

Miami University

Financial Report
June 30, 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Miami University, Butler County, prepared by McGladrey LLP, for the audit period July 1, 2013 through June 30, 2014. 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. Miami University is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 15, 2014

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Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Miami University (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Miami University as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Continued)

Emphasis of Matter

As disclosed in Note 2 to the financial statements, the University restated net position at June 30, 2013 and 2012 by \$3,593,640 and \$2,659,077, respectively, and change in net position by \$934,563 and \$969,712 for the years ending June 30, 2013 and 2012, respectively. The restatement was required to be made for the implementation of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 15, 2014 and October 15, 2013 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

McGladrey LLP

Cleveland, Ohio
October 15, 2014

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2014. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

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

Overall the university's financial position improved at June 30, 2014. Total assets rose 15.9 percent from \$1.64 to \$1.90 billion. Liabilities increased \$123.4 million and totaled \$774.2 million. Significant financial events during fiscal year 2014 were:

- Although the University was authorized to increase tuition by 2.0 percent, the University implemented a 1.5 percent tuition and fee increase for all Oxford campus students. Tuition and fees on the regional campuses were increased 2.0 percent for upper division courses and 2.3 percent for lower division courses for both resident and non-resident students as was authorized by the Ohio General Assembly.
- The fall 2013 first-year enrollment was 3,644 on the Oxford campus, which represented a 2.4 percent decrease over the previous year, but surpassed the institutional goal of 3,600 students. The reduction in the size of the freshman class was intentional as the prior class significantly exceeded the 3,600 target for the class. In addition, the academic quality of the incoming class improved substantially with average ACT scores increasing from 26.5 to 27.5 and the average grade point average increasing from 3.63 to 3.72. Non-resident first-year enrollment was 39.5 percent as compared to 38.5 percent for the fall 2012 class. In addition, there was an 11.9 percent increase in transfer students and regional campus relocation students, while international student enrollment also increased by 36 students or 23.4 percent. The first-year class enrollment on the Hamilton and Middletown campuses decreased by 54 and 23 students, respectively.
- The investment portfolios produced solid results for the fiscal year. For the fifth consecutive year, operational investments experienced positive returns recording earnings of 5.2 percent, which is an improvement over the 3.5 percent in the previous fiscal year. These results were once again achieved in spite of another year of near zero short-term interest rates. The combined University and Foundation managed endowment pools reported positive returns of 14.6 percent, which is also an improvement over the 11.2 percent returns from the 2013 fiscal year. These positive returns are attributable to improved University operating cash flow, solid investment performance, and sustained donor contributions.
- For fiscal year 2014, the University increased salaries by 2.5 percent. This resulted in general fund salary expense on all three campuses increasing by \$5.8 million to \$173.6 million, which was \$8.8 million below the adopted budget. Although a hiring freeze is not in affect, requests to add new positions or fill previously vacant positions are carefully scrutinized.
- The continuation of the health insurance changes resulted in a reduction of employee health insurance claims of \$4.2 million or 14.1 percent, which is in addition to last year's \$5.6 million reduction. These changes included a reduction in health care coverage for spouses, a focused effort on employee wellness programs and education, and the employee on-site health clinic in order to reduce emergency room visits. Overall, general fund benefit expense was \$16.1 million less than budget.

Financial Highlights (Continued)

- In March 2014, an additional \$135.0 million in general receipts revenue bonds were issued to fund planned capital projects (see the Capital Assets and Debt Administration section for more information).

Statements of Net Position

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

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

	2014	2013	2012
Assets			
Current assets	\$ 762,437,071	\$ 630,190,581	\$ 529,678,151
Capital assets, net	943,645,967	832,124,564	738,665,680
Long-term investments	179,581,020	163,672,938	155,941,906
Other assets	9,801,424	9,511,837	7,035,261
Total assets	\$ 1,895,465,482	\$ 1,635,499,920	\$ 1,431,320,998
Deferred Outflows of Resources			
Deferred loss on refunding	\$ 277,378	\$ 348,672	\$ 431,855
Liabilities			
Current liabilities	\$ 93,935,492	\$ 99,114,983	\$ 85,563,200
Noncurrent liabilities	680,251,041	551,640,695	446,508,394
Total liabilities	\$ 774,186,533	\$ 650,755,678	\$ 532,071,594
Deferred Inflows of Resources			
Deferred gains on refunding	\$ 967,350	\$ 1,064,085	\$ 1,160,820
Net Position			
Investment in capital assets	\$ 529,298,910	\$ 494,296,482	\$ 479,937,861
Restricted – nonexpendable	97,225,874	89,565,237	84,392,200
Restricted – expendable	70,578,905	68,160,201	63,999,857
Unrestricted – allocated	410,344,845	322,480,209	262,999,984
Unrestricted – unallocated	13,140,443	9,526,700	7,190,537
Total net position	\$ 1,120,588,977	\$ 984,028,829	\$ 898,520,439

Financial Highlights (Continued)

Fiscal Year 2014

Total assets of the institution increased 15.9 percent or \$260.0 million in fiscal year 2014. This increase was primarily a result of the increase in investments and capital assets. The \$62.7 million or 22.0 percent decrease in cash and cash equivalents is the result of the utilization of the bond proceeds for the construction and renovation of capital assets and the unspent 2014 series bond proceeds. The \$205.7 million or 44.7 percent increase in investments is primarily attributable to the unspent Series 2012 and 2014 general receipts revenue bond proceeds and continued positive investment performance. Details of the \$111.5 million or 13.4 percent increase in capital assets are provided in the Capital Assets and Debt Administration section of this report.

Total liabilities of the institution increased \$123.4 million or 19.0 percent, which was primarily the net result of the \$135.0 million issuance of Series 2014 general receipts revenue bonds and the repayment of outstanding bonds and leases payable. Additional details on bonds and leases are provided in the Capital Assets and Debt Administration section of this report. The \$7.5 million or 18.0 percent decrease in the accounts payable liability is primarily related to the timing of the receipt of capital projects invoices. Other current and long-term liabilities remained relatively unchanged. Overall, net position increased by \$136.6 million.

Fiscal Year 2013

Total assets increased 14.3 percent or \$204.2 million while total liabilities increased \$118.7 million or 22.3 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from unspent Series 2011 and 2012 general receipts revenue bond proceeds, investments from improved investment performance, and capital assets. The issuance of the Series 2012 general receipts revenue bonds, which was offset in part by the repayment of outstanding bonds and leases payable, and an increase in the accounts payable liability due to the large number of outstanding capital project invoices were the primary reason for the increase in liabilities. Overall, net position increased by \$85.5 million.

Statements of Revenues, Expenses and Changes in Net Position

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

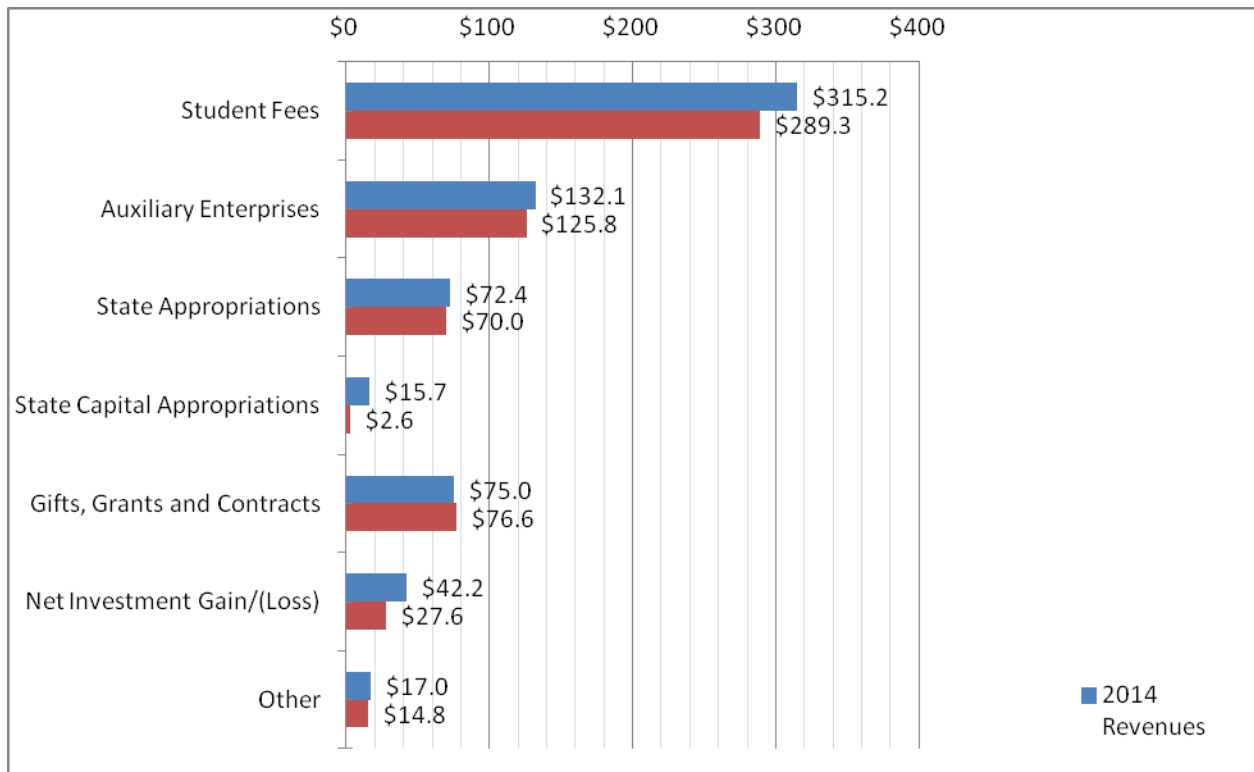
In fiscal year 2014, total revenues of the institution from all sources were approximately \$669.6 million, which represents a \$62.9 million or 10.3 percent increase. Approximately 71.1 percent of revenues were classified as operating, and 24.7 percent were classified as non-operating revenues.

	2014	2013	2012
Operating revenues	\$ 476,260,658	\$ 444,370,551	\$ 435,633,387
Non-operating revenues	165,234,064	151,479,564	116,579,887
Other revenues	28,106,926	10,813,806	16,952,417
Total revenues	669,601,648	606,663,921	569,165,691
Operating expenses	(510,737,308)	(499,584,346)	(512,168,814)
Non-operating expenses	(22,304,192)	(21,571,185)	(18,465,540)
Total expenses	(533,041,500)	(521,155,531)	(530,634,354)
Change in net position	\$ 136,560,148	\$ 85,508,390	\$ 38,531,337

Financial Highlights (Continued)

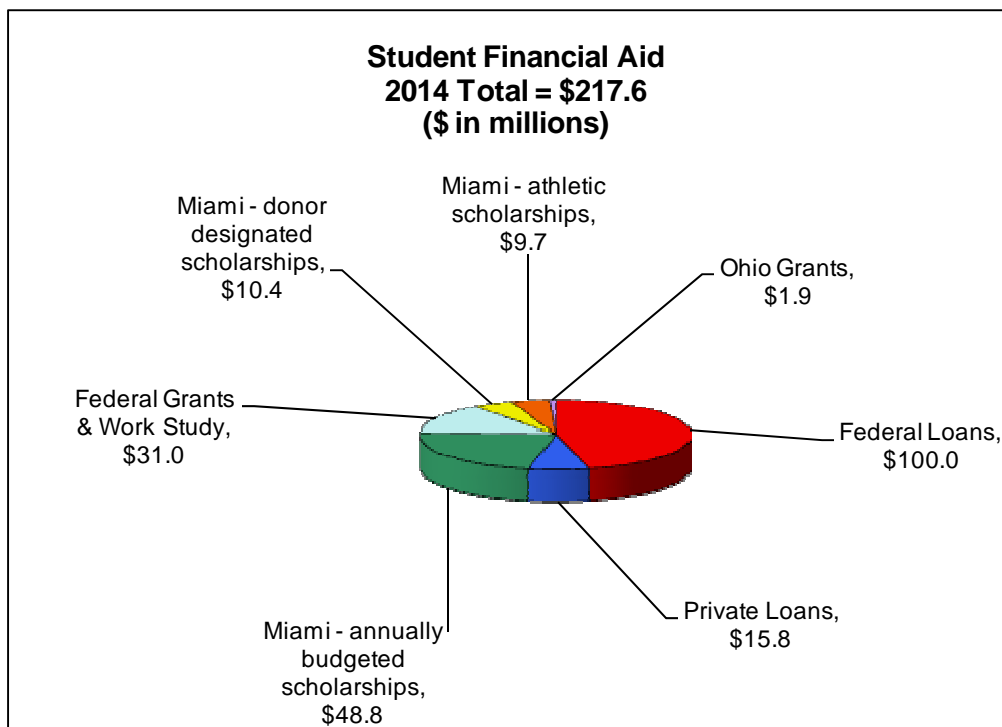
The University revenue base is shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at slightly more than 47 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount at 19.7 percent. Gifts, grants, and contracts remained relatively unchanged from last fiscal year and represent 11.2 percent, while endowment and investment income increased substantially due to factors that were previously discussed. Although state appropriations increased by \$2.4 million, the proportion to total revenues decreased to 10.8 percent. The increase in state capital appropriations is primarily a result of one-time funding for the renovation of Kreger Hall.

