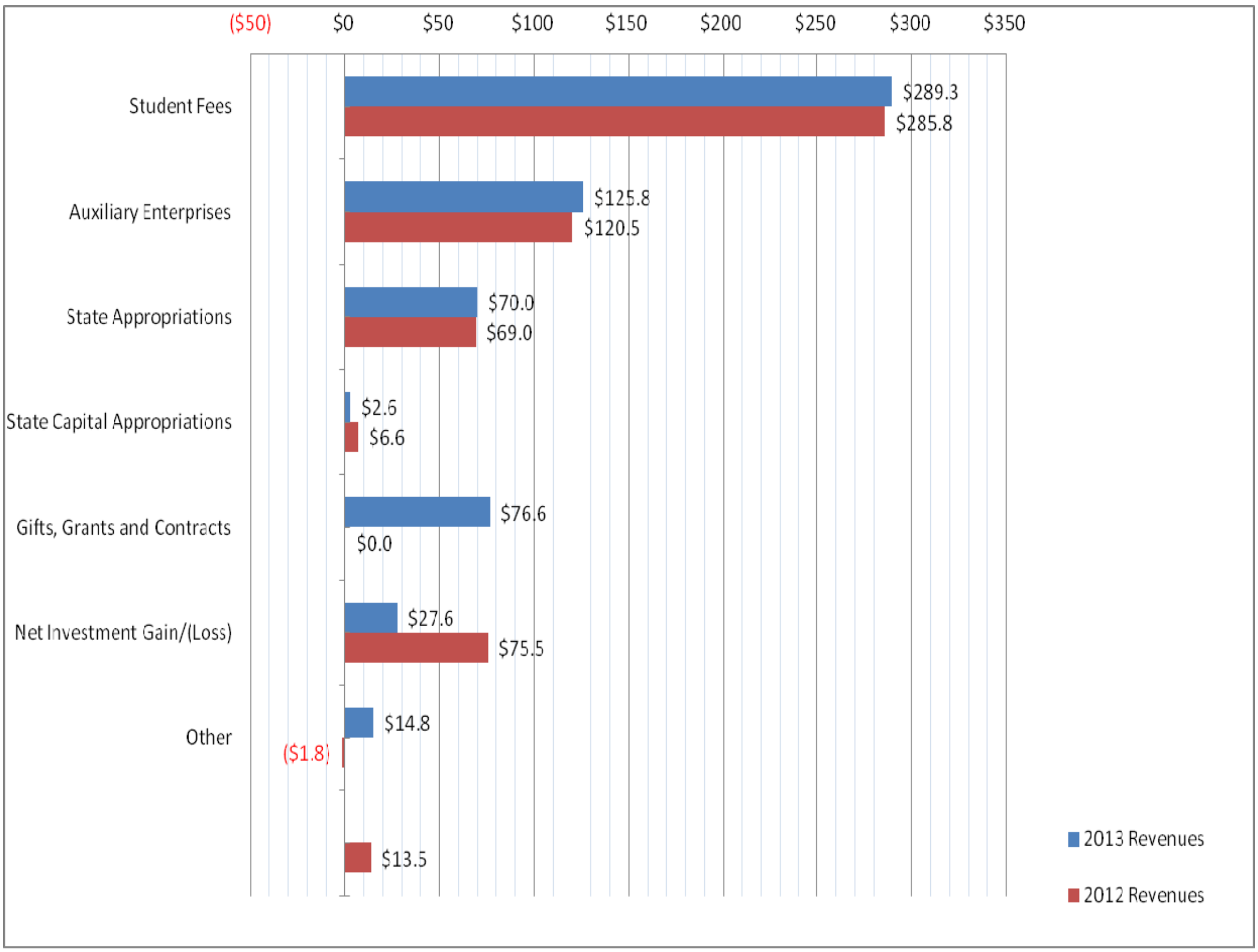
In fiscal year 2013, total revenues of the institution from all sources were approximately $606.7 million, which represents a $37.5 million or 6.6 percent increase. Approximately 73.2 percent of revenues were classified as operating, and 25.0 percent were classified as non-operating revenues.

	2013	2012	2011
Operating revenues	$ 444,370,551	$ 435,633,387	$ 410,610,659
Non-operating revenues	151,479,564	116,579,887	166,003,510
Other revenues	10,813,806	16,952,417	19,184,631
Total revenues	606,663,921	569,165,691	595,798,800
Operating expenses	(499,584,346)	(512,168,814)	(497,451,687)
Non-operating expenses	(20,636,622)	(17,495,828)	(12,826,673)
Total expenses	(520,220,968)	(529,664,642)	(510,278,360)
Change in net position	$ 86,442,953	$ 39,501,049	$ 85,520,440

Financial Highlights (Continued)

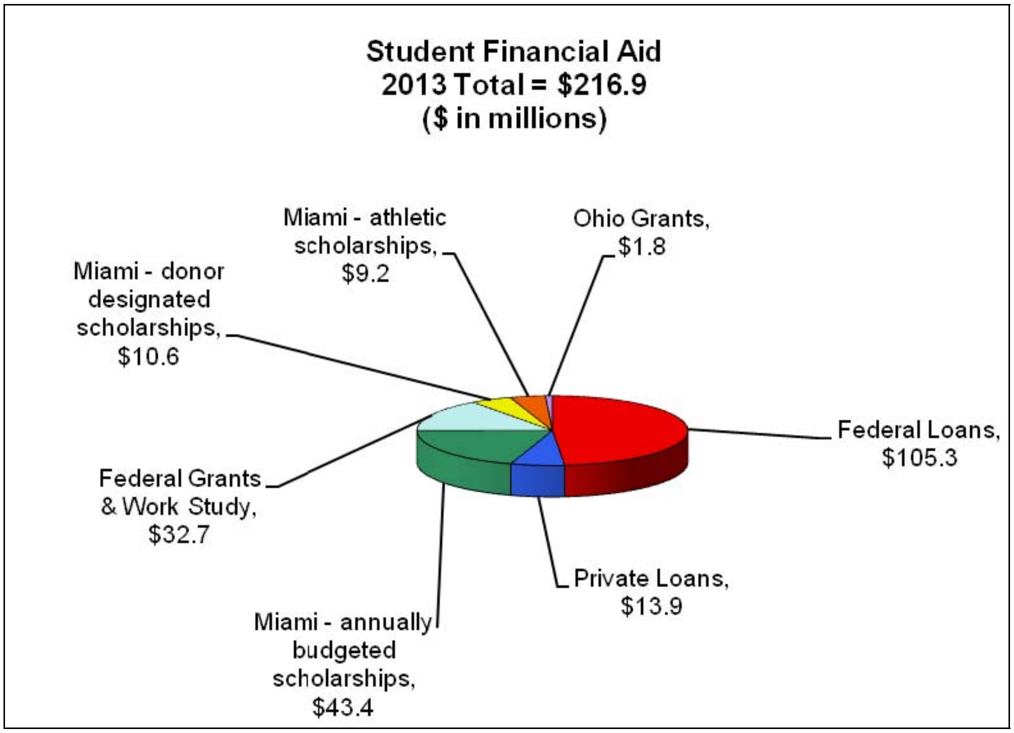
The University revenue base is shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at just less than 48 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount. For the first time in four years, state appropriations increased by slightly less than $1.0 million or 1.4 percent, which was included as part of the budget. Gifts, grants, and contracts remained relatively unchanged from last fiscal year, while endowment and investment income increased substantially due to factors that were previously discussed.

Total Revenues ($ in Millions)



Financial Highlights (Continued)

The University 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 2013, Miami-funded financial aid increased by $5.1 million or 8.8 percent. In total, financial aid awards were $216.9 million.



Fiscal Year 2013

Operating revenues increased by 2.0 percent or $8.7 million in fiscal year 2013. This increase was the result of several factors including a 3.5 percent tuition and fee increase for resident undergraduate students, 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.

Operating expenses decreased by 2.5 percent or $12.6 million. This decrease is a net result of a 16.0 percent decrease in health insurance claim expense, a 2.5 percent salary increase for all employees and absence of the one-time payments in fiscal year 2012 to outside consultants for operational reviews. In addition, 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.

The majority of the $31.8 million increase in non-operating revenues and expenses is a net result of a $29.5 million increase in net investment income and a $3.1 million increase in the interest payments on outstanding debt. The increase in interest on debt is related to the issuance of the Series 2012 general receipts revenue bonds.

The $6.1 million decrease in other revenues is primarily attributable to the $4.1 million decrease in state capital appropriations.

Financial Highlights (Continued)

Fiscal Year 2012

Operating revenues increased by $25.0 million primarily due to a 3.5 percent tuition and fee increase for resident undergraduate students, 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. Operating expenses increased by $14.7 million primarily due to a 2.0 percent salary increase for all employees and the payments to outside consultants for operational reviews in the continuing effort to reduce operating costs.

The majority of the decrease in non-operating revenues and expenses was attributable to the $35.6 million decrease in net investment income, the elimination of the $11.7 million in federal fiscal stabilization funds, and a $4.7 million increase in the interest payments on outstanding debt. The decrease in other revenues was a net result of a relatively small increase in additions to permanent endowments and capital grants and gifts, while state capital appropriations decreased by $5.7 million.

Statement of Cash Flows

The statement of cash flows presents detailed information about the major sources and uses of cash by the institution for the fiscal year. The cash flow analysis is divided into four 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.

	2013	2012	2011
Net cash used in operating activities	$ (25,681,405)	$ (36,652,109)	$ (49,872,344)
Net cash provided by noncapital financing activities	123,128,206	118,868,486	133,599,588
Net cash provided by (used in) capital and related financing activities	(19,984,280)	48,751,164	78,066,433
Net cash (used in) investing activities	(49,449,630)	(19,415,722)	(77,247,582)
Net increase in cash and cash equivalents	28,012,891	111,551,819	84,546,095
Cash and Cash Equivalents			
Beginning of year	256,931,472	145,379,653	60,833,558
End of year	$ 284,944,363	$ 256,931,472	$ 145,379,653

The $28.0 million increase in the fiscal year 2013 cash and cash equivalents balance relates primarily to the unspent and invested proceeds associated with the Series 2011 and 2012 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.

