Miami University

Financial Statements for the Years Ended June 30, 2007 and 2006, and Single Audit Reports for the Year Ended June 30, 2007

Mary Taylor, CPA
Auditor of State

Board of Trustees
Miami University
Oxford, Ohio 45056

We have reviewed the *Independent Auditors' Report* of the Miami University, Butler County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 28, 2008

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MIAMI UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

President and Board of Trustees of Miami University
and Mary Taylor, Auditor of the State of Ohio:

We have audited the accompanying statement of net assets of Miami University (the "University"), a component unit of the State of Ohio, and its discretely presented component unit, as of June 30, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets and cash flows where applicable for the years then ended. These financial statements are the responsibility of the management of Miami University. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Miami University, and its discretely presented component unit, as of June 30, 2007 and 2006, and their respective changes in net assets and their respective cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments for the University totaled $100,904,074 and $91,418,870 or 13 percent of net assets at June 30, 2007 and 2006, respectively. Such investments for the Foundation totaled $65,354,423 and $35,122,728 or 24 percent and 15 percent of net assets at June 30, 2007 and 2006, respectively. Where a publicly-listed price is not available, management uses alternative sources of information, including the funds' audited financial statements, unaudited interim reports, lists of underlying fund holdings, and similar evidence provided by the fund managers to determine fair values of the investments.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2007, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

October 16, 2007
(December 5, 2007, as to paragraph six related to the
Schedule of Expenditures of Federal Awards)

Management's Discussion and Analysis

June 30, 2007

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2007. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

Overall the university's financial position remained strong at June 30, 2007. Total assets crossed the $1 billion threshold at $1.1 billion. Liabilities totaled $327.7 million. Significant financial events during fiscal year 2007 were:

- In February 2007, an additional $83.2 million in general receipts revenue bonds were issued to fund planned capital projects (see the Capital Assets and Debt Administration section for more information). This resulted in an increase in current investments and will result in an increase in capital assets as the projects are undertaken.
- Overall investments increased by $78.4 million or 26.2 percent due to favorable market conditions and sound investment strategies.
- The state imposed a limit on tuition increases of $500 or 5.2 percent for the Oxford campus and 6.0 percent for the regional campuses. In addition, the state's investment in instruction decreased another $1.9 million.
- The fall 2006 first-year class enrollment on the Oxford campus was approximately 400 students greater than the previous fall enrollment.

Statement of Net Assets

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

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

	2007	2006	2005
Assets			
Current assets	$ 306,501,279	$225,231,749	$277,758,691
Capital assets, net	603,807,719	567,226,107	490,500,319
Long term investments	172,155,937	134,548,244	116,291,053
Other assets	5,995,685	5,994,643	6,711,317
Total assets	**$1,088,460,620**	**$933,000,743**	**$891,261,380**
Liabilities			
Current liabilities	$ 70,326,531	$ 68,887,696	$ 67,694,711
Noncurrent liabilities	257,404,648	177,475,384	184,064,308
Total liabilities	**$ 327,731,179**	**$ 246,363,080**	**$ 251,759,019**
Net assets			
Invested in capital assets, net of related debt	$ 427,469,404	$ 409,065,088	$ 375,800,232
Restricted net assets – nonexpendable	88,015,596	74,225,818	64,924,473
Restricted net assets – expendable	40,433,301	36,091,764	36,728,179
Unrestricted net assets – allocated	198,898,760	160,942,047	153,996,470
Unrestricted net assets - unallocated	5,912,380	6,312,946	8,053,007
Total net assets	**$ 760,729,441**	**$ 686,637,663**	**$ 639,502,361**
Total liabilities and net assets	**$ 1,088,460,620**	**$ 933,000,743**	**$ 891,261,380**

Fiscal Year 2007
Total assets of the institution increased 16.7 percent or $155.5 million in fiscal year 2007. The increase in current assets was primarily a result of investing the bond proceeds into short-term investment instruments. The increase in long-term investments was a result of a strong investment market and a solid investment strategy. The $36.6 million increase in net capital assets, which is a result of the renovation, rehabilitation or purchase of new capital assets and accumulated depreciation, is highlighted in the Capital Assets and Debt Administration section of this report.

Total liabilities of the institution increased 33.0 percent or $81.4 million, which was primarily a result of the $83.2 million issuance of the Series 2007 general receipts revenue bonds. Current liabilities and other long-term liabilities remained relatively unchanged.

The $74.1 million increase in total net assets is primarily a result of a significant increase in the endowment funds from exceptional market gains and a substantial gift from Lois K. Klawon to establish scholarships for needy students. In addition to the increase in the quasi-endowment fund corpus, the increase in unrestricted net assets was due to an increase in the budget contingency reserves. Finally, net capital assets increased by $18.4 million or 4.5 percent.

Fiscal Year 2006
Total assets increased $41.7 million while total liabilities decreased 2.1 percent or $5.4 million. The increase in assets was primarily the result of an increase in net capital assets from the capitalization of construction projects. This was offset by an increase in state appropriations receivable for state funded capital projects. The repayment of outstanding bonds payable resulted in the decrease in liabilities. Overall, net assets increased $47.1 million in fiscal year 2006.

Statement of Revenues, Expenses and Changes in Net Assets

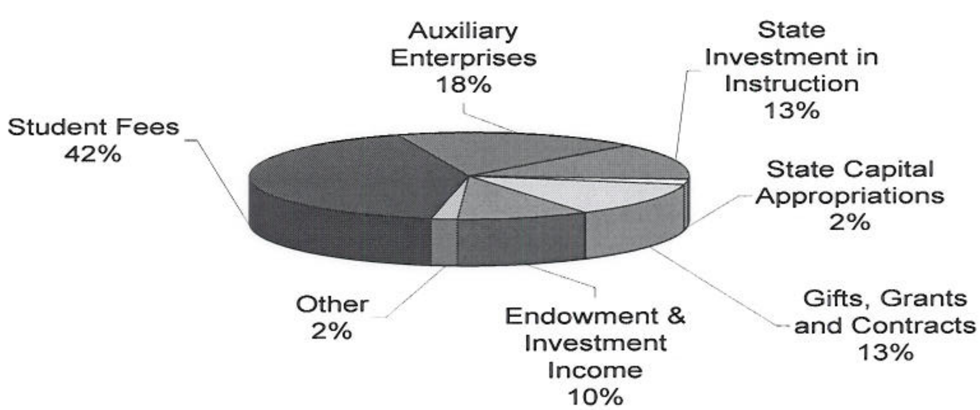
The Statement of Revenues, Expenses and Changes in Net Assets presents the university's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and constituencies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

In fiscal year 2007, total revenues of the institution from all sources were approximately $555 million, which represents a $56.9 million or 11.4 percent increase. Approximately 65 percent of revenues were classified as operating and 29 percent were classified as non-operating revenues.

	2007	2006	2005
Operating revenues	$ 359,897,701	$ 333,666,944	$ 306,904,718
Non-operating revenues	158,626,884	140,119,742	129,964,540
Other revenues	36,961,439	24,839,121	11,384,138
Total revenues	**$ 555,486,024**	**$ 498,625,807**	**$ 448,253,396**
Operating expenses	(473,866,696)	(446,712,141)	(418,026,119)
Non-operating expenses	(7,527,550)	(4,778,364)	(3,410,126)
Total expenses	**(481,394,246)**	**(451,490,505)**	**(421,436,245)**
Increase in net assets	**$ 74,091,778**	**$ 47,135,302**	**$ 26,817,151**

The university has a diversified revenue base, as shown in the accompanying chart. Student tuition and fees constitute 42 percent of revenues, while an additional 18 percent comes from auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore. The investment in instruction provided by the state of Ohio continued its long-term downward trend and now accounts for 13 percent of total revenues, which is down another 2 percentage points from the previous year. Gifts, grants and contracts, and endowment and investment income continue to be an increasingly important source of revenues for the institution and now account for 23 percent of revenues or a 6 percentage point increase over last fiscal year.

Total Revenues



The sources of increases in net assets are analyzed in the following table. While the fundamental operations of the university are operated at a non-profit, break-even level, the major sources of the institution's financial stability are non-operating gift revenue and endowment income.

	2007	2006	2005
Net results of Oxford unrestricted educational and general activities	$ 7,753	$ (1,929,913)	$ 19,918
Net results of regional campus unrestricted educational and general activities	(21,303)	5,207	4,601
Net results of unrestricted auxiliary operations	(387,016)	184,644	(1,344,647)
Gifts for endowment and other non-current assets	41,066,322	22,288,717	16,431,353
Investment income on endowment and other non-current assets	30,297,085	15,216,416	10,211,522
State capital appropriation	10,864,976	17,702,121	7,987,143
Interest on debt	(7,407,065)	(4,690,510)	(3,373,083)
Other changes in net assets	(328,974)	(1,641,380)	(3,119,656)
Increase in net assets	**$ 74,091,778**	**$ 47,135,302**	**$ 26,817,151**

Fiscal Year 2007

Operating revenues increased by 7.9 percent or $26.2 million in fiscal year 2007. This increase was primarily a result of an increase in the Oxford campus student tuition and fee rate of 5.2 percent and a 5.6 percent increase in room and board rates. The student tuition and fee rate at the regional campuses increased 6.0 percent.

A large portion of the increase in net assets was attributable to non-operating revenues: a $20.1 million or 59.6 percent increase in net investment income, partially offset by a $1.9 million decrease in state investment in instruction and other educational programs.

In other revenues, the state capital appropriation decreased by $6.8 million. This variation was a result of timing and the completion of several capital projects and was not a result of a decrease in state funding for capital purposes. In addition, gifts for the new Farmer School of Business building, Goggin Ice Center and other capital projects are reflected in the $6.9 million increase in capital grants and gifts. The gift from Lois K. Klawon to provide scholarships for needy students is the primary reason for the increase in additions to permanent endowments.

Operating expenses increased by 6.1 percent or $27.2 million. This increase was mainly due to a 3.0 percent average increase in employee salaries and increases in employee benefit costs such as health care insurance where actual claims rose 5.2 percent.

Fiscal Year 2006

Operating revenues increased by $26.8 million primarily due to an increase in the Oxford campus student tuition and fee rate of 5.5 percent, an 8.5 percent increase in room and board rates, and a regional campus tuition increase of 6.0 percent. Operating expenses increased by $28.7 million primarily due to a 3.0 percent average increase in employee salaries, increases in employee benefit costs such as health care insurance, and higher utility costs.

The overall net increase in non-operating revenues was attributable to a $10.1 million increase in net investment income and a $1.3 million decrease in state investment in instruction and other educational programs. The increase in state capital appropriation of $9.7 million was reported under the other revenues section.

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 investment in instruction as well as gift revenues), capital and related financing activities (which includes debt activity), and investing activities.

	2007	2006	2005
Net cash used for operating activities	$(78,246,302)	$(89,186,216)	$(81,164,732)
Net cash provided by noncapital financing activities	117,579,314	107,401,367	106,684,284
Net cash provided by/(used for) capital and related financing activities	23,006,221	(97,223,686)	(15,209,232)
Net cash provided by/(used for) investing activities	(23,510,471)	72,143,063	(12,868,211)
Net increase/(decrease) in cash	**$ 38,828,762**	**$ (6,865,472)**	**$ (2,557,891)**
Cash and cash equivalents at beginning of year	21,281,225	28,146,697	30,704,588
Cash and cash equivalents at end of year	**$ 60,109,987**	**$ 21,281,225**	**$ 28,146,697**

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The $38.8 million increase in the fiscal year 2007 cash and cash equivalents balance relates primarily to the unspent proceeds from the Series 2007 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, the state investment in instruction, sales by auxiliary enterprises, gifts, and grants.

Capital Assets and Debt Administration

During fiscal year 2007, the university had several construction projects in progress and nearing completion. These projects are funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2005 Series General Receipts Revenue and Refunding bonds totaling $98.5 million and the 2007 Series General Receipts Revenue Bonds discussed below. Major projects funded by the 2005 bonds include construction of a School of Engineering and Applied Science building, the Farmer School of Business building, and the North Campus Parking facility, as well as renovation projects at Benton Hall, Presser Hall, and Warfield Hall. Infrastructure projects include the east quad utility tunnel, the north campus electric feeder, and the western campus steam loop. See footnote 4 for additional information concerning capital assets and accumulated depreciation.

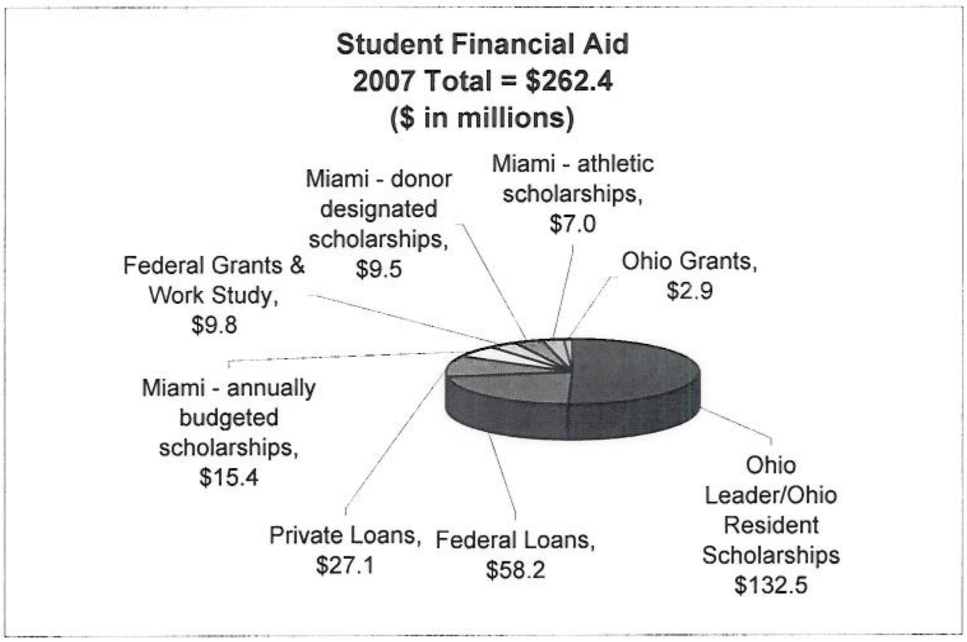
On February 28, 2007 the university issued $83.2 million in General Receipts Revenue Bonds. The proceeds will be used for the following purposes: to construct, equip and furnish the Farmer School of Business building, upgrade steam boiler pollution controls, construct parking facilities on the north campus, construct the Voice of America Learning Center, renovate Benton Hall, Presser Hall, Hiestand Hall and the Center for Performing Arts, and pay a portion of the costs of constructing and renovating other university facilities and infrastructure.

