



Miami University

# **FINANCIAL REPORT**

Year ended June 30, 2001





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

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Board of Trustees  
Miami University  
153 McGuffey Hall  
Oxford, OH 45056

We have reviewed the independent auditor's report of Miami University, Butler County, prepared by KPMG LLP, for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO  
Auditor of State

January 22, 2001

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1600 PNC Center  
201 East Fifth Street  
Cincinnati, OH 45202

## Independent Auditors' Report

The President and the Board of Trustees  
of Miami University  
and  
The Honorable James M. Petro, Auditor of State of Ohio:

We have audited the accompanying balance sheet of Miami University (the University), a component unit of the State of Ohio, as of June 30, 2001, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami University as of June 30, 2001, and the changes in its fund balances and its current funds revenues, expenditures, and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2001 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of Current Expenditures-Educational and General is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in note 2 to the financial statements, during the year ended June 30, 2001, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

**KPMG LLP**

September 7, 2001

MIAMI UNIVERSITY  
BALANCE SHEET as of June 30, 2001  
With comparative figures as of June 30, 2000

ASSETS	2001	2000
<b>Current funds</b>		
<b>Unrestricted</b>		
Educational and general		
Cash and cash equivalents	\$ 1,035,046	\$ 1,389,452
Investments	86,974,582	78,240,590
Accrued interest receivable	420,704	402,188
Accounts receivable, less allowance for doubtful		
accounts of \$1,980,000 in 2001 and \$1,500,000 in 2000	8,179,911	9,848,687
Inventories	814,771	853,374
Prepaid expenses and deferred charges	693,400	618,730
Total educational and general	\$ 98,118,414	\$ 91,353,021
Auxiliary enterprises		
Cash and cash equivalents	5,896,136	5,344,240
Investments	6,307,546	6,566,779
Accrued interest receivable	5,905	6,401
Accounts receivable	600,904	318,148
Inventories	2,200,882	2,447,497
Prepaid expenses	102,510	14,238
Net due from other funds	0	275,940
Total auxiliary enterprises	\$ 15,113,883	\$ 14,973,243
Total unrestricted	\$ 113,232,297	\$ 106,326,264
<b>Restricted</b>		
Cash and cash equivalents	2,985,021	535,027
Accrued interest receivable	220,654	230,530
Accounts receivable, less allowance for doubtful	4,506,564	3,036,703
accounts of \$242,000 in 2001 and \$0 in 2000		
Prepaid expenses	151,237	65,037
Net due from other funds	15,991,217	16,990,645
Total restricted	\$ 23,854,693	\$ 20,857,942
Total current funds	\$ 137,086,990	\$ 127,184,206
<b>Loan funds</b>		
Cash and cash equivalents	1,647,504	1,529,368
Accounts receivable	96,926	107,162
Notes receivable		
Perkins Loan Program, less allowance for		
doubtful loans of \$1,010,000 in 2001 and 2000	6,583,757	6,567,469
Nursing student loans	2,903	2,903
Other, less allowance for doubtful loans		
of \$231,000 in 2001 and 2000	1,962,684	1,774,196
Total loan funds	\$ 10,293,774	\$ 9,981,098

See accompanying notes to financial statements.

LIABILITIES AND FUND BALANCES	2001	2000
<b>Current funds</b>		
<b>Unrestricted</b>		
Educational and general		
Accounts payable	\$ 3,693,579	\$ 4,080,213
Accrued salaries and wages	13,995,235	11,834,168
Accrued compensated absences	8,322,315	7,882,050
Deferred income	6,886,588	6,023,834
Deposits	1,065,499	713,840
Net due to other funds	16,179,623	17,160,686
Fund balances		
Allocated	45,313,925	40,857,357
Unallocated	2,661,650	2,800,873
Total educational and general	\$ 98,118,414	\$ 91,353,021
Auxiliary enterprises		
Accounts payable	1,094,071	828,941
Accrued salaries and wages	674,182	770,557
Accrued compensated absences	1,576,057	1,408,432
Deposits and deferred income	3,569,704	2,395,455
Net due to other funds	31,667	0
Fund balances		
Allocated	874,150	1,818,514
Unallocated	7,294,052	7,751,344
Total auxiliary enterprises	\$ 15,113,883	\$ 14,973,243
Total unrestricted	\$ 113,232,297	\$ 106,326,264
<b>Restricted</b>		
Accounts payable	677,899	381,296
Fund balances		
Educational and general	22,225,291	19,460,744
Auxiliary enterprises	951,503	1,015,902
Total restricted	\$ 23,854,693	\$ 20,857,942
Total current funds	\$ 137,086,990	\$ 127,184,206
<b>Loan funds</b>		
Accounts payable	382	22,211
Fund balances		
U.S. Government grants refundable	6,133,670	5,957,007
University funds		
Restricted	3,315,971	3,159,939
Allocated	843,751	841,941
Total loan funds	\$ 10,293,774	\$ 9,981,098

(continued)

Balance Sheet, continued

ASSETS, continued

	2001	2000
<b>Endowment and similar funds</b>		
Cash and cash equivalents	\$ 1,477,631	\$ 660,570
Investments		
Marketable securities	99,039,028	110,863,261
Real estate and other	965,824	944,454
Accrued interest receivable	19,731	23,045
	-----	-----
Total endowment and similar funds	\$ 101,502,214	\$ 112,491,330
<b>Plant funds</b>		
<b>Plant additions</b>		
Cash and cash equivalents	3,557,392	0
Accounts receivable	5,982,088	4,620,247
	-----	-----
Total plant additions	\$ 9,539,480	\$ 4,620,247
<b>Renewals and replacements</b>		
Cash and cash equivalents	23,403,396	24,604,795
Investments	6,420,775	7,120,411
Accrued interest receivable	45,995	42,925
Accounts receivable	4,542,567	812,777
Construction in progress	13,202,825	4,081,607
Net due from other funds	1,541,888	2,737,118
	-----	-----
Total renewals and replacements	\$ 49,157,446	\$ 39,399,633
<b>Retirement of indebtedness</b>		
Cash and cash equivalents	279,735	279,399
Investments	70,409	76,028
Net due from other funds	1,885,393	1,650,340
	-----	-----
Total retirement of indebtedness	\$ 2,235,537	\$ 2,005,767
<b>Investment in plant</b>		
Land	2,294,212	2,294,212
Improvements other than buildings	65,963,719	62,275,209
Buildings	353,680,984	349,141,319
Movable equipment, furniture and library books	155,471,709	143,994,360
Construction in progress	34,993,901	15,929,912
	-----	-----
Total investment in plant	\$ 612,404,525	\$ 573,635,012
	-----	-----
Total plant funds	\$ 673,336,988	\$ 619,660,659
<b>Agency funds</b>		
Cash and cash equivalents	46,155	0
Investments	1,732,067	1,882,305
Accounts receivable	211,072	74,650
	-----	-----
Total agency funds	\$ 1,989,294	\$ 1,956,955

See accompanying notes to financial statements.

LIABILITIES AND FUND BALANCES, continued

	2001	2000
<b>Endowment and similar funds</b>		
Accounts payable	\$ 21,853	\$ 5,641
Fund balances		
Endowment	61,227,479	69,101,124
Quasi-endowment		
Restricted	4,292,002	4,801,583
Unrestricted	35,960,880	38,582,982
	-----	-----
Total endowment and similar funds	\$ 101,502,214	\$ 112,491,330
<b>Plant funds</b>		
<b>Plant additions</b>		
Accounts payable	1,355,648	883,689
Net due to other funds	1,544,820	2,740,240
Fund balances		
Restricted	951,218	5,986
Unrestricted	5,687,794	990,332
	-----	-----
Total plant additions	\$ 9,539,480	\$ 4,620,247
<b>Renewals and replacements</b>		
Accounts payable	6,568,673	1,993,371
Bonds payable	13,851,462	15,246,644
Fund balances		
Restricted	3,016,863	313,056
Unrestricted	25,720,448	21,846,562
	-----	-----
Total renewals and replacements	\$ 49,157,446	\$ 39,399,633
<b>Retirement of indebtedness</b>		
Accrued interest payable	1,945,218	1,720,166
Fund balance	290,319	285,601
	-----	-----
Total retirement of indebtedness	\$ 2,235,537	\$ 2,005,767
<b>Investment in plant</b>		
Bonds payable	36,218,422	38,598,240
Note payable	2,311,457	2,353,809
Capital leases payable	6,531,474	8,066,021
Net due to other funds	1,662,388	1,753,117
Net investment in plant	565,680,784	522,863,825
	-----	-----
Total investment in plant	\$ 612,404,525	\$ 573,635,012
	-----	-----
Total plant funds	\$ 673,336,988	\$ 619,660,659
<b>Agency funds</b>		
Accounts payable	45,401	82,168
Deposits held in custody for others	1,943,893	1,874,787
	-----	-----
Total agency funds	\$ 1,989,294	\$ 1,956,955



MIAMI UNIVERSITY  
Statement of Current Funds Revenues, Expenditures,  
and Other Changes for the year ended June 30, 2001  
With comparative totals for the year ended June 30, 2000

