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BOARD OF TRUSTEES
MIAMI UNIVERSITY
Minutes of the Finance and Audit Committee Meeting
104 Roudebush Hall
December 6, 2012

The Finance and Audit Committee of the Miami University Board of Trustees met on December 6, 2012 in Room 104 Roudebush Hall on the Oxford Campus. The meeting was called to order at 1:00 p.m. by Committee Chair Mike Armstrong. Committee members Jagdish Bhati, David Budig, Donald Crain, Mike Gooden and Mark Ridenour were in attendance. Trustees Sharon Mitchell, Sue Henry, and Robert Shroder were also present.

In addition to the Trustees, David Creamer, Vice President for Finance and Business Services, and Treasurer; Bobby Gempesaw, Provost and Executive Vice President for Academic Affairs; Debra Allison, Vice President for Information Technology and CIO; Barbara Jones, Vice President for Student Affairs; and Tom Herbert, Vice President for Advancement were in attendance. Also present, were; Robin Parker, General Counsel; Marek Dollar, Dean, School of Engineering and Applied Science; Deedie Dowdle, Associate Vice President for Communications and Marketing; Michael Kabbaz, Associate Vice President for Enrollment Management; David Ellis, Associate Vice President for Budgeting and Analysis; Dale Hinrichs, Associate Vice President for Finance and Controller; Kim Kinsel and Peter Miller, Associate Vice President for Auxiliaries; Bruce Guiot, Chief Investment Officer; Cody Powell, Associate Vice President for Facilities, Planning and Operations; Dr. Rebecca Luzadis, Chair, Fiscal Priorities and Budget Planning Committee; John Seibert, University Architect; Carol Hauser, Sr. Director of Human Resources; Dawn Fahner, Director of Benefit Services; Barbara Jena, Director, Internal Audit and Consulting Services; and Ted Pickerill, Secretary to the Board of Trustees; along with several other individuals attending to observe, report or to provide information if requested.

Executive Session

The Finance and Audit Committee entered Executive Session to consult with General Counsel. At 1:30 p.m. the Committee adjourned the Executive Session and convened into the Public Business Session.

Business Session

Approval of the Minutes

The minutes from the September 20, 2012 meeting were approved.

Financial Statement and Auditor's Report

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

Per standard practice, following the general presentation, the auditors meet privately with the Committee members.

Miami's annual financial report and the reports from McGladrey LLC are included as Attachment A.

Facilities, Construction and Real Estate

Cody Powell, Associate Vice President for Facilities, Planning and Operations; and John Seibert, University Architect, updated the Committee on Construction projects, the long range master plan, implementation of Brailsford and Dunlavey recommendations, and the choice of available project delivery methods.

A listing of the Brailsford and Dunlavey recommendation was presented, showing continuing progress in implementation (the listing is included with Attachment B). Additionally, they informed the Committee that the University has implemented procedures to increase the oversight and review of the Change Order process.

Differences between Design Build, Construction Management at Risk, and Multiple Prime delivery methods were explained. Until recently, Ohio regulations typically led to Multiple Prime being the delivery method for large projects. Changes to Ohio law now better enable other methods to be considered as well, including Design Build and Construction Management at Risk, both of which place construction cost risk with the contractor, rather than the University. The primary difference between Design Build and Construction Management at Risk, is that Design Build assigns design and construction management to one contractor, while Construction at Risk keeps these responsibilities separate. Both Design Build and Construction Management at Risk place cost risk with the contractor, and assign Miami an oversight versus a management role in construction; with such advantages, it is not anticipated that the Multiple Prime method will be used again in the foreseeable future.

Current construction projects were discussed. Energy efficiency and minimizing negative environmental impact are considerations. For example, the Western dining facility will have a green roof, water management is included in planning, and energy efficiency is a prime goal. Also considered is aesthetics, to maintain the look appropriate for each area of campus, and the management of pedestrian flow for student convenience and safety. It was noted that much of the current work is new construction, but once the

Western Campus and the Maple Street work is complete, the master plan calls for mostly renovation rather than new construction.