The university's bond rating remained the same with a rating of A1 from Moody's Investors Services and a rating of A+ from Standard and Poor's. For more detailed information on current outstanding debt, see footnote 6.

Economic Factors That Will Affect the Future

Miami continues to establish new financial aid programs and enhance the existing programs as part of our commitment to the goals of (1) making Miami University more accessible to a broad range of academically qualified students (2) providing incentives for top Ohio students to stay in Ohio and study in areas crucial to Ohio's future, and (3) broadening the socioeconomic, academic and racial diversity of the student body. In fiscal year 2007, financial aid awards totaled $262.4 million.

In the fall of 2007, students received the first awards of the new Miami Access Initiative. This award covers tuition and fees for any Ohio resident with a family income of less than $35,000 who enters the Oxford campus as a first-time, full-time freshman or who attends one of the regional campuses and then relocates to Oxford. It is estimated that an additional 48 students were able to attend Miami because of this award.



During fiscal year 2007, the university's state investment in instruction declined by $1.9 million. However, Ohio legislative leaders have recognized the importance higher education plays in revitalizing and growing Ohio's economy and have committed to a strategic investment in higher education. This commitment will result in an 8 percent increase in the state investment in instruction for Miami in fiscal year 2008. As a result of this increase in state support, Miami will hold tuition constant for all Ohio students in fiscal year 2008 and 2009.

The university is in the midst of a major capital campaign, *For Love and Honor*, with a goal of $500 million to be raised by the university's bicentennial anniversary in December 2009. As of August 2007, the campaign has recorded over $280 million in commitments. The campaign priorities will bring much needed support for scholarships, instructional programs, and capital projects, and represent an important building block for the university's financial future.

Miami University's financial position remains strong. Balancing the budget without an increase in tuition for Ohio students over the next two fiscal years has created a number of financial challenges. However, through efficiency and collaboration, the university is already identifying ways to reduce future costs and has set aside a portion of this year's investment proceeds in order to help balance future year budgets. The university also continues to develop long-range financial, facilities, and housing plans that are providing a foundation for sound long-term decision-making. Through sound fiscal management and the reallocation of resources, Miami will remain financially strong and provide the necessary resources to keep providing a personal touch.

Miami University
Statement of Net Assets
June 30, 2007 and 2006

	Miami University		University Foundation	
	2007	2006	2007	2006
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 60,109,987	$ 21,281,225	$ 15,797,400	$ 3,276,104
Investments (includes $29.1 million at June 30, 2007 and $10.3 million at June 30, 2006 of bond proceeds)	205,524,276	164,774,022	0	0
Accounts, pledges and notes receivable, net	35,602,907	34,685,880	13,879,386	13,193,497
Inventories	4,199,266	3,358,438	0	0
Prepaid expenses and deferred charges	1,064,843	1,132,184	0	0
Total current assets	306,501,279	225,231,749	29,676,786	16,469,601
NONCURRENT ASSETS				
Restricted cash and cash equivalents	0	0	3,120,068	7,852,030
Investments	172,155,937	134,548,244	228,242,723	191,035,277
Pledges and notes receivable, net	5,995,685	5,994,643	37,259,363	40,709,283
Capital assets, net	603,807,719	567,226,107	0	0
Total noncurrent assets	781,959,341	707,768,994	268,622,154	239,596,590
Total assets	**$ 1,088,460,620**	**$ 933,000,743**	**$ 298,298,940**	**$ 256,066,191**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ 21,295,402	$ 24,193,939	$ 9,722,422	$ 7,430,041
Accrued salaries and wages	16,956,437	15,910,589	0	0
Accrued compensated absences	1,056,470	1,021,926	0	0
Deferred revenue	14,606,788	12,004,731	0	0
Deposits	8,880,605	7,992,594	0	0
Long term debt - current portion	7,530,829	7,763,917	0	0
Other current liabilities	0	0	713,673	828,292
Total current liabilities	70,326,531	68,887,696	10,436,095	8,258,333
NONCURRENT LIABILITIES				
Accrued compensated absences	13;517,832	12,607,926	0	0
Bonds payable	234,538,972	155,735,018	0	0
Note payable	1,940,964	2,002,883	0	0
Capital leases payable	831,594	639,135	0	0
Federal Perkins loan program	6,575,286	6,490,422	0	0
Other noncurrent liabilities	0	0	10,876,772	13,294,801
Total noncurrent liabilities	257,404,648	177,475,384	10,876,772	13,294,801
Total liabilities	327,731,179	246,363,080	21,312,867	21,553,134
NET ASSETS				
Invested in capital assets, net of related debt	427,469,404	409,065,088	0	0
Restricted net assets				
Nonexpendable	88,015,596	74,225,818	169,624,886	142,255,179
Expendable	40,433,301	36,091,764	103,981,995	91,154,566
Unrestricted net assets	204,811,140	167,254,993	3,379,192	1,103,312
Total net assets	760,729,441	686,637,663	276,986,073	234,513,057
Total liabilities and net assets	**$ 1,088,460,620**	**$ 933,000,743**	**$ 298,298,940**	**$ 256,066,191**

See accompanying notes to financial statements.

Miami University
Statement of Revenues, Expenses, and Changes in Net Assets
Years ended June 30, 2007 and 2006

	Miami University 2007	Miami University 2006	University Foundation 2007	University Foundation 2006
OPERATING REVENUES				
Tuition, fees, and other student charges	$ 394,003,736	$ 373,854,502	$ 0	$ 0
Less Ohio Leader and Ohio Resident Scholarships	(132,528,810)	(127,743,557)	0	0
Less allowance for student scholarships	(28,957,970)	(27,042,712)	0	0
Net tuition, fees, and other student charges	232,516,956	219,068,233	0	0
Sales and services of auxiliary enterprises	104,463,915	93,234,987	0	0
Less allowance for student scholarships	(3,546,660)	(3,003,376)	0	0
Net sales and services of auxiliary enterprises	100,917,255	90,231,611	0	0
Federal contracts	13,213,803	12,396,944	0	0
Gifts	0	0	5,262,195	10,587,945
Sales and services of educational activities	6,199,339	5,482,811	0	0
Private contracts	2,057,205	1,840,996	0	0
State contracts	1,673,151	1,456,566	0	0
Local contracts	259,814	283,497	0	0
Other	3,060,178	2,906,286	0	0
Total operating revenues	359,897,701	333,666,944	5,262,195	10,587,945
OPERATING EXPENSES				
Education and general:				
Instruction and departmental research	164,370,368	160,128,490	0	0
Separately budgeted research	12,495,935	11,623,399	0	0
Public service	2,898,210	2,907,744	0	0
Academic support	50,687,191	49,274,882	0	0
Student services	22,108,611	21,045,421	0	0
Institutional support	41,073,169	37,077,682	0	0
Operation and maintenance of plant	30,777,705	32,477,264	0	0
Scholarships and fellowships	11,516,442	10,723,327	0	0
Auxiliary enterprises	102,518,982	91,512,419	0	0
Depreciation	29,169,659	26,073,751	0	0
Other	6,250,424	3,867,762	10,250	250,000
Total operating expenses	473,866,696	446,712,141	10,250	250,000
Net operating gain (loss)	(113,968,995)	(113,045,197)	5,251,945	10,337,945
NON-OPERATING REVENUES (EXPENSES)				
State share of instruction	74,951,146	76,863,620	0	0
Gifts, including $15,210,289 in FY07 and $12,084,910 in FY06 from the University Foundation	16,828,399	17,559,552	0	0
Federal grants	9,782,918	9,125,046	0	0
Net investment income (loss), net of investment expense of $1,521,754 for University and $1,029,053 for the Foundation in FY07 and $1,416,822 for University and $864,240 for the Foundation in FY06	53,929,753	33,784,078	36,990,107	20,566,551
State grants	2,125,956	1,907,725	0	0
Interest on debt	(7,407,065)	(4,690,510)	0	0
Payments to Miami University	0	0	(15,210,289)	(12,084,910)
Other non-operating revenues (expenses)	888,227	791,867	1,143,853	289,199
Net non-operating revenues (expenses)	151,099,334	135,341,378	22,923,671	8,770,840
Income before other revenues, expenses, and gains or losses	37,130,339	22,296,181	28,175,616	19,108,785
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
State capital appropriation	10,864,976	17,702,121	0	0
Capital grants and gifts	10,365,597	3,419,151	0	0
Additions to permanent endowments	15,730,866	3,717,849	14,297,400	9,832,365
Total other revenues, expenses, gains, or losses	36,961,439	24,839,121	14,297,400	9,832,365
INCREASE IN NET ASSETS	**$ 74,091,778**	**$ 47,135,302**	**$ 42,473,016**	**$ 28,941,150**
Net assets at beginning of year	686,637,663	639,502,361	234,513,057	205,571,907
Net assets at end of year	**$ 760,729,441**	**$ 686,637,663**	**$ 276,986,073**	**$ 234,513,057**

See accompanying notes to financial statements.

Miami University
Statement of Cash Flows
Years ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees, and other student charges	$ 262,102,371	$ 246,644,923
Sales and services of auxiliary enterprises	104,409,531	92,170,884
Contracts	18,274,152	14,469,870
Other operating receipts	9,636,089	8,444,646
Payments for employee compensation and benefits	(301,852,867)	(289,284,574)
Payments to vendors for services and materials	(126,957,124)	(120,941,294)
Student scholarships	(44,021,072)	(40,769,415)
Loans issued to students and employees	(3,035,673)	(3,154,594)
Collection of loans from students and employees	3,198,291	3,233,338
Net cash used for operating activities	(78,246,302)	(89,186,216)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State share of instruction	74,951,146	76,863,620
Grants for noncapital purposes	11,908,874	11,032,771
Gifts	30,719,294	19,504,976
Net cash provided by noncapital financing activities	117,579,314	107,401,367
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriation	11,727,392	13,143,431
Grants for capital purposes	6,873,942	2,992,053
Other capital and related receipts	376,610	852,671
Proceeds from debt obligations	86,699,886	0
Payments to construct, renovate, or purchase capital assets	(65,956,199)	(98,150,312)
Principal paid on outstanding debt	(7,601,162)	(9,056,704)
Interest paid on outstanding debt	(9,114,248)	(7,004,825)
Net cash provided by/(used for) capital and related financing activities	23,006,221	(97,223,686)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	640,714,655	687,499,756
Purchases of investments	(676,254,207)	(622,394,326)
Endowment income	2,616,470	854,157
Other investment income	9,412,611	6,183,476
Net cash provided by/(used for) investing activities	(23,510,471)	72,143,063
NET INCREASE (DECREASE) IN CASH	**$ 38,828,762**	**$ (6,865,472)**
Cash and cash equivalents at beginning of year	21,281,225	28,146,697
Cash and cash equivalents at end of year	**$ 60,109,987**	**$ 21,281,225**

See accompanying notes to financial statements.

Miami University
Statement of Cash Flows
Years ended June 30, 2007 and 2006

		2007		2006
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES				
Net Operating Loss, per Statement of Revenues, Expenses, and Changes in Net Assets	$	(113,968,995)	$	(113,045,197)
Adjustments to reconcile net operating loss to net cash used for operating activities:				
Depreciation expense		29,169,659		26,073,751
Net loss on disposal of capital assets		335,660		165,137
Accounts receivable bad debt adjustments		25,748		(282,489)
Adjustments to reconcile change in net assets to net cash used for operating activities:				
Accounts receivable		(720,071)		(1,568,690)
Inventories		(840,828)		(145,052)
Prepaid expenses		67,341		(441,865)
Notes receivable		99,187		41,315
Accounts payable		2,020,767		(1,135,877)
Accrued salaries		1,045,848		(114,535)
Compensated absences		944,450		1,234,675
Deferred income and deposits		3,490,068		(35,641)
Federal Perkins loans		84,864		68,252
Net cash used for operating activities	**$**	**(78,246,302)**	**$**	**(89,186,216)**

See accompanying notes to financial statements.

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

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

Basis for Presentation

Effective July 1, 2005, the university adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. There has been no impact to the university financial statements due to the adoption of Statement No. 42.

Effective July 1, 2005, the university adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation-an amendment of GASB Statement No. 34.* GASB Statement No. 34 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. GASB Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one where a party external to a government can compel a government to honor. There has been no impact to the university financial statements due to the adoption of Statement No. 46.

Effective July 1, 2005, the university adopted GASB Statement No. 47, *Accounting for Termination Benefits.* This statement establishes standards for termination benefits, both voluntary and involuntary, provided to employees including early retirement incentives, severance benefits and other termination related benefits. There has been no impact to the university financial statements due to the adoption of Statement No. 47.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This statement establishes standards for the measurement, recognition and display of other postemployment benefits expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This statement is effective for periods beginning after December 15, 2006. The university has determined that this statement will not have a significant impact on the financial statements.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* This statement establishes criteria that governments will use to ascertain whether the proceeds received from the sale of receivables should be reported as revenue or as a liability. This statement is effective for periods beginning after December 15, 2006. The university believes that there will be no impact to the university financial statements upon adoption of Statement No.48.

In December, 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. The statement is effective for periods beginning after December 15, 2007. The university has not yet determined the impact this statement will have on the financial statements.

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

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

Investments
Investments that are market traded, such as equity and debt securities, mutual funds, and cash equivalents, are recorded at fair value based on quoted market prices, 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. The university's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of university assets.

Market prices are not available for certain investments. These investments are carried at estimated fair value provided by the funds' management. Some fund valuations are determined as of June 30, while the remaining valuations are determined as of March 31 and adjusted by cash receipts, cash disbursements, and securities distributions through June 30. The university believes that the carrying amounts are reasonable estimates of fair value as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting.

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

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

Capital Assets
Land, buildings, and equipment are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. 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. The university's capitalization threshold is 5 percent of the original building cost for building renovations and $1,200 for all other capitalized items.

Deferred Revenue

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

Operating and Non-operating Revenue

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

Compensated Absences

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

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

Net Assets

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, reports the institution's net equity in property, plant and equipment. The second major category is restricted net assets. This category contains net assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted net assets is available for investment purposes only. The expendable restricted net assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the university. The third category is unrestricted net assets and is separated into two types; allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are allocated for a specific purpose within the institution by university policy, management or the governing board. The allocated unrestricted net assets were $198,898,760 and $160,942,047, as of June 30, 2007 and 2006, respectively. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

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

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

(2) Cash and Investments

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

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

Cash and Cash Equivalents
At year-end, the carrying amount of the university's cash and cash equivalents was approximately $60.1 million. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less.