Financial Highlights (Continued)

Capital Assets and Debt Administration

During fiscal year 2013, 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, the 2011 Series General Receipts Revenue Bonds totaling $148.8 million, and the 2012 Series General Receipts Revenue Bonds totaling $116.1 million. Major projects capitalized in 2013 include renovation projects at the Steam Plant, Marcum Conference Center, Elliott and Stoddard Hall, Bishop Hall, and the Phillips Arts Center. See Note 4 for additional information concerning capital assets and accumulated depreciation.

On November 27, 2012, the University issued $116,065,000 in General Receipts Revenue Bonds. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student 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 AA from Fitch Ratings. For more detailed information on current outstanding debt, see Note 6.

Economic Factors That Will Affect the Future

During fiscal year 2013, Miami University faculty and staff worked to further define the goals and objectives of the Miami 2020 Plan. This plan provides the overarching goal for everyone to contribute to a vibrant learning and discovery environment that produces ever higher quality outcomes. Divisions and departments are currently developing plans and metrics that will achieve the 2020 Plan goals and the three core foundations of transformational work environment, inclusive culture and global engagement, and effective partnerships and outreach.

The University also continued work on the recommendations of the Strategic Priorities Task Force (SPTF) which were approved in 2011. Over a five year period, 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. New strategic priority revenues initiatives are included in the fiscal year 2014 operating budget totaling $8.1 million. The additional revenue will be realized through increased non-resident and transfer enrollment and increasing the number of tuition paying graduate students. Also included in the 2014 operating budget is a $7.1 million reduction in expenditures related to Strategic Priorities initiatives.

Throughout fiscal year 2014, the University will transition from its traditional incremental budget framework to Responsibility Center Management (RCM). 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. The transition to RCM will be completed at the beginning of fiscal year 2015.

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

The fall 2013 first-year enrollment is approximately 3,650 at the Oxford campus, which surpassed the goal of 3,600 students and represents a 2.0 percent decrease over the previous year. The reduction in the size of the freshman class was intentional as the prior class significantly exceeded the 3,600 target for the class. In addition, the academic quality of the incoming class improved substantially with average ACT scores increasing from 26.5 to 27.5 and the average grade point average increasing from 3.63 to 3.72. Non-resident first-year enrollment is 39.5 percent as compared to 38.5 percent for the fall 2012 class. In addition, transfer students and regional campus relocation students increased by 29 students or 11.9 percent. International students increased by 36 students or 23.4 percent. Although the University was authorized to increase tuition by 2.0 percent, the University implemented a 1.5 percent tuition and fee increase for the Oxford campus resident and non-resident undergraduate students. This modest increase is made possible by the new revenue initiatives and expenditure reductions realized through efficiencies and cost containment achieved across the campus. Enrollments at the Hamilton campus decreased by 7.1 percent and the Middletown campus decreased by 6.8 percent.

For fiscal year 2014, the University's state share of instruction is budgeted to increase by approximately $0.6 million or 1.1 percent for the Oxford campus and $0.04 million or less than one percent for the Hamilton campus. The Middletown campus state share of instruction is budgeted to decrease by $0.3 million or 5.2 percent. In November 2012, the governor initiated Ohio Higher Education Funding Commission released their recommendations for recasting the state's funding formula for higher education. Generally, the recommendations reward institutions that successfully graduate students or complete degrees and attract out-of-state students that remain in Ohio for employment or continuing education. The proposed policy changes resulting from these recommendations will be incorporated into future funding formula calculations.

In June 2013, the University's Love and Honor Campaign surpassed the $500 million goal, marking this as the most successful fund raising effort in University history. The funds from this campaign will provide new scholarships that will allow thousands of students access to a Miami education, faculty recruiting and retention opportunities, new chairs and professorships, and funds for capital improvements. During fiscal year 2013, the University experienced a 9.8 percent increase in donor contributions.

Through the accomplishments resulting from the Strategic Priority Task Force recommendations, Miami University has already cut over $24 million in operating expenses and is in a strong financial position to manage a future with limited resources in order to continue to produce the highest quality education. Looking forward, the challenges facing higher education continue to focus on student demographics, advancing technology, public accountability, global competition, and the cost of tuition and student debt. The Miami 2020 Plan, which will provide University and departmental level goals and measurable metrics, will embrace these future challenges and allow Miami University to achieve its vision to offer the best undergraduate experience in the nation, enhanced by superior, select graduate programs.

Miami University

Statements of Net Position
June 30, 2013 and 2012

	Miami University		University Foundation	
	2013	2012	**2013**	2012
Assets				
Current Assets				
Cash and cash equivalents (includes bond proceeds of $224.5 million at FY 13 and $193.6 million at FY 12)	**$ 284,944,363**	$ 256,931,472	**$ 27,353,886**	$ 25,073,256
Investments	**296,657,289**	226,646,046	**-**	-
Accounts, pledges and notes receivable, net	**40,231,976**	38,532,756	**12,849,308**	15,690,294
Inventories	**3,868,620**	4,230,484	**-**	-
Prepaid expenses and deferred charges	**4,488,333**	3,337,393	**-**	-
Total current assets	**630,190,581**	529,678,151	**40,203,194**	40,763,550
Noncurrent Assets				
Restricted cash and cash equivalents	**-**	-	**597,912**	1,424,934
Investments	**163,672,938**	155,941,906	**408,011,774**	378,373,130
Pledges and notes receivable, net	**9,511,837**	7,035,261	**21,240,396**	34,257,166
Nondepreciable capital assets	**153,230,904**	102,673,230	**-**	-
Depreciable capital assets, net	**678,893,660**	635,992,450	**-**	-
Total noncurrent assets	**1,005,309,339**	901,642,847	**429,850,082**	414,055,230
Total assets	**$ 1,635,499,920**	$ 1,431,320,998	**$ 470,053,276**	$ 454,818,780
Liabilities				
Current Liabilities				
Accounts payable	**$ 41,810,461**	$ 25,102,294	**$ 14,095,399**	$ 13,792,870
Accrued salaries and wages	**14,825,571**	17,594,648	**-**	-
Accrued compensated absences	**1,604,876**	1,504,057	**-**	-
Deferred revenue	**8,020,623**	9,811,295	**-**	-
Deposits	**11,810,307**	11,177,678	**-**	-
Long-term debt - current portion	**20,842,684**	20,206,990	**-**	-
Other current liabilities	**-**	-	**540,160**	533,205
Total current liabilities	**98,914,522**	85,396,962	**14,635,559**	14,326,075
Noncurrent Liabilities				
Accrued compensated absences	**14,561,171**	14,302,889	**-**	-
Bonds payable	**525,331,303**	421,005,530	**-**	-
Capital leases payable	**2,640,587**	3,006,952	**-**	-
Federal Perkins loan program	**6,429,868**	6,429,149	**-**	-
Other noncurrent liabilities	**-**	-	**172,017,446**	164,119,175
Total noncurrent liabilities	**548,962,929**	444,744,520	**172,017,446**	164,119,175
Total liabilities	**647,877,451**	530,141,482	**186,653,005**	178,445,250
Net Position				
Investment in capital assets	**497,890,122**	482,596,938	**-**	-
Restricted:				
Nonexpendable	**89,565,237**	84,392,200	**166,432,123**	160,563,050
Expendable	**68,160,201**	63,999,857	**116,115,163**	115,915,292
Unrestricted	**332,006,909**	270,190,521	**852,985**	(104,812)
Total net position	**$ 987,622,469**	$ 901,179,516	**$ 283,400,271**	$ 276,373,530

See Notes to Financial Statements.

Miami University

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2013 and 2012

	Miami University		University Foundation	
	2013	2012	**2013**	2012
Operating Revenues				
Tuition, fees, and other student charges	**$ 356,215,310**	$ 349,805,074	**$ -**	$ -
Less allowance for student scholarships	**(66,944,417)**	(64,025,371)		-
Net tuition, fees, and other student charges	**289,270,893**	285,779,703	**-**	-
Sales and services of auxiliary enterprises	**130,854,800**	125,734,751		-
Less allowance for student scholarships	**(5,075,794)**	(5,192,304)		-
Net sales and services of auxiliary enterprises	**125,779,006**	120,542,447	**-**	-
Federal contracts	**14,395,007**	14,421,397		-
Gifts	**-**	-	**(1,295,923)**	9,854,487
Sales and services of educational activities	**2,163,226**	2,462,329		-
Private contracts	**2,379,107**	2,451,073		-
State contracts	**1,082,148**	1,092,148		-
Local contracts	**299,267**	327,526		-
Other	**9,001,897**	8,556,764		-
Total operating revenues	**444,370,551**	435,633,387	**(1,295,923)**	9,854,487
Operating Expenses				
Education and General				
Instruction and departmental research	**162,874,433**	167,277,750		-
Separately budgeted research	**15,206,678**	16,653,175		-
Public service	**1,975,070**	1,282,434		-
Academic support	**56,731,618**	52,829,081		-
Student services	**22,538,535**	21,778,626		-
Institutional support	**39,273,599**	45,741,162		-
Operation and maintenance of plant	**33,259,424**	32,575,843		-
Scholarships and fellowships	**21,644,139**	26,202,688		-
Auxiliary enterprises	**104,539,337**	105,943,125		-
Depreciation	**37,874,305**	37,940,355		-
Other	**3,667,208**	3,944,575		-
Total operating expenses	**499,584,346**	512,168,814	**-**	-
Net operating (loss) gain	**(55,213,795)**	(76,535,427)	**(1,295,923)**	9,854,487
Non-Operating Revenues (Expenses)				
State appropriations	**69,966,227**	69,013,751		-
Gifts, including $19,672,471 in FY13 and $18,662,382 in FY12 from the University Foundation	**24,618,328**	18,731,475		-
Federal grants	**24,418,522**	27,104,370		-
Net investment income (loss), net of investment expense of $2,018,200 for the University and $2,788,198 for the Foundation in FY13 $2,055,980 for the University and $2,926,590 for the Foundation in FY12	**27,639,731**	(1,819,622)	**21,510,509**	(7,798,696)
State grants	**1,194,978**	1,036,961	**-**	-
Interest on debt	**(20,429,656)**	(17,368,471)	**-**	-
Payments to Miami University	**-**	-	**(19,672,471)**	(18,662,382)
Other non-operating revenues (expenses)	**3,434,812**	2,385,595	**826,080**	(177,141)
Net non-operating revenues (expenses)	**130,842,942**	99,084,059	**2,664,118**	(26,638,219)
Income (loss) before other revenues, expenses, and gains or losses	**75,629,147**	22,548,632	**1,368,195**	(16,783,732)
Other Revenues, Expenses, Gains or Losses				
State capital appropriation	**2,559,532**	6,625,692	**-**	-
Capital grants and gifts	**7,462,467**	7,452,710	**-**	-
Additions to permanent endowments	**791,807**	2,874,015	**5,658,546**	10,175,844
Total other revenues, expenses, gains, or losses	**10,813,806**	16,952,417	**5,658,546**	10,175,844
Change in net position	**86,442,953**	39,501,049	**7,026,741**	(6,607,888)
Total net position at beginning of year	**901,179,516**	861,678,467	**276,373,530**	282,981,418
Total net position at end of year	**$ 987,622,469**	$ 901,179,516	**$ 283,400,271**	$ 276,373,530

See Notes to Financial Statements.