Total Revenues (\$ in Millions)



Financial Highlights (Continued)

The University continues to expand the merit scholarship packages for in-state and out-of-state students in order to recognize student achievement and to continue to make a high quality education more affordable for parents and students. In fiscal year 2014, Miami-funded financial aid increased by \$5.7 million or 9.0 percent. In total, financial aid awards were \$217.6 million.



Fiscal Year 2014

Operating revenues increased by 7.2 percent or \$31.9 million in fiscal year 2014. This increase was the result of several factors including a 1.5 percent tuition and fee increase for all Oxford students, \$7.9 million in tuition revenues from the new winter semester, and a 1.6 percent increase in room and board rates. The tuition and fee increase of 2.0 percent for upper division courses and 2.3 percent for lower division courses on the regional campuses also contributed to the overall increase.

Operating expenses increased by 2.2 percent or \$11.2 million. This increase is a result of a 2.5 percent salary increase for all employees offset by a 14.1 percent decrease in health insurance claim expense. In addition, operating expenses continue to be controlled through salary savings that are a direct result of the reduction in positions and number of vacant positions throughout the fiscal year.

The majority of the \$13.0 million increase in non-operating revenues and expenses is a net result of a \$14.6 million increase in net investment income, a \$2.4 million increase in state appropriations, and \$3.3 million decrease in gifts. The \$17.3 million increase in other revenues is primarily attributable to the \$13.2 million increase in state capital appropriations, the majority of which was provided for the renovation of Kreger Hall.

Miami University

Management's Discussion and Analysis June 30, 2014

Financial Highlights (Continued)

Fiscal Year 2013

Operating revenues increased by \$8.7 million primarily due to a 3.5 percent tuition and fee increase for resident undergraduate students, a 3.0 percent increase for non-resident undergraduate students on all three campuses, and a 3.5 percent increase in room and board rates. Operating expenses decreased by \$12.6 million primarily due to a decrease in health insurance claim expense, a 2.5 percent salary increase for all employees, and absence of the one-time payments in fiscal year 2012 to outside consultants for operational reviews.

The majority of the increase in non-operating revenues and expenses was attributable to the \$29.5 million increase in net investment income and a \$3.1 million increase in the interest payments on outstanding debt. The decrease in other revenues is primarily attributable to the \$4.1 million decrease in state capital appropriations.

Statements of Cash Flows

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

	2014	2013	2012
Net cash provided by (used in) operating activities	\$ 7,177,113	\$ (25,681,405)	\$ (36,652,109)
Net cash provided by noncapital financing activities	119,524,199	123,128,206	118,868,486
Net cash (used in) provided by capital and related financing activities	(26,002,906)	(19,984,280)	48,751,164
Net cash (used in) investing activities	(163,424,976)	(49,449,630)	(19,415,722)
Net (decrease) increase in cash and cash equivalents	(62,726,570)	28,012,891	111,551,819
Cash and Cash Equivalents			
Beginning of year	284,944,363	256,931,472	145,379,653
End of year	<u>\$ 222,217,793</u>	<u>\$ 284,944,363</u>	<u>\$ 256,931,472</u>

The net \$62.7 million decrease in the fiscal year 2014 cash and cash equivalents balance primarily relates to the utilization of bond proceeds for the construction and renovation of capital assets and the unspent 2014 series bond proceeds.

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

Financial Highlights (Continued)

Capital Assets and Debt Administration

During fiscal year 2014, the University completed and capitalized several projects. These projects were funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2010A and 2010B Series General Receipts Revenue Bonds totaling \$125 million, the 2011 Series General Receipts Revenue Bonds totaling \$148.8 million, and the 2012 Series General Receipts Revenue Bonds totaling \$116.1 million. Major projects capitalized in 2014 include renovation projects at the Armstrong Student Center, Etheridge Hall, Maplestreet Station, Western Dining Hall, Anderson Hall, and McFarland Hall. See Note 5 for additional information concerning capital assets and accumulated depreciation.

During fiscal year 2014, the University issued \$135,035,000 in General Receipts Revenue Bonds. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

The University's bond rating remained the same with a rating of Aa3 from Moody's Investors Services and a rating of AA from Fitch Ratings. For more detailed information on current outstanding debt, see Note 6.

Economic Factors That Will Affect the Future

During fiscal year 2014, Miami University faculty and staff finalized the goals and objectives of the Miami 2020 Plan. The unifying goal of this plan is to "Promote a vibrant learning and discovery environment that produces extraordinary student and scholarly outcomes". All divisions and departments have developed plans and metrics specific to their areas in order to achieve the 2020 Plan goals and objectives including the three core foundations of transformational work environment, inclusive culture and global engagement, and effective partnerships and outreach. Annual progress reports on the metrics and objectives will be created and shared with the Board of Trustees over the next five years.

Fiscal year 2015 represents the last year for implementing the recommendations of the Strategic Priorities Task Force (SPTF), which were approved in 2011. Over this five year period, the recommendations were intended to produce approximately \$10 million in new revenue and approximately \$30 million in expense reductions through improved efficiencies, savings and reallocation of funds. New strategic priority revenues initiatives are included in the fiscal year 2015 operating budget totaling \$7.7 million. The additional revenue will primarily be realized through increased non-resident and international enrollments and increasing the number of tuition paying graduate students. Also included in the 2015 operating budget is a \$7.3 million reduction in expenditures related to Strategic Priorities initiatives. By achieving the fiscal year 2015 revenue additions and expense reductions, the University will exceed the goals set out by the Strategic Priorities Task Force.

Throughout fiscal year 2014, the University transitioned from its traditional incremental budget framework to Responsibility Center Management (RCM). The RCM budget model provides a decentralized managerial framework for internal budgeting and financial reporting that assigns academic divisions greater accountability for generating tuition revenue and determining how new tuition revenue is allocated. At the end of fiscal year 2014, tuition funds net of student financial aid and waivers in excess of the amount budgeted were returned to the academic divisions totaling \$9.2 million.

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

The fall 2014 first-year enrollment is approximately 3,650 at the Oxford campus, which surpassed the goal of 3,600 students and is approximately the same as the previous year. For the second consecutive year, the academic quality of the incoming class improved with average ACT scores increasing from 27.5 to 27.6. Non-resident first-year enrollment is 43.4 percent as compared to 39.5 percent for the fall 2013 class. In addition, transfer students and regional campus relocation students remained relatively the same as the previous fiscal year. The university implemented a 2.0 percent tuition and fee increase for resident and non-resident undergraduate and graduate students for all campuses. First-year enrollments at the Hamilton campus decreased by 6.4 percent, while the Middletown campus increased by 1.1 percent. However, overall enrollments decreased on both campuses for the fall 2014.

For fiscal year 2015, the University's state share of instruction is budgeted to decrease by approximately \$2.9 million or 5.0 percent for the Oxford campus, \$1.1 million or 16.2 percent for the Hamilton campus, and \$0.9 million or 16.5 percent for the Middletown campus. These decreases were a result of the governor initiated Ohio Higher Education Funding Commission recommendations for recasting the state's funding formula for higher education and as such were anticipated and incorporated into the fiscal year 2015 budget.

The University's Love and Honor Campaign, which closed on December 31, 2013, was declared a resounding success. The total contributions of \$535.6 million surpassed the goal of \$500 million with more than 105,000 alumni, parents, corporations and foundations contributing. These funds will provide new scholarships that will allow thousands of students access to a Miami education, faculty recruiting and retention opportunities, new chairs and professorships, and funds for capital improvements. Looking ahead, the development priorities are endowed scholarships for incoming students, the East Wing of the Armstrong Student Center, Intercollegiate Athletics, faculty support, and residence hall renovations.

Higher education continues to experience a high degree of change. Technology is transforming the learning environment and new models of education are continually being discovered. In addition, the cost of tuition and student debt are a national concern that is expected to result in further changes. While the future outlook for higher education remains challenging, Miami University remains optimistic about the strategic vision outlined in its 2020 Plan and ability to adapt to future changes.

Miami University

Statements of Net Position
June 30, 2014 and 2013

	Miami University		University Foundation	
	2014	2013	2014	2013
Assets				
Current Assets				
Cash and cash equivalents (includes bond proceeds of \$156.6 million at FY 14 and \$224.5 million at FY 13)	\$ 222,217,793	\$ 284,944,363	\$ 30,124,889	\$ 27,353,886
Investments	486,452,808	296,657,289	-	-
Accounts, pledges and notes receivable, net	45,083,632	40,231,976	13,480,834	12,849,308
Inventories	4,142,695	3,868,620	-	-
Prepaid expenses and deferred charges	4,540,143	4,488,333	-	-
Total current assets	762,437,071	630,190,581	43,605,723	40,203,194
Noncurrent Assets				
Restricted cash and cash equivalents	-	-	1,235,667	597,912
Investments	179,581,020	163,672,938	455,607,806	408,011,774
Pledges and notes receivable, net	9,801,424	9,511,837	20,356,737	21,240,396
Nondepreciable capital assets	122,644,547	153,230,904	-	-
Depreciable capital assets, net	821,001,420	678,893,660	-	-
Total noncurrent assets	1,133,028,411	1,005,309,339	477,200,210	429,850,082
Total assets	\$ 1,895,465,482	\$ 1,635,499,920	\$ 520,805,933	\$ 470,053,276
Deferred Outflows of Resources				
Deferred loss on refunding	\$ 277,378	\$ 348,672	\$ -	\$ -
Liabilities				
Current Liabilities				
Accounts payable	\$ 34,278,138	\$ 41,810,461	\$ 15,389,462	\$ 14,095,399
Accrued salaries and wages	14,457,070	14,825,571	-	-
Accrued compensated absences	1,473,335	1,604,876	-	-
Unearned revenue	7,769,989	8,020,623	-	-
Deposits	12,513,896	11,810,307	-	-
Long-term debt - current portion	23,443,064	21,043,145	-	-
Other current liabilities	-	-	592,752	540,160
Total current liabilities	93,935,492	99,114,983	15,982,214	14,635,559
Noncurrent Liabilities				
Accrued compensated absences	15,640,527	14,561,171	-	-
Bonds payable	655,613,190	528,009,069	-	-
Capital leases payable	2,521,800	2,640,587	-	-
Federal Perkins loan program	6,475,524	6,429,868	-	-
Other noncurrent liabilities	-	-	188,369,166	172,017,446
Total noncurrent liabilities	680,251,041	551,640,695	188,369,166	172,017,446
Total liabilities	\$ 774,186,533	\$ 650,755,678	\$ 204,351,380	\$ 186,653,005
Deferred Inflows of Resources				
Deferred gains on refunding	\$ 967,350	\$ 1,064,085	\$ -	\$ -
Net Position				
Investment in capital assets	\$ 529,298,910	\$ 494,296,482	\$ -	\$ -
Restricted:				
Nonexpendable	97,225,874	89,565,237	175,746,425	166,432,123
Expendable	70,578,905	68,160,201	139,682,354	116,115,163
Unrestricted	423,485,288	332,006,909	1,025,774	852,985
Total net position	\$ 1,120,588,977	\$ 984,028,829	\$ 316,454,553	\$ 283,400,271

See Notes to Financial Statements.

Miami University

**Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2014 and 2013**

	Miami University		University Foundation	
	2014	2013	2014	2013
Operating Revenues				
Tuition, fees, and other student charges	\$ 389,940,924	\$ 356,215,310	\$ -	\$ -
Less allowance for student scholarships	(74,745,160)	(66,944,417)	-	-
Net tuition, fees, and other student charges	315,195,764	289,270,893	-	-
Sales and services of auxiliary enterprises	137,195,505	130,854,800	-	-
Less allowance for student scholarships	(5,121,827)	(5,075,794)	-	-
Net sales and services of auxiliary enterprises	132,073,678	125,779,006	-	-
Federal contracts	13,577,688	14,395,007	-	-
Gifts	-	-	13,478,870	(1,295,923)
Sales and services of educational activities	2,103,301	2,163,226	-	-
Private contracts	3,220,402	2,379,107	-	-
State contracts	480,090	1,082,148	-	-
Local contracts	(371,758)	299,267	-	-
Other	9,981,493	9,001,897	-	-
Total operating revenues	476,260,658	444,370,551	13,478,870	(1,295,923)
Operating Expenses				
Education and General				
Instruction and departmental research	168,592,629	162,874,433	-	-
Separately budgeted research	14,226,594	15,206,678	-	-
Public service	2,658,744	1,975,070	-	-
Academic support	56,332,879	56,731,618	-	-
Student services	21,638,029	22,538,535	-	-
Institutional support	43,819,367	39,273,599	-	-
Operation and maintenance of plant	33,034,431	33,259,424	-	-
Scholarships and fellowships	17,975,846	21,644,139	-	-
Auxiliary enterprises	104,987,844	104,539,337	-	-
Depreciation	41,000,538	37,874,305	-	-
Other	6,470,407	3,667,208	-	-
Total operating expenses	510,737,308	499,584,346	-	-
Net operating (loss) income	(34,476,650)	(55,213,795)	13,478,870	(1,295,923)
Non-Operating Revenues (Expenses)				
State appropriations	72,399,116	69,966,227	-	-
Gifts, including those from the University Foundation	21,323,618	24,618,328	-	-
Federal grants	23,094,957	24,418,522	-	-
Net investment income, net of investment expense of \$2,339,595 for the University and \$3,083,591 for the Foundation in FY14 \$2,018,200 for the University and \$2,788,198 for the Foundation in FY13	42,236,848	27,639,731	33,453,892	21,510,509
State grants	1,250,335	1,194,978	-	-
Interest on debt	(21,326,076)	(20,429,656)	-	-
Payments to Miami University	-	-	(24,214,321)	(19,672,471)
Other non-operating revenues	3,951,074	2,500,249	1,191,748	826,080
Net non-operating revenues (expenses)	142,929,872	129,908,379	10,431,319	2,664,118
Income before other revenues, expenses, and gains or losses	108,453,222	74,694,584	23,910,189	1,368,195
Other Revenues, Expenses, Gains or Losses				
State capital appropriation	15,719,213	2,559,532	-	-
Capital grants and gifts	11,793,811	7,462,467	-	-
Additions to permanent endowments	593,902	791,807	9,144,093	5,658,546
Total other revenues, expenses, gains, or losses	28,106,926	10,813,806	9,144,093	5,658,546
Change in net position	136,560,148	85,508,390	33,054,282	7,026,741
Total net position at beginning of year, as restated (Note 2)	984,028,829	898,520,439	283,400,271	276,373,530
Total net position at end of year	\$ 1,120,588,977	\$ 984,028,829	\$ 316,454,553	\$ 283,400,271

See Notes to Financial Statements.