Approximately $400,000 of cash and cash equivalents was covered by federal depository insurance, $2,678,000 was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the university may not be able to recover its deposits or collateral securities. The university maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments
Investments held by the university at June 30, 2007 and 2006 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university's investment management procedures establish guidelines for average credit quality ratings in the portfolios.

The investments as of June 30, 2007, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 7,369,465	$ 0	$ 7,369,465	$ 0	$ 0
U.S. Agency bonds	8,180,168	0	8,180,168	0	0
Strips	1,892,355	0	1,892,355	0	0
Mortgage-backed bonds	4,763,327	0	4,763,327	0	0
Corporate bonds	8,128,923	0	777,035	7,351,888	0
Common and preferred stocks	76,140,930	76,140,930	0	0	0
Commingled funds	260,116,104	151,050,726	89,357,794	18,833,896	873,687
Limited partnerships	10,450,630	10,450,630	0	0	0
Real estate and other	638,311	638,311	0	0	0
Total investments	$377,680,213	$238,280,597	$112,340,144	$26,185,784	$ 873,687

The investments as of June 30, 2006, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
Cash equivalents	$ 20,245	$ 0	$ 20,245	$ 0	$ 0
State Treasury Reserve of Ohio (STAR Ohio)	19,654,462	0	19,654,462	0	0
Commercial paper	247,838	0	0	247,838	0
U.S. Treasury bonds	8,593,070	0	8,593,070	0	0
U.S. Agency bonds	9,495,725	0	9,495,725	0	0
Strips	3,497,353	0	3,497,353	0	0
Mortgage-backed bonds	7,703,125	0	7,703,125	0	0
Corporate bonds	12,549,747	0	352,460	12,196,589	698
International bonds	252,015	0	0	252,015	0
Common and preferred stocks	71,825,449	71,825,449	0	0	0
Mutual funds	116,463,353	116,463,353	0	0	0
Limited partnerships	48,367,406	48,367,406	0	0	0
Real estate and other	652,478	652,478	0	0	0
Total investments	$ 299,322,266	$ 237,308,686	$ 49,316,440	$ 12,696,442	$ 698

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, 2007, 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	$ 7,369,465	$ 2,175,471	$ 4,286,402	$ 907,592	$ 0
U.S. Agency bonds	8,180,168	790,125	5,618,195	1,771,848	0
Strips	1,892,355	485,475	462,740	576,637	367,503
Mortgage-backed bonds	4,763,327	0	801,426	3,961,901	0
Corporate bonds	8,128,923	1,684,393	3,795,514	2,472,370	176,646
Commingled bond funds	109,065,378	60,900,450	10,528,604	37,636,324	0
Total Bonds	$139,399,616	$66,035,914	$25,492,881	$ 47,326,672	$544,149

Bond investments by length of maturity as of June 30, 2006, are summarized as follows:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Commercial paper	$ 247,838	$ 247,838	$ 0	$ 0	$ 0
U.S. Treasury bonds	8,593,070	1,384,766	6,037,323	1,170,981	0
U.S. Agency bonds	9,495,725	3,141,126	5,742,051	612,548	0
Strips	3,497,353	1,454,060	1,462,992	281,561	298,740
Mortgage-backed bonds	7,703,125	0	778,838	6,118,748	805,539
Corporate bonds	12,549,747	3,437,724	5,607,179	3,329,570	175,274
International bonds	252,015	0	0	252,015	0
Total Bonds	$ 42,338,873	$ 9,665,514	$ 19,628,383	$ 11,765,423	$ 1,279,553

All of the university's investments in publicly-traded securities are subject to market risk. Investments include approximately $65.8 million managed by international equity managers, and such international investments are exposed to foreign currency risk. Exposure to concentration risk is not significant since no single issuer, except the United States Treasury, represents more than 5 percent of investments.

Fair values were determined based on prices of established securities markets, with the exception of some hedge funds and alternative investments whose fair values were provided by the funds' managements. Alternative investments generally represent investments that are less liquid than publicly-traded securities and include private equity, investments in real assets and other strategies. Hedge funds may include, but are not limited to, long and short investments in domestic and international equity securities, distressed securities, fixed income securities, currencies, commodities, options, futures, and other derivatives. Many of these securities are intended to reduce market risk, credit risk, and interest rate risk. As of June 30, 2007, the university has made commitments to limited partnerships totaling $16.3 million that have not yet been funded.

Endowment Spending Distribution
Annually the university establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment investment pool to other funds. The authorized spending amount was $7,101,822 in 2007 and $5,920,410 in 2006. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $6,772,810 and $5,616,537 was distributed for expenditure for 2007 and 2006, respectively.

(3) Accounts Receivable

The accounts, pledges and notes receivable as of June 30, 2007 and 2006, are summarized as follows:

	2007	2006
Accounts Receivable		
Student receivables	$ 9,029,636	$ 7,345,857
University Foundation	9,612,762	7,422,254
State capital appropriations	6,573,374	7,435,790
Grants and contracts	5,342,237	6,289,944
Other receivables	1,439,594	2,440,405
Total accounts receivable	$31,997,603	$ 30,934,250
Less allowance for doubtful accounts	(1,000,000)	(1,300,000)
Net accounts receivable	$30,997,603	$ 29,634,250
Pledges Receivable		
Pledges receivable	$ 2,167,005	$ 2,514,066
Less allowance for doubtful pledges	(409,286)	(410,250)
Net pledges receivable	$ 1,757,719	$ 2,103,816
Notes Receivable		
Federal loan programs	$ 7,357,608	$ 7,559,628
University loan programs	2,626,662	2,523,829
Total notes receivable	$ 9,984,270	$ 10,083,457
Less allowance for doubtful notes	(1,141,000)	(1,141,000)
Net notes receivable	$ 8,843,270	$ 8,942,457
Total	$41,598,592	$ 40,680,523

(4) Capital Assets

The capital assets and accumulated depreciation as of June 30, 2007, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 4,650,176	$ 0	$ 0	$ 4,650,176
Infrastructure	69,917,572	23,944,787	0	93,862,359
Buildings	446,264,485	154,888,189	5,455,744	595,696,930
Land improvements	19,329,318	2,000,501	0	21,329,819
Machinery and equipment	137,955,734	12,520,592	5,119,952	145,356,374
Library books and publications	56,350,682	1,609,057	0	57,959,739
Vehicles	7,823,691	686,010	205,470	8,304,231
Construction in progress	197,301,556	46,010,767	177,675,509	65,636,814
Works of art & historical treasures	3,006,230	2,102,537	0	5,108,767
Total capital assets	$942,599,444	$ 243,762,440	$ 188,456,675	$997,905,209
Less Accumulated Depreciation				
Infrastructure	26,392,150	3,142,016	0	29,534,166
Buildings	228,011,689	15,127,654	5,285,340	237,854,003
Land improvements	6,462,735	651,305	0	7,114,040
Machinery and equipment	81,915,701	7,536,673	4,954,696	84,497,678
Library books and publications	27,065,949	2,077,035	0	29,142,984
Vehicles	5,525,113	634,976	205,470	5,954,619
Total accumulated depreciation	$ 375,373,337	$ 29,169,659	$ 10,445,506	$ 394,097,490
Capital assets, net	$ 567,226,107	$ 214,592,781	$ 178,011,169	$ 603,807,719

Property additions included in accounts payable were $5,931,922 as of June 30, 2007.

The capital assets and accumulated depreciation as of June 30, 2006, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 4,650,176	$ 0	$ 0	$ 4,650,176
Infrastructure	66,779,082	3,138,490	0	69,917,572
Buildings	441,502,725	4,795,308	33,548	446,264,485
Land improvements	17,858,593	1,470,725	0	19,329,318
Machinery and equipment	132,951,712	9,938,425	4,934,403	137,955,734
Library books and publications	54,752,839	1,597,843	0	56,350,682
Vehicles	7,313,901	797,193	287,403	7,823,691
Construction in progress	116,266,264	85,300,787	4,265,495	197,301,556
Works of art & historical treasures	2,814,830	191,400	0	3,006,230
Total capital assets	$ 844,890,122	$ 107,230,171	$ 9,520,849	$ 942,599,444
Less Accumulated Depreciation				
Infrastructure	23,769,982	2,622,168	0	26,392,150
Buildings	214,552,659	13,492,578	33,548	228,011,689
Land improvements	5,880,656	582,079	0	6,462,735
Machinery and equipment	80,103,883	6,630,650	4,818,832	81,915,701
Library books and publications	25,026,055	2,039,894	0	27,065,949
Vehicles	5,056,568	706,382	237,837	5,525,113
Total accumulated depreciation	$ 354,389,803	$ 26,073,751	$ 5,090,217	$ 375,373,337
Capital assets, net	$ 490,500,319	$ 81,156,420	$ 4,430,632	$ 567,226,107

Property additions included in accounts payable were $10,280,591 as of June 30, 2006.

(5) Long term Liabilities

The long term liabilities as of June 30, 2007, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Leases, and Notes, Payable					
Bonds payable	$158,914,884	$83,210,000	$ 7,361,715	$234,763,169	$6,898,658
Capital leases payable	767,600	449,848	180,798	1,036,650	205,056
Notes payable	2,061,531	0	58,649	2,002,882	61,918
Premiums, issue costs, loss on refunding	4,396,938	2,907,844	265,124	7,039,658	365,197
Total bonds, leases, and notes payable	$166,140,953	$86,567,692	$ 7,866,286	$244,842,359	$7,530,829
Other Liabilities					
Compensated absences	13,629,852	7,511,578	6,567,128	14,574,302	1,056,470
Federal Perkins loans	6,490,422	350,670	265,806	6,575,286	0
Total other liabilities	$ 20,120,274	$ 7,862,248	$ 6,832,934	$ 21,149,588	$1,056,470
Total	$186,261,227	$94,429,940	$14,699,220	$265,991,947	$8,587,299

The long term liabilities as of June 30, 2006, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Leases, and Notes, Payable					
Bonds payable	$167,219,884	$ 0	$ 8,305,000	$158,914,884	$7,361,714
Capital leases payable	1,436,960	26,793	696,153	767,600	128,465
Notes payable	2,117,082	0	55,551	2,061,531	58,648
Premiums, issue costs, loss on refunding	4,612,027	0	215,089	4,396,938	215,090
Total bonds, leases, and notes payable	$175,385,953	$ 26,793	$ 9,271,793	$166,140,953	$7,763,917
Other Liabilities					
Compensated absences	12,395,177	7,967,832	6,733,157	13,629,852	1,021,926
Federal Perkins loans	6,422,170	282,543	214,291	6,490,422	0
Total other liabilities	$ 18,817,347	$8,250,375	$ 6,947,448	$ 20,120,274	$1,021,926
Total	$194,203,300	$8,277,168	$16,219,241	$186,261,227	$8,785,843

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

(6) Indebtedness

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 will be used for the following purposes: construction of the Farmer School of Business building, completion of construction of an engineering and applied science building, renovation of Benton Hall, Presser Hall, Hiestand Hall, Center for Performing Arts and Pearson Hall, rehabilitation and construction of a campus center for the Middletown Campus, construction of a new learning center in Butler County, construction and design of a parking garage, upgrade and relocation of utility infrastructure and costs of replacing the boiler emission control system.

The Series 2007 bonds are subject to federal arbitrage obligations. The university does not anticipate any significant liability in relation to the arbitrage obligations.

During the year ended June 30, 2005 the university issued $98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3 percent to 5 percent and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the university defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was $13,985,000 and $13,995,000 as of June 30, 2007 and 2006, 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 Series 1993 General Receipts Bonds were issued in the amount of $24,999,884 and the Series 1998 General Receipts Bonds were issued in the amount of $37,720,000.

The bonds are secured by a pledge of the general receipts of the university. The note payable is collateralized by certain quasi-endowment investments of the university. The university may at its discretion use, or pledge, to the extent lawfully authorized, such other resources as are available for use in the performance of its obligation under the various trust agreements.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2007, are as follows:

Indebtedness	Maturity Dates	Interest Rates	Outstanding Debt
Bonds Payable			
Series 2007 general receipts	2010 – 2027	3.25% - 5.25%	$ 83,210,000
Series 2005 general receipts	2008 – 2025	3.05 – 5.0%	92,840,000
Series 2003 general receipts	2008 – 2024	2.25% - 5.5%	53,065,000
Series 1998 general receipts	2008 – 2010	4.05% - 4.20%	3,570,000
Series 1993 general receipts	2008 – 2010	5.7% – 5.8%	2,078,169
Note Payable			
U.S. Department of Education	2008 – 2026	5.5%	2,002,882
Total Bonds and Notes Payable			$ 236,766,051
Bond premiums			(9,484,777)
Bond issuance costs			1,597,352
Deferred loss on refunding			847,767
Total Bonds and Notes Payable, net			$ 229,726,393

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

Year Ended June 30	Principal	Interest	Total
2008	$ 6,960,576	$ 11,220,166	$ 18,180,742
2009	7,115,270	11,050,720	18,165,990
2010	10,003,629	10,818,126	20,821,755
2011	11,357,863	9,435,992	20,793,855
2012	11,801,926	8,992,282	20,794,208
2013 – 2017	63,463,954	36,763,865	100,227,819
2018 – 2022	69,265,429	21,259,432	90,524,861
2023 – 2027	56,797,404	5,086,663	61,884,067
Total	$ 236,766,051	$ 114,627,246	$ 351,393,297

The university has $1,036,650 in capitalized lease obligations that have varying maturity dates through 2012 and carry implicit interest rates ranging from 3.6 percent to 11.5 percent. The scheduled maturities of these leases as of June 30, 2007, are:

Year Ended June 30	Minimum Lease Payments
2008	$ 273,799
2009	268,764
2010	255,313
2011	254,098
2012	181,996
Total minimum lease payments	$ 1,233,970
Less amount representing interest	(197,320)
Net minimum lease payments	$ 1,036,650

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2007 and June 30, 2006 are $1,515,435 and $1,402,000 for buildings and $539,539 and $140,000 for equipment.

(7) Retirement Plans

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

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

University faculty participate in STRS. Contribution rates for STRS are established by the State Teachers Retirement Board, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Contribution rates for fiscal year 2006 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2006 and June 30, 2005, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund (Note 8).