	Unrestricted			Restricted			Total Current Funds	
	Educational and General	Auxiliary Enterprises	Total	Educational and General	Auxiliary Enterprises	Total	2001	2000
<b>Revenues</b>								
Tuition, fees, and other student charges	\$ 153,363,065	\$ 0	\$ 153,363,065	\$ 0	\$ 0	\$ 0	\$ 153,363,065	\$ 147,293,270
State appropriations	86,088,791	0	86,088,791	1,334,126	0	1,334,126	87,422,917	82,211,921
Federal grants and contracts	995,537	57,040	1,052,577	10,411,069	158,541	10,569,610	11,622,187	10,959,141
State grants and contracts	135,933	0	135,933	3,782,644	0	3,782,644	3,918,577	3,319,276
Local grants and contracts	215,316	0	215,316	405,899	0	405,899	621,215	500,465
Private grants and contracts	358,726	0	358,726	1,934,671	0	1,934,671	2,293,397	2,149,802
Private gifts	2,865,547	14,540	2,880,087	7,406,025	1,008,695	8,414,720	11,294,807	8,260,038
Endowment income	1,480,381	75,087	1,555,468	2,781,952	0	2,781,952	4,337,420	3,418,976
Sales and services	4,104,386	73,589,193	77,693,579	0	0	0	77,693,579	74,569,696
Investment income	8,248,952	1,309,319	9,558,271	0	0	0	9,558,271	6,096,980
Other sources	1,571,172	0	1,571,172	0	0	0	1,571,172	1,341,287
<b>Total revenues</b>	<b>\$ 259,427,806</b>	<b>75,045,179</b>	<b>334,472,985</b>	<b>28,056,386</b>	<b>1,167,236</b>	<b>29,223,622</b>	<b>363,696,607</b>	<b>340,120,852</b>
<b>Expenditures and mandatory transfers</b>								
<b>Educational and general</b>								
Instruction and departmental research	117,774,546	0	117,774,546	6,284,687	0	6,284,687	124,059,233	117,567,855
Separately budgeted research	2,318,346	0	2,318,346	5,020,956	0	5,020,956	7,339,302	5,674,864
Public service	762,253	0	762,253	1,211,399	0	1,211,399	1,973,652	1,914,224
Academic support	28,468,370	0	28,468,370	1,198,780	0	1,198,780	29,667,150	29,233,563
Student services	18,126,527	0	18,126,527	639,681	0	639,681	18,766,208	18,122,219
Institutional support	25,707,419	0	25,707,419	1,069,470	0	1,069,470	26,776,889	24,898,380
Plant operation and maintenance	22,078,340	0	22,078,340	78,324	0	78,324	22,156,664	21,321,828
Scholarships and fellowships	10,688,565	0	10,688,565	12,553,089	0	12,553,089	23,241,654	20,766,287
<b>Total educational and general expenditures</b>	<b>225,924,366</b>	<b>0</b>	<b>225,924,366</b>	<b>28,056,386</b>	<b>0</b>	<b>28,056,386</b>	<b>253,980,752</b>	<b>239,499,220</b>
<b>Auxiliary enterprises</b>								
Mandatory transfers	0	77,403,377	77,403,377	0	1,167,236	1,167,236	78,570,613	73,545,541
Principal and interest	668,557	6,201,952	6,870,509	676,298	0	676,298	7,546,807	7,668,761
Loan fund matching grant	5,299	0	5,299	0	0	0	5,299	0
<b>Total expenditures and mandatory transfers</b>	<b>\$ 226,598,222</b>	<b>83,605,329</b>	<b>310,203,551</b>	<b>28,732,684</b>	<b>1,167,236</b>	<b>29,899,920</b>	<b>340,103,471</b>	<b>320,713,522</b>
<b>Nonmandatory transfers and additions (deductions)</b>								
<b>Nonmandatory transfers</b>								
Renewals and replacements	(8,526,805)	(5,041,653)	(13,568,458)	(200,347)	0	(200,347)	(13,768,805)	(8,954,745)
General fee	(14,318,779)	14,318,779	0	0	0	0	0	0
Unrestricted allocated fund balance	(4,456,567)	944,364	(3,512,203)	0	0	0	(3,512,203)	(7,996,436)
Other transfers	(5,551,361)	(2,118,632)	(7,669,993)	7,580	106,824	114,404	(7,555,589)	(2,204,872)
<b>Additions (deductions)</b>								
Excess of restricted receipts	0	0	0	4,888,487	(171,223)	4,717,264	4,717,264	6,177,958
Facilities and administrative cost	(115,295)	0	(115,295)	(1,233,781)	0	(1,233,781)	(1,349,076)	(1,296,589)
Refund to grantor	0	0	0	(21,094)	0	(21,094)	(21,094)	(110,159)
<b>Net increase (decrease) in fund balances</b>	<b>\$ (139,223)</b>	<b>\$ (457,292)</b>	<b>\$ (596,515)</b>	<b>\$ 2,764,547</b>	<b>\$ (64,399)</b>	<b>\$ 2,700,148</b>	<b>\$ 2,103,633</b>	<b>\$ 5,022,487</b>

See accompanying notes to financial statements.

## **Notes to Financial Statements**

### **June 30, 2001**

#### **(1) Summary of Significant Accounting Policies**

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

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

#### **Accrual Basis**

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

#### **Fund Accounting**

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

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

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

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

All other unrestricted revenue is accounted for in the unrestricted current funds. Restricted gifts, grants, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds, including government grants and contracts, are reported as revenue and expenditures when expended for current operating purposes.

### **Investments**

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

### **Inventories**

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

### **Land, Buildings, and Equipment**

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

### **Deferred Income**

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

### **Loan Funds**

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

## **Tax Status**

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

## **Estimates**

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

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## **(2) Change in Accounting Principle**

Effective July 1, 2000, the university adopted Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which establishes financial reporting standards for nonexchange transactions involving financial or capital resources. As a result of this change the university recorded a receivable and payable from the State of Ohio, and corresponding revenue and expense, for capital appropriations expended but not yet reimbursed. The cumulative effect of this change in accounting principle was \$1,377,121 and was recorded as an increase in the beginning fund balance in the plant funds.

Also in accordance with GASB Statement No. 33, as of July 1, 2000, the university has recorded unconditional, expendable promises to give (non-endowment pledges) as gift revenue and accounts receivable. GASB 33 does not require that beginning fund balances be restated for promises to give. The amount of pledges receivable and the associated revenue recorded as of June 30, 2001, was \$1,006,913.

The university plans to adopt GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, effective with the fiscal year ended June 30, 2002. The requirements of GASB 35 will have a significant impact on the presentation of the university’s financial statements.

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## **(3) Cash and Investments**

The university makes investments in accordance with the board's policy, which conforms with the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the university treasurer within these policy guidelines.

At year-end, the fair value of the university's cash and cash equivalents was approximately

\$40,328,016. Approximately \$800,000 was covered by federal depository insurance, and the remaining amount was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. The University has compensating balance agreements with several banks.

Investments held by the university as of June 30, 2001 are presented below. Investments are categorized according to the level of custodial credit risk involved. The university's investments in U.S. government securities, common and preferred stocks, and corporate bonds and notes are categorized as credit risk category 1, which includes investments that are insured or registered, or securities held by Miami University or its agent in the university's name. The university holds no investments in credit risk category 2, which includes investments that are collateralized with securities held by a pledging financial institution's trust department or agent in the university's name. Likewise, the university holds no investments in credit risk category 3, which are uninsured and unregistered investments held by a trust department or agent, but not in the university's name. Certain other investments are not required to be categorized.

	<b>Fair Value</b>
<b>Endowment Fund Investments</b>	
Common and preferred stocks	\$ 45,220,048
Mutual funds	44,835,848
Limited partnerships	8,983,132
Real estate and other	965,824
<b>Total</b>	<b>\$ 100,004,852</b>
<b>Investments held by all other funds</b>	
U. S. Government securities	63,198,614
State Treasury Asset Reserve of Ohio (STAR Ohio)	37,271,684
Other	1,035,081
<b>Total</b>	<b>\$ 101,505,379</b>

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.

STAROhio is an investment pool managed by the state treasurer's office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The investment is valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001.

Annually the university establishes a spending rate that defines the total amount of dividends, interest, and realized gains to be distributed from the endowment fund investment pool to other funds. The authorized spending rate for fiscal year 2001 was 4.8 percent of the average quarterly market value of pooled investments for the previous three-year period, or \$4,734,927. Of this amount, \$2,434,024 of accumulated gains was utilized to meet the spending rate. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of \$4,484,046 was distributed to other funds for expenditure.

#### (4) Indebtedness

Bonds and notes payable consist of university general receipts obligations. The maturity dates, interest rates, and outstanding principal balances as of June 30, 2001, are as follows:

<b>Indebtedness</b>	<b>Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Principal</b>
<b>Bonds Payable</b>			
Series 1998 general receipts	2002 – 2018	3.65% - 4.8%	\$ 32,745,000
Series 1993 general receipts	2002 – 2013	5.0% - 5.8%	17,324,884
<b>Note Payable</b>			
U.S. Department of Education	2002 – 2026	5.5%	2,311,457
<b>Total</b>			<b>\$ 52,381,341</b>

The scheduled maturities of the bonds and note subsequent to June 30, 2001, are as follows:

<b>Year Ended June 30</b>	<b>Series 1998 Bonds</b>	<b>Series 1993 Bonds</b>	<b>U.S. Department of Education Note</b>	<b>Total</b>
2002	\$ 2,620,000	1,300,000	44,713	\$ 3,964,713
2003	2,730,000	1,365,000	47,206	4,142,206
2004	2,840,000	1,430,000	49,838	4,319,838
2005	2,950,000	1,505,000	52,617	4,507,617
2006	2,215,000	1,585,000	55,551	3,855,551
Thereafter	19,390,000	10,139,884	2,061,532	31,591,416
<b>Total</b>	<b>\$ 32,745,000</b>	<b>17,324,884</b>	<b>2,311,457</b>	<b>\$ 52,381,341</b>

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

In September 1998, the university defeased its general receipts bonds dated July 1, 1989. Additionally, in November 1988, the university defeased its dormitory revenue bonds dated May 1, 1972. Because the defeasances effectively relieved the university of its liability for payment on the bonds, the bonds and related investments were removed from the university's balance sheet as of that date. Following the defeasement of the 1989 general receipts bonds, the trustee redeemed the bonds in full. The outstanding balance of defeased bonds at June 30, 2001, was approximately \$ 475,000.

The university has approximately \$6,531,000 in capitalized lease obligations that have varying maturity dates through 2011 and carry implicit interest rates ranging from 4.53 percent to 10.75 percent. The scheduled maturities of these leases as of June 30, 2001, are:

<u>Year Ended June 30</u>	<u>Minimum Lease Payments</u>
2002	\$ 2,320,140
2003	1,888,946
2004	1,364,129
2005	1,195,174
2006	675,682
Thereafter	499,331
Total minimum lease payments	7,943,402
Less amount representing interest	(1,411,928)
<b>Net minimum lease payments</b>	<b>\$ 6,531,474</b>

From time to time the university may establish interfund borrowings. At June 30, 2001, the investment in plant fund had outstanding indebtedness to the auxiliary enterprises fund in the amount of \$1,662,388. This loan was made in fiscal year 1992, for the purpose of acquiring the Miami Inn. Other transactions among funds occur during the normal course of university operations and are recorded as "due to" or "due from" the respective funds.

## **(5) Retirement Plans**

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

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

University faculty participate in STRS. Contribution rates for STRS are established by the State Teachers Retirement Board, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Contribution rates for fiscal year 2001 were 9.3 percent for employees and 14 percent for employers. For the fiscal year ended June 30, 2000, the Retirement Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund (Note 6).

Employees covered by the PERS system are required by state statute to contribute 8.5 percent of their salary to the plan. The PERS Retirement Board instituted a temporary 20% employer contribution rate rollback for calendar year 2000. During calendar year 2000, the university was required to contribute 10.65 percent of covered payroll; 6.35 percent was used to fund pension obligations and 4.3 percent funded the retiree health care program (Note 6). In 1999 and 2001, the employer contribution rate was 13.31 percent.

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

The payroll for employees covered by STRS and PERS for the year ended June 30, 2001, was \$64,085,000 and \$65,762,000 respectively. The payroll for employees electing the alternative retirement program was \$27,360,000.