Miami University

Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Tuition, fees, and other student charges	\$ 390,519,218	\$ 354,607,300
Sales and services of auxiliary enterprises	137,333,781	130,864,960
Contracts	16,891,706	13,667,938
Other operating receipts	12,183,837	11,024,219
Payments for employee compensation and benefits	(311,542,692)	(311,740,283)
Payments to vendors for services and materials	(139,885,459)	(131,292,113)
Student scholarships	(97,842,833)	(92,828,014)
Loans issued to students and employees	(2,165,124)	(2,537,122)
Collection of loans from students and employees	1,684,679	2,551,710
Net cash flows provided by (used in) operating activities	7,177,113	(25,681,405)
Cash Flows From Noncapital Financing Activities		
State share of instruction funds	74,768,562	72,335,673
Grants for noncapital purposes	24,345,292	25,613,500
Gifts	20,410,345	25,179,033
Net cash flows provided by noncapital financing activities	119,524,199	123,128,206
Cash Flows From Capital and Related Financing Activities		
State capital appropriation	11,586,117	2,195,821
Grants for capital purposes	11,277,438	7,250,544
Other capital and related receipts	1,240,112	130,802
Proceeds from debt obligations	150,981,187	126,154,233
Payments to construct, renovate, or purchase capital assets	(156,345,207)	(113,758,411)
Principal paid on outstanding debt	(19,486,352)	(19,224,094)
Interest paid on outstanding debt	(25,256,201)	(22,733,175)
Net cash flows used in capital and related financing activities	(26,002,906)	(19,984,280)
Cash Flows From Investing Activities		
Proceeds from sale of investments	57,188,128	59,025,581
Purchases of investments	(228,118,279)	(117,297,550)
Endowment income	15,689,672	3,911,739
Other investment income	(8,184,497)	4,910,600
Net cash flows used in investing activities	(163,424,976)	(49,449,630)
Net (decrease) increase in cash and cash equivalents	(62,726,570)	28,012,891
Cash and cash equivalents		
Beginning	284,944,363	256,931,472
Ending	\$ 222,217,793	\$ 284,944,363

(Continued)

Miami University

Statements of Cash Flows (Continued)
Years Ended June 30, 2014 and 2013

	2014	2013
Reconciliation of Operating Loss to Net Cash Flows used in operating activities		
Operating loss	\$ (34,476,650)	\$ (55,213,795)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	41,000,538	37,874,305
Net (loss) gain on disposal of capital assets	(2,146,878)	7,789
Accounts receivable bad debt adjustments	382,620	338,082
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:		
Accounts receivable	711,949	(4,489,936)
Inventories	(274,075)	361,864
Prepaid expenses and deferred charges	289,699	(1,150,940)
Notes receivable	(385,908)	182,697
Accounts payable	997,893	(24,171)
Accrued salaries and wages	(368,501)	(2,769,077)
Compensated absences	947,815	359,101
Unearned revenue and deposits	452,955	(1,158,043)
Federal Perkins loans	45,656	719
Net cash flows provided by (used in) operating activities	\$ 7,177,113	\$ (25,681,405)
Supplemental Disclosure of NonCash Information:		
Property and equipment included in accounts payable	\$ 14,713,179	\$ 23,205,243
Property and equipment acquired by gifts in kind	\$ 516,374	\$ 211,924

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Miami University (the University) is a land grant institution chartered by the State of Ohio in 1809 and governed by a Board of Trustees (the board). The board consists of up to 17 members, including two student members and up to six non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate, and the national trustees are appointed by the voting members and can serve for no more than two consecutive three-year terms.

The Governmental Accounting Standards Boards (GASB) Statement No. 39 sets forth criteria to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University. The Miami University Foundation (the Foundation), which is a separate not-for-profit foundation, meets this criteria due to the significance of their operational or financial relationships with the University. Note 10 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately for the year ended June 30, 2014 and reports have been issued under separate cover.

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

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

Recent and pending accounting pronouncements: Effective July 1, 2013, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The adoption of this Statement changed the presentation of the basic financial statements to include deferred inflows and outflows as well as a restatement of prior year financial statements to conform to the 2014 presentation as is presented in Note 2.

Effective July 1, 2013, the University adopted GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement is effective for periods beginning after December 15, 2012. There has been no impact to the University financial statements due to the adoption of Statement No. 66.

Effective July 1, 2013 the University adopted GASB Statement No.67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 35*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The Statement is effective for periods beginning after June 15, 2013. There has been no impact to the University financial statements due to the adoption of Statement No. 67.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The Statement is effective for periods beginning after June 15, 2013. There has been no impact to the University financial statements due to the adoption of Statement No.70.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is address an issue regarding an application of the transition provisions of Statement No. 68. The Statement is effective for periods beginning after June 15, 2014. The University has not yet determined the impact this Statement will have on the financial statements.

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

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.

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

Inventories: The University bookstore inventories are stated at the lower of first-in, first-out cost or net realizable value. The supply room inventories are stated at the weighted average value. All other inventories, including the Culinary Support Center and Goggin Ice Center, are stated at the last price paid value.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Bond premiums, discounts and issuance costs: Bond premiums and discounts costs are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are recognized as an expense in the period incurred.

Deferred outflows/inflows of resources: Deferred outflows of resources are a consumption of net positions by the University that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net positions by the University that is applicable to a future reporting period.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Net positions: Net positions are divided into three major categories. The first category, investment in capital assets, which does not include unspent bond proceeds, reports the institution's net equity in property, plant, and equipment. The second major category is restricted net position. This category contains assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted assets is available for investment purposes only. The expendable restricted assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the University. The third category is unrestricted net position and is separated into two types: allocated and unallocated. Allocated unrestricted assets are available to the institution, but are allocated for a specific purpose within the institution by University policy, management, or the governing board. The allocated unrestricted net assets were \$410,344,845 and \$322,480,209 as of June 30, 2014 and 2013, respectively. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

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

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

Subsequent events: The University has evaluated events occurring between the end of our most recent fiscal year and October 15, 2014, the date the financial statements were issued.

Reclassifications: Certain items in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

Note 2. Restatement for Implementation of a New Accounting Standard

For the year ended June 30, 2014, Miami University implemented the provisions of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. Among other changes, this Statement changed the manner in which governments account for most debt issuance costs. Under this Statement, debt issuance costs, should be recognized as an expense in the period incurred. As a result of implementing this Statement, Miami University was required to remove debt issuance costs that had previously been reported as bonds payable and restate net position to the earliest period presented. The effect of the restatement on net position and change in net position is as follows:

	2013	2012
Net position as previously reported, June 30	\$ 987,622,469	\$ 901,179,516
Adjustment to write-off debt issuance costs	(3,593,640)	(2,659,077)
Net position as restated, June 30	\$ 984,028,829	\$ 898,520,439
	2013	2012
Change in net position as previously reported	\$ 86,442,953	\$ 39,501,049
Adjustment to write-off debt issuance costs	(934,563)	(969,712)
Change in net position, as restated	\$ 85,508,390	\$ 38,531,337

Note 3. 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 \$222.2 million in 2014 and \$284.9 million in 2013, respectively. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. STAR Ohio, a 2a7 – like pooled fund, is a statewide fund managed by the State Treasurer of Ohio.

Approximately \$0.5 million of cash and cash equivalents was covered by federal depository insurance; \$137.2 million was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments: Investments held by the University at June 30, 2014 and 2013 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment management procedures establish guidelines for average credit quality ratings in the portfolios. Moody's Investors Services and Fitch Ratings have assigned AAA credit ratings to U.S. Treasury obligations. On August 6, 2011, Standard & Poor's lowered its credit rating on long-term U.S. Treasury related debt obligations from AAA to AA+.

Miami University

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

The investments as of June 30, 2014 are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	\$ 84,349,290	\$ -	\$ 84,349,290	\$ -	\$ -
U.S. Agency bonds	59,126,820	-	59,126,820	-	-
Strips	4,432,641	-	4,432,641	-	-
Government-backed bonds	58,554,273	-	58,554,273	-	-
Corporate bonds	24,565,704	-	-	24,565,704	-
Municipal bonds	2,975,796	-	-	2,975,296	-
International bonds	508,940	-	-	508,940	-
Common and preferred stocks	589,976	589,976	-	-	-
Commingled funds	430,617,711	364,634,618	24,131,483	28,597,711	13,253,899
Real estate and other	312,677	312,677	-	-	-
Total investments	\$ 666,033,828	\$ 365,537,271	\$ 230,594,507	\$ 56,647,651	\$ 13,253,899

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

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

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

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

Miami University

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Bond investments by length of maturity as of June 30, 2014 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	\$ 84,349,290	\$ 1,147,405	\$ 72,145,723	\$ 10,497,404	\$ 558,758
U.S. Agency bonds	59,126,820	21,790,640	35,807,136	1,529,044	-
Strips	4,432,641	-	3,987,440	-	445,201
Government-backed bonds	58,554,273	1,771	58,552,502	-	-
Corporate bonds	24,565,704	-	16,875,800	7,689,904	-
Municipal bonds	2,975,796	211,679	885,905	807,756	1,070,456
International bonds	508,940	-	-	508,940	-
Commingled bond funds	65,983,093	4,434,760	35,021,832	19,013,848	7,512,653
Total bonds	\$ 300,496,557	\$ 27,586,255	\$ 223,276,338	\$ 40,046,896	\$ 9,587,068

Bond investments by length of maturity as of June 30, 2013 are summarized as follows:

Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	\$ 23,439,070	\$ 2,996,659	\$ 15,269,774	\$ 5,172,637	\$ -
U.S. Agency bonds	36,914,679	7,928,518	28,431,481	554,680	-
Strips	5,997,982	1,999,430	3,579,810	-	418,742
Government-backed bonds	32,425,977	10,580	32,415,397	-	-
Corporate bonds	25,994,035	3,180,444	17,205,836	5,607,755	-
Municipal bonds	3,092,471	201,150	897,339	794,962	1,199,020
International bonds	506,072	-	-	506,072	-
Commingled bond funds	62,181,997	2,043,503	31,924,949	24,460,463	3,753,082
Total bonds	\$ 190,552,283	\$ 18,360,284	\$ 129,724,586	\$ 37,096,569	\$ 5,370,844

All of the University's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Investments include approximately \$139.4 million and \$104.6 million as of June 30, 2014 and 2013, respectively, managed by global managers, and such international investments are exposed to foreign currency risk. The University's investments that are exposed to concentration risk consist of securities issued by the U.S. Treasury and other agencies or instrumentalities of the U.S. government which represents 31.0% of investments. No other single issuer represents more than 5% of investments. Commingled bond funds held by the University include a wide range of investments, including hedge funds. The University's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

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

Note 3. Cash and Investments (Continued)

Endowment funds: The Miami University Foundation (Foundation) manages the Foundation and University endowment and quasi-endowment funds in a single investment pool (Pooled Fund). The University investment is maintained as a separate fund on the financial system of the Foundation and receives a proportional share of the Pooled Fund's activity. The Foundation owns the assets of the Pooled Fund; the University has an interest in the Pooled Fund, which is considered an external investment pool to the University. The Foundation's Pooled Fund is not registered with the Securities and Exchange Commission as an investment company. The Foundation's Board of Directors appoints an Investment Committee, which is responsible for oversight of the Pooled Fund in accordance with Foundation policies. University investments include \$178.8 million and \$162.9 million managed by the Foundation as of June 30, 2014 and 2013, respectively. The fair value of the University's position in the Pooled Fund is based on the University's proportional share of the Pooled Fund, which is marked-to-market annually. Note 10 provides additional information on the Foundation and the Pooled Fund.