The age of campus buildings in general was discussed. With a limited budget and decreasing State support, prioritization of effort is quite important. For example, deteriorated roofs are a major concern due the potential for water damage. Trustees asked that at a future meeting, the topic of deferred maintenance be discussed.

A resolution was presented to authorize the award of contracts, not to exceed $20,000,000, for the renovation of Anderson and McFarland Halls. Mr. Ridenour moved, Mr. Budig seconded and the Committee agreed by unanimous voice vote to recommend approval to the full board of Trustees.

The facilities and construction presentation, a status of Capital Projects report, and the Anderson and McFarland resolution are included as Attachment B.

Enrollment Management

Associate Vice President Michael Kabbaz briefed the Committee on the Fall 2012 cohort demographics, Divisional capacity, recruiting efforts, and on the status of applications for Fall 2013 entry.

Student capacity is evaluated and determined by each Division, and a primary factor in defining that capacity is facilities; the size and layout of the buildings assigned to a Division – the number and size of classrooms, laboratory space, etc. Understanding Divisional student capacity constraints helps in tailoring recruitment efforts. Also discussed was the student housing capacity on campus, which impacts the overall class size.

Regarding Early Decision applications for Fall 2013 entry, Mr. Kabbaz reported applications are up more than 8% above last year's numbers, and that applications from out-of-state students are up by 10%. Applications from Ohio residents were also up, which is remarkable in that this group is a declining demographic.

Mr. Kabbaz also reported on the increased number of visits to high schools, and the targeted regions and schools chosen. He also discussed the new Scholars Programs, which allow significant, impactful experiences for top incoming students, and also present new donor opportunities in sponsoring/funding student Scholars.

Mr. Kabbaz's presentation is included as Attachment C.

School of Engineering and Applied Science Fee Proposal

Marek Dollar, Dean of the School of Engineering and Applied Science (SEAS) presented a proposal to create a fee for SEAS majors. The cost of instruction for such majors is higher than that of most other majors on campus. This is due to the need for laboratories and equipment to support project-based learning, which further requires more direct faculty interaction than in lecture-based courses. Enrollment in the School has increased by 80% since 2007, while the number of faculty has remained near constant and allocated funds for laboratory and computer equipment has fallen.

The practice of requiring a fee from Engineering students is common and is the practice of all other public Engineering programs in Ohio. The creation of a fee for Miami SEAS students would provide funding to directly and positively impact their student experience.

The prosed fee would apply on a cohort basis and would remain constant throughout a student's standard four year enrollment. The fee proposed is $300 per semester for the Fall 2013 cohort; students currently at Miami would not be charged the fee.

Following discussion, Mr. Ridenour moved, Mr. Bhati seconded and by unanimous voice vote, the Committee recommended that the Full Board of Trustees approve the proposed Ordinance to authorize a fee for School of Engineering and Applied Science majors, commencing with the Fall 2013 cohort.

Dean Dollar's report and the proposed ordinance are included as Attachment D.

FY2013 Endowment Spending Formula

Dr. Creamer presented a resolution to approve the endowment spending formula for FY2013. The formula is presented to the Trustees each year so any major changes in the market can be considered, and adjustments to the distribution formula made. The proposed formula was approved by the Foundation Board in October and is unchanged from FY2012.

Mr. Bhati moved, the motion was seconded and by unanimous voice vote, the Committee recommended that the Full Board of Trustees approve the proposed resolution to establish the endowment spending formula for FY2013.

The proposed resolution is included as Attachment E.

Year-to-Date Operating Results vs. Budget

Dr. Creamer presented a review of year-to-date operating expences versus budgeted. The initial projection is for a surplus of approximately $5.6 million for the Oxford campus, $1.3 million for Hamilton, $374,000 for Middletown, and for VOA to be on budget. Some prime factors contributing to the surplus include; student fee revenue in excess of projected; salaries, benefits and healthcare expenses below budgeted; and department support activities less than budgeted. Also noted and discussed were scholarship awards being less than budgeted.