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

	<b>Employer Contribution</b>		
	<b>STRS</b>	<b>PERS</b>	<b>Alternative Programs</b>
2001	\$ 8,971,857	\$ 6,906,966	\$ 3,298,704
2000	8,655,826	8,543,517	1,543,141
1999	9,109,936	9,071,109	404,235

### **(6) Other Postemployment Benefits**

In addition to the pension benefits described in Note 5, STRS and PERS provide postretirement health care coverage to retirees and their dependents. Health care coverage for disability recipients and primary survivor recipients is also provided. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. A portion of the employer contribution (8 percent for STRS and 4.3 percent for PERS) is allocated to fund the health care benefits.

The STRS health care plan is advance funded, but not on an actuarially determined basis. The net health care costs paid by the plan were \$283 million for the year ended June 30, 2000, the date of its most recent audited financial report. The plan's net assets available to fund future health care benefits totaled \$3.42 billion as of June 30, 2000. At that date there were 99,011 eligible benefit recipients in the STRS plan.

PERS health care benefits are advanced-funded on an actuarially determined basis. The amount of employer contributions actually made to fund postemployment benefits was \$3.6 billion. The actuarial value of the Retirement System's net assets available for other postemployment benefits was \$10.8 billion as of December 31, 1999. At that date the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12.5 billion and \$1.7 billion, respectively. The number of active contributing participants was 401,339.

## (7) Compensated Absences

At June 30, 2001, the university's unrestricted liability for compensated absences was comprised of the following balances:

	<u>Total</u>
<b><u>Educational and General Funds</u></b>	
Accrued vacation	\$ 3,915,958
Accrued sick leave	4,406,357
<b>Total</b>	<b>\$ 8,322,315</b>
<b><u>Auxiliary Enterprises</u></b>	
Accrued vacation	\$ 1,185,348
Accrued sick leave	390,709
<b>Total</b>	<b>\$ 1,576,057</b>

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

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

## (8) 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. Forty percent of the members of the foundation's board of trustees are appointed by the university, while 60 percent are appointed by the foundation's board of trustees.

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

The foundation values its investments at fair value. Summary financial information for the foundation as of December 31, 2000, the date of its most recent audited financial report, is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Net assets at end of year	\$ 967,029	\$ 48,267,747	\$ 98,508,610	\$ 147,743,386
Change in net assets for the year	59,643	(94,424)	7,676,375	7,641,594
Distributions to Miami University	6,707,866	0	0	6,707,866

## (9) Commitments

At June 30, 2001, the university is committed to future contractual obligations for capital expenditures of approximately \$32 million. These commitments are being funded from the following sources:

	<b>Contractual Obligations</b>
Approved state appropriations not expended	\$ 13,475,801
University funds	18,174,135
<b>Total</b>	<b>\$ 31,649,936</b>

## (10) Risk Management

The university's employee health insurance program is a self-insured plan administered by Anthem Blue Cross/Blue Shield ("Anthem"). The university's risk exposure is limited to 110% of estimated claims in any given year, which reduces its exposure to material financial loss. To further reduce potential loss exposure, the university has also established a reserve for health insurance stabilization of \$1.5 million within the allocated fund balance.

Health insurance claims are accrued based upon estimates of the claims liabilities made by Anthem. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of \$2,798,600 is included in the unrestricted accrued salaries and wages as of June 30. The change in the total liability for actual and estimated claims is summarized below:

	2001	2000
Liability at beginning of year	\$ 2,995,642	\$ 2,754,772
Claims incurred	13,994,949	12,179,649
Claims paid	(13,779,458)	(12,371,779)
Increase in estimated claims incurred but not reported	363,000	433,000
Liability at end of year	\$ 3,574,133	\$ 2,995,642

Of the total liability at June 30, 2001, \$3,140,909 is recorded in the unrestricted educational and general fund, and the remainder in the auxiliary enterprises fund.

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

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**(11) Contingencies**

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

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

MIAMI UNIVERSITY  
Schedule of Current Expenditures-Educational and General  
Central and Regional Campuses for the year ended June 30, 2001  
With comparative totals for the year ended June 30, 2000

	Unrestricted	Restricted	Total	
			2001	2000
<hr/>				
Instruction and departmental research				
College of arts and science	\$ 59,888,250	\$ 1,982,714	\$ 61,870,964	\$ 59,212,353
School of education and allied professions	15,088,721	1,354,047	16,442,768	16,117,327
School of business administration	17,706,563	2,144,499	19,851,062	17,603,323
School of fine arts	9,330,131	285,613	9,615,744	9,935,360
School of engineering and applied science	8,154,076	174,606	8,328,682	7,683,025
School of interdisciplinary studies	1,201,006	146,340	1,347,346	1,422,916
Other	6,405,799	196,868	6,602,667	5,593,551
	<hr/>	<hr/>	<hr/>	<hr/>
Total instruction and departmental research	\$ 117,774,546	6,284,687	124,059,233	117,567,855
<hr/>				
Separately budgeted research				
Research centers	376,889	553,938	930,827	613,621
Other	1,941,457	4,467,018	6,408,475	5,061,243
	<hr/>	<hr/>	<hr/>	<hr/>
Total separately budgeted research	\$ 2,318,346	5,020,956	7,339,302	5,674,864
<hr/>				
Public service				
Community service	46,892	1,024,815	1,071,707	982,179
Noncredit instruction	715,361	9,462	724,823	739,597
Other	0	177,122	177,122	192,448
	<hr/>	<hr/>	<hr/>	<hr/>
Total public service	\$ 762,253	1,211,399	1,973,652	1,914,224
<hr/>				
Academic support				
Libraries	11,412,664	296,753	11,709,417	10,414,011
Academic administration	7,749,518	451,424	8,200,942	9,119,262
Applied technologies	2,482,649	14,157	2,496,806	2,876,506
Broadcasting services	497,369	170,431	667,800	798,473
Continuing education	541,755	(39,466)	502,289	568,078
Graduate school	480,552	230	480,782	520,073
Institute of environmental sciences	546,520	2,590	549,110	490,738
Instrumentation laboratory	308,431	469	308,900	288,147
Office for the advancement of scholarship and teaching	1,489,734	1,693	1,491,427	1,410,718
Other	2,959,178	300,499	3,259,677	2,747,557
	<hr/>	<hr/>	<hr/>	<hr/>
Total academic support	\$ 28,468,370	1,198,780	29,667,150	29,233,563
<hr/>				
Student services				
Vice president for student affairs	1,126,603	102,345	1,228,948	1,106,543
Admission office	2,548,670	7,953	2,556,623	2,791,123
Career planning and placement	611,534	25,456	636,990	695,984
Learning assistance	1,170,753	18,345	1,189,098	1,260,009
Registrar's office	2,118,884	575	2,119,459	2,313,788
Student activities	237,502	56,380	293,882	216,399
Student counseling service	693,885	1,163	695,048	650,493
Student financial aid	1,381,997	11,920	1,393,917	1,671,602
Student health service	2,538,830	95,455	2,634,285	2,387,622
Student leadership	353,529	137,009	490,538	404,253
Student orientation and registration	462,873	524	463,397	288,563
Student services - regional campuses	1,083,187	34,362	1,117,549	1,020,916
University funded student organizations	1,105,991	14,813	1,120,804	1,014,321
University lectures and artists	823,675	112,895	936,570	985,399
Other	1,868,614	20,486	1,889,100	1,315,204
	<hr/>	<hr/>	<hr/>	<hr/>
Total student services	\$ 18,126,527	\$ 639,681	\$ 18,766,208	\$ 18,122,219

See accompanying independent auditors' report.

	Unrestricted	Restricted	Total	
			2001	2000
<b>Institutional support</b>				
President's office	\$ 671,137	\$ 2,264	\$ 673,401	\$ 864,228
Executive vice president for academic affairs	1,711,244	523,134	2,234,378	1,439,141
Vice president for finance and business services	1,152,335	4,236	1,156,571	772,524
Vice president for university advancement	4,483,082	251,939	4,735,021	4,624,810
Secretary of the university	346,736	0	346,736	403,830
Affirmative action	943,325	12,152	955,477	837,348
Bursar's office	1,805,499	16,009	1,821,508	2,212,606
Controller's office	2,069,173	836	2,070,009	2,061,960
Degree audit program	1,634,743	54	1,634,797	1,561,799
Environmental health and safety	550,364	788	551,152	493,824
General counsel	392,191	0	392,191	465,705
Personnel office	1,147,438	12,363	1,159,801	1,182,116
Purchasing office	566,124	(783)	565,341	606,321
University budget and institutional research	704,882	0	704,882	568,263
University communications	2,504,421	1,748	2,506,169	1,939,771
University police	2,040,432	1,072	2,041,504	1,985,603
Western College alumnae association	167,661	100,631	268,292	471,590
Executive directors of regional campuses	1,701,343	130,458	1,831,801	1,548,601
Other	1,115,289	12,569	1,127,858	858,340
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total institutional support	\$ 25,707,419	1,069,470	26,776,889	24,898,380
<b>Plant operation and maintenance</b>				
Administration	996,009	3,785	999,794	999,797
Custodial service	4,064,075	0	4,064,075	4,601,685
Maintenance of buildings	6,007,422	6,151	6,013,573	4,806,598
Maintenance of grounds	2,290,358	67,983	2,358,341	2,419,387
Operation of motor vehicles	680,580	0	680,580	785,292
Planning and construction	928,405	0	928,405	881,927
Purchased utilities	4,416,857	0	4,416,857	4,315,662
Steam plant	1,974,040	0	1,974,040	1,778,371
Other	720,594	405	720,999	733,109
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total plant operation and maintenance	\$ 22,078,340	78,324	22,156,664	21,321,828
<b>Scholarships and fellowships</b>				
<b>Scholarships</b>				
Grants-in-aid	6,879,424	12,545,489	19,424,913	17,178,655
Fee remissions	2,033,190	0	2,033,190	1,664,912
<b>Fellowships</b>				
Graduate summer fellowships	877,505	0	877,505	1,048,797
Doctoral dissertation fellowships	173,447	0	173,447	187,804
Fee remissions	398,604	700	399,304	388,549
Other	0	6,900	6,900	3,975
Post-secondary enrollment options program	326,395	0	326,395	293,595
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total scholarships and fellowships	\$ 10,688,565	12,553,089	23,241,654	20,766,287
<b>Total current expenditures - educational and general</b>				
	\$ 225,924,366	\$ 28,056,386	\$ 253,980,752	\$ 239,499,220



**MIAMI UNIVERSITY**  
**(A Component Unit of the State of Ohio)**  
OMB Circular A-133 Single Audit Report  
Year ended June 30, 2001  
(With Independent Auditors' Reports Thereon)

**MIAMI UNIVERSITY**  
**(A Component Unit of the State of Ohio)**

**OMB Circular A-133 Single Audit Report**  
**Year Ended June 30, 2001**

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1600 PNC Center  
201 East Fifth Street  
Cincinnati, OH 45202

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

The Board of Trustees  
Miami University:

We have audited the financial statements of Miami University (a component unit of the State of Ohio) (the University) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

**KPMG LLP**

September 7, 2001



1600 PNC Center  
201 East Fifth Street  
Cincinnati, OH 45202

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

The Board of Trustees  
Miami University:

Compliance

We have audited the compliance of Miami University (a component unit of the State of Ohio) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001, except those requirements discussed in the third following paragraph. Miami University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Miami University's management. Our responsibility is to express an opinion on Miami University's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 Miami University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Miami University's compliance with those requirements.