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

The University employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets. The University Board has approved an endowment spending policy whereby distributions in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value and a 70% weight to inflation. Annually the University establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets to other funds. The authorized spending amount was \$8,523,965 in 2014 and \$8,273,995 in 2013. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$8,218,604 and \$7,780,684 was distributed for expenditure for 2014 and 2013, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

Miami University

Notes to Financial Statements

Note 4. Accounts, Pledges and Notes Receivable

The accounts, pledges and notes receivable as of June 30, 2014 and 2013 are summarized as follows:

	2014	2013
Accounts Receivable		
Student receivables	\$ 9,092,747	\$ 9,568,274
University Foundation	15,216,001	13,877,445
State capital appropriations	6,971,313	2,838,217
Grants and contracts	4,293,484	5,018,615
Other receivables	3,687,587	3,687,541
Total accounts receivable	<u>39,261,132</u>	<u>34,990,092</u>
Less allowances for doubtful accounts	(1,285,000)	(1,285,000)
Net accounts receivable	<u><u>\$ 37,976,132</u></u>	<u><u>\$ 33,705,092</u></u>
Pledges Receivable		
Pledges receivable	\$ 7,922,422	\$ 7,332,898
Less allowance for doubtful pledges	(585,176)	(481,770)
Net pledges receivable	<u><u>\$ 7,337,246</u></u>	<u><u>\$ 6,851,128</u></u>
Notes Receivable		
Federal loan programs	\$ 7,221,215	\$ 7,388,865
University loan programs	4,191,463	3,539,728
Total notes receivable	<u>11,412,678</u>	<u>10,928,593</u>
Less allowance for doubtful notes	(1,841,000)	(1,741,000)
Net notes receivable	<u>9,571,678</u>	<u>9,187,593</u>
Total	<u><u>\$ 54,885,056</u></u>	<u><u>\$ 49,743,813</u></u>

Miami University

Notes to Financial Statements

Note 5. Capital Assets

The capital assets and accumulated depreciation as of June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	\$ 4,841,276	\$ 950,950	\$ -	\$ 5,792,226
Collections of works of art and historical treasures	7,680,065	482,874	-	8,162,939
Construction in progress	140,709,563	138,956,846	170,977,027	108,689,382
Total nondepreciable capital assets	153,230,904	140,390,670	170,977,027	122,644,547
Land improvements	36,149,116	4,647,364	-	40,796,480
Buildings	860,436,833	152,645,032	5,051,711	1,008,030,154
Infrastructure	127,737,890	16,941,561	-	144,679,451
Machinery and equipment	112,099,750	5,402,544	11,146,583	106,355,711
Library books and publications	66,533,046	1,096,843	-	67,629,889
Vehicles	9,506,794	228,069	1,238,664	8,496,199
Intangible assets	16,946,161	-	-	16,946,161
Total depreciable capital assets	1,229,409,590	180,961,413	17,436,958	1,392,934,045
Total capital assets	1,382,640,494	321,352,083	188,413,985	1,515,578,592
Less accumulated depreciation:				
Buildings	358,639,528	26,661,727	4,814,100	380,487,155
Infrastructure	54,256,216	4,952,398	-	59,208,614
Land improvements	12,623,044	1,328,225	11,264	13,940,005
Machinery and equipment	59,962,259	4,659,404	13,519,815	51,101,848
Library books and publications	42,183,451	2,197,644	-	44,381,095
Vehicles	7,454,746	448,048	1,238,664	6,664,130
Intangible assets	15,396,686	753,092	-	16,149,778
Total accumulated depreciation	550,515,930	41,000,538	19,583,843	571,932,625
Total capital assets, net	\$ 832,124,564	\$ 280,351,545	\$ 168,830,142	\$ 943,645,967

Miami University

Notes to Financial Statements

Note 5. Capital Assets (Continued)

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

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

Miami University

Notes to Financial Statements

Note 6. Long-term Liabilities

The long-term liabilities as of June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and Leases Payable					
Bonds payable	\$ 525,150,000	\$ 135,035,000	\$ 19,120,000	\$ 641,065,000	\$ 21,280,000
Capital leases payable	3,006,952	-	366,352	2,640,600	118,800
Premiums	23,535,849	14,968,081	631,476	37,872,454	2,044,264
Total bonds and leases payable	551,692,801	150,003,081	20,117,828	681,578,054	23,443,064
Other Liabilities					
Compensated absences	16,166,047	8,090,785	7,142,970	17,113,862	1,473,335
Federal Perkins loans	6,429,868	286,714	241,058	6,475,524	-
Total other liabilities	22,595,915	8,377,499	7,384,028	23,589,386	1,473,335
Total	\$ 574,288,716	\$ 158,380,580	\$ 27,501,856	\$ 705,167,440	\$ 24,916,399

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and Leases Payable					
Bonds payable	\$ 427,505,000	\$ 116,065,000	\$ 18,420,000	\$ 525,150,000	\$ 19,120,000
Capital leases payable	3,811,046	-	804,094	3,006,952	366,364
Premiums	14,833,537	8,936,156	233,844	23,535,849	1,556,781
Total bonds and leases payable	446,149,583	125,001,156	19,457,938	551,692,801	21,043,145
Other Liabilities					
Compensated absences	15,806,946	7,933,241	7,574,140	16,166,047	1,604,876
Federal Perkins loans	6,429,149	305,432	304,713	6,429,868	-
Total other liabilities	22,236,095	8,238,673	7,878,853	22,595,915	1,604,876
Total	\$ 468,385,678	\$ 133,239,829	\$ 27,336,791	\$ 574,288,716	\$ 22,648,021

Additional information regarding the bonds and capital leases is included in Note 7.

Note 7. Indebtedness

During the year ended June 30, 2014, the University issued \$135,035,000 in General Receipts Revenue Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2015 to 2040. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

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

During the year ended June 30, 2012, the University issued \$148,775,000 in General Receipts Revenue Bonds with interest rates ranging from 2.00 percent to 5.00 percent and maturities from 2012 to 2036. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities. A part of the proceeds were also used to refund a portion of the remaining Miami University General Receipts Bonds, Series 2003. The net change in cash flows related to the refunding was approximately \$2.1 million and the net present value savings was approximately \$1.6 million. In fiscal year 2012, the University defeased a portion of the Series 2003 bonds by placing some of the proceeds from the Series 2011 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was \$31,215,000 and \$31,215,000 as of June 30, 2014 and 2013, respectively.

Note 7. Indebtedness (Continued)

The December 21, 2011 bond refunding resulted in a difference between the net carrying amount of the old debt and the reacquisition price of \$1,209,192. The unamortized difference of \$967,350 and \$1,064,085 at June 30, 2014 and 2013, respectively, are reported in the accompanying financial statements as a deferred inflow of resources and is being amortized through the year 2024.

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

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

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

During the year ended June 30, 2005, the University issued \$98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the University defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was \$8,425,000 and \$9,890,000 as of June 30, 2014 and 2013, respectively.

The March 1, 2005 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$863,535. The unamortized difference of \$277,378 and \$340,180 at June 30, 2014 and 2013, respectively, are reported in the accompanying financial statements as a deferred outflow of resources and is being amortized through the year 2019.

The October 1, 2003 bond refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$207,200. The unamortized difference of \$8,492 at June 30, 2013 is reported in the accompanying financial statements as a deferred outflow of resources and became fully amortized during 2014.

The University incurred total interest costs of \$23,331,615 and \$24,355,800 as of June 30, 2014 and 2013, respectively. The interest costs that were capitalized were \$2,005,539 and \$1,963,072 as of June 30, 2014 and 2013, respectively.

Miami University

Notes to Financial Statements

Note 7. Indebtedness (Continued)

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2014 are as follows:

	Maturity Dates	Interest Rates	Outstanding Debt
Bonds Payable			
Series 2014 general receipts	2016 – 2040	3.00% - 5.00%	\$ 135,035,000
Series 2012 general receipts	2015 – 2038	3.00% - 5.00%	116,065,000
Series 2011 general receipts	2015 – 2037	2.00% - 5.00%	143,200,000
Series 2010A general receipts	2018 – 2036	4.81% - 6.77%	105,445,000
Series 2010B general receipts	2015 – 2017	5.00% - 5.00%	10,465,000
Series 2007 general receipts	2015 – 2027	3.25% - 5.25%	67,375,000
Series 2005 general receipts	2015 – 2025	3.63% – 5.00%	63,480,000
Total bonds payable			<u>641,065,000</u>
Bond premiums			37,872,454
Total bonds payable, net			<u><u>\$ 678,937,454</u></u>

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

	Principal	Interest	Total
2015	\$ 21,280,000	\$ 28,689,382	\$ 49,969,382
2016	25,195,000	29,391,860	54,586,860
2017	26,295,000	28,325,210	54,620,210
2018	27,345,000	27,161,998	54,506,998
2019	29,310,000	25,854,918	55,164,918
2020-2024	163,420,000	106,717,313	270,137,313
2025-2029	126,220,000	68,914,262	195,134,262
2030-2034	115,790,000	48,826,568	164,616,568
2035-2040	106,210,000	9,942,317	116,152,317
Total	<u>\$ 641,065,000</u>	<u>\$ 373,823,828</u>	<u>\$ 1,014,888,828</u>

The University has \$2,640,600 in capitalized lease obligations that have varying maturity dates through 2032 and carry implicit interest rates ranging from 2.65 percent to 6.38 percent. The scheduled maturities of these leases as of June 30, 2014, are:

2015	\$ 195,849
2016	194,020
2017	194,586
2018	194,768
2019	194,583
2020-2024	969,292
2025-2029	965,454
2030-2032	576,097
Total minimum lease payments	<u>3,484,649</u>
Less amount representing interest	(844,049)
Net minimum lease payments	<u><u>\$ 2,640,600</u></u>

Note 7. Indebtedness (Continued)

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2014 and June 30, 2013 are \$2,667,600 and \$2,723,760 for buildings and \$3,586,129 and \$3,529,969 for equipment, respectively.

Note 8. Retirement Plans

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

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

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

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

Contribution rates for STRS Ohio are established by the State Teachers Retirement Board, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Contribution rates for fiscal year 2013 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2013, and June 30, 2012, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to post-employment health care (Note 9).

During calendar year 2013, employees covered by the OPERS system were required by state statute to contribute 10.0 percent of their salary to the plan. The University was required to contribute 14.0 percent of covered payroll. Law enforcement employees who are a part of the OPERS law enforcement division contribute 12.6 percent of their salary to the plan. For these employees, the University was required to contribute 18.1 percent of covered payroll. Effective January 1, 2013, the member contribution rate for law enforcement members increased to 13.0 percent. The member contribution rate for all other employees and the University's contribution rate remained unchanged. The portion of employer contributions to OPERS allocated to health care for members in the Traditional Plan was 1.0 percent from January 1 through December 31, 2013 (Note 9). Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2.0 percent.

The payroll for employees covered by STRS Ohio for the years ended June 30, 2014 and 2013, were approximately \$63,215,000 and \$62,272,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2014 and 2013, were approximately \$87,598,000 and \$85,101,000, respectively.

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

The payroll for employees electing the alternative retirement program for the years ended June 30, 2014 and 2013 were approximately \$58,295,000 and \$54,832,000, respectively.

Note 8. Retirement Plans (Continued)

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

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. OPERS also provides retirement, disability, survivor, and postretirement health care benefits to qualified members. The portion of employer contributions to OPERS allocated to health care for members in the Combined Plan was 1.0 percent from January 1 through December 31, 2013 (Note 9).

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

	Employer Contribution		
	STRS Ohio	OPERS	Alternative Programs
2014	\$ 8,850,145	\$ 12,333,960	\$ 6,330,661
2013	8,718,108	11,981,743	6,283,457
2012	8,825,325	11,863,447	5,807,341

Note 9. Other Postemployment Benefits

In addition to the pension benefits described in Note 8, STRS Ohio and OPERS provide postretirement health care coverage to retirees and their dependents. Health care coverage for disability recipients and primary survivor recipients is also provided. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. A portion of the employer contribution is allocated to fund the health care benefits (Note 8).

OPERS health care benefits are advance-funded on an actuarially determined basis. The amount of employer contributions made to fund post-employment benefits for the years ended June 30, 2014 and 2013, were approximately \$881,000 and \$3.4 million, respectively.

Note 10. Related Organization

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

The Foundation board is comprised of at least fifteen directors that are elected by the Board and seven directors that are appointed by Miami University. At least two-thirds of the elected directors are required to be alumni or former students of Miami University. The Foundation issues reports using standards issued by the Financial Accounting Standards Board.

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

Miami University

Notes to Financial Statements

Note 10. Related Organization (Continued)

Summary financial information for the Foundation as of June 30, 2014, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	\$ 1,025,774	\$ 139,682,354	\$ 175,746,425	\$ 316,454,553
Change in net assets for the year	172,789	23,567,191	9,314,302	33,054,282
Distributions to Miami University	24,214,321	-	-	24,214,321

Summary financial information for the Foundation as of June 30, 2013:

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

Cash and cash equivalents: Cash and cash equivalents consists primarily of cash in banks, money market accounts, BlackRock Liquidity Federal Trust Fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio and STAR Plus) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

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

Market prices are not available for certain investments. These investments are carried at estimated fair value provided by the funds' management. Some valuations are determined as of June 30, while the remaining valuations are determined based on March 31 information when June 30 information is not yet available, 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.

All donor-restricted endowment investments and unrestricted board-designated endowments are managed in a unitized investment pool (Pooled Funds), unless donor-restricted endowment gift agreements require that they be held separately. For the Pooled Funds, the fair value of the investments is determined at the end of each quarter and the incremental fair value increase or decrease is allocated to the individual fund accounts based on the number of shares the fund owns at the beginning of the quarter.