During calendar year 2006, employees covered by the OPERS system were required by state statute to contribute 9.0 percent of their salary to the plan. The university was required to contribute 13.54 percent of covered payroll; 9.04 percent was used to fund pension obligations and 4.50 percent funded the retiree health care program (Note 8). Effective January 1, 2007, employees contribute 9.5 percent of covered payroll and employers contribute 13.77 percent of covered payroll. Law enforcement employees that are a part of the OPERS law enforcement division contribute 10.1 percent of their salary to the plan. For these employees, the university was required to contribute 16.93 percent of covered payroll; 12.43 percent was used to fund pension obligations and 4.50 percent funded the retiree health care program (Note 8). Effective January 1, 2007, law enforcement employees contribute 10.1 percent of covered payroll and employers contribute 17.17 percent of covered payroll.

Full-time faculty and unclassified employees are eligible to participate in an alternative retirement program. The Ohio Department of Insurance has designated eight companies as eligible to serve as plan providers for the alternative retirement program. The Board of Trustees has established the employer contribution as an amount equal to the amount which the university would have contributed to the respective state retirement system in which the employee would participate, less any amounts required to be remitted to the state retirement systems.

The payroll for employees covered by STRS and OPERS for the year ended June 30, 2007, was $68,552,000 and $86,585,000 respectively. The payroll for employees electing the alternative retirement program was $41,084,000.

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

	Employer Contribution		
	STRS	**OPERS**	**Alternative Programs**
2007	$ 9,597,350	$ 11,881,520	$ 5,687,822
2006	9,538,878	11,302,591	4,282,852
2005	10,173,785	11,050,312	3,702,606

(8) Other Postemployment Benefits

In addition to the pension benefits described in Note 7, STRS and OPERS provide postretirement health care coverage to retirees and their dependents. Health care coverage for disability recipients and primary survivor recipients is also provided. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. A portion of the employer contribution (1.0 percent for STRS and 4.5 percent for OPERS) is allocated to fund the health care benefits.

The STRS health care plan is financed on a pay-as-you-go basis. The net health care costs paid by the plan were $282.7 million for the year ended June 30, 2006, the date of its most recent audited financial report. The plan's net assets available to fund future health care benefits totaled $3.5 billion as of June 30, 2006. At that date there were 119,184 eligible benefit recipients in the STRS plan.

OPERS health care benefits are advanced-funded on an actuarially determined basis. The amount of employer contributions actually made to fund post-employment benefits was $3.9 million. The actuarial value of the retirement system's net assets available for other post-employment benefits was $11.1 billion as of December 31, 2005. At that date the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively. The number of active contributing participants was 369,214.

(9) Related Organization

The Miami University Foundation (the foundation) is a separate not-for-profit entity organized for the purpose of promoting educational and research activities of the university. Since these resources held by the foundation can be used only by and for the benefit of the University, the foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The foundation's board of trustees consists of 29 members. Eight of the members (28 percent) are appointed by the university, while the foundation's board of trustees appoints 21 members (72 percent). The foundation reports using standards issued by the Financial Accounting Standards Board.

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

Summary financial information for the foundation as of June 30, 2007, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 3,379,192	$ 103,981,995	$ 169,624,886	$276,986,073
Change in net assets for the year	2,275,880	12,827,429	27,369,707	42,473,016
Distributions to Miami University	15,210,289	0	0	15,210,289

Summary financial information for the foundation as of June 30, 2006, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 1,103,312	$ 91,154,566	$ 142,255,179	$ 234,513,057
Change in net assets for the year	194,102	13,436,391	15,310,657	28,941,150
Distributions to Miami University	12,084,910	0	0	12,084,910

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

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

(c) Investment Valuation – 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. 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.

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

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

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

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

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

(e) Long-Term Investments

Investments held by the Foundation as of June 30 were:

	2007		2006	
Investment Description	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Domestic Equities	$ 64,000,496	$ 71,082,118	$ 71,827,872	$ 80,396,714
International Equities	26,879,712	44,086,753	22,957,649	33,963,420
Fixed Income	19,098,580	19,438,841	14,159,788	14,410,052
Hedge Funds	46,135,000	54,096,167	27,450,000	30,888,157
Limited Partnerships, Private Equity, & Other	29,976,500	27,433,389	22,255,170	19,358,262
Split-Interest Funds	12,785,290	14,533,542	12,931,317	14,011,928
Real Estate and Accumulated Insurance	1,167,722	1,598,593	1,165,584	1,517,028
Subtotal	200,043,300	232,269,403	172,747,380	194,545,561
Less assets held for Miami University Paper Science & Engineering Foundation	(2,425,000)	(4,026,680)	(2,425,000)	(3,510,284)
Total	$ 197,618,300	$ 228,242,723	$ 170,322,380	$ 191,035,277

Fair values were determined based on prices of established securities markets, with the exception of some hedge funds and alternative investments whose fair values were provided by the funds' managements. Alternative investments generally represent investments that are less liquid than publicly-traded securities and include private equity, investments in real assets and other strategies. Hedge funds may include, but are not limited to, long and short investments in domestic and international equity securities, distressed securities, fixed income securities, currencies, commodities, options, futures, and other derivatives. Many of these securities are intended to reduce market risk, credit risk, and interest rate risk. As of June 30, 2007, the Foundation has made commitments to limited partnerships totaling $29.8 million that have not yet been funded.

The 2007 dividend and interest income of $2,486,688 is reported net of fees from external investment managers totaling $672,653.

(f) Pledges Receivable — As of June 30, 2007, contributors to the foundation have made unconditional pledges totaling $55,593,957. Net pledges receivable have been discounted to a net present value of $49,692,193 which represents fair market value. Discount rates ranged from 4.52 percent to 4.92 percent for 2007. Management has set up an allowance for uncollectible pledges of $1,893,489. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time. At June 30, 2007, the foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions have not been substantiated by unconditional written promises to the foundation. The foundation's policy is not to record these intentions to give as revenues until they are reduced to writing or are collected.

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

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

(10) Commitments

At June 30, 2007, the university is committed to future contractual obligations for capital expenditures of approximately $86.3 million. These commitments are being funded from the following sources:

	Contractual Obligations
Approved state appropriations not expended	$ 10,154,708
University funds	76,168,981
Total	$ 86,323,689

(11) Risk Management

The university's employee health insurance program is a self-insured plan administered by Anthem Blue Cross/Blue Shield ("Anthem"). To further reduce potential loss exposure, the university has also established a reserve for health insurance stabilization of $1.5 million.

Health insurance claims are accrued based upon estimates of the claims liabilities made by Anthem. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of $1,940,375 and $1,677,496 is included in the accrued salaries and wages as of June 30, 2007 and 2006, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2007	**2006**
Liability at beginning of year	$ 2,004,547	$ 2,778,602
Claims incurred	27,473,383	26,541,532
Claims paid	(27,453,016)	(26,964,037)
Increase (decrease) in estimated claims incurred but not reported	262,879	(351,550)
Liability at end of year	$ 2,287,793	$ 2,004,547

The university participates in a consortium with other state-assisted universities for the acquisition of commercial property and casualty insurance. The commercial property loss limit is $1.0 billion and the general liability coverage is $50.0 million. The property insurance program has been in place for more than 11 years and has had no material losses above the pool deductible. The casualty program has been in place for more than seven years and has had no losses above the pool deductible. The university also carries commercial insurance for other risks. Over the past five years, settlement amounts related to insured risks have not exceeded the university's coverage amounts.

(12) Contingencies

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

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

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

	CFDA	Pass-Through/ Program Number		Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education:				
Supplemental ED Opportunity Grant Program	84.007	P007A063315	$	1,382,925
College Work Study Program	84.033	P033A063315		865,842
Federal Pell Grant Program	84.063	P063P060342		7,048,962
Academic Competiveness Grant Program	84.375	P375A060342		339,537
National Science and Mathematics Access to Retain Talent (SMART) Grant	84.376	P376S060342		205,979
Total U.S. Department of Education				9,843,245
Total Student Financial Assistance Cluster			$	9,843,245
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture:				
Effects of Improved Watershed Management on an Agriculturally Impacted Reservoir System: Response to Reduced Nutrient and Sediment Inputs	10.206	2003-35101-13753	$	48,523
Low Trans Fatty Acid Containing Hydrogenated Soybean Oil via a Novel Low Temp Electrochem Process	10.206	2005-35503-15369		97,010
Factors that Contribute to the Production and Maintenance of Kirtland's Warbler Habitat in the Bahamas	10.652	06-CA11120101-010		2,651
Restoration of Blight-Resistant American Chestnut Trees on Mine Land in Ohio	10.652	06-JV11242300-093		9,003
Total U.S. Department of Agriculture-Direct Programs				157,187
Pass-Through Programs From:				
University of Vermont: Cold Tolerance of Insects for Biological Control	10.664	MIAMI U-1		30,000
Total U.S. Department of Agriculture				187,187
U.S. Department of Commerce:				
Pass-Through Programs From:				
Bowling Green State University: Economic Renewal, Investment, and Development for Local Governments	11.303	06-66-05054		10,548
Bowling Green State University: Economic Renewal, Investment, and Development for Local Governments	11.303	06-66-05054-01		52,738
Total U.S. Department of Commerce				63,286
U.S. Army:				
Inertial Motion Tracking for Inserting Humans into a Networked Synthetic Environment	12.431	W911NF-04-1-0301		21
Very Large Immersive Virtual Environment for Multiple Users Based on Wireless Full Body Posture and Position Tracking	12.431	W911NF-05-1-0105		72,500
Total U.S. Army				72,521
U.S. Air Force:				
Advanced Adaptive UWB-OFDM Radar Imaging Sensor Network for Surveillance and Location	12.8	FA9550-07-1-0297		9,122
Development of Morphing Structures for Aircraft Using Shape Memory Polymers	12.8	FA9550-07-1-0323		76,370
Integrated Reconfigurable Aperture, Digital Beam Forming, and Software GPS Receiver for UAV Navigation	12.8	FA9550-05-1-0035		105,016
Total U.S. Air Force-Direct Programs				190,508
Pass-through Programs From:				
Wyle Laboratories: An Integrated Spatial Digital Beam Forming and Adaptive Periodiogram Technique for Jamming Cancellation	12.8	19041.OC.21-1065		5,698
Wyle Laboratories: LADAR EO GPS/INS Atomic Clock Navigation Demonstration (LEGAND) Technical Support and Worldwide Accurate Sensor Positioning System (WASPS) Technical Support	12.8	19041.OC.27-1255		21,822
General Dynamics Company: Non-Linear Structural Response Prediction for Combined-Environment Aerostructures	12.XXX	F33601-03-F-0060		13,349
University of Dayton: Integrated Navigation Information Systems for Micro-UAV Applications	12.8	RSC05035		30,029
Total U.S. Air Force-Pass-Through Programs				70,898
Total U.S. Air Force				261,406
Department of Defense:				
Pass-Through Programs From:				
Charles River Analytics: System for Presenting and Integrating Design Alternatives and Rationales (SPIDAR)	12.XXX	SC061001		29,011
National Security Agency:				
Extremal Problems on Color Structures in Edge-Colorings of Graphs	12.901	H98230-07-1-0027		14,766
Noncommutative Projective Geometry	12.901	H98230-05-1-0034		3,260
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-06-1-0096		106,224
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-07-1-0105		61,142
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-05-1-0092		18,772
Total National Security Agency				204,164
U.S. Department of Interior:				
Reproductive Biology of Florida Semaphore Cactus, Consola Corallicola, from Biscayne National Park	15.632	41420-4730-ES11		4,566
Operation of the NADP/NTN Precipitation Chemistry Station at Oxford, Ohio	15.808	02HQPR00076		5,512
Total U.S. Department of Interior-Direct Programs				10,078

(Continued)

	CFDA	Pass-Through/ Program Number	Federal Expenditures
Pass-Through Programs From:			
Ohio University: Mine Land Reclamation and American Chestnut Restoration: Bring Technologies Together	15.252	UT14371	11,888
Ohio Department of Natural Resources: Spring Emergent and Aquatic Vegetation Survey in Old Woman Creek Estuary	15.634	--	5,835
Total U.S. Department of Interior-Pass-Through Programs			17,723
Total U.S. Department of Interior			27,801
U.S. Department of Justice:			
Pass-Through Programs From:			
City of Hamilton: Federal Weed and Seed Program Evaluation 2006	16.595	--	11,216
City of Hamilton: Program Evaluation Federal WS Project - Expanded Sites	16.595	--	12,526
Total U.S. Department of Justice			23,742
U.S. Department of Transportation:			
Pass-Through Programs From:			
Nichols, James: RADD Project SMASHED Evaluation	20.6	--	4,436
Ohio Department of Public Safety: Traffic Safety Evaluation & Action Planning II	20.6	H45066	462,796
Total U.S. Department of Transportation			467,232
National Aeronautics and Space Administration:			
The role of the actin cytoskeleton in gravitopic signal transduction in Arabidopsis thaliana	43.001	NGT5-50480	6,366
Pass-Through Programs From:			
University of Alabama: NASA Opportunities for Visionary Academics (NOVA)	43.001	NNG04G093G	11,342
Ames Research Center: Analysis of a Novel Sensory Mechanism in Root Phototropism	43.002	NCC2-1200	217,082
Total National Aeronautics and Space Administration-Pass-Through Programs			228,424
Total National Aeronautics and Space Administration			234,790
National Endowment for Humanities:			
The Ya'qubi Translation Project	45.161	RZ-50072-03	544
Pass-Through Programs From:			
OHC: Walk With Me: An Interactive Walking Tour of Freedom Summer Training in Oxford	45.129	OHC-M05-168	145
Total National Endowment for Humanities			689
National Science Foundation:			
Single-Molecular Wires & Electronic Devices Based on DiMetal Complexes Containing M-M Bonds	47.041	ECS-0403669	10,069
Banach space structures of non-commutative L P-spaces and non-commutative martingale inequalities	47.049	DMS-0456781	34,105
CAREER: From Biomimetic Reaction Platforms to Nanostructured Artificial Enzymes	47.049	CHE-0449634	171,801
CAREER: Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-0133433	58,490
Generation, Measurement, and Preservation of Entanglement Using Cavity QED	47.049	PHY-0555572	59,597
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-0645709	25,574
Maximal methods for small sets	47.049	DMS-0401603	15,390
Measurement of the Vortex Charge	47.049	DMR-0439166	3,097
REU: Summer Undergraduate Research in Chemistry at Miami University, Oxford	47.049	CHE-0353179	40,226
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0553085	29,709
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0653911	8,651
Uniform Metal nanoparticle Arrays as Model Electrocatalysts: Unraveling Particle Structure-Reactivity Relationship	47.049	CHE-0616436	92,431
Acquisition of a Microwave Digestion System for Geochemical and Geochronological Applications	47.05	EAR-0549552	31,051
Collaborative Proposal: Miocene Paleoclimatic Reconstruction along the Andean Foreare	47.05	EAR-0609571	26,789
Collaborative Proposal: Radiocarbon Dating Minute Gastropod Shells	47.05	EAR-0614647	20,830
Collaborative Research: A Study of Deep Subdution Integrating Broadband Seismology and Mineral Physics	47.05	EAR-0552002	684
Collaborative Research: A Study of Transient Aseismic Slip and Non-Volcanic Tremor in Southern Mexico With Large APerture Seismic and GPS Arrays	47.05	EAR-0510812	6,472
Collaborative Research: CEDAR Daytime Potassium Doppler Lidar at Arecibo	47.05	ATM-0535459	18,892
Collaborative Research: Crystal Chemistry of U, Th and other Radionuclides in Apatite: Environmental and Geochemical Implications	47.05	EAR-0409435	64,728
Collaborative Research: High-Precision Teleseismic Relocation and Temography for the M 9 and M 8.7 Sumatra Great Earthquake Sequences	47.05	EAR-0609535	10,223
Collaborative Research: Mantle and Fluid Evolution Across the Izu Arc	47.05	OCE-0325111	108,299
Collaborative Research: Paleoaltimetry of the Tibetan Plateau	47.05	EAR-0609756	33,480
Collaborative Research: Understanding the Causes of Continental Intraplate Tectonomagmatism: A Case Study from the Pacific Northwest	47.05	EAR-0506887	21,250
Dual-Beam Incoherent Scatter Radar Study of the Mesosphere at Arecibo	47.05	ATM-0337245	60,668
Magma Fractionation Processes & Timescales: Fogo, Furnas & Fuji Volcanoes	47.05	EAR-0207529	3,098
Nanoscale Investigation of Microbial Role in Promoting the Smectite to Illite Transformation	47.05	EAR-0345307	65,136
Origin of Mantle Heterogeneity in the Azores	47.05	EAR-0510598	22,664
SGER: International Collaboration for Study of Deep Subduction Using Seismic Arrays in New Caledonia and Vanuatu	47.05	EAR-0542253	25,305
A role for neuron-founder cell interactions in patterning the Drosophila musculature	47.074	IOB-0517515	27,702
Analysis of Chromosome Cohesion in Arabidopsis	47.074	MCB-0322171	164,867
IRCEB: Interactive Effects of UV Radiation and Temperature on Pelagic Foodwebs	47.074	DEB-0552283	362,946
Late Tertiary Climatic Changes and Evolutionary Success of Tribe Senecioneae (Astterceae): A Phylogenetic Approach	47.074	DEB-0542238	128,871