In our opinion, Miami University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001, other than those requirements discussed in the following paragraph. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 01-1.

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

UAS compliance with the requirements governing the functions that it performs for Miami University was examined by other accountants whose report has been furnished to us. The report of the other accountants

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

### Internal Control Over Compliance

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

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

We noted a certain matter involving internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect Miami University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 01-1.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we do not believe the reportable condition referred to above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Miami University, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 7, 2001. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

KPMG LLP

September 7, 2001

**Miami University**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER:</b>			
<b>U.S. Department of Agriculture:</b>			
1970 Regulation of Insect Cold-hardiness Using Ice Nucleating Active Bacteria	10.206	96-35302-3419	\$ 865
Regulation of Microsporogenesis in Arabidopsis Thaliana	10.206	95-37304-2246	6,564
Characterization of Proteins Involved in Chromosome Cohesion in Arabidopsis	10.206	00-35301-9341	<u>2,604</u>
Subtotal Direct Programs			<u>10,033</u>
Pass-Through Programs From:			
Colorado State University: Operation of a USDA UV-B Radiation Monitoring Network Station	10.2	P302293	\$ 3,378
OUACH: The Role of Unionids in the Upper Ouachita River	10.562	08-99-09-CCS-001	<u>4,273</u>
Subtotal Pass-Through Programs			<u>\$ 7,651</u>
<b>Total U.S. Department of Agriculture</b>			<u>\$ 17,684</u>
<b>U.S. Department of Commerce:</b>			
Strategies to Control Exotic Invasive Plant Species in Great Lakes Coastal Wetlands - A Field Evaluation	11.417	NA86RG0053/RF735494	\$ 5,665
Operation of an Atmospheric Integrated Research Monitoring (AIRMON) Station at Miami University's Ecology Research Center	11.431	43EANR932013	3,908
Summer Undergraduate Research Fellowships	11.609	70NANB1H0033	12,726
Summer Undergraduate Research Fellowships	11.609	70ANBOH0018	<u>6,508</u>
Subtotal Direct Programs			<u>\$ 28,807</u>
Pass-Through Programs from:			
Ohio State University: Effects of Round Goby on Yellow Perch-amphipod Interactions	11.417	U 738940	\$ 10,835
Bowling Green State University: Local Government Economic Development	11.303	06-66-04460	\$ 18,191
Bowling Green State University: Local Government Economic Development	11.303	06-66-01008	<u>10,999</u>
			<u>\$ 29,190</u>
Ohio State University: Evaluation of Molecular Markers for the Identification of Nitrogen Fixing Cyanobacteria	11.417	NA86RG0053/RF809876	\$ 4,911
OSURF: Digestive Physiology as it Relates to Food Preference as a Mechanism Explaining Differential Bioaccumulation of Lopophilic Pollutants	11.417	RF 848503	<u>6,129</u>
			<u>\$ 11,040</u>
Subtotal Pass-Through Program			<u>\$ 51,065</u>
<b>Total U.S. Department of Commerce</b>			<u>\$ 79,872</u>

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Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
<b>U.S. Department of Defense</b>			
Office of Naval Research: Resiliency and Adaptation of Repatriated POW's from the Persian Gulf War	12.3	N00014-00-1-0950	\$ 6,852
Summer Undergraduate Mathematical Science Research Institute	12.901	MDA904-00-1-0002	61,096
Summer Undergraduate Mathematical Science Research Institute	12.901	MDA904-01-0054	50,038
<b>Total U.S. Department of Defense</b>			<b>\$ 117,986</b>
<b>National Aeronautics and Space Administration:</b>			
Analysis of a Novel Sensory Mechanism in Root Phototropism	43.002	NCC2-1200	\$ 6,812
Graviperception in Starch-Deficient Plants in Biorack	43.002	NAG 2-1017-5	33,012
<b>Total National Aeronautics and Space Administration</b>			<b>\$ 39,824</b>
(Continued)			
<b>U. S. Department of Justice</b>			
Drug Free Communities/The Coalition for a Healthy Community-Oxford Area	16.729	—	\$ 60,655
Subtotal Direct Programs			60,655
Pass-Through Programs From:			
Ohio Parents for Drug Free Youth: Enforcing Underage Drinking Laws Initiative, Media Campaign Evaluation	16.542	—	\$ 15,000
Alcohol and Drug Abuse Prevention: Effective Prevention Practitioner Conference Evaluation	16.XXX	—	2,368
Subtotal Pass-Through Programs			17,368
<b>Total U.S. Department of Justice</b>			<b>\$ 78,023</b>
<b>National Endowment for the Humanities:</b>			
La Dame d'Esprit: The Daring Life, Tragic Death, and Loss to History of the Marquise du Chatelet	45.16	FB-36460-00	\$ 30,000
<b>Total National Endowment for the Humanities</b>			<b>\$ 30,000</b>
<b>National Science Foundation:</b>			
Investigations on Normal and Paracompact Spaces	47.049	DMS-9623391	\$ 173
Investigations on Normal and Paracompact Spaces	47.049	DMS-9977099	10,967
Acquisition of a Stopped-Flow UV-Vis Spectrophotometer	47.049	CHE0076936	48,972
Research Experience for Undergraduates in Chemistry at Miami University	47.049	CHE9987557	63,609
Structure of Vector-Valued Function Spaces and Non-Commutative Function Spaces	47.049	DMS9703789	12,319
The Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS0096577	9,596
			<b>\$ 145,636</b>
Active Strain/Pacific-North American Oblique-Divergent Plate Boundary Baja California Sur, Mexico	47.05	EAR-9802790	\$ 179
Determination of Site Occupancy in Multiply-Occupied Atomic Sites	47.05	EAR-9804768	7,832

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Federal Grantor/Pass-Through Grantor/Program or Cluster title	CFDA Numbers	Program Number	Federal Expenditures
<b>National Science Foundation (continued):</b>			
Collaborative Research: Osmium Isotopes, PGE and Trace Element Systematics in Kamchatka Sub-Arc Mantle	47.05	EAR-9902956	29,022
Collaborative Research: The Palygorskite-Sepiolite to Smectite Transformation and the Influence/Reactive Surface Sites	47.05	EAR-0001251	4,321
Acquisition of CCD-Detector Single Crystal Diffractometer	47.05	EAR-0003201	140,288
			<u>\$ 181,642</u>
Analysis of Chromosome Condensation and Cohesion in Arabidopsis	47.074	MCB-9982367	\$ 46,825
Competitive Co-Existence Of Two Predators In A Spatially Patterned Landscape	47.074	DEB-9527710	540
Circular Dichroism Spectrometer for Protein/Peptide Structure/Function Studies	47.074	DBI-0070169	51,415
Insect Cold-Hardiness and Diapause: Regulatory Relationships	47.074	IBN-9728573	90,512
3-Ketoacyl Synthases: Modification and Characterization	47.074	MCB-9728786	65,431
Omnivorous Fish and the Stability of Aquatic Food Webs	47.074	DEB-9982124	137,938
Impacts of a Strong Interactor Along a Productivity Gradient: Linking Watersheds with Reservoir Food Webs	47.074	DEB-9726877	15,469
Willard Sherman Turrell Herbarium Improvement	47.074	DBI-9808577	16,500
Hyphal Biomechanics in Pathogenic Oomycetes	47.074	IBN-9985546	86,717
Context-Dependence in Hippocampal Place Fields: Experimental Investigation of the Dentate Gyrus-Hilus System	47.074	IBN-9816612	5,578
Study of Glyoxalase in Arabidopsis Thaliana	47.074	MCB-9817083	22,233
Phylogeny, Biogeography, and Systematics of Erithalis and Ernodea (Rubiaceae) in the Caribbean Basin	47.074	DEB-9807089	5,331
Ecological Studies	47.074	DEB-0196336	10,402
Phylogeny of Heterocystous Cyanobacteria and Evolution of Nitrogen Fixation Genes	47.074	DEB-9973340	25,552
Molecular Characterization of Genes/Candidates for Determinants of Neuronal Identity	47.074	IBN-0096108	9,270
Ecophysiological Correlates of Vertebrate Cold Hardiness	47.074	IBN-9817087	61,590
			<u>\$ 651,303</u>
Tacit Coordination of Collective Action in a Multiple-task Environment	47.075	0001910	\$ 69,933
Bridging the Gap: Equity in Systemic Reform	47.076	REC-9602137	125,932
Leadership Alliance in the Biological Sciences; Joining Molecular Biology and Ecology with Research	47.076	ESI-9819374	110,629
			<u>\$ 236,561</u>
Renovation of Hughes Hall Chemistry Research Facilities	47.077	STI-9602322	\$ 27
Microbial Mediation of Trace Metal Cycling in Four Stratified Antarctic Lakes	47.078	OPP-9814837	\$ 79,021
Subtotal Direct Programs			<u>\$ 1,364,123</u>
Pass-Through Programs From:			
Innovative Scientific Solutions, Inc.: Development of a Microflow Diagnostic System	47.041	PO 2002804	\$ 20,829
Texas A&M Structural Studies of Leg-153 (MARK Area)	47.05	USSSP 153-20816 & 20850	76
Stroud Water Research Center: Dissolved Organic Matter Biogeochemistry: Linking Ecosystem Processes	47.074	DEB-9904047	56,715
Subtotal Pass-Through Programs			<u>\$ 77,620</u>
<b>Total National Science Foundation</b>			<u>\$ 1,441,743</u>