Miami University

Notes to Financial Statements

Note 10. Related Organization (Continued)

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. Net dividend and interest income as well as gains/losses are allocated based on the number of shares owned.

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

Investment Description	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Domestic public equities	\$ 23,199,187	\$ 35,054,606	\$ 19,938,926	\$ 27,416,233
Global public equities	112,314,628	136,992,680	93,414,389	107,076,280
International public equities	9,745,203	10,711,879	13,242,469	13,858,465
Domestic public fixed income	2,173,064	2,523,976	15,319,154	17,412,122
Global public fixed income	26,931,934	28,198,502	21,753,184	22,122,356
Hedge funds	84,655,269	128,222,458	79,655,269	109,692,536
Limited partnerships and non-public equities	94,071,687	93,675,365	107,739,599	95,989,557
Split-Interest Funds				
Charitable remainder trusts	8,375,914	9,979,411	8,126,780	9,009,640
Charitable gift annuities	2,775,808	3,243,099	2,601,608	2,998,438
Pooled income funds	488,996	560,465	439,472	480,903
Total	\$ 364,731,690	\$ 449,162,441	\$ 362,230,850	\$ 406,056,530

The Foundation maintains a diversified investment portfolio for the Pooled Funds, intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The Foundation's investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The Foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of Foundation assets. As of June 30, 2014, the Foundation has made commitments to limited partnerships of approximately \$21.2 million that have not yet been funded.

The 2014 dividend and interest income of \$3,345,497, as reported in the Statement of Activities, is net of fees from external investment managers totaling \$376,976. The 2013 dividend and interest income of \$2,691,854, as reported in the Statement of Activities, is net of fees from external investment managers totaling \$349,625.

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

Note 10. Related Organization (Continued)

Pledges receivable: As of June 30, 2014, contributors to the Foundation have made unconditional pledges totaling \$38,063,498 with 18 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using interest rates to a net present value of \$36,849,756 at June 30, 2014. Discount rates ranged from 1.20 percent to 6.00 percent. Management has set up an allowance for uncollectible pledges of \$3,518,447 and \$3,533,277 at June 30, 2014 and 2013, respectively. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time or donor imposed stipulations.

The Foundation had also been notified of revocable pledges, bequests, and other indications of intentions to give. These potential contributions are not permitted to be recorded as they are deemed intentions to give and not promises to give.

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

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

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

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

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were \$22,826 as of June 30, 2014 and \$101,697 as of June 30, 2013. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

Note 10. Related Organization (Continued)

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

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

Note 11. Commitments

At June 30, 2014, the University is committed to future contractual obligations for capital expenditures of approximately \$103.7 million. These commitments are being funded from the following sources:

Contractual Obligations	
Approved state appropriations not expended	\$ 3,792,000
University funds and bond proceeds	99,891,611
Total	<u><u>\$ 103,683,611</u></u>

Note 12. Risk Management

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

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of \$2,109,100 and \$2,748,400 is included in the accrued salaries and wages as of June 30, 2014 and 2013, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2014	2013
Liability at beginning of year	\$ 3,159,166	\$ 3,662,493
Claims incurred	25,975,512	30,312,549
Claims paid	(26,054,526)	(30,692,076)
Decrease in estimated claims incurred but not reported	(639,300)	(123,800)
Liability at end of year	<u><u>\$ 2,440,852</u></u>	<u><u>\$ 3,159,166</u></u>

To reduce potential loss exposure, the University has established a reserve for health insurance stabilization of \$12.5 million.

Note 12. Risk Management (Continued)

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Insurance Consortium. The commercial property program's loss limit is \$1.0 billion and the general/auto liability loss limit is \$50 million. The property insurance program has been in place for 19 years during which time Miami University has had one material loss above the insurance policy deductible of \$350,000. The property pool deductible for individual universities is \$100,000. The liability program has been in place for 14 years during which time Miami University has had three losses above the pool deductible. The current self-insured retention for the liability program is \$1.0 million. The educator's legal liability loss limit is \$25 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks. Over the past five years, settlement amounts related to insured risks have not exceeded the University's coverage amounts.

Note 13. Contingencies

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

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

Miami University

OMB Circular A-133 Requirements

Miami University

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education:			
Supplemental Educational Opportunites Grant Program	84.007	P007A13315	\$ 771,834
College Work Study Program	84.033	P033A133315	480,407
Federal Perkins Loan Program	84.038	N/A	8,145,534
Federal Pell Grant Program	84.063	P063P130342	19,739,089
Federal Direct Student Loan Program	84.268	N/A	99,060,084
TEACH Grant Program	84.379	P379T090342	1,739,580
Total U.S. Department of Education			129,936,528
Total Student Financial Assistance Cluster			\$ 129,936,528
Research and Development Cluster			
U.S. Department of Agriculture:			
Comparative Genome Mapping and Microsatellite DNA Sequence Resources	10.664	12-JV11330126-015	\$ 14,969
U.S. Department of Commerce:			
2014 Summer Undergraduate Research Fellowship in Physics	11.609	70NANB14H170	5,500
Pass-Through Programs From:			
Stratus Consulting: Assessment of Ecological Impacts of the BP Deep Horizon Oil Spill	11.XXX	S087-OC-1553	2,909
Total U.S. Department of Commerce			8,409
Department of Defense:			
Gram-Negative Bacterial Wound Infections	12.42	W81XWH-12-2-0035	216,734
Cross-Conjugated Nanoarchitectures	12.8	FA9550-10-1-0377	30
Satellite Signal Parameter Estimation Algorithms for High-Accuracy Applications	12.8	FA9550-10-1-0346	(19,339)
Acquisition of a TGA and DSC for Education and Research	12.XXX	W911NF-13-1-0325	83,813
Total Department of Defense-Direct Programs			281,238
Pass-Through Programs From:			
UTC: Electrical Power Extraction from a JetCat P-80SE Gas Turbine Engine	12.XXX	13-S590-020-63-C1	7,173
FLIR: Characterization of the Impact of Scale-Up of ATRP Polymerization on the Structure and Function of Enzyme Conjugates	12.XXX	AGE-2001-002	28,892
KeraNetics, LLC: Flowable Keratin Biomaterials for Infection Control (Phase I Option)	12.XXX	N/A	8,871
KeraNetics, LLC: Phase II SBIR - Flowable Keratin Biomaterials for Improving Infection Control and Wound Healing	12.XXX	W81XWH-12-C-0004	81,042
KeraNetics: Keratin Biomaterials for Craniofacial Tissue Engineering	12.XXX	N/A	11,279
KeraNetics: Spatiotemporally Controlled Keratin Biomaterial Delivery System	12.XXX	W81XWH-11-C-0060,00001	61,176
Ohio State University Research Foundation: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL	12.XXX	RF01307198	92,858
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYRN	12.XXX	RF01130475	(9,066)
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYRN	12.XXX	RF01346970	73,067
RevMedx, Inc.: Material Characterization for X-Stat Wound Dressing	12.XXX	N/A	2,442
RNET Technologies, Inc.: Cooperative Adaptive Radar Imaging with Knowledge-Based SAR	12.XXX	N/A	1,641
Shaw Environmental: The Influence of Plant-Microbe Interactions on the Mobility and Bioavailability of Arsenic in Soil	12.XXX	570951 OP	25,037
Ohio Aerospace Institute: Miami University Engineering Capstone: Engine Air Particle Separator	12.8	N/A	5,136
University of Dayton Research Institute: Development of Damage Models for Composite Structures	12.8	RSC12024	64,957
Total Department of Defense-Pass-Through Programs			454,505
Total Department of Defense			735,743

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
National Security Agency:			
Summer Undergraduate Mathematical Sciences Research Institute (SUMSRI)	12.901	H98230-13-1-0269	\$ 87,569
U.S. Department of the Interior:			
Conservation Genetics of the Spectaclecase (Cumberlandia Monodonta)	15.657	F12AP00581	23,740
Continued Operation of the NTN Precipitation Collection Station in Oxford, OH	15.808	G11PX00205	3,634
Total U.S. Department of the Interior-Direct Programs			27,374
Pass-Through Programs from:			
Franklin & Marshall College: Projecting Native and Managed Bees on the Prairie Pothole Landscape	15.808	13-002-MUO	6,104
Total U.S. Department of the Interior			33,478
U.S. Department of Labor:			
Pass-Through Programs From:			
ODA: Leveraging Resources Between the Senior Community Service Employment Program and the Long-Term Care Ombudsman Program	17.235	6328	2,887
ODA: Ohio's Aging Workforce and Older Adults and Transportation Resources in Appalachia Ohio: Enhancing or Impairing Opportunities for Job Training and Employment	17.235	SCSEP-2014	24,754
Total U.S. Department of Labor			27,641
U.S. Department of Transportation:			
Pass-Through Programs From:			
Ohio Department of Public Safety: Ohio Highway Traffic Safety Evaluation and Action Planning FFY14	20.6	GG-2014-9-00-00-00321-00	308,935
Ohio Department of Public Safety: 2013 Ohio Highway Traffic Safety Evaluation and Action Planning	20.6	GG-2013-9-00-00-00390-00	113,303
Total U.S. Department of Transportation			422,238
National Aeronautics & Space Administration:			
Pass-Through Programs From:			
University of Mississippi: Novel Explorations into the Interactions Between Light and Gravity Sensing in Plants	43.001	N/A	15,814
Ohio Space Grant Consortium: Development of Reduce Order Models for Simulations and Feedback Control of Aerodynamic Flows	43.XXX	N/A	11,351
Total National Aeronautics & Space Administration			27,165
National Endowment for Humanities:			
Pass-Through Programs From:			
Arizona Humanities Council: Apache Scouts	45.129	GG06-5902-2013	7,734
Arizona Humanities Council: Apache Scouts	45.129	GG05-5783-2012	(1,000)
Total National Endowment for Humanities			6,734
National Science Foundation:			
NSF Salary Support for Dong's Appointment at NSF June 2014 Through May 2015	47.XXX	EAR-1447162	10,463
Algebraic K-theory of Infinite Groups With Torsion II	47.049	DMS-1207712	28,486
Approximation Properties of C*-algebras	47.049	DMS-1262106	22,918
CAREER: Phylogenetic Diversity of Protist Populations and their Functional Roles in Dry Valley Lake Microbial Loop	47.049	ANT-1056396	157,669
CAREER: Enamine-Metal Lewis Acid Bifunctional Catalysts for Asymmetric Organic Transformations	47.049	CHE1056420	109,157
Cellular NADH Fluorescence as a Metabolic Indicator Under Pressure: Piezophysiological Studies at a Predominantly- Undergraduate Physics Department	47.049	PHY-0957675	15,798
Collaborative Research: A Multi-Proxy Approach to Early Miocene Community, Landscape, and Climate Reconstruction, Ethiopian Plateau	47.049	EAR-1052478	22,111
Dynamical Process in Semiconductor Nanowire in the Quantum Regime	47.049	DMR-1105121	19,779
Electrocatalysis on Structure Controlled Metal Nanocrystals: Unraveling Particle Structure-Catalytic Activity Relationships	47.049	CHE-1156425	81,091
Integrated Paramagnetic Resonance of High Spin Cobalt(II) Systems	47.049	CHE-1152755	172,829
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-1011909	131,186
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-1305664	72,292
Large Cardinals and Small Sets	47.049	DMS-1201494	26,913
Natural Structures in Set Theory	47.049	DMS-0700983	2,125
On Three Different Manifestations of Instability of Fronts in Parabolic and Partially Parabolic Systems	47.049	DMS-1311313	23,709
O-Phenylenes: Controlled Folding and Directed Oxidative Planarization	47.049	CHE-1306437	106,601
Polarization Quantum Beat Spectroscopy in Diatomic Molecules	47.049	PHY-1309571	67,392
Probing Enzyme Motions During Catalysis	47.049	CHE-1151658	154,968
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-1101764	24,249
Summer Undergraduate Mathematical Sciences Research Institute (SUMSRI)	47.049	DMS-1303171	73,304
Summer Undergraduate Research Experiences in Chemistry and Biochemistry	47.049	CHE-1004875	48,403
Acquisition of an Inductively Coupled Plasma- Optical Emission Spectrometer for Geological and Environmental Applications	47.05	EAR-1028789	40,499
Collaborative Research: Nitrate Reduction by Redox-Modified Fe-Bearing Clay Minerals	47.05	EAR-1148039	7,632
Constraining Processes and Timescales of Magma Evolution	47.05	EAR-0911182	12,822
Coprecipitation of Pb and As in Apatite and Applications to Environmental Remediation	47.05	EAR-0952298	37,756
Correlative Study of Metal Atoms and Ion Concentrations	47.05	AGS-1243133	63,888
Identifying Crustal and Mantle Processes in the Central Trans-Mexican Volcanic Belt	47.05	EAR-1019798	33,802
Interaction of Planetary-Scale Waves and the Ionosphere at Low Latitudes	47.05	AGS-104223	17,766
Links Between Magma Source Characteristics, Shallow Plumbing, and Eruptive Styles in Mafic Intraplate Volcanic Fields (Lunar Crater Volcanic Field, Nevada)	47.05	EAR1016042	25,097
NSF Postdoctoral Fellowship Host Allowance for Harmony Colella	47.05	EAR1144871	300