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

	CFDA	Pass-Through/ Program Number	Federal Expenditures
LBTREB: Response of a reservoir ecosystem to declining nutrient and detritus subsidies	47.074	DEB-0235755	67,371
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IBN-0416720	102,047
Modulation of Hippocampal Systems During Classical Conditioning	47.074	IOB-0517575	55,392
Novel Roles of Urea in Amphibian Hibernation	47.074	IBN-0416750	54,299
Research Experiences for Undergraduates: Research in Human-Dominated Landscapes	47.074	DBI-0353915	103,873
Shifts in wolf spider reproductive behavior under predation risk	47.074	IBN-0216947	76,167
Testing the Relative Importance of Habitat Saturation & Benefits of Philopatry	47.074	DEB-0316818	44,015
Theory, Statistics, & Software for the Additive Partitioning of Species Diversity	47.074	DEB-0235369	1,332
Adapting Systems Factorial Technology to Model Selection: Applications to Perception and Classification	47.075	BCS-0544688	22,583
Doctoral Dissertation Research in DRMS: Framing, Affect, and Decision-Making in Social Dilemmas	47.075	ES-0603858	2,499
Task Frame in Individual and Collective Decision Making	47.075	BCS-0339158	55,734
The Social-Cognitive Origins of the Cross Race Effect	47.075	BCS-0642525	17,746
CHEMX: Assessing Cognittive Expectiations for Learning Chemistry	47.076	DUE-0626027	41,993
Developing leadership and innovation in engineering students through undergraduate courses in applied electromagnetics built upon novel educational concept	47.076	DUE-0632842	2,221
Leadership Alliance in the Biological Sciences: Joining Molecular Biology and Ecology with Research	47.076	ESI-9819374	46,435
Mapping the Dimensions of the Undergraduate Chemistry Laboratory: Faculty Perspectives on Curriculum, Pedagogy, and Assessment	47.076	DUE-0536776	13,472
Wild Research Grant	47.076	ESI-0610409	350,088
Physiological and Molecular Mechanisms of Stress Tolerance in a Polar Insect	47.078	OPP-0337656	166,907
Total National Science Foundation-Direct Programs			2,977,269
Pass-Through Programs From:			
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	45,410
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	13,313
Purdue University: Evaluation of the Center for Authentic Science Practice in Education	47.049	CHE-0418902	37,207
Texas A&M: Structural Studies of Leg-153 (MARK Area)	47.05	USSSP 153-20816 & 20850	3,714
University of Kentucky: KY: Arabidopsis 2010: Functional Genomic Studies of mRNA Polyadenylation Related Genes	47.074	UKRE 4-67166-04-232	162,279
University of Maine: Climate-Induced Shifts in Alpine Diatom Communities: Linking Neoecological and Paleoecological Approaches to Incorporate Responses to Trophic Forcing	47.074	DEB-0639901	1,519
University of Chicago: The Causal Mechanisms of Stereotype Threat	47.075	BEC-0516931	25,898
City University of New York: Mathematics Science Partnership in New York City	47.076	40560-00-01(A)	130,107
Sinclair Community College: Faculty Development in Automotive Hybrid Vehicle Technology	47.076	--	9,864
University of Pennsylvania: Evaluation of the Univ of Pennsylvania Science Teacher Institute	47.076	5-4337 1-A	51,785
Total National Science Foundation-Pass-Through Programs			481,096
Total National Science Foundation			3,458,365
U.S. Environmental Protection Agency:			
Construction and Testing of Surface Corona Discharge-Catalytic Reactor for Oxidative Treatment of Waste Gas Emissions from the Pulp and Paper Industry	66.XXX	EP06C000058	13,731
Phase II: Construction and Testing of Surface Corona Discharge-Catalytic Reactor for Oxidative Treatment of Waste Gas Emissions from the Pulp and Paper Industry	66.XXX	EP07C000147	12,600
Toxicological Effects of Methylmercury on Fish of Isle Royale National Park	66.514	FP-91643401-0	18,798
Total U.S. Environmental Protection Agency-Direct Programs			45,129
Pass-Through Programs From:			
MACTEC: Operation of the USEPA National Dry Deposition Network Station at MU	66.XXX	S68D98112-SITEOP-122	4,238
Shaw Environmental: Research at the EPA Testing and Evaluation Facility	66.XXX	EP-C-04-034	23,020
Shaw: Research at the U.S. EPA T & E Facility - Verifying Invertebrate Identifications - Stream & Artificial Stream Samples	66.XXX	173807 OP	3,523
Wilson Environmental Laboratories: Critical Review of Extra-Binomial and Extra-Poisson Variation in Regards to Statistical Analysis of Data	66.XXX	S-202-B-00-03	17,530
ITCorp: Research at the US EPA Test and Evaluation Facility-Base-Op	66.XXX	PEI-3810	361
Michigan State University: A Hydorgeomorphic Lake Classification System for Refining Lake Assessment at Multiple Spatial Scales	66.436	61-3375A	15,180
Total U.S. Environmental Protection Agency-Pass-Through Programs			63,852
Total U.S. Environmental Protection Agency			108,981
U.S. Department of Energy:			
Technetium and Iron Biogeochemistry in Suboxic Subsurface Environments with Emphasis on the Hanford Site	81.XXX	DE-FG02-07ER64369	21,304
Construction of whole genome microarrays, and expression analysis of Desulfovibrio	81.049	DE-FG02-04-ER63765	59,126
Defect Chemistry Study of Nitrogen Doped ZnO Thin Films	81.049	DE-FG025-07ER46389	7,373
Identification of Molecular and Cellular Responses of Desulfovibrio vulgaris biofilms under Culture Conditions Relevant to Field Conditions for Bioreduction of Heavy Metals	81.049	DE-FG02-05ER64125	197,469
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	60,023
Total U.S. Department of Energy-Direct Programs			345,295

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

	CFDA	Pass-Through/ Program Number	Federal Expenditures
Pass-Through Programs From:			
Pacific Northwest National Laboratory: Analysis of NMR-Based Metabonomics Data	81.XXX	--	14,501
Oak Ridge National Laboratory: Biochemical and physiological studies dealing with metal- and sulfate-reducing microorganisms and communities	81.049	4000032042	14,555
CPBR-Ohio State University Research Foundation: Noval pharmaceuticals and crop protection chemicals from plants	81.087	60001714	14,795
Total U.S. Department of Energy-Pass-Through Programs			43,851
Total U.S. Department of Energy			389,146
U.S. Department of Education:			
Pass-Through Programs From:			
NASDSE: Ohio/NASDSE Shared Agenda Seed Grant	84.XXX	--	5,525
The School Study Council of Ohio: Impact of No Child Left Behind's Highly Qualified Requirments on Special Education in Ohio	84.XXX	--	18,155
University of Cincinnati: Developing a Corporate Feedback System for Use in Curricular Reform	84.116	P116B040276	1,894
University of Toledo: Project AHEAD	84.206	S206A040096	202,814
Northern Illinois University: Improving the Comprehension and Construction of Arguments	84.305	R305H020039	1,909
Northern Illinois University: Web-based tutoring of argument comprehension and production skills	84.305	P.O. 69961	49,877
Cleveland State University: Reading First Center for Professional Development	84.357	--	63,834
Cleveland State University: Reading First-Ohio Center	84.357	--	54,615
ODE: Evaluation of the Ohio Mathematics and Science Partnership (OMSP) Program	84.366	599	9,055
The Ohio State University Research Foundation: Web-Based Professional Development for eSMILES 2	84.367	05-23	50,099
OSURF: Evaluation of eSMILES	84.367B	05-23	10,301
Total U.S. Department of Education			468,078
U.S. Department of Health and Human Services:			
Spore Dispersal and Germination in Stachybotrys	93.113	1R15ES012907-01A1	101,991
Iron Uptake in Actinobacillus actinomycetemcomitans	93.121	1 RO1 DE13657-01	53,783
The Neural Substrates of Adaptive Jaw Movement	93.121	2 R15 DE012248-03A1	62,055
Egocentric reference frames in memory	93.242	1 R03 MH068245	26,468
Multiple Selves: Properties, Processes, and Consequences	93.242	1 R01 MH068279-01	43,755
Neuro-glial Interactions during the Remodeling of Adult Innervation in Drosophila	93.242	1 R15 MH077720-01	19,457
Pruning of Motor Neuronal Arbors	93.242	1 R15 MH67622-01	25,141
Application of the THz Spectroscopy to Biological Systems	93.286	1 R15 EB006003-01	48,445
HEALTHRICH: Health, Risks Information and Choices	93.389	1R25RR16301-01A1	142,355
Cortical Mechanisms of Spatial Vision	93.39	1 R15 EY 13953-01	49,637
Analyses of a Dynein Heavy Chain Mutation in Tetrahymena	93.39	1 R15 GM59855-01	63,646
In vivo Functions of the Drosophila Fragile X Orthologue	93.39	1 R15 GM068468-01	28,783
Ribosome-binding and translation of leaderless mRNa	93.39	1 R15GM65120-01	64,326
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	59,209
Endocrine Role of OFQ/N: Studies with Knock-out Mice	93.847	1 R15 DK61956-01	873
Role of OFQ/N in Regulating the Prolactin Response to Stress	93.847	1R15DK073073-01A2	4,149
Polyphenol-protein antixidants in the GI environment	93.848	1 R15 DK069285-01A1	34,026
Regulation of neurotrophin expression in the periphery	93.853	1 R15 NS051206-01	38,706
Study of Iron Acquisition in Acinetobacter Baumannii	93.855	1RO1AI070174-01A1	20,200
Chlamydial Evasion of IFN-Mediated Immunity	93.856	1 R01 AI45836-01A2	25,784
Alkylammonium Formate Ionic Liquids as Mobile Phase Modifiers for Liquid Chromatography of Proteins	93.859	1 R15 GM074661-01A2	15,585
Characterization of Metallo-B-Lactamases	93.859	GM67928-06	87,655
Comparison of CYP2 Genes Across Mammal Species	93.859	1 R15 GM069387-01	59,695
Natural Antisense and RNP-4F Expression in Drosophila	93.859	1 R15 GM070802-01	22,466
Probing Zn(II) Transport in E. Coli	93.859	1 RSA GM079411-01A1	160,195
Study of the Strength of CH-Y (Y=O,N) and XH-p (X=N,O,S) Interactions	93.859	1 R15 GM069441-01A2	86,088
The Role of a New Cleavage and Polyadenylation Specificity Factor (CPSF73-II)	93.859	1R15GM077192-01A1	12,198
Using intraspecific variation to study mating systems	93.859	1 R15 GM069409-01	61,178
Determination of IGFBP-3 and -4mRNA down-regulation by HB-EGF	93.865	1R15HD050299-01A2	21,726
Effects of a Systematic Categorization Program in TBI	93.865	1 R15 HD044554-01A1	91,335
Role of the Na, K-ATPase Alpha4 Isoform in Sperm Motility	93.865	1 R15 HD050283-01A1	61,699
Steroid Involvement in OFQ/N-Induced Prolactin Secretion	93.865	1 R15 HD046479-01A1	30,313
Impact of Monitoring Technology on Family Caregivers	93.866	1R21AG029224-01	13,567
Racial/Ethnic Disparities in Management of Diabetes	93.866	1 R15 AG025741-01A1	65,810
Regulation of retinal stem cells in retina regeneration	93.866	1 R21 AG024937-01	144
The Role of Fibroblast Growth Factors in Lens Development	93.867	EY012995-06A1	207,464
Crisis Nursing Resource Information System	93.879	1 G08 LM008307-01	110,128
Total U.S. Department of Health and Human Services-Direct Programs			2,020,035

(Continued)