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<b>U.S. Department of the Interior:</b>			
Embryological Study of Opuntia Corallicola, a Rare Species of Cactus in the Florida Keys	15.608	1448-40181-00-G-134	\$ 11,089
Systematics of Amphipods of the Gammarus Pecos Species Complex in New Mexico and Texas	15.615	1448-20181-00-J618	1,653
Continued Operation of the NADP/NTN Precipitation Chemistry Station at Oxford, Ohio	15.808	PO# 00-HQSA0057	4,212
U.S. Geological Survey: Fundamentals Through Application of Space Technologies	15.808	99CRAG0009	20,069
			<u>\$ 24,281</u>
Subtotal Direct Programs:			<u>\$ 37,023</u>
Pass-Through Programs From:			
City of Cincinnati: Fate and Transport of Pathogens in Areas of Induced Surface-Water Infiltration	15.808	95X0009	\$ 19,871
Subtotal Pass Through Programs			<u>19,871</u>
<b>Total U.S. Department of the Interior</b>			<u>\$ 56,894</u>
<b>U.S. Environmental Protection Agency:</b>			
Molecular Indicators of Contaminant Exposure in Fish	66.5	CR827000-01-0	\$ 12,719
Economics in Ecological Risk Assessment	66.5	CR827003-01-0	98,772
Multi-level Indicators of Ecosystem Integrity in Alpine Lakes in the Sierra Nevada	66.5	R 827643-01-0	295,876
			<u>\$ 407,367</u>
EPA Graduate Research Fellowship	66.607	U-915570-01-3	\$ 5,428
Subtotal Direct Programs			<u>\$ 412,795</u>
Pass-Through Programs From:			
Harding ESE Inc.: Operation of a US EPA National Dry Deposition Network Station at Miami U	66.XXX	S68D98112-SITEOP-122	\$ 5,531
Battelle: Operation of a US EPA national Dioxin Air Monitoring Network Station at Oxford, OH	66.XXX	PO 163361	2,254
International Technology Corp.: Research at the US EPA Test & Evaluation Facility Base-Op	66.XXX	PEI-3810	10,274
International Technology Corp.: Research at the US EPA Test & Evaluation Facility	66.XXX	99211-99-001	37,514
International Technology Corp.: Research at the US EPA T&E Facility #0-03 Drinking Water Packaging Plants	66.XXX	PO 136592 FY00 PO14989	690
International Technology Corp.: Research at the US EPA Test & Evaluation Facility	66.XXX	783423-14	669
International Technology Corp.: Research at the US EPA Test & Evaluation Facility Base-Op	66.XXX	PO 175652	4,041
VERSAR: Operation of a US EPA National Dioxin Air Monitoring Network Station at Oxford, OH	66.XXX	68-D5-0051 PO07971	15
Subtotal Pass-Through Programs:			<u>\$ 60,988</u>
<b>Total U.S. Environment Protection Agency</b>			<u>\$ 473,783</u>
<b>U.S. Department of Energy:</b>			
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	\$ 36,955
Subtotal Direct Programs			<u>\$ 36,955</u>

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<b>U.S. Department of Energy (continued):</b>			
Pass-Through Programs From:			
Battelle: Evaluation & Development of a Prototype ESA System for On-line Measurement of Zeta Potential	81.XXX	401422-A-P1	\$ 13,916
Fluor Daniel Fernald: Intern Program	81.XXX	—	32,917
Fluor Daniel Fernald: Representative Vegetation Test Plots	81.XXX	96SS000294	10,194
Fluor Daniel Fernald: American Chestnut Restoration Project	81.XXX	96SS000294	243
Fluor Daniel Fernald: Final Cover Vegetation Literature Evaluation	81.XXX	96SS000294	1,205
Subtotal Pass-Through Programs			\$ 58,475
<b>Total U.S. Department of Energy</b>			<b>\$ 95,430</b>
<b>U.S. Department of Education:</b>			
Fulbright-Hays Research Abroad: A Case Study of Soviet Terror: Identity, Culture and Violence in Khar'kov, 1880-1941	84.019	PO19A000003	\$ 22,269
Subtotal Direct Programs			\$ 22,269
Pass-Through Programs From:			
Ohio Board of Regents: Challenges and Support: Inquiry Teaching & Learning in Mathematics	84.281	—	\$ 8,500
Subtotal Pass-Through Programs			\$ 8,500
<b>Total U.S. Department of Education</b>			<b>\$ 30,769</b>
<b>U.S. Department of Health &amp; Human Services:</b>			
The Neural Substates of Adaptive Jaw Movement	93.121	2 R15 DE12248-02A1	\$ 6,522
A Multicomponent Model of Self-Concept Formation	93.242	7 R01 MH660645-03	\$ 36,545
Relating Categories to Perceptual Representations	93.242	1R03MH5881201	\$ 28,089
			\$ 64,634
Analysis of Meiotic Cell Cycle Control Genes	93.39	1R15GM5595601	\$ 17,426
Organization of a Cytochrome P450 Gene Cluster in Mice	93.39	1R15GM5595101A1	5,468
Integrin-like Proteins in Signal Transduction	93.39	1R15GM57806-01	13,976
1866 Iron Acquisition by Haemophilus Aegyptius	93.39	1R15AI37781-01	1,155
Structure-Function Studies of Lys2p of Candida Albicans	93.39	1R15GM55912-01A2	45,531
Analyses of a Dynein Heavy Chain Mutation in Tetrahymena	93.39	1 R15 GM59855-01	20,469
Magnetic Resonance Studies of Membrane Proteins	93.39	1R15GM60259-01	10,133
Synthesis and Conformational Study of Helix/Sheet Mimics	93.39	1R15GM60263-01A1	2,698
Ab Initio Studies of Biomolecules	93.39	2R15GM526780-02	32,480
Ab Initio Studies of Complexes of Nucleic Acid Bases	93.39	R15 GM59586-01A1	28,922
			\$ 178,258

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<b>U.S. Department of Health &amp; Human Services (continued):</b>			
Nuclear Organization During Adinovirus Infection	93.393	1R15 CA82111-01	\$ 33,831
Amperometric Sensors for Gas Phase Analytes	93.821	1R15GM/OD54327-01A1	1,381
Amphibian Urinary Bladder: Novel Glucose Transport Model	93.847	1 R115 DK54034-01A2	\$ 25,868
Prolactin Stimulation by Multiple Opiate Receptors	93.847	1R15DK/OD51332-01	7,088
Estrogen Affects the Prolactin Response to Angiotensin II	93.847	1R15DK54065-01	22,366
Mechanisms of Orphanin's Effects on Prolactin Release	93.847	1R15DK56139-01A1	19,003
			<u>\$ 74,325</u>
Neurotrophin Regulation of Cerebrovascular Axons	93.854	1R15NS3640301A1	15,086
Genetics of H. Aegyptius Brazilian Purpuric Fever Clone	93.856	1 R15 AI44776-01A1	21,813
Chlamydial Evasion of IFN-Mediated Immunity	93.856	1 R21 AI45836-01A1	65,534
Chlamydial Evasion of IFN-Mediated Immunity	93.856	1 R01 AI45836-01A2	21,742
Metallo Beta Lactamase from X Maltophilia	93.856	1R29AI40052-04	96,379
			<u>\$ 205,468</u>
Lay Explanations of Diabetes and Self Care: A Multi-Ethnic, Multi-Site Study	93.866	8-R3AG19583A	\$ 17,988
Tannins as Biological Antioxidants	93.933	1R15CA77806-01	\$ 14,153
Subtotal Direct Programs			<u>\$ 611,646</u>
Pass-Through Programs From:			
Springfield City II: Clark County Wellness Block Grant and Abstinence	93.235	—	\$ 10,024
Indiana University: Evaluation of the Indiana Restoring Fatherhood Project	93.558	—	\$ 12,734
Ohio Department of Aging: Family Support Project	93.631	90DF0011	\$ 12,995
Multi-Media Systems: Evaluation of the Clinical Breast Cancer Exam Interactive Teaching Simulator	93.XXX	—	\$ 8,000
Ohio Board of Regents: How Do They Utilize Health and Long-Term Care Services	93.XXX	—	43,155
Ohio Board of Regents: Reliability and Prediction of Case Mix Changes in Ohio Nursing Homes	93.XXX	A-00-07-115	55,669
			<u>\$ 106,824</u>
Subtotal Pass-Through Programs			<u>\$ 142,577</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>\$ 754,223</u>

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<b>U.S. Department of Labor</b>			
Conference for Pension and Retirement Research	17.XXX	ORDER B9303473	\$ <u>11,917</u>
<b>Total U.S. Department of Labor</b>			\$ <u>11,917</u>
<b>U.S. Air Force:</b>			
Intelligent Control of Uncertain Systems	12.XXX	—	\$ <u>4,388</u>
Subtotal Direct Programs			\$ <u>4,388</u>
Pass-Through Programs From:			
Wright State University: Applying Evolutionary Computation to the Design of Pattern Recognition Systems	12.XXX	F33615-99-C-1441; PO BG 5078 0	\$ <u>44,196</u>
Technirep: Simulation-Based Design System for Multi-Stage Mfg Processes	12.XXX	—	<u>67,222</u>
Subtotal Pass-Through Programs			\$ <u>111,418</u>
<b>Total U.S. Air Force</b>			\$ <u>115,806</u>
<b>Total Research and Development Cluster</b>			\$ <u>3,343,954</u>
<b>INSTRUCTIONAL:</b>			
<b>U.S. Department of Labor:</b>			
Pass-Through Programs From:			
Ohio Department of Education: Local School-to-Work Opportunities Partnership Grant	17.249	STW1998FED-99-UROG	\$ <u>36,233</u>
<b>Total U.S. Department of Labor</b>			\$ <u>36,233</u>
<b>U.S. Department of State:</b>			
Analysis, Budgets, and Development: Exchanging to Enhance Armenia's Transition to a Market Economy	19.405	—	\$ <u>65,739</u>
Quality Improvement Methods for Business: Instructional Enhancement for Kiev State Univ of Trade Economics	19.405	ASJL-0333	<u>55,882</u>
<b>Total U.S. Department of State</b>			\$ <u>121,621</u>
<b>National Aeronautics and Space Administration:</b>			
Pass-Through Programs From:			
Ohio Aerospace Institute: Expanding the Ohioview Geospatial Digital Library	43.XXX	NAG3-2629	\$ <u>520</u>
Ohio Aerospace Institute: Development of NASA Educational Programs	43.XXX	—	<u>3,220</u>
Glenn Research Center: Building and Enchancing an Ohioview Geospatial Digital Library for K-12, Higher Education	43.XXX	NAG3-2436	<u>95,618</u>
<b>Total National Aeronautics and Space Administration</b>			\$ <u>99,358</u>