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
National Science Foundation (Continued):			
CPATH II: Incorporating Communication Outcomes into the Computer Science Curriculum	47.07	CCF-0939122	\$ 18,006
Evaluation of Collaborative Research MU CPATH II; Incorporating communication Outcomes into the Computer Science Curriculum	47.07	939122	42,093
HCC: Medium: Collaborative Research: Low Cost, Portable, Multi-User, Immersive Virtual Environment Systems for Education and Training in Worlds of Unlimited Size	47.07	HS-0964324	52,837
A Regional Hub for the EON's at Lacawac Sanctuary	47.074	DBI-1318747	38,995
ABI Innovation: Analysis of Operon Evolution Using an Event-Driven Approach	47.074	DBI-1146960	134,074
CAREER: The de novo Discovery of Transposable Elements for the Study of Neutral Substitution Rate Variations in Plant Genomes	47.074	DBI-0953215	104,804
Collaborative Research: Nutrient Co-limitation in Young and Mature Hardwood Forests	47.074	DEB-0949317	27,276
Collaborative Research: Winter Climate Change in a Northern Hardwood Forest	47.074	DEB-0949301	37,267
Control of Lipid Metabolism and Muscle Hypertrophy by PPARs in Gray Catbird Annual Life Cycle	47.074	IOS-1257455	174,982
Dissertation Research: Causes and Consequences of Cyanobacterial Dominance and Toxin Production	47.074	DEB-1110536	810
Exploring the Generality of Light, Nutrient and Predator Constraints on Food Chain Efficiency	47.074	DEB-0949500	106,862
Functional Consequences of Modulation of CPG Feedback to Descending Projection Neurons	47.074	IOS-1153417	118,833
LTREB Renewal: Response of a Reservoir Ecosystem to Declining Subsidies of Nutrients and Detritus	47.074	DEB-1255159	134,430
LTREB: Response of a Reservoir Ecosystem to Variable Subsidies of Nutrients and Detritus	47.074	DEB-0743192	(4,613)
Mechanisms of Physiological Mechanisms in Anuran Adaptation to Extreme Cold	47.074	IOS-1022788	124,566
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IOS-0840772	226,336
Molecular Mechanisms Contributing Evolutionary Morphological Diversity	47.074	IOS-0950964	73,916
Niche Differentiation between Ammonia-Oxidizing Archaea and Bacteria in Freshwater Lakes	47.074	DEB-1120443	22,430
Planning Grant: Developing a plan for a Watershed Education and Research Center	47.074	DBI-0935452	6,070
RAPID: Assessing Sentinel Responses of Lake Ecosystems to the Rim Wildfire	47.074	DEB-1360066	92,489
Research Dissertation: Living on the Edge: How Landcover and Landscape Connectivity Interact to Determine Species Range	47.074	DEB-1406814	4,381
REU Site: Ecology in Human-Dominated Landscapes	47.074	DBI-1156703	98,097
Theta Modulation of Hippocampal Ensembles across Subregions	47.074	IOS-1121969	133,846
URM: ASSURE - Achieving Success in Science through Undergraduate Research Experiences	47.074	DBI-0731634	40,046
Collaborative Research: Social Exclusion as a Determinant of Individuation and Stereotyping	47.075	BCS-1323349	26,138
Doctoral Dissertation Research: Focal Social Actors and Tacit Coordination	47.075	SES-1124132	1,826
Inokaatawaakani: Illinois (MIA) Dictionary Project	47.075	PD-50017-12	46,561
Missing Links Problems and Participation in Collective Decisions	47.075	SES-1124367	103,057
Response Dynamics in Decision Making	47.075	SES-1260882	73,560
Short Term Dynamics in Changing Environments: A Geospatial Analysis of Seasonal Forest Response and Extractive Resource Entitlements at Mt. Kaigau, Kenya	47.075	BCS-1061407	44,199
The Motivated Origins of the Cross Race Effect	47.075	BCS-0951463	64,896
Chemistry Education Research Doctoral Scholars Program	47.076	DRL-0733642	104,566
Collaboration and Guided Inquiry in the Organic Chemistry Lab	47.076	DUE-1044549	41,599
Collaborative Research: Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	309,840
Collaborative Research: Transforming Web-based Courseware into a Full Statics Course that Informs Interactive-Collaborative Classroom Activities	47.076	DUE-0918956	93
Collaborative: TUES: Software Defined Radio Laboratory Platform for Enhancing Undergraduate Communication and Networking Curricula	47.076	DUE-1323105	12,701
Development and Integration of Computational and Experimental Activity Based Studios	47.076	DUE-1044698	35,731
Evaluation of Development and Integration of Computational and Experimental Activity Based Studios within Mechanical and Manufacturing Engineering Curriculum	47.076	DUE-1044698	3,803
Evaluation of Further Development and Testing of the Target Inquiry Model for Middle and High School Science Teacher Professional Development	47.076	DRL-1118749	41,828
National Science Foundation Graduate Research Fellowships	47.076	DGE-1144472	218,177
Saving Species	47.076	DRL-1010938	278,742
Staying in STEM: Examining Communal Goal Congruity Processes in the Retention of Women	47.076	HRD-1232364	70,568
Electronics and Computing Service Scholars	47.076	DUE-1355513	3,163
ARRA CAREER: Implementing Inquiry-Based Approaches in Geoscience Education and Research	47.082	EAR-0847688	104,956
ARRA Collaborative Proposal: Roles for Dehydration and Photoperiodism in Preparing an Antarctic Insect for the Polar Night	47.082	ANT-0837559	3,950
ARRA Ortho-Phenylene Oligomers and Graphene Nanoribbons	47.082	CHE-0910477	43,266
ARRA Rationale Capture for High-Assurance Systems	47.082	CCF-0844638	56,835
Total National Science Foundation-Direct-Programs			5,109,893

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Pass-Through Programs From:			
Ohio University: Digitization TCN: Collaborative Research: Digitizing Fossils to Enable New Syntheses in Biogeography	47.05	UT17548	\$ 1,344
University of Southern California: Development of a Novel In-Situ Method to Image Microbe-Mineral Associations	47.05	36817855	60,005
NCSU: Evaluation of Collaborative Research: CPATHII Incorporating Communication Outcomes into the Computer Science Curriculum	47.07	2009-2200-01	18,126
Purdue University: Evaluation of CS10K- Leading the Way to CS10K: Assessing A Just-in-Time Professional Development Approach for Teacher Knowledge Growth in Computer Science	47.07	4101-57860	21,907
Cornell Univ.: Long-term Ecological Research at the Hubbard Brook Experimental Forest	47.074	61468-9520	32,962
OU: Digitization TCN: The Macrofungi Collection Consortium: Unlocking Biodiversity Resource for Understanding Biotic Interactions, Nutrient Cycling and Human Affairs	47.074	NYBG-1206197-08-MIAMIU	12,280
New York Botanical Garden: Digitization TCN: Collaborative Research: Tritrophic Databasing Initiative	47.074	NYBG-1115104-01-MU	13,191
University at Buffalo: Evaluation of Biology with X-Ray Lasers	47.074	R876180	29,561
University of Illinois: GEPR: The Origin of Dioecy and the Evolution of Sex Chromosomes in Caricaceae	47.074	2009-03499-01	27,187
Sinclair College: Evaluation of the High School STEM Teacher Synergistic Institute	47.076	NSF-DUE 1003048	2,883
Kent State University: Evaluation of Kent State University NOYCE Scholars Program	47.076	402005-MU	7,821
Michigan State Univ: Evaluation of MSU ADAPP ADVANCE	47.076	61-2340OEAC	87,554
OSURF:Evaluation of Middle Level Mathematics, Science & Career Pathways (MLP)	47.076	60018327	867
Purdue University:Evaluation of Purdue Center for Faculty Success	47.076	4101-27694-05	7,893
Sinclair Community College:The High School STEM Teacher Synergistic Institute	47.076	1003048	20,844
UC: Evaluation of Leadership, Empowerment, and Advancement for STEM Women Faculty (LEAF) at Univ Cincinnati	47.076	8259	40,409
University of Buffalo: Evaluation of Targeted MSP: The University at Buffalo/Buffalo Public Schools (UB/BPS) Interdisciplinary Science and Engineering Partnership	47.076	R748928	69,272
University of Georgia: Evaluation of Fossil Finders	47.076	RR246-45/4943336	630
University of Nevada Las Vegas: PIRE: Toward a Holistic and Global Understanding of Hot Springs Ecosystems: A US-China based International Collaboration	47.079	11-707D-E	177,632
ARRA Kent State University: Environmental Aquatic Res Sensing: Basic Science, Bus Ed & Outreach	47.082	448004-MU	48,137
Total National Science Foundation-Pass-Through Programs			680,505
Total National Science Foundation			5,790,398
U.S. Environmental Protection Agency:			
Using Sand and Moringa Oleifera Protein for a Sustainable Water Filter	66.516	SU-83550901-0	11,922
Pass-Through Programs:			
MACTEC: Operation of the US EPA National Dry Deposition Network Station at Miami University	66.XXX	N/A	3,779
Total U.S. Environmental Protection Agency			15,701
U.S. Department of Energy:			
ARRA Thylakoid Assembly and folded Protein Transport by the Tat Pathway	81.049	DE-SC0003914	166,169
Donor-Acceptor Extended Porphyrins for Solar Energy Conversion	81.049	DE-SC0010800	177,148
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	57,955
Thylakoid Assembly and Folded Protein Transport by the Tat Pathway	81.049	DE-SC0003914 NON-ARRA	877
Total U.S. Department of Energy Direct Programs			402,149
Pass-Through Programs From:			
Pennsylvania State University: Reactivity of Iron-bearing Phyllosilicates with Uranium and Chromium through Redox Transition Zone	81.049	4229-MU-DOE-5333	68,190
Total U.S. Department of Energy			470,339
U.S. Department of Education:			
ESOL MIAMI	84.195	T195N070166-11	38,509
Pass-Through Programs From:			
Secondary Career-Technical Alignment Initiative (SCTAI)	84.048	BOR01-0000003595	4,000
Secondary Career-Technical Alignment Initiative (SCTAI)	84.048	N/A	4,000
University of Minnesota: Regional Campuses Participation in Retention Study	84.051	226273	4,088
Lehigh Univ.: Examination of Decisions Leading to External Restrictive Placements for ED Youth	84.324	541821-78001	142
OBOR: Evaluation of iDiscovery- Professional Development Through Web-Based Learning Communities	84.366	13-23	6
OBOR: Evaluation of iDiscovery: Professional Development Through Web-Based Learning Communities	84.366	24-Dec	25,704
ODE: Cross-Project Evaluation of Ohio Mathematics and Science Partnership (OMSP) Program	84.366	CSP902913-1	154,360
ODE: Evaluation of Impact of Lesson Study as Model of Collaborative Professional Development	84.366	668917	123
OBOR: Evaluation of Enhanced Chemistry Learning through Instrument Access and Personalized Secondary Educator Training	84.367B	N/A	148
ARRA ODE: Race to the Top Family and Community (Civic) Engagement Evaluation	84.395	EDU01-0000008480	98,278
ARRA ODE:Evaluation of Ohio Resident Program (REP) Race to the Top (RtT)	84.395	CSP905812	206,141
ARRA ODE:Ohio Department of Education: Race to the Top	84.395	N/A	103,496
USED-ODE:Evaluation of Ohio Education Reserch Center(OERC) Race to the Top (RtTP)	84.395	60035141-MU	160,289
Total U.S. Department of Education-Pass-Through Programs			760,775
Total U.S. Department of Education			799,284