	CFDA	Pass-Through/ Program Number		Federal Expenditures
Pass-Through Programs From:				
ATM Education: ATM Education (Abstinence 'til Marriage) Evaluation	93.01	--		9,417
DHHS:ATM Education Abstinence 'til Marriage Education CBAE Education	93.01	--		2,330
National Association of Area Agencies on Aging: Preparing the Aging Network for AoA's Choices for Independence Initiative	93.047	--		157,477
Florida State University: Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention	93.048	R00593		18,950
HRSA:Abstinence Committed Education (ACE) Program of Southeast Ohio	93.11	--		539
PATH: Project Pathblazer Evaluation	93.11	--		5,000
Massachusetts General Hospital: Mapping Genes for Neurocognitive Endophenotypes	93.242	R01-MH068498		137,229
Boston College: Quality Management in Cash and Counseling: Year Two	93.XXX	5000783-6		49,368
Boston College: Quality Management in Cash and Counseling: Year Three	93.XXX	5000916-1		32,250
Butler County Educational Service Center: Evaluation of Butler County Success Program	93.XXX	--		7,702
Children's Research Institute: A Genetic Model of Urogenital Development and Obstruction	93.849	CRI #356005		50,639
University of Pittsburgh: The Miami University RCR Faculty Development Initiative	93.853	111272-8		1,000
University of Pittsburgh: The Miami University RCR Faculty Development Initiative	93.854	104489-8		32
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	5 U54 GM074958-02		329,163
Wright State University: Genetic and Environmental Influences on Childhood Growth	93.865	1 R01HD40377-01A1		18,448
Total U.S. Department of Health and Human Services-Pass-Through Programs				819,544
Total U.S. Department of Health and Human Services				2,839,579
Total Research and Development Cluster			$	8,835,978
INSTRUCTIONAL				
U.S. Department of Commerce:				
Pass-Through Programs From:				
OSURF: Knauss Fellowship - Karla Garcia	11.417	--	$	17,203
National Aeronautics and Space Administration:				
Pass-Through Programs From:				
Ohio Space Grant Consortium: Educational Liaison Staff	43.001	--		4,620
Institute of Museum and Library Services:				
The GREEN Teachers' Institute: Museum Resources for Teachers	45.301	ML-02-03-0603-03		29,098
Pass-Through Programs From:				
Kent State University: Institute for Library and Information Literacy Education Grants-in-Aid	45.301	446654-P061412		3,500
Total Institute of Museum and Library Services				32,598
National Science Foundation:				
Maximal methods for small sets	47.049	DMS-0401603		14,676
The Conference on Banach Spaces and their Applications in Analysis	47.049	DMS-0552245		7,378
Computer Science, Engineering and Mathematics Scholarships	47.076	DUE-0422418		101,761
Developing Leadership and Innovation in Engineering Students Through Undergraduate Courses in Applied Electromagnetics Built Upon Novel Educational Concept	47.076	DUE-0632842		23,646
Total National Science Foundation-Direct Programs				147,461
Pass-Through Programs From:				
Georgia State University: Workshop in Combinatorial Chemistry	47.076	ELT48-14		5,408
OSU: The Ohio Science and Engineering Alliance	47.076	.O. RF00988893 PROJ 745926		2,581
Total National Science Foundation-Pass-Through Programs				7,989
Total National Science Foundation				155,450
U.S. Department of Energy:				
Institute of Paper Science & Technology: Energy Challenge '99	81.087	--		650
U.S. Department of Education:				
Building Bridges to Global Citizenship Through Latin American Studies at Miami University	84.016	P016A040054		30,759
Geopolitical and Cultural Transitions: Russian and Eurasian Studies at Miami University	84.016	P016A050093		76,465
Fulbright-Hays:Exploring the Silk Road: The Power of Travel, Exploration & Boundary Crossing As A Device for Promoting and Creating Interdisciplinary, Interregional, and International Studies	84.021	PO21A050093		1,178
INTERGERO: Implementation of an Internat'l Interdisciplinary Program in Gerontology	84.116	P116J040039		63,138
SEAS Technology Upgrades for Data-Telecommunication and Networking Equipment	84.116	P116Z050225		396,798
First Mover to Prime Mover: A Plan for MU RTFSB to Advance into the 21st Century	84.153	P153A040005		17,909
Journey to Freedom: A History and Civics Summer Academy	84.215	U215D060005		111,840
Preservation of McGuffey Readers Collection	84.215	U215K050187		148,800
Miami University CCampis Grant	84.334	P335A050375		78,431
Ohio Writing Project	84.928A	92-OH01		87,583
Total U.S. Department of Education-Direct Programs				1,012,901

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

	CFDA	Pass-Through/ Program Number		Federal Expenditures
Pass-Through Programs From:				
ODE: Alternative Certification for Special Educators	84.027	062984-6B-SE-06		1,286
ODE: Alternative Route to Certificaion in Special Education	84.027	062984-6B-SE-07		197,494
ODE: HQT Professional Development Seminars	84.027	062984-6B-SR-06		44,875
ODE: Southwest Ohio Science Institutes, Grades 3-6	84.027	CI667-OSCI-11-06		26,702
Fairfield City Schools: America's Journey: The Quest for Freedom 1492-1836	84.215	--		218,016
Hamilton City Schools: America's Journey: The Quest for Freedom 1492-1824	84.215	475-02-03		184,980
Hamilton City Schools: The Beacon of Liberty 1492-1965	84.215	--		105,147
OBOR: Across the Curriculum Environmental Science to Attain Ohio Elementary School Academic	84.336	04-23		8,749
OBOR: Across the Curriculum Environmental Science to Attain Ohio Elementary School Academic Content Standards and Achievement Test Outcomes	84.336	05-17		194,004
OBOR: Across the Curriculum Environmental Science to Attain Ohio Elementary School Academic Content Standards and Achievement Test Outcomes	84.336	06-29		13,036
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.336	05-18		244,770
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.336	06-28		9,065
ODE: Miami University Partnership for Enhancing Teaching in Math	84.336	CI667-OMSP-07-20		54,262
ODE: Southwest Ohio Science Institutes, Grades 3-6	84.336	CI667-OSCI-07-11		363,739
ODE: OSCI 7-10 Program	84.366	CI667-OSCI-12-06		162,936
OBOR: Advancing Ohio's Physical Science Proficiency IV	84.367	05-20		191,061
OBOR: Advancing Ohio's Physical Science Proficiency V	84.367	06-25		8,740
OBOR: From Misconceptions to Illumination: Using Plants to Support Biological Education	84.367	05-19		104,820
ODE: Teacher Candidate Assessment System	84.367	--		305
Total U.S. Department of Education-Pass-Through Programs				2,133,987
Total U.S. Department of Education				3,146,888
Total Instructional			$	3,357,409
PUBLIC SERVICE				
National Endowment for the Arts:				
Digital Workstation	45.024	06-7900-7017	$	11,183
Pass-Through Programs:				
Arts Midwest: Performing Arts Series	45.025	--		3,225
Total National Endowment for the Arts				14,408
U.S. Department of Education:				
Pass-Through Programs From:				
ODE: Mental Health for School Success	84.027	062984-6B-PB-06P		41,222
ODE: Mental Health for School Success	84.027	062984-6B-PB-07		143,963
Total U.S. Department of Education				185,185
U.S. Department of Health & Human Services:				
Drug Free Communities Support Program	93.276	1 H79 SP12988-01		102,777
Pass-Through Programs From:				
Ross County Health District: Abstinence Committed Education (ACE) Program of Southwest Ohio	93.11	--		21,658
ODMH: Effective Practice Integration Council	93.243	L965		104,412
ODMH: Ohio Mental Health Network for School Success	93.958	125-CS-06-01		1,880
ODMH: Ohio Mental Health Network for School Success 06/07	93.958	130-CD-07-01		91,957
ODADAS: Miami University High Risk Drinking Prevention Initiative	93.959	99-08040-HEDUC-P-06-9726		5,109
ODADAS: Miami University High Risk Drinking Prevention Initiative	93.959	99-08040-MCCCO-P-07-0026		32,212
ODADAS: Miami University High Risk Drinking Prevention Initiative	93.959	99-08040-HEDUC-P-07-9726		19,102
ODADAS: Oxford Drug Free Community Coalition	93.959	99-08040-CMMCO-P-06-0026		3,802
Total U.S. Department of Health & Human Services-Pass-Through Programs				280,132
Total U.S. Department of Health & Human Services				382,909
Total Public Service			$	582,502
TOTAL FEDERAL EXPENDITURES			$	22,619,134

(Continued)

1. BASIS OF ACCOUNTING

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

The dollar threshold used to distinguish between Type A and Type B Programs was $678,574.

2. PASS-THROUGH AWARDS

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

3. FEDERAL PERKINS LOAN PROGRAM

Outstanding loans at June 30, 2007, under the Federal Perkins Loan Program were $7,345,622. New Federal Perkins Loans of $1,569,623 were advanced to students in 2007. The University did not receive a federal capital contribution or make a matching contribution to the Federal Perkins Loan fund in 2007. Administrative and collection costs for the Federal Perkins Loan Program were $2,409,615 in 2007.

4. FEDERAL DIRECT STUDENT LOANS

While no amounts are listed in the schedule of expenditures of federal awards, the University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans ("Stafford") and Federal PLUS Loans ("PLUS"). The dollar amounts are not listed in the schedule of expenditures of federal awards as the University is not the recipient of the funds. However, such programs are considered a component of student financial assistance at the University. New loans processed for students during the year ended June 30, 2007, were as follows:

Federal Direct Student Loan Program:	
Stafford:	
Subsidized	$ 23,718,827
Unsubsidized	16,137,851
PLUS	18,383,656

* * * * * *

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

President and Board of Trustees of Miami University
and Mary Taylor, Auditor of State of Ohio:

We have audited the financial statements of Miami University (the "University") as of and for the year ended June 30, 2007, and have issued our report thereon dated October 16, 2007, which includes an emphasis of matter paragraph regarding the valuation of investments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We noted certain matters that we reported to management of the University in a separate letter dated October 16, 2007.

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

Deloitte & Touche LLP

October 16, 2007

Deloitte.

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

President and Board of Trustees of Miami University
and Mary Taylor, Auditor of State of Ohio:

Compliance

We have audited the compliance of the Miami University (the "University") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2007. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed two instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of Findings and Questioned Costs as items 2007-1 and 2007-2.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

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

Deloitte & Touche LLP

December 5, 2007

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Part I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified	
Internal control over financial reporting: Material weakness(es) identified?	____ Yes	_X_ No
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	_X_ N/A
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 not considered to be material weaknesses?	____ Yes	_X_ N/A
Type of auditors' report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	_X_ Yes	____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster Number
Various	Student Financial Aid Cluster
84.215	Fund for the Improvement of Education
84.336	Teacher Quality Enhancement Grants

Dollar threshold used to distinguish between Type A and Type B programs	$678,574	
Auditee qualified as low-risk auditee?	_X_ Yes	____ No

Part II—Financial Statements Findings

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

No matters are reportable.

Part III—Federal Award Findings and Questioned Costs

Finding 2007-1: Return of Title IV Funds

Federal Program Information: Student Financial Aid Cluster ("SFA") comprised of the following programs: CFDA 84.063 and Federal Direct Loan Program (CFDA 84.268)

Condition: Within our sample procedures for compliance with return of Title IV funds, 6 out of the 30 student files selected were not in compliance. The University used an improper withdrawal date to determine the amount of Title IV funds to return to the lending institution, as required.

Cause: The date of withdrawal used to calculate the refund amount was not in compliance with Section 34CFR 668.22(c) of the Student Federal Aid Handbook, which indicates that the mid-point of the semester should be used as the withdrawal for the return of funds calculation. The University used the day before the last day of the semester as the withdrawal date.

Criteria: A university that is not required to take attendance should use the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity that the student participated in to determine the withdrawal date for students that have not provided official notification.

Questioned Costs:

Known Costs:
Federal Pell Funds — $103
Federal Direct Stafford Loans — $5,641

Likely Costs:
Federal Pell Funds — $1,986
Federal Direct Stafford Loans — $27,726
Federal Direct PLUS Loans — $4,178

Total Questioned Costs —
FY07 Total: $39,634

Recommendation: The University should provide adequate training and supervision over staff responsible for inputting the date of withdrawal for students receiving all failing grades at the end of the semester.

Management Corrective Action Plan:

Three modifications to current practice will resolve the current scenario.

- First, the Registrar will align the last date of withdrawal with the last date for refund of Title IV Aid.
- Second, in order to more accurately and automatically assign the date of withdrawal for students with all failing grades at the end of a semester, the University will require instructors who submit a failing grade to supply the last date of attendance, if the failure was for non-attendance. This new process eliminates the need to determine if the student earned a failing grade or discontinued attending the course. With this information the Office of Student Financial Assistance will be able to calculate the amount of Title IV Aid earned based upon instructor-provided dates, and reports will be developed to support this initiative.
- Third, the Office of Student Financial Assistance will provide to the Office of the Registrar, and review with them on an annual basis, the federal regulations on determining withdrawal dates so that University procedures may be updated as necessary.

Finding 2007-2: Suspension and Debarment

Federal Program Information: Department of Education comprised of the following programs: CFDA 84.336 and CFDA 84.215

Condition: Our testing of the procurement and suspension debarment compliance requirement identified that the University did not have procedures in place to ensure that the University was not transacting with vendors that were on the Federal Suspension and Debarment list.

Cause: The University was not aware of the compliance requirement and therefore no procedures were in place to ensure that the University was not transacting with vendors that were on the Federal Suspension and Debarment list.

Criteria: The OMB Circular A-133 Compliance Supplement Part 3, *Compliance Requirements, Procurement and Suspension and Debarment*, requires the verification that an entity is not suspended, debarred or otherwise excluded prior to a covered transaction with the entity. This verification may be accomplished by checking the Excluded Parties List System maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Questioned Costs: Not applicable

Recommendation: Procedures related to federal procurement and suspension debarment should be established University-wide and communicated to all departments that might have responsibilities related to federal awards. This would ensure that all vendors from whom the University purchases goods and services with federal dollars are not suspended, debarred or otherwise excluded.

Management Corrective Action Plan:

Beginning in FY2008, Miami University will require verification that an entity or principal investigator is not suspended, debarred or otherwise excluded by any federal department or agency. The following language will be included in the Proposal Approval Form for attestation by the Principal Investigator; all sub-awards contracts; and any purchase orders issued for federal funded grants and contracts. Before a transaction is complete, an authorized signature that attests to the below statement will be required on these documents.

"I am not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from current transactions by a federal department or agency."