The report on FY2013 forecasted operating results is included as Attachment F.

Strategic Priorities
Health Benefits

Carol Hauser, Sr, Director of Human Resources and Dawn Fahner, Director of Benefit Services updated the Committee on changes in employee health benefits.

They informed the Committee of the impact of major claims, which are accrued by 1. 2% of the covered individuals but account for nearly 40% of healthcare costs. To address serious and chronic conditions, care management is used and Miami's healthcare administrator, Humana, assigns case managers and provides disease management. Miami also includes a wellness component in its health coverage.

The employee premium history and planned increases in premiums were discussed. With benefits being a portion of the full compensation package, premiums were not increased during the years without salary increases. However, since annual salary increases have been restored, a plan is being followed which has employees contributing an ever greater percentage of premiums each year with 13% expected in CY2013, 15% in CF2014 and 17% in CY2015.

Ms. Hauser and Ms. Fahner also informed the Committee of the recent opening of an employee/dependent health clinic on campus. The clinic will provide urgent care type service (which was previously lacking) for the Oxford area.

The provider side and Accountable Care efforts where next discussed. The discussion began with Mercy which led Trustees Robert Shroder and Mark Ridenour to recuse themselves and exit the room. Later discussions included McCullough Hyde hospital which led Trustee Donald Crain to also recuse himself and exit. Trustees Shroder, Ridenour and Crain did not return to the room until discussions involving these health organizations where fully complete.

Miami is pursuing healthcare service through an Accountable Care Organization or Medical Home type system. Mercy, Humana and McCullough Hyde each offer varying possibilities in this area.

Ms. Hauser's and Ms. Fahner's report is included as Attachment G.

Strategic Priorities
Long Term Budget

Dr. Creamer presented the long-term budget plan for discussion. New or increased revenue opportunities were reviewed. Some of the opportunities discussed included; increasing the proportion of non-resident students, growing fee-paying graduate student enrollment, and growing the American Culture and English (ACE) program.

Productivity gains, and additional Strategic Priority savings are also included in the long-term budget.

Information on the long-term budget plan is included as Attachment H.

Vice President for Auxiliaries

Following the budget discussion, Dr. Creamer introduced Kim Kinsel who is transitioning to Vice President for Auxiliaries as Pete Miller retires. Dr. Creamer and the Trustees welcomed Ms. Kinsel, and thanked Mr. Miller for his many years of exceptional and dedicated service.

Internal Audit

Barbara Jena, Director, Internal Audit and Consulting Services, updated the Committee on the internal audit annual plan, scope of activities, a summary of internal audit issues raised, and Internal Audit and Consulting Services staffing and budget for FY2013.

The annual audit plan is based on an updated risk assessment of key areas across the University. Open audit issues were discussed in order of risk level. IACS staffing includes a full-time Director, two full-time Assistant Directors, and a student auditor. Personnel costs account for 87% of the IACS budget, with year-to-date costs running under budget.

Per standard annual practice, following the general presentation, Ms. Jenna met privately with the Committee members.

Ms. Jena’s report is included as Attachment I.

Additional Reports

The following reports were also provided for the Committee meeting:

- Rating Agency Reports
- 2012 Bond Issue Summary
- Forward Twelve Month Agenda
- Tuition Report
- Development and Advancement Report
- Report on Cash and Investments

Adjournment

With no other business coming before the Committee, the Chair adjourned the meeting at 5:00 p.m.

Theodore O. Pickerill II
Secretary to the Board of Trustees

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MIAMI UNIVERSITY

Financial Report
{ 2012 }

Treasurer's report

Financial Highlights

For the third consecutive year, the university reported positive financial results for fiscal year 2011-12. The improved financial position is reflected in total assets, which rose 12.2 percent to a total of $1.431 billion. Net assets also increased by $39.5 million. The growth in total and net assets occurred even as state support declined by $19.2 million or 25.4 percent.