Miami University

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities		
Tuition, fees, and other student charges	**$ 354,607,300**	$ 344,975,889
Sales and services of auxiliary enterprises	**130,864,960**	126,108,977
Contracts	**13,667,938**	17,300,844
Other operating receipts	**11,024,219**	10,518,698
Payments for employee compensation and benefits	**(311,740,283)**	(312,179,364)
Payments to vendors for services and materials	**(131,292,113)**	(133,261,798)
Student scholarships	**(92,828,014)**	(90,412,558)
Loans issued to students and employees	**(2,537,122)**	(1,145,406)
Collection of loans from students and employees	**2,551,710**	1,442,609
Net cash flows used in operating activities	**(25,681,405)**	(36,652,109)
Cash Flows From Noncapital Financing Activities		
State share of instruction funds	**72,335,673**	71,383,197
Grants for noncapital purposes	**25,613,500**	28,141,331
Gifts	**25,179,033**	19,343,958
Net cash flows provided by noncapital financing activities	**123,128,206**	118,868,486
Cash Flows From Capital and Related Financing Activities		
State capital appropriation	**2,195,821**	9,314,704
Grants for capital purposes	**7,250,544**	7,256,911
Other capital and related receipts	**130,802**	645,907
Proceeds from debt obligations	**126,154,233**	157,134,772
Payments to construct, renovate, or purchase capital assets	**(113,758,411)**	(58,400,237)
Principal paid on outstanding debt	**(19,224,094)**	(48,513,723)
Interest paid on outstanding debt	**(22,733,175)**	(18,687,170)
Net cash flows (used in) provided by capital and related financing activities	**(19,984,280)**	48,751,164
Cash Flows From Investing Activities		
Proceeds from sale of investments	**59,025,581**	61,154,895
Purchases of investments	**(117,297,550)**	(86,294,138)
Endowment income	**3,911,739**	278,759
Other investment income	**4,910,600**	5,444,762
Net cash flows used in investing activities	**(49,449,630)**	(19,415,722)
Net increase in cash and cash equivalents	**28,012,891**	111,551,819
Cash and cash equivalents		
Beginning	**256,931,472**	145,379,653
Ending	**$ 284,944,363**	$ 256,931,472

(Continued)

Miami University

Statements of Cash Flows (Continued)
Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of Operating Loss to Net Cash Flows used in operating activities		
Operating loss	**$ (55,213,795)**	$ (76,535,427)
Adjustments to reconcile net operating loss to net cash (used in) operating activities:		
Depreciation expense	**37,874,305**	37,940,355
Net loss on disposal of capital assets	**7,789**	6,762
Accounts receivable bad debt adjustments	**338,082**	26,311
Adjustments to reconcile change in net position to net cash (used in) operating activities:		
Accounts receivable	**(4,489,936)**	(1,261,414)
Inventories	**361,864**	(319,311)
Prepaid expenses	**(1,150,940)**	(396,180)
Notes receivable	**182,697**	344,213
Accounts payable	**(24,171)**	1,159,543
Accrued salaries	**(2,769,077)**	2,457,493
Compensated absences	**359,101**	(728,532)
Deferred income and deposits	**(1,158,043)**	682,916
Federal Perkins loans	**719**	(28,838)
Net cash flows used in operating activities	**$ (25,681,405)**	$ (36,652,109)
Supplemental Disclosure of NonCash Information:		
Property and equipment included in accounts payable	**$ 23,205,243**	$ 7,797,675
Property and equipment acquired by gifts in kind	**$ 211,924**	$ 195,800

See 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 up to 17 members, including two student members and up to six 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, 2013 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: 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 Financial Accounting Standards Board (FASB) guidance issued on or before November 1989, which are not in conflict with or contradict GASB pronouncements.

Recent Accounting Pronouncements: Effective July 1, 2012, the University adopted GASB 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 operate a government asset to another entity in exchange for significant consideration from that entity. There has been no impact to the University financial statements due to the adoption of Statement No. 60.

Effective July 1, 2012, the University adopted GASB 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. There has been no impact to the University financial statements due to the adoption of Statement No. 61.

Effective July 1, 2012, the University adopted GASB 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. There has been no impact to the University financial statements due to the adoption of Statement No. 62.

Effective July 1, 2012, the University adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The adoption of this Statement changed the presentation of the basic financial statements to a statement of net position format.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Statement is effective for periods beginning after December 15, 2013. The University believes this Statement will not have an impact on the financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. 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.

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, except the Culinary Support Center inventories which are stated at the last price paid 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 statements of net position as deferred revenue. Deferred revenue also includes the amounts received from grant and contract sponsors that have not been spent for their intended purpose restriction 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 position, 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, which approximates the effective interest 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 0 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. Employees transferring to or from another State of Ohio agency may transfer any unused accumulated sick leave entitlement to/from the new agency. Persons leaving employment for reasons other than retirement are not compensated for unused sick leave.

Net positions: Net positions are divided into three major categories. The first category, investment in capital assets, which does not include unspent bond proceeds, reports the institution’s net equity in property, plant, and equipment. The second major category is restricted net position. This category contains 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 assets is available for investment purposes only. The expendable restricted 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 position and is separated into two types: allocated and unallocated. Allocated unrestricted 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 assets were $322,480,209 and $262,999,985 as of June 30, 2013 and 2012, respectively. Unallocated unrestricted 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, 2013, the date the financial statements were issued.

Reclassifications: Certain items in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

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 $284.9 million in 2013 and $256.9 million in 2012, 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. STAR Ohio, a 2a7 – like pooled fund, is a state-wide fund managed by the State Treasurer of Ohio.

Approximately $0.8 million of cash and cash equivalents was covered by federal depository insurance; $244.7 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, 2013 and 2012 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. Moody's Investors Service and Fitch Ratings have assigned AAA credit ratings to U.S. Treasury obligations. On August 6, 2011, Standard & Poor's lowered its credit rating on long-term U.S. Treasury related debt obligations from AAA to AA+.

The investments as of June 30, 2013 are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 23,439,070	$ -	$ 23,439,070	$ -	$ -
U.S. Agency bonds	36,914,679	-	36,914,679	-	-
Strips	5,997,982	-	5,997,982	-	-
Government-backed bonds	32,425,977	-	32,425,977	-	-
Corporate bonds	25,994,035	-	-	25,994,035	-
Municipal bonds	3,092,471	-	-	3,092,471	-
International bonds	506,072	-	-	506,072	-
Common and preferred stocks	580,736	580,736	-	-	-
Commingled funds	331,081,241	268,899,244	6,482,094	44,518,726	11,181,177
Real estate and other	297,964	297,964	-	-	-
Total investments	$ 460,330,227	$ 269,777,944	$ 105,259,802	$ 74,111,304	$ 11,181,177

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

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

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

Bond investments by length of maturity as of June 30, 2013 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	$ 23,439,070	$ 2,996,659	$ 15,269,774	$ 5,172,637	$ -
U.S. Agency bonds	36,914,679	7,928,518	28,431,481	554,680	-
Strips	5,997,982	1,999,430	3,579,810	-	418,742
Government-backed bonds	32,425,977	10,580	32,415,397	-	-
Corporate bonds	25,994,035	3,180,444	17,205,836	5,607,755	-
Municipal bonds	3,092,471	201,150	897,339	794,962	1,199,020
International bonds	506,072	-	-	506,072	-
Commingled bond funds	62,181,997	2,043,503	31,924,949	24,460,463	3,753,082
Total bonds	$ 190,552,283	$ 18,360,284	$ 129,724,586	$ 37,096,569	$ 5,370,844

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
Municipal bonds	3,814,187	253,978	1,008,681	2,551,528	-
International bonds	519,126	-	-	519,126	-
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

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 $104.6 million and $88.0 million as of June 30, 2013 and 2012, 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 and other agencies or instrumentalities of the U.S. government which represents 21.5% of investments. No other single issuer represents more than 5% of investments. Commingled bond funds held by the University include a wide range of investments, including hedge funds. The University's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

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.

Endowment funds: The Miami University Foundation (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 $162.9 million and $155.2 million managed by the Foundation as of June 30, 2013 and 2012, respectively. 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.