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Health & Human Services:			
Inspiratory Muscle Strength Training in Patients with Upper Airway Obstruction	93.173	1R03DC009057-01A2	\$ 366
Prediction Error in Contextual Fear Memory Reconsolidation	93.242	1R15MH100689-01	135,167
Role and Mechanisms of Prolactin on HPA Axis Activation Following Stress	93.242	1R15MH083310-01A	5,020
CBM: A Novel Intervention for Alcohol Dependence and Social Anxiety	93.273	1 R21AA021151-01A1	131,124
Evaluation of Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	8R250D011090-03 REVISED	22,008
Fighting with Food: Battling Chemical Toxicity with Good Nutrition	93.389	1R25RR032208-01	164,542
Ribosome-binding and translation of leaderless mRNA	93.39	1 R15GM65120-01	15
A Web Tutor to Help Women Decide About Testing for Genetic Breast Cancer Risk	93.393	1R21CA149796-01A1	(333)
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	24,186
Metabonomics Studies of Human Diseases	93.394	1R15CA152985-01A1	120,364
ARRA Analysis of an NHE Inhibitor Signaling Pathway That Regulates Sperm Motility	93.701	1R15HD065633-01	5,545
ARRA Expression Control in Drosophila Splicing Assembly Factor RNP-4F	93.701	1R15GM093895-01	97,321
ARRA Regulation of Neurotrophin Expression in the Periphery	93.701	2R15NS051206-02A1	6,691
ARRA Sol-Gel Based nanoarrays for Electrochemical Amperometric Detection of Phospholipids	93.701	1 R15 GM087662-01	15,610
Keratin Hydrogel Matrix for Tunable Growth Factor Delivery in Bone Regeneration	93.846	5R01AR061391-03	326,087
Lipid Overload and Skeletal Muscle Energetics	93.847	1R15DK085497-01A1	85,185
Sex-Specific Roles of Brain-Derived Neurotrophic Factor	93.847	1R15DK090823-01	93,046
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	1R15AI073994-01A1	111,007
Study of Iron Acquisition in Acinetobacter Baumannii	93.855	1RO1AI070174-01A1	102,965
Chemistry of Reactive Intermediates Generated from Benzothiazole Derived Drug Candidates	93.859	1R15GM088751-01	16,512
EPR and Solid-State NMR Studies of Integral Membrane Proteins	93.859	R01 GM080542-01 A2	121,795
EPR Structural Studies of KCNE1/KCNQ1	93.859	1 R01GM108026-01	111,534
In-silico Exploration of Alternative Polyadenylation using Next-Generation Sequencing	93.859	1R15GM094732-01A1	53,574
A Biopsychosocial Model of Emotion Processes Determining the Role of Overcontrolling Parenting in the Stability of Inhibited Temperament	93.865	1R15HD07615801	98,413
Glial Remodeling in Drosophila: Proliferation, Membrane Outgrowth and Nerve Ensheathment	93.865	1R15HD071799-01	68,822
Investigation of ER Alpha Expression on Male Behavior Under Field Conditions	93.865	1R15HD075222-01A1	813
Epigenetic Regulation of Lens Fiber Cell Differentiation: The Role of DNA Methylation	93.867	EY022210-01	132,512
Retinal Pigmented Epithelium Reprogramming and Retina Regeneration	93.867	1R21EY023925-01	94,223
Evaluation and Development of Rodent and Human Dosimetry Models for Soluble or Semi-Soluble Inhaled Particles	93.XXX	13IPA1313325	21,953
Graduate Assistant in Quantitative Risk Assessment at NIOSH	93.XXX	214-203-M-55858	16,634
Statistical Methods Research for Characterization and Analysis of Dose-response Relationships	93.XXX	13IPA1313326	4,294
Statistical Methods Research for Occupational Risk Assessment	93.XXX	13IPA1313303	31,837
Total Department of Health & Human Services-Direct Programs			2,218,832
Pass-Through Programs From:			
ODA: A Caregiver Respite for the State of Ohio: Implementation and Evaluation	93.048	90AA0001/01	98,741
Boston University: Building the Business Capacity of Aging and Disability Community-Based Networks for Managed Long-Term Services and Supports	93.048	4500001201	6,938
National Association of Area Agencies on Aging: Information and Planning: Understanding the Capacity of the Aging Network	93.048	N/A	112,108
The Lewin Group: Process Evaluation of Older Americans Act Title III-E National Family Caregiver Support Program	93.052	TLG-12-068-5176.18.01	65,866
Wright State University: Genetic Architecture of the Human Dentognathic Complex	93.121	PSQ07070	91,713
Cincinnati Children's Hospital Medical Center: Center for ADHD Traineeship 13-14 Green	93.242	N/A	30,012
UC: Intervention to Mitigate Bullying and Its Consequences against Nursing Students	93.262	8846	4,755
UC: Intervention to Mitigate Bullying and Its Consequences against Nursing Students	93.262	8285	2,000
YWCA Hamilton: Keeping Females on Course for US	93.29	N/A	114,943
University of Southern California: An Integrative Computational and Bioengineered Tissue Model of Metastasis	93.396	45391782	11,236
ODJFS-OSU: Organizational Best Practices in Ohio Nursing Homes and Home Care Agencies	93.791	60033102	(42)
ODJFS-OSU: Organizational Best Practices in Ohio Nursing Homes and Home Care Agencies	93.791	RF01301867/60037336	17,034
Ohio Department of Medicaid: Measuring Ohio's Progress in Achieving a Balanced System of Long-Term Services and Supports	93.791	G-1415-07-0346	222,913
Texas BioMedical Research Institute: Genetics of Bone Structure and Metabolism	93.846	09-4195.004	37,323
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	4139	237,423
Cincinnati Children's Medical Center: Children's Wade TBI Traineeship 13-14 Green	93.865	N/A	13,933
Cincinnati Children's Medical Hospital: Novel Genetic and Salivary Glycan Biomarkers for Risk of NEC in ELBW Infants	93.865	1061950	51,370
Univ. of Nebraska Lincoln: Sexual Revictimization: Emotional and Psychosocial Mediators	93.865	24-0523-0082-002	129,578
Princeton University: Regional and International Differences in Health and Longevity at Older Ages	93.866	1988	33,806
University of Maryland, Baltimore: Generativity in the Lives of Older Women (GLOW)	93.866	9738	19,392
University of Dayton Research Center: Expression of Stem Cell Pluripotency Factors in Mouse Lens by Transgenesis	93.867	RSC13013	82,500
Total Department of Health & Human Services-Pass-Through Programs			1,383,542
Total U.S. Department of Health & Human Services			3,602,374
Total Research and Development Center Cluster			12,042,042

(Continued)

Miami University

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Instructional			
U.S. Department of State:			
Pass-Through Programs From:			
IIE: Fulbright Social Entrepreneurship Seminar for Afghan Students	19.XXX	N/A	\$ (1,121)
Institute of International Education: Fullbright Social Entrepreneurship Seminar for Afghan Students	19.XXX	N/A	<u>77,073</u>
Total U.S. Department of State			<u>75,952</u>
National Endowment for Humanities:			
Pass-Through Programs From:			
American Library Association:Let's Talk About It: Muslim Journeys	45.164	2237	774
OHC: Gender, Science, and Technology Speaker Series: A Humanities Perspective	45.XXX	OHC-R13-020	1,256
Ohio Humanities Council: The Ohio Hispanic/Latino Community: Literary, Cultural and Pedagogical Perspectiv	45.XXX	OHC-13-002	<u>16,000</u>
Total National Endowment for Humanities			<u>18,030</u>
Institute of Museum and Library Services:			
Pass-Through Programs From:			
State Library of Ohio: Enhancing a Technology Lending Hub; A Technological Innovation Proposal	45.31	VI-2-13	<u>6,841</u>
National Science Foundation:			
Pass-Through Programs From:			
Type 2 Collaborative Project: Integrating Testing into Advanced CS/IT Courses Supported by a Cyberlearning Rotating Program Officer (Fernandes, Joyce J.)	47.076	DUE-122441	28,784
	47.XXX	DBI-1249171	<u>113,540</u>
Total National Science Foundation			<u>142,324</u>
U.S. Department of Education:			
Pass-Through Programs From:			
Miami University Three Campus Child Care Centers	84.335	P335A100269	<u>78,810</u>
Secondary Career-Technical Alignment Initiative (SCTAI)			
Hamilton City Schools: Voices of America	84.215	312120	89,643
Preble County Educational Service Center: Hometown American History: As goes Ohio so goes the Nation	84.215	N/A	79,101
OBOR iDiscovery: Professional Development Through Web-Based Learning Communities	84.366	12-24	227,434
OBOR: iDiscovery- Professional Development Through Web-Based Learning Communities	84.366	13-23	6,557
ODE: Developing Ownership and Vision: Empowering Teachers As Instructional Leaders	84.366	EDU01-0000012181	205,607
ODE: Science Content, Inquiry, Communication, and Argumentation	84.366	62992	35,053
National Writing Project: National Writing Project Title II SEED Grant Program	84.367	92-OH01-SEED2012	44,030
National Writing Project: Ohio Writing Project Teacher Leadership Development	84.367	92-OH01-SEED2012	6,250
National Writing Project: Ohio Writing Project Professional Development in High-Need Elementary Schools	84.367	92-OH01-SEED2012	<u>6,893</u>
Total U.S. Department of Education-Pass-Through Programs			<u>698,948</u>
Total U.S. Department of Education			<u>777,758</u>
Total Instructional			<u>1,020,905</u>
Public Service			
U.S. Department of State:			
Participatory Democracy, Rights and Responsibilities of Citizenship: A Civic Engagement Institute for the 2013	19.009	S-ECAGD-13CA-0107	<u>192,578</u>
National Endowment for Humanities:			
Orientation for the Mississippi Freedom Project: An Interactive Quest for Social Justice	45.169	HD-51918-14	<u>25,056</u>
Pass-Through Programs From:			
Arts Midwest: Middletown Big Read	45.024	FY14-19947	15,600
Arts Midwest: It Gets Better with the Gay Men's Chorus of Los Angeles	45.025	FY14-211034	4,000
Ohio Humanities Council: Finding Freedom Project	45.129	GR_14-003_00	2,911
American Library Association: Let's Talk About It: Muslim's Journey's Middletown	45.164	N/A	3,439
Gilder Lehrman Institute of American History: Created Equal Middletown	45.164	N/A	<u>599</u>
Total National Endowment for Humanities Pass-Through Program			<u>26,549</u>
Total National Endowment for Humanities			<u>51,605</u>
U.S. Department of Health & Human Services:			
Miami Suicide Awareness and Prevention Program	93.243	1U79SM060473-01	<u>84,916</u>
Pass-Through Programs From:			
ODADAS: Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-13-9726	1,259
ODADAS: Miami University Bacchus Student Engagement Initiative	93.959	99-8040-HEDUC-P-14-9726	<u>3,722</u>
Total U.S. Department of Health & Human Services Pass-Through Programs			<u>4,981</u>
Total U.S. Department of Health & Human Services			<u>89,897</u>
Total Public Service			<u>334,080</u>
Total Federal Expenditures			<u>\$ 143,333,555</u>

See Notes to Schedule of Expenditures of Federal Awards.

Miami University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Note 1. Basis of Presentation

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

Note 2. Pass-Through Awards

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

Note 3. Subrecipients

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

Federal Program Title	Federal CFDA #	Amount Provided
Biological Sciences	47.074	\$ 275,866
Education and Human Resources	47.076	28,537
English Language Acquisition National Professional Development Program	84.195	2,559
Mathematics and Science Partnerships	84.366	110,861
Race to the Top (RttT)	84.395	144,082
Research Related to Deafness and Communication Disorders	93.173	336
Alcohol Research Programs	93.273	96,863
National Center for Research Resources	93.389	58,412
Cancer Cause and Prevention Research	93.393	11,777
Money Follows the Person Rebalancing Demonstration	93.791	9,908
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	41,846
Biomedical Research and Research Training	93.859	1,185
Child Health and Human Development Extramural Research	93.865	22,531
Total		\$ 804,763

Miami University

Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014

Note 4. Federal Perkins Loan Program

Outstanding loans at June 30, 2014 under the Federal Perkins Loan Program were \$8,145,534. New Federal Perkins Loans of \$921,543 were advanced to students in 2014. Administrative and collection costs for the Federal Perkins Loan Program were \$63,054 in 2014.

Note 5. Federal Direct Student Loans

The University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans "Stafford" and Federal PLUS Loans "PLUS". New loans processed for student during the year ended June 30, 2014, were as follows:

Federal Direct Student Loan Program

Stafford:	
Subsidized	\$ 30,447,274
Unsubsidized	39,081,673
GLPS	275,792
PLUS	29,255,345



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

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Miami University (the University), as of and for the year ended June 30, 2014, which collectively comprise the University's basic financial statements and the and the related notes to the financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The signature of McGladrey LLP is written in a cursive, handwritten style.

Cleveland, Ohio
October 15, 2014



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

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on Compliance for Each Major Federal Program

We have audited Miami University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2014. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

McGladrey LLP

Cleveland, Ohio
October 15, 2014

Miami University

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Aid Cluster
84.366	Mathematics and Science Partnerships

Dollar threshold used to distinguish between Type A and Type B programs: \$ 401,911

Auditee qualified as a low risk auditee? X Yes No

Miami University

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

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

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

III. Findings and Questioned Costs for Federal Awards

(A) Internal Control

None reported.

(B) Compliance Findings

None reported.

Miami University

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2014**

No matters were reported.

Miami University

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

June 30, 2014



Independent Accountant's Report

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

We have performed the procedures enumerated below, which were agreed to by Miami University (the University), solely to assist in evaluating whether the Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of the University (the Department) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2014 and assisting in evaluating the effectiveness of certain Department internal controls during the year ended June 30, 2014. Management is responsible for the effectiveness of the Department's internal controls and its compliance with NCAA Constitution 3.2.4.16. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. We obtained the Department's Statement of Revenues and Expenditures (the Statement) for the year ended June 30, 2014, as prepared by management and included herein as Exhibit A. We computed, without exception, the mathematical accuracy of the Statement. We compared the individual line items in the "Total" column to the respective amounts recorded in the Department general ledger for the year ended June 30, 2014 and found them to be in agreement.

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

2. We obtained a variance analysis prepared by the management of the Department. We compared actual fiscal year 2014 revenues and expenses in the Statement to fiscal year 2013 amounts and identified variances of greater than 10% and \$100,000. We obtained and documented explanations from management regarding variances.

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

3. We obtained a variance analysis prepared by the management of the Department. We compared actual fiscal year 2014 revenues and expenses in the Statement to the corresponding fiscal year 2014 budgeted amounts and identified variances of greater than 10% and \$100,000. We obtained and documented explanations from management regarding variances.

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

Agreed-Upon Procedures Related to Revenues

4. *Ticket Sales* – We judgmentally selected two athletic events from a list of athletic events held during the year ended June 30, 2014 provided by the Department. We recalculated cash receipts based upon tickets sold, complimentary tickets provided, and unsold tickets and compared to attendance figures from the ticket system. We compared the amount per ticket sales report to the amount recorded in the University's general ledger and the Statement and re-calculated totals.