Miami University

Independent Accountants' Report on
Agreed-Upon Procedures Performed on the
Intercollegiate Athletics Department as
Required by NCAA Constitution 6.2.3
for the Year Ended June 30, 2007

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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") to the accounting records and internal control of the Intercollegiate Athletics Department of the University for the year ended June 30, 2007, solely to assist the University in complying with the National Collegiate Athletic Association ("NCAA") Constitution 6.2.3. Such agreed-upon procedures constitute the minimum agreed-upon procedures specified by the 2007 NCAA Agreed-Upon Procedures Guidelines. The University's management is responsible for the University's compliance with these guidelines. Specifically, the University's management is responsible for the attached Statement of Revenues and Expenses of the Intercollegiate Athletics Department (the "Statement") and the Statement's compliance with those requirements. 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. The procedures that we performed and our findings are as follows:

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

1. We obtained the Statement for the year ended June 30, 2007, as prepared by management and attached to this report. We recalculated the addition of the amounts on the Statement and compared the amounts on each line on the Statement to the corresponding amounts on the reconciliation prepared by management between the University's general ledger and the amounts on the Statement. We also compared the general ledger amounts on management's reconciliation to the University's general ledger and recalculated the totals presented in the Statement. No exceptions were found as a result of these recalculations and comparisons.

2. We compared the classifications in the Statement to the defined classification in the NCAA Constitution section 6.2.3. No exceptions were found as a result of this comparison.

3. We compared a random sample of transactions, comprising operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules to supporting documentation, comprising invoices and deposit receipts provided by the University. No exceptions were found as a result of these comparisons.

4. We compared current year actual revenue and expense amounts to prior year amounts and obtained explanations from management for any variances in excess of 20% in major revenue and expense accounts. Each major revenue and expense account was defined as equal to or greater than 20% of the total revenue or expense amount. No unexplained differences were found as a result of these comparisons. We were unable to compare each major revenue and expense account to budgeted estimates because the NCAA-mandated format of the statement differs from the format the University uses for budget and management purposes. Refer to Appendix A for explanations obtained from management for the fluctuations identified.

Agreed-Upon Procedures Related to Revenues:

5. *Ticket Sales* — We selected, on a random test basis, seven athletic events (5 basketball and 2 ice hockey) from a list of athletic events held during the year ended June 30, 2007 provided by management. We recalculated cash receipts based upon tickets sold, complimentary tickets provided and unsold tickets and compared, on a random test basis, such to attendance figures from the ticket system. No exceptions were found as a result of these recalculations and comparisons.

6. *Student Fees* — We compared student fees reported in the Statement for the year ended June 30, 2007 to student enrollment information. We obtained an understanding of the University's methodology for allocating student fees to intercollegiate athletics department and recalculated the totals. No exceptions were found as a result of these recalculations and comparisons.

7. *Guarantees* — We obtained from management a listing of the guarantee contests during the year ended June 30, 2007 and selected, on a random test basis, three contractual agreements provided by management pertaining to revenues derived from guaranteed contests and compared the related revenues to the University's general ledger. No exceptions were found as a result of these comparisons.

8. *Contributions* — We obtained a listing of the general ledger accounts comprising contributions revenue related to intercollegiate athletics provided by management. We compared the listing of contributions revenue from the general ledger detail for the year ended June 30, 2007 to a listing of affiliated and outside organizations, agencies and groups of individuals obtained from management to identify any individual contributions from any affiliated or outside organizations, agencies, or group of individuals that constitute more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2007. We identified no individual contributions that comprised more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2007.

9. *Direct State or Other Governmental Support* — We compared the direct state and other governmental support recorded by the University during the year ended June 30, 2007 with institutional authorizations and deposit receipts on a random test basis and recalculated totals as part of Miami University financial statement audit. No exceptions were found as a result of these recalculations and comparisons.

10. *Direct Institutional Support* — We obtained from management a listing of all direct institutional support provided by the University during the year ended June 30, 2007, selected and compared, on a random test basis, one direct institutional revenue recorded with institutional authorizations and approved fund transfer requests and recalculated totals. No exceptions were found as a result of these recalculations and comparisons.

11. *Indirect Facilities and Administrative Support* — We obtained from management a listing of all indirect facilities and administration support provided by the University during the year ended June 30, 2007, and selected and agreed, on a random test basis, three indirect facilities and administration support with institutional authorizations and invoice payments on behalf of the athletic and recalculated totals. No exceptions were found as a result of these recalculations and comparisons.

12. *NCAA/Conference Distributions Including all Tournaments* — We obtained from management a listing of all NCAA and conference distributions and selected, on a random test basis, one receipt provided by management related to NCAA and conference distributions during the year ended June 30, 2007 and compared the related revenues to the University's general ledger. No exceptions were found as a result of this comparison.

13. *Broadcast, Television, Radio and Internet Rights* — We obtained from management an agreement related to television broadcast during the year ended June 30, 2007, and compared the agreement amount to the amount recorded in the University's general ledger and the NCAA statement. We noted based on our review of the check received that, due to the timing of the broadcast revenue received from the Mid American Conference, the amount recorded ($45,000) in this revenue category related to fiscal year 2006, not fiscal year 2007. The Athletic department should have recorded $30,000 in fiscal year 2007, overstating the revenue amount by $15,000.

    Management has communicated that the timing of the broadcast revenue from the MAC (Mid-American Conference) is such that the amount to be received from the MAC may not be known until after the year end cut off. If the amount is known, the actual amount will be accrued. If it is not known, an estimate will be accrued.

14. *Program Sales, Concessions, Novelty Sales and Parking* — We obtained supporting schedules from management for each of the following operating revenue line items: (a) Department sales, concessions, novelty sales and parking; and (b) Other operating revenues. We selected, on a random test basis, two operating revenue amounts from among these categories and compared each revenue amount selected to supporting documentation provided by management, which included a copy of a deposit ticket and bank statement. No exceptions were found as a result of these comparisons.

15. *Royalties, Licensing, Advertisement and Sponsorships* — We obtained from management a listing of all royalties, licensing, advertisements and sponsorship revenue and selected, on a random test basis, ten agreements provided by management related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2007 and compared the related revenues to the University's general ledger. No exceptions were found as a result of these comparisons.

16. *Sports Camp Revenues* — We obtained and read agreements related to institutional sports camps during the period ended June 30, 2007. We obtained schedules of camp participants and selected a sample of camp participant cash receipts on a random test basis and agreed the related revenues to the University's general ledger and recalculated totals. No exceptions were found as a result of these comparisons and recalculations.

17. *Endowment and Investment Income* — We compared the allocations of the endowment and investment income from the Athletics department records to the calculations performed by the Treasury Services office. We obtained the Treasury Services office's allocation calculations, recalculated the allocation, and agreed the amount to the University's general ledger. No exceptions were found as a result of these comparisons and recalculations.

18. *Other* — We obtained from management a listing of all other revenue during the year ended June 30, 2007, and selected, on a random test basis, two other revenue amounts from among these categories and compared each revenue amount selected to supporting documentation provided by management, which included a copy of a deposit ticket and bank statement. No exceptions were found as a result of these comparisons and recalculations.

Agreed-Upon Procedures Related to Expenses:

19. *Athletic Student Aid* — We selected, on a random test basis, 25 students from the listing of athletic student aid recipients during the year ended June 30, 2007 provided by management and compared total University aid allocated from the related aid award letter to the student's account and recalculated totals. No exceptions were found as a result of this comparison.

20. *Guarantees* — We obtained from management a listing of the guarantee contests during the year ended June 30, 2007 and agreed all contractual agreements provided by management to expenses recorded by the University from guaranteed contests. We compared the related expenses to the University's general ledger. No exceptions were found as a result of these comparisons.

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, 2007 from management. We selected, on a random test basis, 10 coaches' contracts from this listing, including football, and men's and women's basketball coaches. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the statement during the reporting period. We obtained and read W-2's or 1099's for each selection. We compared and agreed W-2's or 1099's to the related coaching salaries, benefits, and bonuses paid by the University during the year ended June 30, 2007 and recalculated totals. We noted no exceptions as a result of recalculations and comparisons except for one expense selection of $600 that related to fiscal year 2007 but was not recorded until fiscal year 2008.

    Management has communicated that the $600 payment was to a coach for two public relations appearances. These appearances occurred in June 2007 and were paid on his July 2007 pay check which was then in fiscal year 2008. In the future, these payments will be processed more quickly or will be accrued in the proper year if needed.

22. *Coaching Other Compensation and Benefits Paid by a Third Party* — We noted, through inquiry of management, that the University's Athletics Department did not incur any coaching salaries, benefits, and bonuses paid by a third-party for the year ended June 30, 2007.

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, 2007, and selected, on a random test basis, 10 support staff/administrative personnel employed by the University during the reporting period. We obtained and read W-2's or 1099's for each selection. We compared and agreed related W-2's or 1099's to the related support staff/administrative salaries, benefits, and bonuses paid by the University during the year ended June 30, 2007, and recalculated totals. We noted no exceptions as a result of recalculations and comparisons except for one expense of $23,804 that was recorded in fiscal year 2007 but related to fiscal year 2006.

    Management has communicated that this payment of $23,804 was a commission based on actual cash collections of sponsorship payments. The total amount of collections was not known until after year end cutoff. In the future this will not be an issue as the sponsorships are now managed by an outside source and there will be no commission paid to Miami employees.

24. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by Third Parties* — We noted, through inquiry of management, that the University's Athletics Department did not incur any support staff/administrative other compensation and benefits paid by a third-party for the year ended June 30, 2007.

25. *Severance Payments* — We noted, through inquiry of management, that the University's Athletics Department did not incur any severance expenses for the year ended June 30, 2007.

26. *Recruiting* — We obtained and documented an understanding of the University's written recruiting expense policies and compared these policies to NCAA related policies. No exceptions were found as a result of these comparisons.

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 2 individual trips and compared and agreed the related expenses to the University's policies for the year ended June 30, 2007. No exceptions were found as a result of these comparisons.

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, 2007 and selected, on a random test basis, payments made by University for the departmental expenditures. We summed the indirect facilities support and indirect institutional support totals reported by the University in the NCAA statement. No exceptions were found as a result of these comparisons and recalculations.

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, 16 operating expense amounts from among these categories and compared each expense amount selected to supporting documentation provided by management, which included a copy of an invoice and check. No exceptions were found as a result of these comparisons.

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

The management of the University is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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 generally accepted accounting principles.

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

Our procedures and findings were as follows:

30. We obtained an understanding of the organization chart from the Deputy Director for Athletics of the Athletics Department and inquired of University management for the purpose of learning about the control environment. 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.

    - The Intercollegiate Athletics Advisory Committee reports to the Vice President of Student Affairs and serves to ensure student-athlete welfare; advise the Vice President of Student Affairs regarding the policies and procedures associated with the Department of Intercollegiate Athletics; and to address new regulations, bylaws, and other issues as they arise.

    - Operating budgets are prepared annually. Variances are identified and investigated monthly by the Senior Associate Athletic Director, the Athletic Director, and the Vice President of Student Affairs.

31. We selected, on a random test basis, twenty five travel advances for team travel for the year ended June 30, 2007 from the University's listing of all travel advances that were approved and distributed. For the travel advances selected, we compared the disbursed amount and requestor to the corresponding information on the underlying expense receipts and authorization forms provided by management. No exceptions were found as a result of these comparisons.

32. 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 observed that ROTC assists Athletic Department with selling parking tickets at football and basketball home games, but that controls do not appear adequate to ensure that all parking collections are actually returned to Athletic Department. We recommend that controls be strengthened to include: reconciliations following each game instead of at the end of the season, distribution and return of pre-numbered tickets for each game, and reconciliation of tickets to cash receipts after each game.

    Management has communicated that they agree that the controls related to cash handling for football parking can be improved. Management has additionally communicated that beginning next season new controls will be put in place, including using a pre-numbered set of tickets for each game and a reconciliation of cash collected and tickets used for each game.

33. We selected, on a random test basis, 25 students from the listing of athletic student aid recipients during the year ended June 30, 2007 provided by management and compared the authorization noted on the student aid forms to the University requirements. No exceptions were found as a result of these comparisons except for two control exceptions in the approval process of athletic aid distribution. We noted that two selections were missing signatures of authorized persons from the athletic department on the "Athletics Grant Recommendation Form." These two selections did have a signature of the head coach. No other exceptions were found.

    Management has communicated that procedures will be put in place to ensure that the Athletic Grant Recommendations have the proper signatures. The financial aid office will require two signatures, the Athletic Department representative and the Coach, before processing Athletic Grant Recommendations. If these two signatures are not in place, the form will be returned to the Athletic office.

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

    - The Athletic Director or Business Directors and the coach initiating the purchase are required to approve purchase requisitions for all goods and services requested.

    - The Department utilizes the University's purchasing policies when ordering goods and services.

    - All Department disbursements are subject to the same controls the University has in place for preparing the University's financial statements.

35. We obtained written representations from management 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, 2007.

Agreed-Upon Procedures Related to the Notes to the Statement:

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

    The NCAA Agreed-Upon Procedures, outlining the procedures to be performed by an independent accountant regarding an institution's compliance under NCAA Bylaw 6.2.3., appear to indicate a required disclosure in the accountant's report of certain capital expenditures activity related to intercollegiate athletics-related assets. However, those procedures do not define the term intercollegiate athletics-related assets or the type of disclosures required when such assets are identified. The University does not currently disaggregate athletics-related assets from other University owned assets.

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

We were not engaged to, and did not, perform an examination of the University's system of internal controls over financial reporting, the objective of which would be the expression of an opinion on the suitability of design of internal controls over financial reporting of the University as of June 30, 2007. 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, 2007, and, accordingly, we express no opinion on its operating effectiveness. Had we performed additional procedures, or had we made an examination of the system of internal controls over financial reporting, other matters might have come to our attention that would have been reported to you. This report only relates to the procedures specified above and does not extend to the financial statements of the University or its Intercollegiate Athletics Department taken as a whole.