Note 2. Cash and Investments (Continued)

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 $8,273,995 in 2013 and $8,146,975 in 2012. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $7,780,684 and $7,335,241 was distributed for expenditure for 2013 and 2012, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

Note 3. Accounts, Pledges and Notes Receivable

The accounts, pledges and notes receivable as of June 30, 2013 and 2012 are summarized as follows:

	2013	2012
Accounts Receivable		
Student receivables	$ 9,568,274	$ 10,413,722
University Foundation	13,877,445	13,626,854
State capital appropriations	2,838,217	2,474,506
Grants and contracts	5,018,615	4,435,739
Investment trade settlements	-	406,740
Other receivables	3,687,541	2,784,467
Total accounts receivable	34,990,092	34,142,028
Less allowances for doubtful accounts	(1,285,000)	(1,285,000)
Net accounts receivable	$ 33,705,092	$ 32,857,028
Pledges Receivable		
Pledges receivable	$ 7,332,898	$ 3,704,342
Less allowance for doubtful pledges	(481,770)	(365,179)
Net pledges receivable	$ 6,851,128	$ 3,339,163
Notes Receivable		
Federal loan programs	$ 7,388,865	$ 7,823,165
University loan programs	3,539,728	3,139,661
Total notes receivable	10,928,593	10,962,826
Less allowance for doubtful notes	(1,741,000)	(1,591,000)
Net notes receivable	9,187,593	9,371,826
Total	$ 49,743,813	$ 45,568,017

Note 4. Capital Assets

The capital assets and accumulated depreciation as of June 30, 2013 are summarized as follows:

	Balance	Additions	Retirements	Balance
Capital Assets				
Land	$ 4,841,276	$ -	$ -	$ 4,841,276
Collections of works of art and historical treasures	7,500,865	179,200	-	7,680,065
Construction in progress	90,331,089	122,526,570	72,148,096	140,709,563
Total nondepreciable capital assets	102,673,230	122,705,770	72,148,096	153,230,904
Land improvements	31,507,403	4,641,713	-	36,149,116
Buildings	801,431,642	59,005,191	-	860,436,833
Infrastructure	116,308,436	11,429,454	-	127,737,890
Machinery and equipment	114,294,851	3,754,634	5,949,735	112,099,750
Library books and publications	65,586,622	946,424	-	66,533,046
Vehicles	9,275,739	856,487	625,432	9,506,794
Intangible assets	16,796,760	149,401	-	16,946,161
Total depreciable capital assets	1,155,201,453	80,783,304	6,575,167	1,229,409,590
Total capital assets	1,257,874,683	203,489,074	78,723,263	1,382,640,494
Less accumulated depreciation:				
Buildings	335,413,801	23,225,727	-	358,639,528
Infrastructure	49,841,234	4,414,982	-	54,256,216
Land improvements	11,478,907	1,144,137	-	12,623,044
Machinery and equipment	60,484,649	5,427,345	5,949,735	59,962,259
Library books and publications	39,968,714	2,214,737	-	42,183,451
Vehicles	7,518,917	553,472	617,643	7,454,746
Intangible assets	14,502,781	893,905	-	15,396,686
Total accumulated depreciation	519,209,003	37,874,305	6,567,378	550,515,930
Total capital assets, net	$ 738,665,680	$ 165,614,769	$ 72,155,885	$ 832,124,564

Note 4. Capital Assets (Continued)

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

Note 5. Long-term Liabilities

The long-term liabilities as of June 30, 2013 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and Leases Payable					
Bonds payable	$ 427,505,000	$ 116,065,000	$ 18,420,000	$ 525,150,000	$ 19,120,000
Capital leases payable	3,811,046	-	804,095	3,006,951	366,364
Premiums, issue costs, loss on refunding	12,903,426	8,936,156	1,181,959	20,657,623	1,356,320
Total bonds and leases payable	444,219,472	125,001,156	20,406,054	548,814,574	20,842,684
Other Liabilities					
Compensated absences	15,806,946	7,933,241	7,574,140	16,166,047	1,604,876
Federal Perkins loans	6,429,149	305,432	304,713	6,429,868	-
Total other liabilities	22,236,095	8,238,673	7,878,853	22,595,915	1,604,876
Total	$ 466,455,567	$ 133,239,829	$ 28,284,907	$ 571,410,489	$ 22,447,560

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

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

Note 6. Indebtedness

During the year ended June 30, 2013, the University issued $116,065,000 in General Receipts Revenue Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2015 to 2038. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

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 continued funding for the 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 and $31,215,000 as of June 30, 2013 and 2012, respectively.

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 percent to 6.77 percent 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 $9,890,000 and $11,305,000 as of June 30, 2013 and 2012, 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 $22,392,728 and $18,229,548 as of June 30, 2013 and 2012, respectively. For the year ended June 30, 2013, $1,963,072 of the interest cost was capitalized. For the year ended June 30, 2012, $861,077 of the interest cost was capitalized.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2013 are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds Payable			
Series 2012 general receipts	2015-2038	3.00% - 5.00%	$ 116,065,000
Series 2011 general receipts	2013-2037	2.00% - 5.00%	146,020,000
Series 2010A general receipts	2018-2036	4.81% - 6.77%	105,445,000
Series 2010B general receipts	2013-2017	5.00% - 5.00%	13,615,000
Series 2007 general receipts	2013-2017	3.25% - 5.25%	71,075,000
Series 2005 general receipts	2013-2025	3.63% – 5.00%	68,745,000
Series 2003 general receipts	2013-2014	5.25% – 5.25%	4,185,000
Total bonds payable			525,150,000
Bond premiums			23,535,850
Bond issuance costs			(3,593,640)
Deferred loss on refunding			715,413
Total bonds payable, net			$ 545,807,623

Note 6. Indebtedness (Continued)

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

	Principal	Interest	Total
2014	$ 19,120,000	$ 24,917,754	$ 44,037,754
2015	21,280,000	24,061,157	45,341,157
2016	22,130,000	23,174,073	45,304,073
2017	23,120,000	22,216,898	45,336,898
2018	24,040,000	21,183,285	45,223,285
2019-2023	133,740,000	87,750,839	221,490,839
2024-2028	112,025,000	55,365,985	167,390,985
2029-2033	85,270,000	32,458,575	117,728,575
2034-2038	84,425,000	8,402,948	92,827,948
Total	$ 525,150,000	$ 299,531,514	$ 824,681,514

The University has $3,006,951 in capitalized lease obligations that have varying maturity dates through 2032 and carry implicit interest rates ranging from 3.28 percent to 17.16 percent. The scheduled maturities of these leases as of June 30, 2013 are:

2014	$ 448,393
2015	195,849
2016	194,020
2017	194,586
2018	194,768
2019-2023	969,908
2024-2028	966,832
2029-2032	768,674
Total minimum lease payments	3,933,030
Less amount representing interest	(926,079)
Net minimum lease payments	$ 3,006,951

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2013 and June 30, 2012 are $2,723,760 and $2,779,920 for buildings and $3,529,969 and $3,580,222 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 2012 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2012, and June 30, 2011, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to post-employment health care (Note 8).

During calendar year 2012, employees covered by the OPERS system were required by state statute to contribute 10.0 percent of their salary to the plan. The University was required to contribute 14.0 percent of covered payroll. Law enforcement employees who are a part of the OPERS law enforcement division contribute 12.1 percent of their salary to the plan. For these employees, the University was required to contribute 18.1 percent of covered payroll. Effective January 1, 2013, the member contribution rate for law enforcement members increased to 12.6 percent. The member contribution rate for all other employees and the University's contribution rate remained unchanged. The portion of employer contributions to OPERS allocated to health care for members in the Traditional Plan was 4.0 percent from January 1 through December 31, 2012 (Note 8). Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1.0 percent.

The payroll for employees covered by STRS Ohio for the years ended June 30, 2013 and 2012, was approximately $62,272,000 and $63,038,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2013 and 2012, was approximately $85,101,000 and $84,266,000, 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, 2013 and 2012, was approximately $54,832,000 and $50,374,000, 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, 2012 (Note 8).

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
2013	$ 8,718,108	$ 11,981,743	$ 6,283,457
2012	8,825,325	11,863,447	5,807,341
2011	9,061,840	11,841,929	5,530,805

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 at least fifteen directors that are elected by the Board and seven directors that are appointed by Miami University. At least two-thirds of the elected directors are required to be alumni or former students of Miami University. The Foundation issues 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, 2013, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 852,985	$ 116,115,163	$ 166,432,123	$ 283,400,271
Change in net assets for the year	957,797	199,871	5,869,073	7,026,741
Distributions to Miami University	19,672,471	-	-	19,672,471

Note 9. Related Organization (Continued)

Summary financial information for the Foundation as of June 30, 2012:

	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

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. At June 30, 2013, approximately $450,000 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. Net dividend and interest income as well as gains/losses are allocated based on the number of shares owned.

Note 9. Related Organization (Continued)

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

	2013		2012	
Investment Description	Cost	Fair Value	Cost	Fair Value
Domestic Public Equities	$ 19,938,926	$ 27,416,233	$ 18,345,154	$ 20,794,348
Global Public Equities	93,414,389	107,076,280	102,919,948	104,484,593
International Public Equities	13,242,469	13,858,465	14,499,910	13,018,134
Domestic Public Fixed Income	15,319,154	17,412,122	15,352,200	17,729,871
Global Public Fixed Income	21,753,184	22,122,356	16,718,703	16,321,200
Hedge Funds	79,655,269	109,692,536	76,449,477	97,641,252
Private Investments	107,739,599	95,989,557	107,190,042	95,013,447
Split-Interest Funds				
Charitable remainder trusts	8,126,780	9,009,640	7,583,141	8,065,107
Charitable gift annuities	2,601,608	2,998,438	2,270,433	2,541,779
Pooled income funds	439,472	480,903	565,635	613,188
Total	$ 362,230,850	$ 406,056,530	$ 361,894,643	$ 376,222,919

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, 2013, the Foundation has made commitments to limited partnerships of approximately $27.4 million that have not yet been funded.

The 2013 dividend and interest income of $2,691,854, as reported in the Statement of Activities, is net of fees from external investment managers totaling $349,625. 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.

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, 2013, contributors to the Foundation have made unconditional pledges totaling $39,286,386 with 17 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using interest rates to a net present value of $36,338,299 at June 30, 2013. Discount rates ranged from 1.20 percent to 6.00 percent. Management has set up an allowance for uncollectible pledges of $3,533,277 at June 30, 2013. 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 is not permitted 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 $101,697 as of June 30, 2013 and $948,391 as of June 30, 2012. 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.