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<b>U.S. Department of Energy</b>			
Pass-Through Programs From:			
Institute of Paper Science Technology: Energy Challenge '99	81.087	—	\$ 837
<b>Total U.S. Department of Energy</b>			<u>\$ 837</u>
<b>National Endowment for the Humanities:</b>			
The Vroma Project: A Virtual Community for the Teacher of Classics	45.162	ED-2045496	\$ 3,516
The History, Uses and Reverberations of the Tales Collected by the Brothers Grimm	45.163	FV-22344-00	\$ 31,312
Subtotal Direct Programs			<u>\$ 34,828</u>
Pass-Through Programs From:			
Ohio Humanities Council: Institute on Philosophy for Children: Taking the Humanities Seriously	45.163	OHC-00-108	\$ 2,041
Ohio Humanities Council: Philosophy for Children - Taking the Humanities Seriously	45.163	OHC-01-061	\$ 7,591
Subtotal Pass-Through Programs			<u>\$ 9,632</u>
<b>Total National Endowment for the Humanities</b>			<u>\$ 44,460</u>
<b>National Science Foundation:</b>			
1985 Teacher Enhancement In Molecular Biology and Recombinant DNA Technology	47.076	ESI-9618727	\$ 43,812
Chemical Technology Education Collaborative: Advanced Technology Education Project	47.076	DUE-9751993	167,461
To Adapt and Adopt Workshop Chemistry	47.076	DUE-9950575	136,244
SEP: Science is for Us: An After-School Program for Junior High Girls	47.076	HRD - 9908776	11,883
Increasing the Impact	47.076	DUE-9950011	159,475
Dragonfly Quest: An Inquiry-Driven Science Program for Informal Settings	47.076	ESI-9804318	79,736
Development of a Web-based Teaching and Learning System in Plant Biology at Miami University	47.076	DUE-9950580	24,941
Furthering Advances Toward Learner-Centered Education	47.076	DUE-9850015	50,978
<b>Total National Science Foundation</b>			<u>\$ 674,530</u>
<b>U.S. Department of Education:</b>			
Ohio Writing Project	84.298	92-OH01	\$ 37,894
Project Mentor-Teaching Tomorrow's Teachers to Use Technology	84.342A	—	\$ 148,756
Subtotal Direct Programs			<u>\$ 186,650</u>
Pass-Through Programs From:			
Ohio Board of Regents: Sustaining and Supporting Standards-Based Math Reform in Northwest Local School District	84.281	9-36	\$ 21,251
Ohio Board of Regents: Teaching Science with TOYS-Targeting Ohio III	84.281	9-38	71,226
Ohio Board of Regents: ACTIVE Chemistry: Adding Context+Technology+Inquiry =Very Exciting (ACTIVE 3)	84.281	00-32	9,390
Ohio Board of Regents: Blending Reading, Investigating, and Discovery into the Goals of Elementary Science (Bridges II)	84.281	9-39	94,190

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<b>U.S. Department of Education (continued):</b>			
Ohio Board of Regents: Teaching Science with TOYS--Targeting Ohio IV	84.281	00-34	31,704
Ohio Board of Regents: The Dragonfly District Program: A Model for Inquiry - Driven Systemic Reform/Lebanon Schools and Miami University	84.281	00-33	33,780
Ohio Board of Regents: OSI-Discovery	84.281	—	972
Ohio Board of Regents: An Inquiry Calculus Course for Pre-Service Teachers	84.281	—	7,215
Ohio Board of Regents: Using Native American Stories to Attain Ohio Elementary School Competency-Based Standards	84.281	9-33	92,963
Ohio Board of Education: Motion, Mums, Mathematics, and Meaning: Multidimensional Experience for Teachers	84.281	9-34	22,075
Ohio Board of Regents: Using Native American Stories to attain Ohio Elementary School Competency-Based Science Standards	84.281	00-30	9,923
Ohio Board of Regents: Adding Context+ Technology+Inquiry=Very Exciting	84.281	9-37	71,565
Ohio Board of Regents: Blending Reading, Investigating, and Discovery into the Goals of Elementary Science (Bridges III)	84.281	00-35	11,267
Subtotal Pass-Through Programs			\$ <u>477,521</u>
<b>Total U.S. Department of Education</b>			\$ <u>664,171</u>
<b>U.S. Department of Health and Human Services:</b>			
Risk and Choices: Teaching Environmental Health Science	93.113	1R25ES08192-01	\$ 32,067
Social Influences on Dispersal In Males and Females	93.39	MH57115-01A2	5,402
Subtotal Direct Programs			\$ <u>37,469</u>
Pass-Through Programs From:			
Ohio Department of Health: Intercollegiate Tobacco Risk Reduction Coalition of Southwestern Ohio	93.283	09-4-01-P-CJ-39299	\$ 13,006
Ohio Department of Health: Tobacco Prevention Project	93.283	09-4-01-P-CJ-392	53,664
Ohio Department of Health: Tobacco Prevention Program	93.283	09-4-001-2-CJ-01	1,442
			\$ <u>68,112</u>
Bultler County Alcohol & Drug Addiction Service Board II: MU Substance Abuse and Violence Prevention Program	93.959	09-09961-01 HED-UC-P-01-9726	\$ 23,942
Bultler County Alcohol & Drug Addiction Service Board: MU Substance Abuse and Violence Prevention Program	93.959	09-09961-01 HED-UC-P-00-9726	1,044
			\$ <u>24,986</u>
Case Western: Geriatric Education Center Site	93.969	CFDA 93.9699 AH 70041-06	\$ 376
Subtotal Pass-Through Programs			\$ <u>93,474</u>
<b>Total U.S. Department of Health and Human Services</b>			\$ <u>130,943</u>
<b>Total Instructional</b>			\$ <u>1,772,153</u>

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<b>STUDENT FINANCIAL ASSISTANCE CLUSTER:</b>			
<b>U.S. Department of Education:</b>			
Supplemental Educational Opportunity Grant Program	84.007	P007A003315	\$ 733,481
College Work Study Program 00/01	84.033	P033A003315	\$ 611,788
College Work Study Program 99/00	84.033	P033A993315	<u>20,463</u>
			\$ <u>632,251</u>
Federal Pell Grant Program 00/01	84.063	P063P001321	\$ 4,927,323
Federal Pell Grant Program 99/00	84.063	P063P991321	<u>26,631</u>
			\$ <u>4,953,954</u>
<b>Total Student Financial Assistance Cluster</b>			<b>\$ <u>6,319,686</u></b>
			(Continued)
<b>PUBLIC SERVICE:</b>			
<b>U.S. Department of Commerce:</b>			
Replacement of Production and Broadcast Equipment	11.550	39-01-98115	\$ <u>26,162</u>
<b>Total U.S. Department of Commerce</b>			<b>\$ <u>26,162</u></b>
<b>U.S. Department of Education:</b>			
Increasing Expectations for Student Academic Effort	84.116	P116B61444-98	\$ <u>10,248</u>
<b>Total U.S. Department of Education</b>			<b>\$ <u>10,248</u></b>
<b>National Science Foundation:</b>			
Intergovernmental Personnel Agreement	47.076	ESI-9908386	\$ <u>149,695</u>
<b>Total National Science Foundation</b>			<b>\$ <u>149,695</u></b>
<b>U.S. Department of Energy:</b>			
Pass-Through Programs From:			
EG & G Mound: Multi-Cultural Leadership Program	81.XXX	—	\$ <u>2,500</u>
<b>Total U.S. Department of Energy</b>			<b>\$ <u>2,500</u></b>
<b>Total Public Service</b>			<b>\$ <u>188,605</u></b>
<b>Total Federal Expenditures</b>			<b>\$ <u>11,624,398</u></b>

See accompanying independent auditors' report and notes to Schedule of Expenditures of Federal Awards.

**MIAMI UNIVERSITY**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2001

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) reflects the disbursements/expenditures of Miami University (the University) under programs of the Federal government for the year ended June 30, 2001 using the accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in fund balance and current funds, revenues, expenditures and other changes of the University for the year ended June 30, 2001.

Expenditures for non-financial aid awards include facilities and administrative costs, relating primarily to facilities operation and maintenance and general administration services, which are allocated to direct costs (including Federal awards) based on negotiated formulas commonly referred to as indirect cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2001 were based on predetermined fixed rates negotiated with the cognizant federal agency, the Department of Health and Human Services.

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

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

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

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

**(3) Federally-Guaranteed Loans**

Federally-guaranteed loans issued to students during the year ended June 30, 2001 are summarized as follows:

Guarantee programs (CFDA number 84.268):	
Subsidized Direct Student Loans	\$ 17,937,719
Unsubsidized Direct Student Loans	15,161,779
PLUS	<u>7,350,117</u>
	\$ <u>40,449,615</u>

**MIAMI UNIVERSITY**

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2001

The University is responsible only for the performance of certain administrative duties with respect to the federally-guaranteed student loan programs and, accordingly, the Direct Student Loans and PLUS Loans are not included in the University's financial statements. It is not practical to determine the balance of loans outstanding to students and parents of students of the University under these programs at June 30, 2001.

Additionally, as of June 30, 2001, the balances of loans outstanding under the Nursing Student Loan program (CFDA number 93.364) and the Perkins Loan Program (CFDA number 84.038) were approximately \$2,903 and \$7,588,825, respectively. Total loan advances for the year ended June 30, 2001 were \$1,210,473 for the Perkins Loan program. There were no new loan advances for the Nursing Student Loan program.

**MIAMI UNIVERSITY**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

**(1) Summary of Auditor's Results**

- (a) Type of report issued on the financial statements: Unqualified opinion
- (b) Reportable conditions in the internal control structure that were disclosed by the audit of the financial statements: None reported  
Material weaknesses: No
- (c) Noncompliance which is material to the financial statements: None
- (d) Reportable conditions in the internal control structure over major programs: Yes, see Finding 01-1.  
Material weaknesses: No
- (e) Type of report issued on compliance for major programs: Unqualified opinion
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: Yes, see Finding 01-1.
- (g) Major programs for the June 30, 2001 audit: Student Financial Assistance Cluster; Research and Development Cluster; National Science Foundation CFDA Number 47.076; Department of Education CFDA Number 84.281
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: Yes

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

None

**MIAMI UNIVERSITY**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

**(3) Findings and Questioned Costs Relating to Federal Awards**

**Finding 01-1; Research and Development Cluster; CFDA Number 47.076, National Science Foundation; CFDA Number 84.281, U. S. Department of Education**

***Compliance Requirement: Allowable Costs/Cost Principles***

***Criteria:***

The distribution of individual employee compensation to Federally sponsored research projects must follow the guidance as stated in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations* (OMB Circular A-122). Attachment B, paragraph 7(m)(1) of OMB Circular A-122 states, "Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by responsible officials of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports." Paragraph 7(m)(2)(a) of Circular A-122 states, "budget estimates (i.e. estimates determined before the services are performed) do not qualify as support for charges to awards."

***Condition:***

The University's employees participating in activities for which Federal funding is received complete time and effort reports using the "after the fact activity records" method. During our test work, we noted time and effort reports were not reconciled to the actual charges billed to the Federal agency funding the grant. Payroll expense included in billings was based upon budgeted amounts as stated on the employee's appointment form, and not on actual time worked.

***Questioned Costs:***

The exact questioned cost for these issues are unknown.

***Effect:***

During fiscal year 2001, the University did not properly reconcile time spent to the charges billed to the respective federal agency.

***Cause:***

The University implemented a new time and effort reporting system in fiscal year 2001; however, reconciliation of time and effort reports to the amounts billed to the government was not a required activity under the new policy.

**MIAMI UNIVERSITY**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2001

***Recommendation:***

We recommend that the University implement a policy to regularly reconcile time and effort reports with charges billed to the Federal granting agency funding the grant project to ensure proper payroll charges are billed to the funding agency.