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

5. *Student Fees* – We compared student fees reported in the Statement for the year ended June 30, 2014 to student enrollment information. We obtained the University's methodology for allocating student fees to intercollegiate athletics departments and recalculated the totals based on this methodology.

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

6. *Guarantees* – We obtained from the Department a listing of the guarantee contracts during the year ended June 30, 2014, and judgmentally selected and obtained three contractual agreements provided by the Department pertaining to revenues derived from guaranteed contracts, and compared the revenue in the contract to the related revenues in the University's general ledger. We also compared the revenue recorded in the general ledger to the copies of checks received by the University and found them to be in agreement.

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

7. *Contributions* – We scanned the Department general ledger for the year ended June 30, 2014 to identify any individual Department contribution that represented more than 10% of the total contributions revenue of \$1,615,928. We noted one individual contribution that exceeded 10%, or \$161,593, of the contributions revenue included in the Statement for the year ended June 30, 2014. We compared the total revenues from "contributions" per the Statement to the respective account in the general ledger for the year ended June 30, 2014 and found them to be in agreement.

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

8. *Direct State or Other Governmental Support* – We judgmentally selected one direct state and other governmental support amount recorded by the University during the year ended June 30, 2014 and compared with institutional authorizations, deposit receipts and amount recorded in the University's general ledger and found the item to be in agreement.

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

9. *Direct Institutional Support* – We obtained from the Department a listing of all direct institutional support received from the University during the year ended June 30, 2014. We then selected and compared, on a judgmental test basis, five direct institutional support revenue items recorded and inspected the institutional authorizations and approved fund transfer requests and recalculated totals.

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

10. *Indirect Facilities and Administrative Support* – We obtained from the Department a listing of all indirect facilities and administration support provided by the University during the year ended June 30, 2014, and selected and agreed, on a judgmental test basis, one indirect facilities and administrations support with institutional authorizations and invoice payments on behalf of the Department and recalculated totals.

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

11. *NCAA/Conference Distributions Including all Tournament Revenue* – We obtained from the Department a listing of all NCAA and conference distributions and selected, on a judgmental test basis, three receipts provided by management related to NCAA and conference distributions during the year ended June 30, 2014 and compared the related revenues to the University's general ledger.

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

12. *Broadcast, Television, Radio and Internet Rights* – We noted, through inquiry of the Department, that the Department did not receive any direct broadcast television, radio or internet rights for the year ended June 30, 2014.

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

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

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

14. *Royalties, Licensing, Advertisements and Sponsorships* – We obtained from the Department a listing of all royalties, licensing, advertisements and sponsorship revenue and selected, on a judgmental test basis, one agreement provided by the Department related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2014 and compared the related revenues to the University's general ledger.

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

15. *Sports Camp Revenues* – We obtained the general ledger detailing sports camp revenues for the year ended June 30, 2014 and judgmentally selected five transactions. We compared the revenue amounts to copies of receipts, checks or other supporting documentation and found them to be in agreement with the transactions reported in the general ledger.

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

16. *Endowment and Investment Income* – We compared the allocations of the endowment and investment income from the Department records to the calculations performed by the Treasury Services office. We obtained the Treasury Services Office's allocation calculations for the period ended June 30, 2014, recalculated the allocation for five judgmentally selected endowment funds, and agreed the amounts to the University's general ledger.

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

17. *Other* – We obtained from the Department a listing of all other revenue earned during the year ended June 30, 2014, and selected, on a judgmental test basis, one other revenue amount and compared the amount selected to supporting documentation provided by the Department, which included a copy of a deposit ticket and check and found them to be in agreement with the transaction reported in the general ledger.

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

Agreed-Upon Procedures Related to Expenditures

18. *Athletic Student Aid* – We obtained a listing of student athletes who received financial assistance during the year ended June 30, 2014 from management. We judgmentally selected five student athletes from the listing. We obtained a detail of each selected student's account and the financial aid award letter. We compared the amount of aid per the award letter, net of adjustments to aid, to the amount of aid per the student's account and found them to be in agreement. We also compared the total "athletic student aid" per the Statement to the respective account in the general ledger for the year ended June 30, 2014, and found them to be in agreement.

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

19. *Guarantees* – We obtained from the Department a listing of the guarantee contracts during the year ended June 30, 2014 and judgmentally selected five contractual guarantee payments. For each of these guaranteed payments, we compared the guarantee expense in the general ledger detail to amounts specified in the contracts, and found them to be in agreement. We compared the expenses to the copies of checks paid by the Department, and found them to be in agreement. We also compared the total expenses for "guarantees" per the Statement to the respective account in the general ledger for the year ended June 30, 2014, and found them to be in agreement.

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

20. *Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities* – We obtained a listing of University coaches employed at the University during the year ended June 30, 2014. From this list, we judgmentally selected a total of five coaches and compared the recorded salary expense in their respective payroll accounts to their contracts and/or W-2s and found them to be in agreement.

We also compared the total expenses for "coaching salaries, benefits and bonuses paid by the University and related entities" per the Statement to the respective account in the general ledger for the year ended June 30, 2014, and found them to be in agreement. For items tested, we noted no payments made by related entities or third parties.

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

21. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities* – We obtained a listing of the support staff of the Department and their salaries for the year ended June 30, 2014 from management. From this listing, we judgmentally selected a total of five support staff members and compared the recorded salary expense in their respective payroll accounts to their contracts and/or W-2s and found them to be in agreement.

We also compared the total expenses for "support staff/administrative salaries, benefits and bonuses paid by the University and related entities" per the Statement to the respective account in the general ledger for the year ended June 30, 2014, and found them to be in agreement. For items tested, we noted no payments made by related entities or third parties.

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

22. *Severance Payments* – We obtained the general ledger detailing “severance payments” for the year ended June 30, 2014. We selected all individuals who received a severance payment during the year ended June 30, 2014, and compared the payments to the severance agreements and copies of checks, and found them to be in agreement. We also compared the total expenses for “severance payments” per the Statement to the respective account in the general ledger for the year ended June 30, 2014, and found them to be in agreement.

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

23. *Recruiting* – We obtained and read the written documentation from the Department outlining the University’s expense policies as they relate to recruiting expenses. We also obtained and read a copy of the NCAA recruiting expense policies. Based on the procedures performed and discussions with the University’s management, we noted that the University’s expense policies as they relate to recruiting expenses were consistent with the respective NCAA guidelines.

We also judgmentally selected a sample of five recruiting expenses from the general ledger and compared the expense amounts to respective invoices received and canceled checks retained by the University, and found them to be in agreement. We also compared the total expenses for “recruiting” per the Statement to the respective accounts in the general ledger for the year ended June 30, 2014, and found them to be in agreement.

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

24. *Team Travel* – We obtained and read the written documentation from the Department outlining the University’s athletics travel expense policies. We also obtained and read a copy of the NCAA travel expense policies. Based on the procedures performed and discussions with the University’s management, we noted that the University’s athletics travel expense policies were consistent with the respective NCAA guidelines.

We also judgmentally selected a sample of five athletics travel expenses from the general ledger and compared the expense amounts to corresponding invoices and canceled checks retained by the University and found them to be in agreement. We also compared the total expenses for “team travel” per the Statement to the respective accounts in the general ledger for the year ended June 30, 2014, and found them to be in agreement.

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

25. *Equipment, Uniforms, and Supplies; Game Expenses; Fund Raising, Marketing, and Promotion; Sports Camps; Direct Facilities Maintenance and Rental; Spirit Groups; Indirect Facilities and Administrative Support; Medical Expenses and Medical Insurance; Memberships and Dues; Other Operating Expenses* – We obtained the general ledger detailing all expense categories noted in the heading for the year ended June 30, 2014. We judgmentally selected a sample of one expense from each of the categories. For each of the expenses selected, we compared the expense amounts to respective invoices received and cancelled checks retained by the University and found them to be in agreement. We also compared the total expenses for each of the categories noted above per the Statement, to the respective account in the general ledger for the year ended June 30, 2014, and found them to be in agreement.

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

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

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

Other procedures and findings were as follows:

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

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

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

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

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

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

We were not engaged to, and did not perform an examination of the University's system of internal controls over financial reporting, the objective of which would be the expression of an opinion on the suitability of design of internal controls over financial reporting of the University as of June 30, 2014. 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, 2014, and, accordingly, we express no opinion on its operating effectiveness. Had we performed additional procedures, or had we made an examination of the system of internal controls over financial reporting, other matters might have come to our attention that would have been reported to you. This report only relates to the procedures specified above and does not extend to the financial statements of the University or its Intercollegiate Athletics Department taken as a whole.

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

McGladrey LLP

Cleveland, Ohio
November 25, 2014

**Intercollegiate Athletics Department
Statement of Revenues and Expenditures
Year Ended June 30, 2014**

	Men's Basketball	Men's Football	Men's Ice Hockey	Women's Basketball	Other Sports	Non-Program Specific	2014 Total
Revenues							
Operating Revenues							
Ticket sales	\$ 122,106	\$ 459,511	\$ 561,510	\$ 7,792	\$ 13,996	\$ 25,810	\$ 1,210,725
Student fees	1,137,477	3,961,342	1,296,307	1,369,919	6,289,636	1,680,365	15,735,046
Guarantees	196,000	1,575,000	-	3,000	5,500	-	1,779,500
Contributions	61,210	163,600	105,723	14,990	291,936	978,469	1,615,928
Compensation and benefits provided by a third-party	-	-	-	-	-	-	-
Direct state or other governmental support	-	190	-	-	-	2,700	2,890
Direct institutional support	105,252	1,000,495	369,745	97,036	2,003,485	1,773,792	5,349,805
Indirect facilities and administrative support	-	-	-	-	-	27,384	27,384
NCAA/conference distributions including all tournament revenues	115,431	-	29,011	-	-	1,147,218	1,291,660
Broadcast, television, radio and Internet rights	-	-	-	-	-	-	-
Program sales, concessions, novelty sales and parking	17,359	71,092	11,500	-	529	85,503	185,983
Royalties, licensing, advertisements and sponsorships	-	-	-	-	-	618,431	618,431
Sports camp revenues	-	-	-	-	-	910,264	910,264
Endowment and investment income	2,028	13,053	147	259	4,445	206,450	226,382
Other revenues	-	3,798	11,588	2,208	62,523	359,013	439,130
Operating revenue	1,756,863	7,248,081	2,405,631	1,495,204	8,672,050	7,815,399	29,393,128
Expenses							
Operating Expenses							
Athletic student aid	357,633	3,273,986	767,053	447,311	4,588,536	-	9,434,519
Guarantees	6,000	40,000	21,500	3,500	1,259	-	72,259
Coaching salaries, benefits, and bonuses paid by the University and related entities	657,787	1,857,350	756,319	523,844	1,932,975	48,900	5,776,975
Coaching other compensation and benefits paid by a third-party	-	-	-	-	-	-	-
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	94,456	185,224	79,094	45,508	87,825	4,377,727	4,869,834
Support staff/administrative other compensation and benefits paid by a third-party	-	-	-	-	-	-	-
Severance payments	-	81,250	-	130,812	-	-	212,062
Recruiting	95,013	105,561	29,963	25,551	96,765	58,259	411,132
Team travel	215,671	422,061	262,332	92,756	926,427	10,938	1,930,185
Equipment, uniforms and supplies	63,531	403,843	127,842	27,575	335,733	248,524	1,207,048
Game expenses	148,139	228,789	201,856	94,279	183,117	105,152	961,331
Fundraising, marketing and promotion	2,973	52,955	6,098	2,653	7,488	128,677	200,844
Sports camp expenses	-	-	-	-	-	906,819	906,819
Direct facilities, maintenance and rental	12,769	46,813	406	9,610	67,889	67,822	205,309
Spirit groups	-	-	-	-	-	52,745	52,745
Indirect facilities and administrative support	-	-	-	-	-	27,384	27,384
Medical expenses and medical insurance	9,205	57,087	14,107	13,807	90,757	198,431	383,194
Memberships and dues	4,824	1,900	2,394	4,643	6,727	298,577	319,065
Other operating expenses	88,862	491,262	138,568	73,755	346,532	604,781	1,741,760
Operating expenses	1,756,863	7,248,081	2,405,631	1,495,204	8,672,050	7,134,736	28,712,465
Excess of revenues over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,663	\$ 680,663

See Notes to Statement of Revenues and Expenditures

Miami University

**Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenditures
Year Ended June 30, 2014**

1. Basis of Presentation

The accompanying Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Miami University (the Statement) has been prepared in accordance with accounting principles generally accepted in the United States of America and the NCAA Agreed-Upon Procedures guidelines. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Department of Miami University (the Department) for the year ended June 30, 2014 on the accrual basis. Revenues are recorded when earned. Expenses are recorded in the period in which the related liability is incurred. Because the Statement presents only a selected portion of the activities of Miami University (the University), it is not intended to and does not present the financial position, changes in financial position or revenues and expenses for the year then ended for the University as a whole.

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

2. Other Sports

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

3. Contributions

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

There was one individual contribution made that comprised more than 10 percent of the total contributions revenue related to Intercollegiate Athletics for the year ended June 30, 2014.

4. Other Forms of Compensation

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

5. Property, Plant, and Equipment

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

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Dave Yost • Auditor of State

MIAMI UNIVERSITY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2014**