Note 10. Commitments

At June 30, 2013, the University is committed to future contractual obligations for capital expenditures of approximately $103.7 million. These commitments are being funded from the following sources:

Contractual Obligations	
Approved state appropriations not expended	$ 1,896,365
University funds and bond proceeds	101,754,130
Total	$ 103,650,495

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 $2,748,400 and $2,872,200 is included in the accrued salaries and wages as of June 30, 2013 and 2012, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2013	2012
Liability at beginning of year	$ 3,662,493	$ 2,208,827
Claims incurred	30,312,549	35,499,748
Claims paid	(30,692,076)	(35,053,282)
Increase (decrease) in estimated claims incurred but not reported	(123,800)	1,007,200
Liability at end of year	$ 3,159,166	$ 3,662,493

To reduce potential loss exposure, the University has established a reserve for health insurance stabilization of $7.5 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 18 years during which time Miami University has had one material loss above the insurance policy deductible of $350,000. The liability program has been in place for 13 years during which time Miami University has had three losses above the property 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.

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.

Miami University

OMB Circular A-133 Requirements

Miami University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education:			
Supplemental Educational Opportunity Grant Program	84.007	P007A113315	$ 936,067
College Work Study Program	84.033	P033A113315	772,101
Federal Perkins Loan Program	84.038	N/A	8,080,173
Federal Pell Grant Program	84.063	P063P110342	21,075,269
Federal Direct Student Loan Program	84.268	P268K130342	104,631,472
TEACH Grant Program	84.379	P379T090342	1,852,219
Total U.S. Department of Education			137,347,301
Total Student Financial Assistance Cluster			$ 137,347,301
Research and Development Cluster			
U.S. Department of Agriculture:			
Influence of Tannins on Nitrogen Cycling	10.001	58-1902-1-195	$ 735
Comparative Genome Mapping and Microsatellite DNA Sequence Resources	10.664	12-JV11330126-015	10,482
Host-Range Studies of Baculoviruses for Insect Control	10.961	58-3148-7-164	3,455
Total U.S. Department of Agriculture			14,672
U.S. Department of Commerce:			
Summer Undergraduate Research Fellowship Boulder	11.609	70NANB12H120	5,179
Summer Undergraduate Research Fellowship Gaithersburg	11.609	70NANB12H045	300
Total U.S. Department of Commerce-Direct Programs			5,479
Pass-Through Programs From:			
Stratus Consulting: Assessment of Ecological Impacts of the BP Deep Horizon Oil Spill	11.XXX	S087-OC-1553	62,710
OSURF: Knauss Marine Policy Fellowship- Erin E. Sams	11.417	60031204	25,401
Total U.S. Department of Commerce-Pass-Through Programs			88,111
Total U.S. Department of Commerce			93,590
Department of Defense:			
Gram-Negative Bacterial Wound Infections	12.42	W81XWH-12-2-0035	197,322
Enabling Large- Scale Multi-User Immersive Virtual Reality Simulations	12.431	W911NF-10-1-0301	2,810
Realistic Simulation of Environments of Unlimited Size in Immersive Virtual Environments	12.431	W911NF-08-1-0474	4,189
Cross-Conjugated Nanoarchitectures	12.8	FA9550-10-1-0377	94,796
Satellite Signal Parameter Estimation Algorithms for High-Accuracy Applications	12.8	FA9550-10-1-0346	311,075
Total Department of Defense-Direct Programs			610,192

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Pass-Through Programs From:			
FLIR: Characterization of the Impact of Scale-Up of ATRP Polymerization on the Structure and Function of Enzyme Conjugates	12.XXX	AGE-2001-002	$ 13,696
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYRN	12.XXX	RF01130475	78,747
Shaw Environmental: The Influence of Plant-Microbe Interactions on the Mobility and Bioavailability of Arsenic in Soil	12.XXX	570951 OP	57,117
UES, Inc. :Modeling the Thermal Management of a Directed Energy Power System Using MATLAB	12.XXX	S-745-41-MR019	3,729
RNET Technologies, Inc.: Cooperative Adaptive Radar Imaging with Knowledge-Based SAR	12.XXX	--	27,491
KeraNetics: Flowable Keratin Biomaterials for Improving Infection Control	12.XXX	A112-108-0273	8,994
KeraNetics: Keratin Biomaterials for Craniofacial Tissue Engineering	12.XXX	--	44,802
KeraNetics: Spatiotemporally Controlled Keratin Biomaterial Delivery System	12.XXX	W81XWH-11-C-0060,00001	129,704
UTC: 2012/2013 Aerospace Propulsion Outreach Program	12.XXX	12-S590-0020-49-C1	10,510
Ohio State University Research Foundation: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL	12.XXX	RF01307198	52,547
RevMedx, Inc.: Material Characterization for X-Stat Wound Dressing	12.XXX	--	26,198
KeraNetics, LLC: Flowable Keratin Biomaterials for Infection Control (Phase I Option)	12.XXX	--	3,507
Wright State University: The Virtual Smartphone Academy	12.8	FA8650-09-2-1649, P00012	21,401
University of Dayton Research Institute: Development of Damage Models for Composite Structures	12.8	RSC12024	58,345
Total Department of Defense-Pass-Through Programs			536,788
Total Department of Defense			1,146,980
National Security Agency:			
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-11-1-0223	117,289
Summer Undergraduate Mathematical Sciences Research Institute (SUMSRI)	12.901	H98230-13-1-0269	62,431
Total National Security Agency			179,720
U.S. Department of the Interior:			
Conservation Genetics of the Spectaclecase (Cumberlandia Monodonta)	15.657	F12AP00581	9,623
Continued Operation of the NTN Precopitaion Collection Station in Oxford, OH	15.808	G11PX00205	5,146
Total U.S. Department of the Interior-Direct Programs			14,769
U.S. Department of Justice:			
Pass-Through Programs From:			
Univ. of Massachusetts: Building a Prevention Framework to Address Teen "Sexting" Behaviors	16.543	551000000015355	37,447
Total U.S. Department of Justice			37,447
U.S. Department of Labor:			
Leveraging Resources Between the Senior Community Service Employment Program and the Long-Term Care Ombudsman Program	17.235	6328	8,483
ARRA Cincinnati State: Health Career Collaborative of Greater Cincinnati	17.275	GC-J-20070-1060A-39/A	64,380
Total U.S. Department of Labor			72,863
U.S. Department of Transportation:			
Pass-Through Programs From:			
Ohio Department of Public Safety: 2012 Ohio Highway Traffic Safety Evaluation and Action Planning	20.6	GC-2012-9-00-00-00267-00	126,168
Ohio Department of Public Safety: 2013 Ohio Highway Traffic Safety Evaluation and Action Planning	20.6	GG-2013-9-00-00-00390-00	329,056
Total U.S. Department of Transportation			455,224
National Aeronautics & Space Administration:			
Novel Explorations into the Interactions between Light and Gravity Sensing in Plants	43.002	NNX10AM86G	5,968
Total National Aeronautics & Space Administration-Direct Programs			5,968

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Pass-Through Programs From:			
University of Mississippi: Novel Explorations into the Interactions Between Light and Gravity Sensing in Plants	43.001	--	$ 4,700
Ohio Space Grant Consortium: Development of Reduce Order Models for Simulations and Feedback Control of Aerodynamic Flows	43.XXX	--	10,567
Total National Aeronautics & Space Administration Pass-Through Programs			15,267
Total National Aeronautics & Space Administration			21,235
National Endowment for Humanities:			
Inokaatawaakani: Illinois (MIA) Dictionary Project	47.075	PD-50017-12	28,379
Pass-Through Programs From:			
Arizona Humanities Council: Apache Scouts	45.129	GG05-5783-2012	10,000
Total National Endowment for Humanites			38,379
National Science Foundation:			
Rotating Program Officer (Fernandes, Joyce J.)	47.XXX	DBI-1249171	98,201
Absoluteness and Choice	47.049	DMS-0801009	4,227
Algebraic K-Theory of Infinite Groups With Torsion	47.049	DMS-0805605	1,877
Materials World Network Collaborative: Semiconductor Nanowire Heterostructures	47.049	DMR-0806572	4,479
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0856158	21,280
Summer Undergraduate Research Experiences in Chemistry and Biochemistry	47.049	CHE-1004875	86,759
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-1011909	143,542
Cellular NADH Fluorescence as a Metabolic Indicator Under Pressure: Piezophysiological Studies at a Predominantly- Undergraduate Physics Department	47.049	PHY-0957675	45,840
CAREER; Enamine-Metal Lewis Acid Bifunctional Catalysts for Asymmetric Organic Transformations	47.049	CHE1056420	129,148
CAREER: Phylogenetic Diversity of Protist Populations and their Functional Roles in Dry Valley Lake Microbial Loop	47.049	ANT-1056396	207,075
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-1101764	57,041
Collaborative Research: A Multi-Proxy Approach to Early Miocene Community, Landscape, and Climate Reconstruction, Ethiopian Plateau	47.049	EAR-1052478	37,845
Dynamical Process in Semiconductor Nanowire in the Quantum Regime	47.049	DMR-1105121	37,968
Integrated Paramagnetic Resonance of High Spin Cobalt(II) Systems	47.049	CHE-1152755	155,562
Electrocatalysis on Structure Controlled Metal Nanocrystals: Unraveling Particle Structure-Catalytic Activity Relationships	47.049	CHE-1156425	173,695
Large Cardinals and Small Sets	47.049	DMS-1201494	22,638
Algebraic K-theory of Infinite Groups With Torsion II	47.049	DMS-1207712	21,845
Probing Enzyme Motions During Catalysis	47.049	CHE-1151658	73,181
Approximation Properties of C*-algebras	47.049	DMS-1262106	22,055
Summer Undergraduate Mathematical Sciences Research Institute (SUMSRI)	47.049	DMS-1303171	7,000
A Study on the Circulation and Structure of Metallic Ions in the Mid-Latitude Ionsphere	47.05	ATM-0633418	39,118
Constraining Processes and Timescales of Magma Evolution	47.05	EAR-0911182	97,616
Links Between Magma Source Characteristics, Shallow Plumbing, and Eruptive Styles in Mafic Intraplate Volcanic Fields (Lunar Crater Volcanic Field, Nevada)	47.05	EAR1016042	16,537
Coprecipitation of Pb and As in Apatite and Applications to Environmental Remediation	47.05	EAR-0952298	31,234
Identifying Crustal and Mantle Processes in the Central Trans-Mexican Volcanic Belt	47.05	EAR-1019798	24,566
Interaction of Planetary-Scale Waves and the Ionosphere at Low Latitudes	47.05	AGS-104223	28,288
Acquisition of an Inductively Coupled Plasma- Optical Emission Spectrometer for Geological and Environmental Applications	47.05	1028789	(351)
NSF Postdoctoral Fellowship Host Allowance for Harmony Colella	47.05	EAR1144871	2,273
Collaborative Research: Nitrate Reduction by Redox-Modified Fe-Bearing Clay Minerals	47.05	EAR-1148039	937
International Workshop: Critical Zone Observations for Sustainable Soil Development and Beyond	47.05	EAR 1247370	38,818
Privacy-Constrained Searching	47.07	CNS-0915843	9,542
CPATH II: Incorporating Communication Outcomes into the Computer Science Curriculum	47.07	CCF-0939122	58,231
Evaluation of Collaborative Research MU CPATH II; Incorporating communication Outcomes into the Computer Science Curriculum	47.07	939122	4,940
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	190,858
URM: ASSURE - Achieving Success in Science through Undergraduate Research Experiences	47.074	DBI-0731634	136,993
LTREB: Response of a Reservoir Ecosystem to Variable Subsidies of Nutrients and Detritus	47.074	DEB-0743192	26,634
Collaborative Proposal: CPSF30 At The Convergence of RNA Processing, Cellulare Signaling and Development in Plants	47.074	IOS-0817829	15,158
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IOS-0840772	65,647
			2,138,297