***Management's Response:***

The University has developed this policy including procedures that were implemented to ensure that all time and effort reports will be reconciled with the charges billed to Federal granting agencies. This policy and related procedures will eliminate this problem for future time and effort reports and ensure proper payroll charges are billed to the funding agency.

**OMB Circular A133**  
**Summary Schedule of Prior Audit Findings**  
**2000/01 Audit**

10/19/2001

<b>Reference</b>	<b>Fiscal Year</b>	<b>Finding</b>	<b>Status</b>	<b>Contact Person</b>
00-1	2000	Time & Effort reports were not be collected in a timely manner	Corrected action was taken	Deborah Osborn
00-2	2000	Inconsistent refunding amounts posted to certain student's accounts at one branch campus resulting in inappropriate refunds back to lending institutions	Corrected action was taken	Ginny Layton
00-3	2000	Facilities & Administrative costs calculated incorrectly	Corrected action was taken	Deborah Osborn
00-4	2000	Student status changes where the student withdrew from all classes but did not officially withdraw from the University were not being reported to NSLC in a timely manner	Corrected action was taken	Bob Kubat

audit finding prior year  
10/11/2001



**MIAMI UNIVERSITY**  
(A Component Unit of the State of Ohio)  
Intercollegiate Athletics Department  
National Collegiate Athletic Association  
Report on Agreed-Upon Procedures  
Year ended June 30, 2001



1600 PNC Center  
201 East Fifth Street  
Cincinnati, OH 45202

## **Report on Agreed-Upon-Procedures**

Dr. James C. Garland, President  
Miami University:

We have performed the procedures enumerated below, which were agreed to by Dr. James C. Garland, President, Miami University, and the management of Miami University (University) solely to assist in evaluating whether the Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Miami University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2001. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Procedures Related to Statement of Revenues and Expenditures**

- a. We obtained the Statement of Revenues and Expenditures (the Statement) of the Intercollegiate Athletics Department for the year ended June 30, 2001, as prepared by management and presented as the Exhibit to this report. We recalculated the addition of the amounts on the Statement and compared the amounts on each line of the Statement to the corresponding amounts in the University's general ledger. We found such amounts to be in agreement.
- b. We compared 2001 actual amounts of revenues and expenditures as reported in Schedule 8-C in the internal University financial statements to the corresponding 2001 budgeted amounts. The 2001 budgeted amounts were obtained from the 2000-2001 Miami Auxiliary Enterprises Budget included as exhibit 5 to the Miami University 2001 Budget. The 2001 actual amounts of total revenues, total men's football expenditures, total men's basketball expenditures, total women's basketball expenditures, and total men's and women's other sports and non-program specific expenditures per Schedule 8-C were compared to the corresponding total revenues and expenditures amounts in the Statement. Such amounts were found to be in agreement. We identified the following budget variances greater than \$30,000 and 15% by comparing each budgeted revenue and expenditure line in exhibit 5 of the Miami University 2001 Budget to the corresponding actual revenue and expenditure amounts on Schedule 8-C in the internal University financial statements and obtained the following explanations from University management regarding the reasons for the variances.

## Budget Variances

*Total Revenues and Total Non-Program Specific Expenditures* – The increase of \$909,041 in actual revenues and \$871,223 in actual expenditures over budgeted amounts is due to higher than expected restricted expenditures for equipment purchases, scholarships, and grants, mostly related to women's sports.

- c. We identified the following prior year actual variances greater than \$30,000 and 15% by comparing each line of the revenues and expenditures as reported in the Statement to the corresponding 2000 actual amounts as reported in the Exhibit to the June 30, 2000 Intercollegiate Athletics Department National Collegiate Athletic Association report. We obtained the following explanations from University management regarding the reasons for the variances.

## Prior Year Actual Variances

*Ticket Sales Revenues* – Ticket sales revenues decreased \$224,829 or 24% in fiscal 2001. The variance is a result of a decline in football ticket sales. In fiscal 2000, there were two very popular games, University of Cincinnati and Marshall University, that were both played at home. Also, during fiscal 2001, there were fewer home games than in 2000.

*Guarantees Revenues* – Guarantees Revenues increased \$193,074 or 42%. The variance in guarantees revenues is due to a greater share distribution from the NCAA in 2001.

*Advertising, Promotions and Events Revenues* – Advertising, Promotions and Events Revenues decreased \$159,186 or 33%. The variance is due to less radio sponsorship in fiscal 2001 primarily due to a decline in tournament play for men's basketball.

*Other Revenues* – The increase of \$55,545 or 30% in other revenue primarily relates to women's sports. During fiscal 2001, women's sports other revenue increased approximately \$70,000 due to the continued growth of women's programs.

*Gift Revenues* – Gift revenues increased \$505,078 or 110%. The variance in gift revenues is due to several gifts and grants made during fiscal 2001 to all sports. Also, additional gifts were made during fiscal 2001 to purchase \$200,000 in video coaching equipment.

*Tournaments Revenues* – Tournaments revenues increased \$153,595 or 32%. The variance in tournament revenues is due to the fact that the University hosted PGSA, CCHA and MAC women's soccer tournaments for the first time in fiscal 2001, raising approximately \$94,000 in additional revenue. Additionally, the University had higher attendance at the Oxford High School tournament generating approximately \$12,000 of additional revenue.

*Financial Aid Expenditures* – Financial Aid expenditures increased \$606,296 or 29%. The variance is due to approximately \$700,000 in scholarships offered to students in sports during fiscal 2001. Specifically, scholarships increased approximately \$85,000 for men's basketball, \$42,000 for women's field hockey, \$37,000 for women's tennis, \$46,000 for women's track, and \$12,000 for men's swimming.

*Travel and Team Travel Expenditures* – Travel expenditures increased \$41,972 or 54%. Team travel expenditures also increased \$58,589. The variance in travel expenditures is due to an increase in the number of non-NCAA tournaments attended in fiscal 2001. Women's skating attended a tournament in Finland that resulted in approximately \$45,000 in additional travel expenditures. Also, women's soccer, women's tennis, men's golf, women's track, and women's field hockey had increased travel expenditures of approximately \$36,000 collectively.

*Recruiting Expenditures* – Recruiting expenditures increased \$125,067 or 54%. The variance is due to expanded efforts to recruit additional staff and students for the athletics program during fiscal 2001.

*Equipment and Supplies Expenditures* – Equipment and supplies expenditures increased \$276,497 or 36%. The variance is due to the purchase of video coaching equipment for approximately \$200,000 during fiscal 2001.

*Maintenance and Administration Expenditures* – Maintenance and administration expenditures increased \$72,290 or 48%. The variance is due to the general increase in revenues. Due to increasing participation in tournaments, maintenance and administrative expenditures also increased.

*Game Expenses Expenditures* – Game expenses expenditures decreased \$46,837 or 15%. The variance is primarily due to fewer NCAA tournaments and home games in fiscal 2001. The decrease is driven by a decrease of approximately \$33,000 in men’s football and \$47,000 in men’s basketball.

*Telephone, Printing and Advertising and Hospitality Expenditures* – Telephone, printing and advertising and hospitality expenditures decreased \$301,834, or 43%. The variances are due to fewer NCAA tournament games in fiscal 2001, as well as a cost cutting initiative to lower general and administrative expenditures.

*Guarantees Expenditures* – Guarantees expenditures decreased \$59,916 or 71% during fiscal 2001. The variance is primarily the result of fewer NCAA tournaments in fiscal 2001.

*Services Expenditures* – Services expenditures increased \$111,273 or 39% during fiscal 2001. The variance is the result of increases in athletic fees, public safety services and other intra-university services due to an increase in new tournaments hosted by the University during fiscal 2001.

No additional procedures were performed with respect to management’s representations as to the reasons for the variances.

- d. We obtained a listing of all gifts to the University Intercollegiate Athletics Department as prepared by University management. The listing contained no contributions received directly by the University which constituted more than 10% of all contributions received for the University Intercollegiate Athletics Department.

**Procedures Related to Internal Control Over Financial Reporting**

- e. Cash receipts for twenty days during the fiscal year were haphazardly selected from the deposit slips maintained by the Ticket Office. The twenty days were:

July 7, 2000	November 29, 2000
July 24, 2000	December 4, 2000
July 27, 2000	December 7, 2000
August 8, 2000	January 2, 2001
August 30, 2000	January 9, 2001
September 12, 2000	January 24, 2001
September 28, 2000	February 26, 2001
October 27, 2000	March 5, 2001
November 2, 2000	March 12, 2001
November 17, 2000	May 22, 2001

For the twenty days noted, we compared the total dollar amounts per the validated deposit slip to the corresponding dollar amount on the receipt issued by the Bursar's Office upon receipt of the funds. We then selected the largest dollar amount of deposit from each validated deposit slip and agreed the amount on the validated deposit slip to the corresponding amount in the online general ledger system. The information we compared was in agreement.

- f. We haphazardly selected the following twenty cash disbursements (including 10 travel related expenditures) for the year ended June 30, 2001 from the detailed cash disbursements listing provided by University management. For each of these twenty disbursements, we compared the disbursed amount and payee to the corresponding information on the vendor invoice, or a Miami University Travel Expense Report or Team Travel Form, which is authorized by Sharon Tabler, Records Management Specialist. The information we compared was in agreement.

<b>Description</b>	<b>Document Number</b>	<b>Check Date</b>	<b>Dollar Amount</b>
White Family Companies	28685	8/2/00	\$ 12,000.00
Locker Room	99261	8/21/00	556.00
Marc Drouillard	R057230	11/22/00	100.00
Mr. Robert S. Johnson	I0058119	2/15/01	806.32
Best Western – Sycamore Inn	L164136	3/2/01	98.00
Lakefront Lines, Inc.	411730	3/6/01	1,880.00
Miami U. Bursar's fund	I0059922	3/13/01	314.00
Miami U. Bursar's fund	I0059833	3/13/01	1,035.26
Miami U. Bursar's fund	I0059898	3/13/01	1,306.14
Radisson Hotel Beachwood	L165852	3/20/01	1,218.83
American Express	I0061833	3/22/01	3,127.91
Terry Hoepfner	I0062171	3/26/01	1,146.50
OSSRC	41201	4/18/01	18,798.67
Cleveland Marriott Downtown	L162537	4/30/01	5,960.78
Kattus Pro Team Sports	60301-00	5/15/01	278.00
Rex Harvey	R067500	5/18/01	400.00
NCAA	L160791	6/29/01	283.50
Kast A Way Swimwear	158911	5/25/01	1,462.75
Game Breaker, Inc.	30	6/12/01	242.35
Mosaic Screen Printing & Design	953588	6/29/01	260.00

- g. We were informed by University management that on a periodic basis, the Assistant Vice President for Recreational Facilities/Associate Athletic Director reviews the financial activity of the outside organization. We obtained from the Treasurer of the outside organization a detail listing of the outside organization's cash receipts and cash disbursements for the year ended June 30, 2001.