For only the second time in the last six years, the university increased tuition for Ohio undergraduate students. Undergraduate tuition and fees were increased by 3.5 percent for resident students and 3.0 percent for non-resident students. On the Oxford campus, a freshman class of 3,607 students surpassed the goal of 3,550 students. The total fall 2012 enrollment on the Oxford campus was 16,688 students, which is an increase of 216 students or 1.3 percent. This is the third consecutive year enrollment has increased on the Oxford campus. The fall 2012 enrollment on both regional campuses declined with the Hamilton campus and Middletown campus declining by 2.7 and 5.1 percent, respectively.

Operating revenues increased by 4.9 percent or $20.0 million dollars largely due to the increase in tuition and room and board rates. The revenue growth was offset by a 2.0 percent increase in operating expenditures, comprised primarily of a two percent salary increase for faculty and staff. Investment income declined by $35.6 million over the previous fiscal year mirroring a decline in the global public equity market.

Other financial highlights for the year include a Pooled Investment Agreement between Miami University and the Miami University Foundation. Under the agreement that was entered into on July 1, 2011, the Foundation will collectively manage all the endowed funds in a single investment pool. The university also issued $148.8 million in general receipts revenue bonds. A portion of these proceeds were used to refund $34.3 million of the remaining Series 2003 General Receipts Bonds. The remaining proceeds are being used to provide funding for the second phase of a multi-phase plan to renovate student housing and dining facilities on the Oxford campus. Given favorable market conditions for interest rates and construction costs, the university plans to issue additional general receipts bonds in fiscal year 2013. These proceeds will be similarly used for the renovation of residence and dining hall facilities.

Future Outlook and Challenges

The economic outlook for the University remains challenging but is improving. The State of Ohio's financial outlook has stabilized with revenues expected to exceed projections, reducing the risk of future budget cuts. For fiscal year 2013, Miami's state appropriation was budgeted to increase by $1.5 million or 2.8 percent for the Oxford campus and $0.2 million or 3.1 percent for the Hamilton campus. The Middletown campus state share of instruction is scheduled to decrease by $0.2 million or 4.0 percent. In addition, the university will receive $19.3 million in capital appropriations in fiscal year 2013. The majority of these funds ($18.2 million) are earmarked to renovate Kreger Hall, while the remaining $1.1 million will be for projects on the regional campuses.

Miami University continues to implement the recommendations of the Strategic Priorities Task Force (SPTF) which were approved in 2011. The recommendations are intended to produce approximately $10 million in new revenue and $30 million in expense reductions by 2015. Operating expenses were cut by $7.9 million in the 2012 fiscal year and an additional $6.2 million in reductions are planned for fiscal year 2013. Also in 2013, the University will increase its focus on developing new revenue sources that are needed to help replace cuts in state support and smaller tuition increases. Examples of these new revenue sources include the addition of a winter term, expanded course offerings during summer terms, and expanded on-line course offerings.

Another change that is in progress is the transition from a traditional incremental budget framework to a Responsibility Centered Management (RCM) approach with the implementation scheduled for fiscal year 2014. The RCM budget model stresses decentralized accountability for revenue generation while providing academic divisions greater influence over the allocation of the tuition revenue generated by their academic programs. The change is intended to better align future budget decisions with the increased emphasis on entrepreneurial activities.

Finally, during the coming year the University will complete a new strategic plan that will guide the institution beyond the Strategic Priorities recommendations. The new plan is intended to provide the University with a clearer framework for setting institutional priorities and making resource allocation choices during a period of great change for higher education.

Respectfully submitted,

David K. Creamer

Dr. David K. Creamer
Vice President for Finance and Business Services and Treasurer

Investment report

MIAMI UNIVERSITY

Miami University and Miami University Foundation
June 30, 2012

Fiscal Year 2012 Highlights

Miami's investment portfolios produced mixed results for the fiscal year ended June 30, 2012. The combined endowment and foundation managed pools produced a loss of 3.27 percent, a notable decline from the previous year's average increase of 19.6 percent. Meanwhile, the operating pool earned 1.86 percent after earning 2.79 percent in the previous year.