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
OPUS: Nutrient Cycling by Animals in Freshwater Ecosystems	47.074	DEB-0918993	$ 30,995
Exploring the Generality of Light, Nutrient and Predator Constraints on Food Chain Efficiency	47.074	DEB-0949500	86,202
Collaborative Research: Nutrient Co-limitation in Young and Mature Hardwood Forests	47.074	DEB-0949317	14,478
Molecular Mechanisms Contributing Evolutionary Morphological Diversity	47.074	IOS-0950964	122,119
CAREER: The de novo Discovery of Transposable Elements for the Study of Neutral Substitution Rate Variations in Plant Genomes	47.074	DBI-0953215	116,515
Mechanisms of Physiological Mechanisms in Anuran Adaptation to Extreme Cold	47.074	IOS-1022788	16,472
Collaborative Research: Winter Climate Change in a Northern Hardwood Forest	47.074	DEB-0949301	94,117
Dissertation Research: Causes and Consequences of Cyanobacterial Dominance and Toxin Production	47.074	DEB-1110536	5,195
Theta Modulation of Hippocampal Ensembles across Subregions	47.074	IOS-1121969	61,335
Niche Differentiation between Ammonia-Oxidizing Archaea and Bacteria in Freshwater Lakes	47.074	DEB-1120443	50,520
Functional Consequences of Modulation of CPG Feedback to Descending Projection Neurons	47.074	IOS-1153417	61,784
ABI Innovation: Analysis of Operon Evolution Using an Event-Driven Approach	47.074	DBI-1146960	194,313
LTREB Renewal: Response of a Reservoir Ecosystem to Declining Subsides of Nutrients and Detritus	47.074	DEB-1255159	52,333
Control of Lipid Metabolism and Muscle Hypertrophy by PPARs in Gray Catbird Annual Life Cycle	47.074	IOS-1257455	34,209
RUI: Patterns of Biodiversity of Benthic Invertebrates in Chihuahuan Desert Springs	47.074	DEB-0717064	8,672
Planning Grant: Developing a plan for a Watershed Education and Research Center	47.074	DBI-0935452	555
REU Site: Ecology in Human-Dominated Landscapes	47.074	DBI-1156703	111,556
The Social-Behavioral Consequences of Perceptual Fluency: How Processing Ease Guides Intergroup Contact, Goal Pursuit and Behavioral Mimicry	47.075	BCS-0719694	12,055
Decision Making Processes Under Stress	47.075	SES-0851990	31,279
Global Localism at Manaslu Conservation Area in the Eastern Himalayas, Nepal:Conservation Integrating Ecological and Ethnobotanical Knowledge about Community Forests for Biodiversity	47.075	BCS-1030513	1,640
The Motivated Origins of the Cross Race Effect	47.075	BCS-0951463	69,034
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	75,392
Missing Links Problems and Participation in Collective Decisions	47.075	SES-1124367	94,279
Doctoral Dissertation Research: Focal Social Actors and Tacit Coordination	47.075	SES-1124132	1,354
Response Dynamics in Decision Making	47.075	SES-1260882	13,435
Chemistry Education Research Doctoral Scholars Program	47.076	DRL-0733642	226,668
The Missing Piece of the STEM Puzzle: The Role of Communion in Women's Career Decisions	47.076	HRD-0827606	28,591
Collaborative Research: Transforming Web-based Courseware into a Full Statics Course that Informs Interactive-Collaborative Classroom Activities	47.076	DUE-0918956	16,736
Saving Species	47.076	DRL-1010938	476,752
Development and Integration of Computational and Experimental Activity Based Studios...	47.076	DUE-1044698	61,001
National Science Foundation Graduate Research Fellowships	47.076	DGE-1144472	166,824
Collaborative Research: Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	100,874
Evaluation of Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	33,842
Evaluation of Development and Integration of Computational and Experimental Activity Based Studies within Mechanical and Manufacturing Engineering Curriculum	47.076	DUE-1044698	670
Staying in STEM: Examining Communal Goal Congruity Processes in the Retention of Women	47.076	HRD-1232364	40,699
Collaboration and Guided Inquiry in the Organic Chemistry Lab	47.076	DUE-1044549	51,561
ARRA Ortho-Phenylene Oligomers and Graphene Nanoribbons	47.082	CHE-0910477	114,146
ARRA Rationale Capture for High-Assurance Systems	47.082	CCF-0844638	220,342
ARRA CAREER: Implementing Inquiry-Based Approaches in Geoscience Education and Research	47.082	EAR-0847688	137,547
ARRA Collaborative Proposal: Roles for Dehydration and Photoperiodism in Preparing an Antartic Insect for the Polar Night	47.082	ANT-0837559	223,897
ARRA MRI-R2: Acquisition of Dense Array EEG for Research and Training Across the Disciplines	47.082	BCS-0958874	2,602
Total National Science Foundation-Direct-Programs			5,400,887

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Pass-Through Programs From:			
Ohio University: Digitization TCN: Collaborative Research: Digitizing Fossils to Enable New Syntheses in Biogeography	47.05	UT17548	$ 1,235
University of Southern California: Development of a Novel In-Situ Method to Image Microbe-Mineral Associations	47.05	36817855	22,817
NCSU: Evaluation of Collaborative Research: CPATHII Incorporating Communication Outcomes into the Computer Science Curriculum	47.07	2009-2200-01	5,794
University of Illinois: GEPR: The Origin of Dioecy and the Evolution of Sex Chromosomes in Caricaceae	47.074	2009-03499-01	77,453
Cornell Univ.: Long-term Ecological Research at the Hubbard Brook Experimental Forest	47.074	61468-9520	36,123
New York Botanical Garden: Digitization TCN: Collaborative Research: Tritrophic Databasing Initiative	47.074	NYBG-1115104-01-MU	12,081
OSURF:Evaluation of Middle Level Mathematics, Science & Career Pathways (MLP)	47.076	60018327	14,007
Purdue University: Evaluation of Purdue Center for Faculty Success	47.076	4101-27694-05	62,760
Michigan State Univ: Evaluation of MSU ADAPP ADVANCE	47.076	61-2340OEAC	93,994
University of Buffalo: Evaluation of Targeted MSP: The University at Buffalo/Buffalo Public Schools (UB/BPS) Interdisciplinary Science and Engineering Partnership	47.076	R748928	99,488
Kent State University: Evaluation of Kent State University NOYCE Scholars Program	47.076	402005-MU	11,506
University of Cincinnati: Evaluation of CEEMS: The Cincinnati Engineering Enhanced Mathematics & Science Program	47.076	A12-4500062490	(1,323)
University of Georgia: Evaluation of Fossil Finders	47.076	RR246-45/4943336	9,330
UC: Evaluation of Leadership, Empowerment, and Advancement for STEM Women Faculty (LEAF) at Univ Cincinnati	47.076	8259	29,522
Sinclair Community College:The High School STEM Teacher Synergistic Institute	47.076	1003048	24,815
Sinclair Community College: Faculty Development in Hybrid and Advanced Automotive Technology	47.076	MUM2990-1	5,488
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	110,933
ARRA Kent State University: Environmental Aquatic Res Sensing: Basic Science, Bus Ed & Outreach	47.082	448004-MU	361,958
Total National Science Foundation-Pass-Through Programs			977,981
Total National Science Foundation			6,378,868
U.S. Environmental Protection Agency:			
MACTEC: Operation of the US EPA National Dry Deposition Network Station at Miami University	66.XXX	--	2,482
U.S. Department of Energy:			
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	80,376
ARRA Thylakoid Assembly and folded Protein Transport by the Tat Pathway	81.049	DE-SC0003914	163,044
Total U.S. Department of Energy Direct Programs			243,420
Pass-Through Programs From:			
Pennslvania State University: Reactivity of Iron-bearing Phyllosilicates with Uranium and Chromium through Redox Transition Zone	81.049	4229-MU-DOE-5333	89,542
ARRA Univ. of MN: A Nationwide Consortium of Universities to Revitalize Electric Power Engineering Education by State-of-Art Laboratories	81.122	A000211526	5,753
Total U.S. Department of Energy-Pass-Through Programs			95,295
Total U.S. Department of Energy			338,715
U.S. Department of Education:			
ESOL MIAMI	84.195	T195N070166-11	236,961
Pass-Through Programs From:			
ODE:Intervention Specialist Improvement Grant- Year 2	84.027	062984-9605-6530S FY13	21,669
Ohio Board of Regents: Secondary Career-Technical Alignment Initiative (SCTAI)	84.048	--	12,403
Secondary Career-Technical Alignment Initiative (SCTAI)	84.048	PO BOR01-0000002785	8,000
University of Minnesota: Regional Campuses Participation in Retention Study	84.051	226273	7,347
Cincinnati Children's Hospital: Children's Hospital Wade Traineeship-Green	84.133	--	4
ED: Children's TBI Traineeship 12-13-Green	84.133	--	13,500
Lehigh Univ.: Examination of Decisions Leading to External Restrictive Placements for ED Youth	84.324	541821-78001	45,825
ODE:Cross-Project Evaluation of the Ohio Mathematics and Science Partnership (OMSP) Program	84.366	EDUR201116300	83,353
OBOR: Evaluation of iDiscovery: Sustaining Professional Development through Web-Based Learning Communities 11-12	84.366	30-Oct	(311)
ODE:Wright State University:Phase II Evaluation of Wright State University Mathematics and Science Partnership	84.366	PO022215	59
OBOR: Evaluation of iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	28-Nov	24,744
University of Texas: East Texas STEM Center Partnership- Year 6	84.366	SC12-320084-06	3,351
ODE: Evaluation of Impact of Lesson Study as Model of Collaborative Professional Development	84.366	668917	20,910
ODE: Cross-Project Evaluation of Ohio Mathematics and Science Partnership (OMSP) Program	84.366	CSP902913	20,334
ARRA ODE: Race to the Top Family and Community (Civic) Engagement Evaluation	84.395	EDU01-0000008480	92,312
ARRA ODE:Evaluation of Ohio Resident Program (REP) Race to the Top (RttT)	84.395A	CSP905812	172,452
ARRA USED-ODE:Evaluation of Ohio Education Reserch Center(OERC) Race to the Top (RttP)	84.395	60035141-MU	72,246
Total U.S. Department of Education-Pass-Through Programs			598,198
Total U.S. Department of Education			835,159