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

Deloitte & Touche LLP

January 14, 2008

MIAMI UNIVERSITY

EXHIBIT A

INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007

	Men's Basketball	Men's Football	Women's Basketball	Other Sports	Non-Program Specific	2007 Total
REVENUES:						
Ticket sales	$ 192,840	$ 519,231	$ 7,603	$ 264,573	$ -	$ 984,247
Student fees	797,733	2,914,246	812,333	5,918,636	918,297	11,361,245
Guarantees	55,057	480,000	5,000	23,000		563,057
Contributions	71,456	68,530	38,267	417,776	488,607	1,084,636
Direct state or other government support		1,461			2,147	3,608
Direct institutional support	54,264	573,805	93,189	1,808,744	1,946,308	4,476,310
Indirect facilities and administrative support					673,210	673,210
NCAA/conference distributions including all tournament revenues		125,000		97,550	763,265	985,815
Broadcast, television, radio and internet rights		45,000				45,000
Program sales, concessions, novelty sales and parking	22,419	80,364		13,213	76,025	192,021
Royalties, licensing, advertisements and sponsorships				23,056	839,549	862,605
Sports camp revenues	245		506	9,735	1,095,536	1,106,022
Endowment and investment income	15,388	16,920	243	99,665	383,900	516,116
Other	2,329	3,929	1,813	90,060	110,221	208,352
Total revenue	1,211,731	4,828,486	958,954	8,766,008	7,297,066	23,062,245
EXPENSES:						
Athletics student aid	254,347	2,279,957	356,461	4,091,940	144,807	7,127,512
Guarantees	60,000		2,000	80,500	6,500	149,000
Coaching salaries, benefits, and bonuses paid by the university and related entities	475,202	999,968	374,877	2,036,881		3,886,929
Coaching other compensation and benefits paid by a third-party						-
Support-staff/administrative salaries, benefits, and bonuses paid by the university and related entities	32,063	187,899	31,250	99,642	2,806,604	3,157,458
Support staff/administrative other compensation and benefits paid by a third-party						-
Severance payments						-
Recruiting	66,538	146,344	45,575	318,982	85,682	663,121
Team travel	93,385	326,724	40,735	1,028,786	239,185	1,728,815
Equipment, uniforms and supplies	40,159	203,120	22,439	351,716	231,435	848,869
Game expenses	61,907	103,597	40,193	160,998	43,451	410,146
Fund raising, marketing and promotion	2,805	15,485	3,750	16,192	183,921	222,153
Sports camp expenses					1,114,969	1,114,969
Direct facilities, maintenance and rental	28,607	93,359	14,370	63,596	115,835	315,767
Spirit groups					110,380	110,380
Indirect facilities and administrative support					673,210	673,210
Medical expenses and medical insurance	4,976	19,067	4,720	73,559		102,322
Memberships and dues	230			6,430	122,330	128,990
Other operating expenses	91,512	452,966	22,584	436,785	1,711,138	2,714,985
Total expenses	1,211,731	4,828,486	958,954	8,766,008	7,589,448	23,354,627
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ (292,382)	$ (292,382)

1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Miami University (the "Statement") has been prepared in accordance with the 1996 Financial Audit Guidelines established by the National Collegiate Athletic Association, as amended, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Department of Miami University (the "Department") for the year ended June 30, 2007 on the accrual basis. Revenues are recorded when earned. Expenses are recorded in the period in which the related liability is incurred. Because the Statement presents only a selected portion of the activities of Miami University (the "University"), it is not intended to and does not present the financial position, changes in net assets or revenues and expenses for the year then ended for the University as a whole.

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

2. OTHER SPORTS

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

3. CONTRIBUTIONS

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

There were no individual contributions in excess of 10 percent of all contributions received for the Intercollegiate Athletics Department for the year ended June 30, 2007.

4. OTHER FORMS OF COMPENSATION

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

5. PROPERTY, PLANT, AND EQUIPMENT

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

* * * * * *

Intercollegiate Athletics Department
Variance Analysis - Current Year Compared to Prior Year
For The Year Ended June 30, 2007

Revenues	2007	2006	Variance	
Student Fees	$ 11,361,245	$ 10,657,204	$ 704,041	(1)
Direct Institutional Support	4,476,310	3,629,340	846,970	(2)

Management Response

(1) Student fees are directly correlated to the University's overall student enrollment. Miami University had increased enrollment in fiscal year 2007 and more student fees were allocated to the athletics department. In addition, allocation of these fees to Athletic department was performed consistently with prior year.

(2) Breakdown of the Variance: 1) $40,000 more Football tickets purchased in fiscal year 2007, 2) $30,000 more licensing program scholarships distributed, 3) $47,000 in fund for office renovations, 4) $580,000 amount transferred between designated athletic funds, 5) $153,000 amount transferred from auxiliary designated fund

(continued)

Intercollegiate Athletics Department
Variance Analysis - Current Year Compared to Prior Year
For The Year Ended June 30, 2007

Expenses	**2007**	**2006**	**Variance**	
Athletics Student Aid	$ 7,127,512	$ 6,532,332	$ 595,180	(1)
Coaching Salaries, Benefits, and Bonuses Paid by the University	3,886,929	3,506,302	380,627	(2)
Support-Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University	3,157,458	3,036,321	121,137	(3)

Management Response

(1) The increase in Athletics Student Aid is due to an approximately 6% increase tuition from prior year and increase in number of students participating in intercollegiate sports in current year.
(2) The increase in Coaching Salaries, Benefits, and Bonuses paid by the University can be attributed to merit salary increases in 2007.
(3) The increase in Supporting Staff/Admin. Salaries, Benefits, and Bonuses paid by the University can be attributed to merit salary increases in 2007.

(concluded)

WMUB Radio

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

Financial Statements for the Years Ended June 30, 2007 and, 2006, and Independent Auditors' Report

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

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INDEPENDENT AUDITORS' REPORT

Board of Trustees of Miami University
and Mary Taylor, Auditor of State of Ohio:

We have audited the accompanying financial statements of the business-type activities of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the management of the Station. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of Miami University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Miami University as of June 30, 2007 and 2006, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Station, as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3–6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The supplementary information is the responsibility of the Station's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2007 on our consideration of the Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

November 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

Introduction

The following discussion and analysis provides an overview of the financial position and activities of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") for the years ended June 30, 2007 and 2006. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion have been prepared by and are the responsibility of Station management.

Using the Financial Statements

The Station's annual report contains three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements—and Management Discussion and Analysis—for Public Colleges and Universities,* as amended by GASB Statement No. 37 and 38. These statements establish standards for external financial reporting and provide a consolidated perspective of the Station's assets, liabilities, net assets, revenues, expenses and cash flows.

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

Financial Highlights

Fiscal Year 2007

Overall, the Station's financial position remained strong at June 30, 2007, with total assets of $845,870 (slightly down from 2006). In local sources, revenue from Membership increased significantly and Underwriting also saw an increase, because of additional explanatory and fundraising letters to members, and continuity in the underwriting representative position. These local increases helped offset a second year of declines in Miami University support.

Fiscal Year 2006

Overall, the Station's financial position remained strong at June 30, 2006, with total assets of $859,188. Revenue from local sources (membership and underwriting) increased overall. Membership was slightly down, while underwriting increased considerably. While overall Miami University support increased, fiscal year 2006 saw the first year of a phased reduction in Miami University's non-salary cash support.

Statement of Net Assets

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

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

Assets	**2007**	**2006**	**2005**
Current assets	$ 505,022	$ 462,262	$ 409,282
Capital assets—net	340,848	396,926	443,371
Total assets	$ 845,870	$ 859,188	$ 852,653
Net Assets			
Invested in capital assets	$ 340,848	$ 396,926	$ 443,371
Unrestricted net assets	505,022	462,262	409,282
Total net assets	$ 845,870	$ 859,188	$ 852,653

Statement of Revenues, Expenses and Changes in Net Assets

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

	2007	2006	2005
Operating revenues	$ 339,582	$ 331,485	$ 294,030
Nonoperating revenues	1,377,959	1,377,526	1,283,081
Other revenues	0	0	74,061
Total revenues	1,717,541	1,709,011	1,651,172
Operating expenses	1,730,859	1,702,476	1,535,278
Total expenses	1,730,859	1,702,476	1,535,278
Increase (Decrease) in net assets	$ (13,318)	$ 6,535	$ 115,894

Statement of Cash Flows

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

	2007	2006	2005
Net cash used by operating activities	$ (999,373)	$ (973,329)	$ (876,455)
Net cash provided by noncapital activities	1,042,133	1,036,009	960,451
Net cash used for capital and related financing	0	(9,700)	(97,802)
Net increase (decrease) in cash equivalents	42,760	52,980	(13,806)
Cash equivalents at beginning of year	462,262	409,282	423,088
Cash equivalents at end of year	$ 505,022	$ 462,262	$ 409,282

Economic Factors That Will Affect the Future

Station management believes that while the Station enjoyed relatively favorable results in fiscal year 2007, declines in institutional support from Miami University have led to concern for fiscal year 2008 and beyond. Membership increased at a robust level in 2007, and local Underwriting continues to move toward more industry-standard levels. However, Corporation for Public Broadcasting support likely peaked in fiscal year 2006, declined in fiscal year 2007 and will likely continue to decline in future years as more stations share a relatively static source of funds. Fiscal year 2008 may also reflect continuing declines in Miami University's non-salary cash support as this source moves toward zero. Audience figures from Arbitron continue to show listening levels that should sustain some continued local fundraising increases, according to a national benchmark.

In fiscal year 2005 the Station received a grant from the Corporation for Public Broadcasting which when matched enabled the Station to sign on with a new digital (HD) signal. HD radio has not yet penetrated the marketplace but is expected to be significant within a few years. Despite full implementation of this new technology, it appears that the Station is not well positioned for success with HD due to gaps in the Station's signal pattern that affect HD radio more than traditional analog. The Station is working with National Public Radio and other affected stations to identify potential solutions to the problem.

Overall the Station's financial position is strong as of June 30, 2007. However, the next two fiscal years especially will present challenges to the budget. The Station will maintain a close watch over internal and external resources in order to maintain or improve its current economic condition.

Tolliver C. Callison, III
General Manager, WMUB

WMUB RADIO

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

STATEMENTS OF NET ASSETS
JUNE 30, 2007 AND 2006

ASSETS	2007	2006
CURRENT ASSETS—		
Net accounts receivable from Miami University	$ 505,022	$ 462,262
NONCURRENT ASSETS—		
Capital assets, net of $767,877 and $726,798 in accumulated depreciation for 2007 and 2006, respectively	340,848	396,926
TOTAL	$ 845,870	$ 859,188

NET ASSETS		
INVESTED IN CAPITAL ASSETS	$ 340,848	$ 396,926
UNRESTRICTED NET ASSETS	505,022	462,262
TOTAL	$ 845,870	$ 859,188

See notes to financial statements.

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
OPERATING REVENUES:		
Corporation for Public Broadcasting Grant	$ 157,271	$ 178,767
In-kind contributions—Ohio Educational Telecommunications	147,250	117,471
Ohio Educational Telecommunications ("OET") Grant	35,061	35,247
Total operating revenues	339,582	331,485
OPERATING EXPENSES:		
Program services:		
Programming and production	831,052	793,841
Broadcasting	94,452	102,453
Program information	57,069	60,132
Total program services	982,573	956,426
Supporting services:		
Administrative support	335,826	341,517
Management and general	252,822	259,084
Fund raising	64,325	65,808
Underwriting	39,235	23,496
Depreciation	56,078	56,145
Total supporting services	748,286	746,050
Total operating expenses	1,730,859	1,702,476
NET OPERATING LOSS	(1,391,277)	(1,370,991)
NONOPERATING REVENUES:		
Appropriation from Miami University	652,732	709,293
Donated facilities and administrative support	335,826	341,517
Membership revenue	282,121	230,227
Business and underwriting support	82,657	74,801
Net revenue from special fund raising activity	232	4,435
Foundations and nonprofits	12,292	17,173
Passive income	263	0
Other	11,836	80
Total nonoperating revenues	1,377,959	1,377,526
INCREASE (DECREASE) IN NET ASSETS	(13,318)	6,535
NET ASSETS—Beginning of year	859,188	852,653
NET ASSETS—End of year	$ 845,870	$ 859,188

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Corporation for Public Broadcasting Grant	$ 157,271	$ 178,767
Receipts from Ohio Educational Telecommunications Grant	35,061	35,247
Payments for programming and production	(683,802)	(676,370)
Payments for broadcasting	(94,452)	(102,453)
Payments for program information	(57,069)	(60,132)
Payments for management and general	(252,822)	(259,084)
Payments for fund raising	(64,325)	(65,808)
Payments for underwriting	(39,235)	(23,496)
Net cash used by operating activities	(999,373)	(973,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Appropriation from Miami University	652,732	709,293
Membership revenue	282,121	230,227
Business and underwriting support	82,657	74,801
Foundations and nonprofits	12,292	17,173
Net revenue from special fundraising activities	232	4,435
Passive income	263	0
Other	11,836	80
Net cash provided by noncapital financing activities	1,042,133	1,036,009
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments to purchase capital assets	0	(9,700)
Net cash used by capital and related financing activities	0	(9,700)
NET INCREASE IN CASH EQUIVALENTS	42,760	52,980
CASH EQUIVALENTS:		
Beginning of year	462,262	409,282
End of year	$ 505,022	$ 462,262
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Net operating loss per statements of revenues, expenses and changes in net assets	$ (1,391,277)	$ (1,370,991)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	56,078	56,145
Donated facilities and administrative support	335,826	341,517
NET CASH USED IN OPERATING ACTIVITIES	$ (999,373)	$ (973,329)

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements of the Station have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred.

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

Capital Assets — Buildings, equipment and furniture and fixtures are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. The Station uses a capitalization threshold of $1,200. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings and 5 to 7 years for equipment.

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

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

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

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

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

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

2. CAPITAL ASSETS

The capital assets and accumulated depreciation as of June 30, 2007 and 2006, are summarized as follows:

	2007			
	July 1, 2006 Beginning Balance	Additions	Retirements	June 30, 2007 Ending Balance
Capital assets:				
Building, antenna and tower	$ 330,386	$ 0	$ 0	$ 330,386
Studio and broadcast equipment	793,338	0	(14,999)	778,339
Total capital assets	1,123,724	0	(14,999)	1,108,725
Less: accumulated depreciation	726,798	56,078	(14,999)	767,877
Capital assets—net	$ 396,926	$ (56,078)	$ 0	$ 340,848

	2006			
	July 1, 2005 Beginning Balance	Additions	Retirements	June 30, 2006 Ending Balance
Capital assets:				
Building, antenna and tower	$ 330,386	$ 0	$ 0	$ 330,386
Studio and broadcast equipment	783,638	9,700	0	793,338
Total capital assets	1,114,024	9,700	0	1,123,724
Less: accumulated depreciation	670,653	56,145	0	726,798
Capital assets—net	$ 443,371	$ (46,445)	$ 0	$ 396,926

3. INCOME TAXES

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

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

Board of Trustees of Miami University
and Mary Taylor, Auditor of State of Ohio:

We have audited the financial statements of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") as of and for the year ended June 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

Deloitte & Touche LLP

November 19, 2007

Mary Taylor, CPA
Auditor of State

MIAMI UNIVERSITY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 7, 2008

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