**Procedures Related to Outside Organization**

h. We obtained the following list of booster organizations and their related balances for the year ended June 30, 2001 from University management:

	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Blue Line Club \$	1,757	11,479	13,236	—

We were informed by the Blue Line Club’s treasurer and University personnel that the Blue Line Club’s cash was combined with the University’s cash on April 6, 2001. Prior to the transfer of funds on April 6, 2001, the Blue Line Club held cash in the amount of \$679.

i. We compared total cash receipts and cash disbursements to the Treasurer’s Report prepared by the treasurer of the Blue Line Club.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Miami University or an examination of Miami University Intercollegiate Athletics Department’s internal control over financial reporting, the objective of which would be the expression of an opinion on its effectiveness. Accordingly, we do not express any such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

**KPMG LLP**

October 10, 2001

**MIAMI UNIVERSITY**  
Intercollegiate Athletics Department  
Statement of Revenues and Expenditures  
Year ended June 30, 2001  
(Unaudited)

	<b>Men's Football</b>	<b>Men's Basketball</b>	<b>Women's Basketball</b>	<b>Men's Other Sports</b>	<b>Women's Other Sports</b>	<b>Non-Program Specific</b>	<b>Total</b>
<b>Revenues:</b>							
Student activity fees	\$ 1,417,378	519,176	468,134	1,250,269	2,240,683	1,159,960	7,055,600
Ticket sales	355,748	237,915	4,844	98,953	—	—	697,460
Guarantees	616,636	—	4,512	—	—	29,488	650,636
Program advertising	—	—	—	—	—	14,500	14,500
Programs, merchandise, handbooks	—	—	—	—	—	3,005	3,005
Advertising, promotions and events	—	—	—	12,668	—	320,066	332,734
Vending proceeds	—	—	—	—	—	27,717	27,717
Seminars and workshops	—	3,335	350	4,552	6,530	5,217	19,984
Other	34,486	—	3,804	20,024	102,275	79,246	239,835
Temporary investment income	—	—	—	—	—	100,000	100,000
Endowment income	—	6,149	—	—	—	75,087	81,236
Gifts	5,955	5,700	2,604	147,438	(23)	804,137	965,811
Tournaments	—	12,687	—	20,482	5,800	601,094	640,063
<b>Total revenues</b>	<b>2,430,203</b>	<b>784,962</b>	<b>484,248</b>	<b>1,554,386</b>	<b>2,355,265</b>	<b>3,219,517</b>	<b>10,828,581</b>
<b>Expenditures:</b>							
Financial aid	1,030,125	167,698	61,565	455,762	727,515	287,299	2,729,964
Coaches salaries	497,240	186,939	148,403	318,112	403,928	—	1,554,622
Other salaries and wages	88,892	47,367	39,160	80,838	104,916	1,103,762	1,464,935
Staff benefits	159,369	63,012	48,600	108,614	151,068	298,530	829,193
Team travel	123,705	83,486	54,279	252,235	441,885	1,583	957,173
Travel	16,170	3,667	5,095	19,888	19,121	55,931	119,872
Recruiting	102,479	31,951	26,727	59,157	85,565	50,895	356,774
Equipment and supplies	146,193	48,344	22,771	101,434	231,483	490,933	1,041,158
Maintenance and administration	77,306	15,300	15,419	28,330	41,306	45,223	222,884
Game expenses	44,713	40,584	31,111	25,525	77,329	40,995	260,257
Telephone	21,193	10,422	8,047	13,580	15,785	55,387	124,414
Postage	16,130	10,077	5,904	6,527	13,625	38,101	90,364
Guarantees	—	14,828	2,800	7,000	—	—	24,628
Textbooks	32,929	4,947	5,062	21,905	31,908	(17)	96,734
Printing and advertising	7,632	2,100	1,170	6,054	10,253	117,391	144,600
Hospitality	29,265	3,538	3,721	31,522	11,005	56,349	135,400
Services	24,324	48,393	3,840	57,201	23,463	238,704	395,925
Other	10,301	725	435	7,625	3,942	91,939	114,967
<b>Total expenditures</b>	<b>2,427,966</b>	<b>783,378</b>	<b>484,109</b>	<b>1,601,309</b>	<b>2,394,097</b>	<b>2,973,005</b>	<b>10,663,864</b>
Excess (deficit) of revenues over expenditures	2,237	1,584	139	(46,923)	(38,832)	246,512	164,717
Renewals and replacements	—	—	—	—	(40,250)	(29,064)	(69,314)
Transfers (to) from other funds	(2,237)	653	(138)	95,894	80,362	(930,634)	(756,100)
Unrestricted allocated funds	—	—	—	—	—	928,777	928,777
Excess (deficit) of restricted revenues over expenditures	5,120	1,479	15,734	96,971	3,826	(269,730)	(146,600)
<b>Net increase/(decrease) in fund balance</b>	<b>\$ 5,120</b>	<b>3,716</b>	<b>15,735</b>	<b>145,942</b>	<b>5,106</b>	<b>(54,139)</b>	<b>121,480</b>

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

MIAMI UNIVERSITY

OXFORD, OHIO

Financial Statements

June 30, 2001

With Independent Auditors' Report Thereon



1600 PNC Center  
201 East Fifth Street  
Cincinnati, OH 45202

## Independent Auditors' Report

The President and The Board of Trustees  
of Miami University

and

The Honorable James M. Petro, Auditor of State:

We have audited the accompanying balance sheet of WMUB Radio (a noncommercial public radio station owned and operated by Miami University) as of June 30, 2001, and the related statements of support and revenues, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WMUB Radio as of June 30, 2001, and its support and revenues, expenses and changes in fund balances and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**KPMG LLP**

October 12, 2001

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

Balance Sheet

June 30, 2001

(with comparative totals at June 30, 2000)

	<u>Current</u>	<u>2001</u> <u>Plant</u>		<u>2000</u>
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>	<u>Totals</u>
Assets:				
Net accounts receivable from Miami University	\$ 140,998	—	140,998	90,994
Property and equipment:				
Building, tower and antenna	—	389,844	389,844	389,844
Studio and broadcast equipment	—	455,129	455,129	381,605
Furniture and fixtures	—	33,883	33,883	33,883
		<u>          </u>	<u>          </u>	<u>          </u>
Total property and equipment	<u>          </u>	<u>878,856</u>	<u>878,856</u>	<u>805,332</u>
		<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 140,998</u>	<u>878,856</u>	<u>1,019,854</u>	<u>896,326</u>
		<u>          </u>	<u>          </u>	<u>          </u>
Fund balances	<u>\$ 140,998</u>	<u>878,856</u>	<u>1,019,854</u>	<u>896,326</u>

See accompanying notes to financial statements.

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

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

Year ended June 30, 2001  
(with comparative totals for the year ended June 30, 2000)

	<b>2001</b>			<b>2000 Totals</b>
	<b>Current Fund</b>	<b>Plant Fund</b>	<b>Total</b>	
Support and revenues:				
Appropriation from Miami University	\$ 588,349	—	588,349	541,004
Donated facilities and administrative support	257,841	—	257,841	252,707
Corporation for Public Broadcasting grant	132,792	—	132,792	132,636
Membership income	129,466	—	129,466	120,030
In-kind contributions:				
Ohio Educational Telecommunications	105,424	—	105,424	56,909
Ohio Educational Telecommunications (OET) Grant	54,595	—	54,595	52,559
OET capital grant	49,310	—	49,310	20,899
National Telecommunications and Information Administration grant	26,162	—	26,162	—
Business and underwriting support	74,635	—	74,635	60,103
Other	4,807	—	4,807	580
Total support and revenues	<u>1,423,381</u>	<u>—</u>	<u>1,423,381</u>	<u>1,237,427</u>
Expenses:				
Program services:				
Programming and production	620,482	—	620,482	546,130
Broadcasting	127,459	—	127,459	116,428
Program information	41,361	—	41,361	48,622
Total program services	<u>789,302</u>	<u>—</u>	<u>789,302</u>	<u>711,180</u>
Supporting services:				
Administrative support	257,841	—	257,841	252,707
Management and general	200,024	—	200,024	206,353
Fund raising	35,603	—	35,603	58,489
Underwriting	17,083	—	17,083	16,433
Total supporting services	<u>510,551</u>	<u>—</u>	<u>510,551</u>	<u>533,982</u>
Total expenses	<u>1,299,853</u>	<u>—</u>	<u>1,299,853</u>	<u>1,245,162</u>
Support and revenues in excess of (less than) expenses	123,528	—	123,528	(7,735)
Transfers –				
Property and equipment additions	<u>(73,524)</u>	<u>73,524</u>	<u>—</u>	<u>—</u>
Net increase (decrease) for the year	50,004	73,524	123,528	(7,735)
Fund balance, beginning of year	<u>90,994</u>	<u>805,332</u>	<u>896,326</u>	<u>904,061</u>
Fund balance, end of year	<u>\$ 140,998</u>	<u>878,856</u>	<u>1,019,854</u>	<u>896,326</u>

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended June 30, 2001  
(with comparative totals for the year ended June 30, 2000)

	<u>2001</u>	<u>2000</u>
Financial resources used for –		
Support and revenues in excess of expenses	\$ 123,528	(7,735)
Financial resources used for –		
Additions to property and equipment	<u>(73,524)</u>	<u>(14,066)</u>
Net increase (decrease) in cash and cash equivalent	50,004	(21,801)
Cash and cash equivalent, beginning of year	<u>90,994</u>	<u>112,795</u>
Cash and cash equivalent, end of year	<u><u>\$ 140,998</u></u>	<u><u>90,994</u></u>

See accompanying notes to financial statements.

**WMUB RADIO**  
**(A Noncommercial Public Radio Station**  
**Owned and Operated by Miami University)**  
Notes to Financial Statements

June 30, 2001

**(1) Organization and Summary of Significant Accounting Policies**

***Organization***

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

***Accrual Basis***

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

***Fund Accounting***

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

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

***Revenue Recognition***

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

***Net Accounts Receivable from Miami University***

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

***Equipment***

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

**WMUB RADIO**  
**(A Noncommercial Public Radio Station**  
**Owned and Operated by Miami University)**  
Notes to Financial Statements

June 30, 2001

***Donated Facilities and Administrative Support***

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

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

***In – kind Support***

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

***Use of Estimates***

Management has made estimates in preparing the financial statements based on currently available information that affects certain of the amounts reflected in the financial statements. Actual results could differ from those estimates.

***Reclassification***

Certain 2000 amounts were reclassified to conform with the 2001 presentation.

**(2) Income Taxes**

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

**(3) Change in Accounting Principle**

The University plans to adopt Governmental Accounting Standards No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35), effective with the fiscal year ended June 30, 2002. GASB 35 will result in the recording of depreciation expense in the WMUB financial statements for the year ended June 30, 2002.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MIAMI UNIVERSITY**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 31, 2002**