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Health & Human Services:			
SporeRelease Mechanisms in Indoor Fungi	93.113	1R15ES016425-01	$ 13,115
Use of an Amphibian Model to Evaluate the Effects of Contaminants on Development	93.113	1R15ESO16435-01	13,084
Inspiratory Muscle Strength Training in Patients with Upper Airway Obstruction	93.173	1R03DC009057-01A2	10,171
Role and Mechanisms of Prolactin on HPA Axis Activation Following Stress	93.242	1R15MH083310-01A	70,108
Prediction Error in Contextual Fear Memory Reconsolidation	93.242	1R15MH100689-01	605
CBM: A Novel Intervention for Alcohol Dependence and Social Anxiety	93.273	1 R21AA021151-01A1	22,732
Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	1R25RR032208-01	111,651
Evaluation of Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	8R250D011090-03	10,674
Ribosome-binding and translation of leaderless mRNa	93.39	1 R15GM65120-01	18,991
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	38,729
A Web Tutor to Help Women Decide About Testing for Genetic Breast Cancer Risk	93.393	1R21CA149796-01A1	204,082
Metabonomics Studies of Human Diseases	93.394	1R15CA152985-01A1	125,650
ARRA Regulation of Neurotrophin Expression in the Periphery	93.701	2R15NS051206-02A1	8,561
ARRA Sol-Gel Based Nanoarrays for Electrocatalytic Amperometric Detection of Phospholipids	93.701	1 R15 GM087662-01	57,083
ARRA Analysis of an NHE Inhibitor Signaling Pathway That Regulates Sperm Motility	93.701	1R15HD065633-01	56,941
ARRA Time Dependent Structural Studies on Dinuclear Metal Containing Enzymes	93.701	1R15GM093987-01	(7,591)
ARRA Expression Control in Drosophila Splicing Assembly Factor RNP-4F	93.701	1R15GM093895-01	122,832
ARRA Keratin Hydrogel Matrix for Tunable Growth Factor in Bone Regeneration	93.846	1R01AR061391-01A1	292,712
Role of OFQ/N in Regulating the Prolactin Response to Stress	93.847	1R15DK073073-01A2	(1,234)
Sex-Specific Roles of Brain-Derived Neurotrophic Factor	93.847	1R15DK090823-01	80,091
Lipid Overload and Skeletal Muscle Energetics	93.847	1R15DK085497-01A1	127,745
Study of Iron Acquisition in Acinetobacter Baumannii	93.855	1RO1AI070174-01A1	147,600
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	1R15AI073994-01A1	72,438
EPR and Solid-State NMR Studies of Integral Membrane Proteins	93.859	R01 GM080542-01 A2	44,067
Chemistry of Reactive Intermediates Generated from Benzothiazole Derived Drug Candidates	93.859	1R15GM088751-01	57,737
In-silico Exploration of Alternative Polyadenylation using Next-Generation Sequencing	93.859	1R15GM094732-01A1	111,653
Glial Remodeling in Drosophila: Proliferation, Membrane Outgrowth and Nerve Ensheathment	93.865	1R15HD071799-01	49,288
A Biopsychosocial Model of Emotion Processes Determining the Role of Overcontrolling Parenting in the Stability of Inhibited Temperament	93.865	1R15HD07615801	31,752
Gene Expression and Phenotypic Consequences of Laboratory Housing in Aging Rat	93.866	1R15AG029653-01A1	48,604
Signaling Pathways During Chick Retina Regeneration	93.867	1R01EY017319-01A2	31,706
Epigenetic Regulation of Lens Fiber Cell Differentiation: The Role of DNA Methylation	93.867	EY022210-01	181,016
Government-Sponsored GA in Statistics	93.XXX	214-2011-M-41940	12,900
Quantitative Risk Assessment Internship/Graduate Assistantship at NIOSH	93.XXX	2012-Q-14595	15,870
Statistical Methods Research for Occupational Risk Assessment	93.XXX	13IPA1313303	4,045
Statistical Methods Research for Characterization and Analysis of Dose-response Relationships	93.XXX	13IPA1313326	8,769
Total Department of Health & Human Services-Direct Programs			2,194,177
Pass-Through Programs From:			
National Association of Area Agencies on Aging: Aging Network Business Practice, Planning and Program Development	93.048	--	72,378
Boston University: Building the Business Capacity of Aging and Disability Community-Based Networks for Managed Long-Term Services and Supports	93.048	4500001201	8,456
The Lewin Group: Process Evaluation of Older Americans Act Title III-E National Family Caregiver Support Program	93.052	TLG-12-068-5176.18.01	23,100
Wright State University: Genetic Architecture of the Human Dentognathic Complex	93.121	PSQ07070	48,476
YWCA Hamilton: Keeping Females on Course for US	93.29	--	102,276
ARRA University of Maryland, Baltimore: Russian Generativity in the Lives of Older Women (GLOW)	93.701	9848	(1)
ODJFS: Proposal to Provide Data to Improve Ohio's Long-Term Services and Support System: Phase II	93.791	G1213-07-0203	208,126
ODJFS-OSU: Organizational Best Practices in Ohio Nursing Homes and Home Care Agencies	93.791	60033102	2,378
ODJFS-OSU: Organizational Best Practices in Ohio Nursing Homes and Home Care Agencies	93.791	RF01301867/60037336	50,412
ODJFS-OSU: Long Term Care Direct Care Workforce Project	93.791	RF01301804/60037336	16,196
Texas BioMedical Research Institute: Genetics of Bone Structure and Metabolism	93.846	09-4195.004	115,598
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	4139	330,052
Univ. of Nebraska Lincoln: Sexual Revictimization: Emotional and Psychosocial Mediators	93.865	24-0523-0082-002	105,586
Cincinnati Children's Medical Hospital:Novel Genetic and Salivary Glycan Biomarkers for Risk of NEC in ELBW Infants	93.865	1061950	16,083
University of Maryland, Baltimore: Generativity in the Lives of Older Women (GLOW)	93.866	9738	42,778
Princeton University: Regional and International Differences in Health and Longevity at Older Ages	93.866	1988	73,157
University of Cincinnati-Cincinnati Children's Medical Hospital: Metabonomics Study of Asthma from Serum and Exhaled Breath Condensates	93.XXX	--	6,483
Total Department of Health & Human Services-Pass-Through Programs			1,221,534
U.S. Department of Health & Human Services			3,415,711
Total Research and Development Center Cluster			$ 13,045,814

(Continued)

Miami University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Instructional			
U.S. Department of State:			
Institute of International Education: Fulbright Seminar for Afghan Students on Social Entrepreneurship	19.XXX	--	$ (6,876)
Fulbright Social Entreprneneurship Seminar for Afghan Students	19.XXX	--	58,832
Total U.S. Department of State			51,956
National Aeronautics & Space Administration:			
High Flight	43.001	66094	844
Institute of Museum and Library Services:			
State Library of Ohio: Enhancing a Technology Lending Hub; A Technological Innovation Proposal	45.31	VI-2-13	14,371
National Science Foundation:			
Science, Technology, Engineering, and Mathematics Scholarships to Recruit and Retain Undergraduate Chemistry and Biochemistry Majors	47.076	DUE-0728614	73,566
Type 2 Collaborative Project: Integrating Testing into Advanced CS/IT Courses Supported by a Cyberlearning Environment	47.076	DUE-122441	14,396
Total National Science Foundation			87,962
U.S. Department of Education:			
Miami University Three Campus Child Care Centers	84.335	P335A100269	83,755
Ohio Writing Project	84.928A	92-OH01	463
Total U.S. Department of Education Direct Programs			84,218
Pass-Through Programs From:			
Secondary Career-Technical Alignment Initiative (SCTAI)	84.048	--	5,620
Hamilton City Schools: Voices of America	84.215	312120	76,717
Preble County Educational Service Center: Hometown American History: As goes Ohio so goes the Nation	84.215	--	107,485
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.366	30-Oct	12,162
OBOR iDiscovery: Professional Development Through Web-Based Learning Communities	84.366	24-Dec	6,334
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	(156)
Ohio Board of Regents: Scaffolding Physical Science Inquiry through Reflective Writing	84.367	27-Nov	73,342
Ohio Writing Project Professional Development in High-Need Elementary Schools	84.367	92-OH01-SEED2012	73,107
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.395	28-Nov	224,922
Total U.S. Department of Education-Pass Through Programs			579,533
Total U.S. Department of Education			663,751
National Endowment for Humanities:			
Ohio Humanities Council: The Ohio Hispanic/Latino Community: Literary, Cultural and Pedagogical Perspectives	45.XXX	OHC-12-005	15,000
Gender, Science, and Technology Speaker Series: A Humanities Perspective	45.XXX	OHC-R13-020	944
Total National Endowment for Humanities			15,944
Total Instructional			$ 834,828
Public Service			
U.S. Department of State:			
Participartory Democracy, Rights and Responsibilities of Citizenship: A Civic Engagement Institute for the 2013 Study of the US for Student Leaders	19.009	S-ECAGD-13CA-107	35,881
National Endowment for Humanities:			
Arts Midwest: Spencers Theatre of Illusion	45.025	FY13-172595	2,600
American Library Association: Let's Talk About It: Making Sense of the American Civil War	45.164	167	772
American Library Association: Let's Talk About It: Muslim's Journey's Middletown	45.164	--	440
Total National Endowment for Humanities			3,812
U.S. Department of Health & Human Services:			
Miami Suicide Awareness and Prevention Program	93.243	1U79SM060473-01	68,493
Pass-Through Programs From:			
Safety Council of SW Oh: PRIDE Data Analysis and Report	93.276	--	2,500
ODADAS: Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-13-9726	2,697
Total U.S. Department of Health & Human Services-Pass-Through Program			5,197
U.S. Department of Health & Human Services			73,690
Total Public Service			$ 113,383
Total Federal Expenditures			$ 151,341,326

See Notes to Schedule of Expenditures of Federal Awards.

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:

Federal Program Title	Federal CFDA #		Amount Provided
Air Force Defense Research Sciences Program	12.800	$	133,422
Biological Sciences	47.074		65,647
Social, Behavioral, and Economic Sciences	47.075		25,984
Education and Human Resources	47.076		107,806
English Language Acquisiton National Professional Development Program	84.195		47,009
Mathematics and Science Partnerships	84.366		16,177
Improving Teacher Quality State Grants	84.367		12,242
Race to the Top (RttT)	84.395		130,000
Environmental Health	93.113		16,551
Research Related to Deafness and Communication Disorders	93.173		7,468
Alcohol Research Programs	93.273		4,060
National Center for Research Resources	93.389		40,574
Cancer Cause and Prevention Research	93.393		99,994
Trans-NIH Recovery Act Research Support	93.701		1,841
Arthritis, Musculosskeletal and Skin Diseases Research	93.846		18,429
Biomedical Research and Research Training	93.859		9,786
Total		$	736,990

Note 4. Federal Perkins Loan Program

Outstanding loans at June 30, 2013 under the Federal Perkins Loan Program were $8,080,173. New Federal Perkins Loans of $680,178 were advanced to students in 2013. Administrative and collection costs for the Federal Perkins Loan Program were $63,054 in 2013.

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, 2013, were as follows:

Federal Direct Student Loan Program	
Stafford:	
Subsidized	$ 32,921,684
Unsubsidized	38,562,596
GLPS	162,503
PLUS	32,984,689

McGladrey

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*

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

We have audited, in accordance with the 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, 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, 2013, which collectively comprise the University's basic financial statements and the and the related notes to the financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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* (Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Cleveland, Ohio
October 15, 2013

McGladrey

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on Compliance for Each Major Federal Program

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 program for the year ended June 30, 2013. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

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)

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Cleveland, Ohio
October 15, 2013

Miami University

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodifed Opinion			
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 419,821			
Auditee qualified as a low risk auditee?	X	Yes		No

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 for Federal Awards

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

Miami University

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2013

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, 2013

McGladrey

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, 2013, 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 for the year ended June 30, 2013, 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 Department of the University 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 explanation 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, 2013 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, 2013 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, 2013, randomly selected and obtained three contractual agreements provided by the Department pertaining to revenues derived from guaranteed contracts, and compared the revenue in the contract to 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, 2013 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 noted one contribution in excess of 10% of the total contribution revenue reported on the Statement. We agreed the contribution documentation to the amount recorded in the general ledger noting agreement in amount.

   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, 2013.

   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, 2013 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 received from the University during the year ended June 30, 2013. We then selected and compared, on a random test basis, five direct institutional support revenue items recorded and inspected the 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, 2013, 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, 2013 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, 2013.

    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, 2013 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, 2013. We obtained schedules of camp participants for four camps held during the year ended June 30, 2013 and selected, on a random test basis, five participant cash receipts for the camps 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, 2013, 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, 2013, 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.

<u>Agreed-Upon Procedures Related to Expenditures</u>

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, 2013 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, 2013 and agreed five 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, 2013 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 compared and agreed contractual information to the related coaching salaries, benefits, and bonuses paid by the University during the year ended June 30, 2013 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 have any coaching salaries, benefits, and bonuses paid by a third-party for the year ended June 30, 2013.

    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, 2013, and selected, on a random test basis, five support staff/administrative personnel employed by the University during the reporting period. We obtained salary support information for each selection. We compared and agreed salary support information to the related support staff/administrative salaries, benefits, and bonuses paid by the University during the year ended June 30, 2013 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 have any support staff/administrative other compensation and benefits paid by a third-party for the year ended June 30, 2013.

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

25. *Severance Payments* – We noted, through inquiry of management, that the Department incurred one severance payment expense for the year ended June 30, 2013. We obtained information (contracts) supporting the severance payment noting agreement in amount and agreed the amount paid to the amount recorded by the University in the general ledger.

    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 agreed the related expenses to supporting documentation noting compliance with the University's policies for the year ended June 30, 2013.

    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 agreed the related expenses to supporting documentation noting compliance with the University's policies for the year ended June 30, 2013.

    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, 2013 and selected, on a random test basis, one payment made by the 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 were informed that the Reserve Officers Training Corps (ROTC) assists the Department with selling parking tickets at football and basketball home games. We selected, on a test basis, two reconciliations of parking tickets sold and parking collections that 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, 2013.

    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, 2013. 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, 2013, 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
November 22, 2013

Miami University **Exhibit A**

Intercollegiate Athletics Department
Statement of Revenues and Expenditures
Year Ended June 30, 2013

	Men's Basketball	Men's Football	Men's Ice Hockey	Women's Basketball	Other Sports	Non-Program Specific	**2013 Total**
Revenues							
Operating Revenues							
Ticket sales	$ 152,151	$ 375,326	$ 609,439	$ 9,297	$ 7,961	$ 29,194	**$ 1,183,368**
Student fees	1,166,258	3,602,277	1,239,862	1,175,009	6,181,197	1,691,718	**15,056,321**
Guarantees	262,500	1,099,582	55,335	-	2,000	70,428	**1,489,845**
Contributions	65,460	417,393	177,599	32,843	253,832	956,166	**1,903,293**
Compensation and benefits provided by a third-party	-	-	-	-	-	-	**-**
Direct state or other governmental support	-	78	-	-	-	1,989	**2,067**
Direct institutional support	108,409	1,199,524	377,525	162,388	1,821,721	680,527	**4,350,094**
Indirect facilities and administrative support	-	-	-	-	-	25,557	**25,557**
NCAA/conference distributions including all tournament revenues	113,308	-	8,979	-	-	1,822,176	**1,944,463**
Broadcast, television, radio and internet rights	-	-	-	-	-	-	**-**
Program sales, concessions, novelty sales and parking	19,798	71,310	11,700	-	392	53,981	**157,181**
Royalties, licensing, advertisements and sponsorships	-	-	-	-	-	638,056	**638,056**
Sports camp revenues	-	-	-	-	-	952,600	**952,600**
Endowment and investment income	4,248	25,299	274	473	8,573	322,879	**361,746**
Other revenues	8,304	131,249	101,545	2,117	67,836	330,049	**641,100**
Operating revenue	1,900,436	6,922,038	2,582,258	1,382,127	8,343,512	7,575,320	**28,705,691**
Expenses							
Operating Expenses							
Athletic student aid	404,280	3,204,263	724,610	463,664	4,517,105	621,133	**9,935,055**
Guarantees	149,000	200,000	4,000	6,000	6,440	-	**365,440**
Coaching salaries, benefits, and bonuses paid by the University and related entities	675,514	1,577,963	919,261	455,177	2,040,790	-	**5,668,705**
Coaching other compensation and benefits paid by a third-party	-	-	-	-	-	-	**-**
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	87,704	338,094	49,622	92,327	14,096	4,165,242	**4,747,085**
Support staff/administrative other compensation and benefits paid by a third-party	-	-	-	-	-	-	**-**
Severance payments	-	-	-	34,054	-	-	**34,054**
Recruiting	121,977	167,913	44,976	28,822	141,865	47,526	**553,079**
Team travel	149,349	565,118	199,614	93,509	862,505	127,631	**1,997,726**
Equipment, uniforms and supplies	52,651	198,791	131,582	19,040	265,616	237,891	**905,571**
Game expenses	112,901	198,497	270,639	97,387	148,074	219,551	**1,047,049**
Fundraising, marketing and promotion	1,613	7,962	6,809	2,734	7,044	105,744	**131,906**
Sports camp expenses	-	-	-	-	-	947,027	**947,027**
Direct facilities, maintenance and rental	21,104	70,219	7,621	18,396	33,324	30,904	**181,568**
Spirit groups	-	-	-	-	-	57,825	**57,825**
Indirect facilities and administrative support	-	-	-	-	-	25,557	**25,557**
Medical expenses and medical insurance	6,612	39,473	8,445	6,995	62,539	12,279	**136,343**
Memberships and dues	4,932	10,466	91,609	2,337	7,706	277,471	**394,521**
Other operating expenses	112,799	343,279	123,470	61,685	236,408	920,799	**1,798,440**
Operating expenses	1,900,436	6,922,038	2,582,258	1,382,127	8,343,512	7,796,580	**28,926,951**
Deficiency of revenues over expenses	$ -	$ -	$ -	$ -	$ -	$ (221,260)	**$ (221,260)**

See Notes to Statement of Revenues and Expenditures.

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, 2013 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 financial position 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, 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 donors' instructions.

There was one individual contribution made that comprised more than 10 percent of the total contributions revenue related to Intercollegiate Athletics for the year ended June 30, 2013.

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.

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.

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
DECEMBER 17, 2013