Investment Pools

As of July 1, 2011, Miami University and the Miami University Foundation entered into a pooled investment agreement. Under this arrangement, the Foundation investment committee provides governance oversight to one unified endowment investment pool. This combination allows the staff to realize operating efficiencies, assists in managing cash flow, and maximizes the resources of our talented and dedicated board members.

As of June 30, 2012, total investments held by Miami University and the Miami University Foundation approached $700 million, up from $657 million at the previous year end. The increase largely represented improved University operating cash flow and sustained giving levels. These assets are allocated among the pools as follows:

Pool	Type of Funds	Invested as of June 30, 2012
University non-endowment	Working capital and cash reserves to support operating activities	$288,953,000
University endowment & foundation	Funds donated to the university and the foundation to establish endowments in perpetuity	$387,222,000
Trusts, annuities, and separately invested assets	Gifts managed independently of the pooled funds	$23,821,000
Total Investments		**$699,996,000**

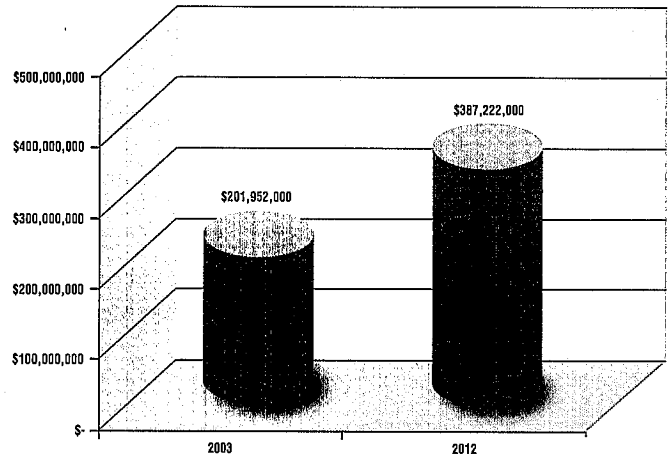
The university non-endowment pool holds the working capital and cash reserves that fund the university's operating activities. Its balance fluctuates during the course of a year based on the university's cash flow cycle of receipts and expenditures. June 30 typically marks the low point of this annual cycle.

The endowment pool invests endowed gifts from donors. The pool operates under the philosophy that they are invested in perpetuity to provide benefits to today's students as well as to the many generations of Miami students yet to come. Miami invests the funds with the confidence that economic cycles will rise and fall but that a diversified portfolio will provide the long-term growth necessary to preserve the value of the endowment across the generations. The investment policy governing the endowment pool recognizes that the portfolio can tolerate year-to-year fluctuations in return because of its infinite time horizon, and looks beyond short-term fluctuations toward an investment philosophy that provides the best total return over very long time periods.

The university and foundation also hold assets given by donors in the form of trusts, annuities, insurance policies, and similar assets. These funds are separately managed in accordance with the donors' instructions.

Over the last decade, the size of the combined endowment pools has nearly doubled through a combination of generous support from our donors and solid investment earnings. We appreciate the thoughtful guidance of our investment committee and the enduring generosity of our alumni and friends as we continue to navigate the extraordinary challenges present throughout the global capital markets.

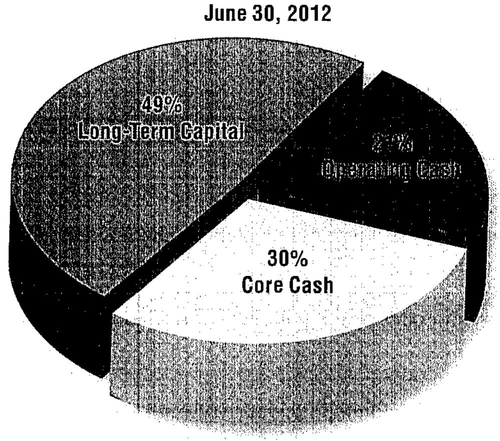
Combined Endowment Growth



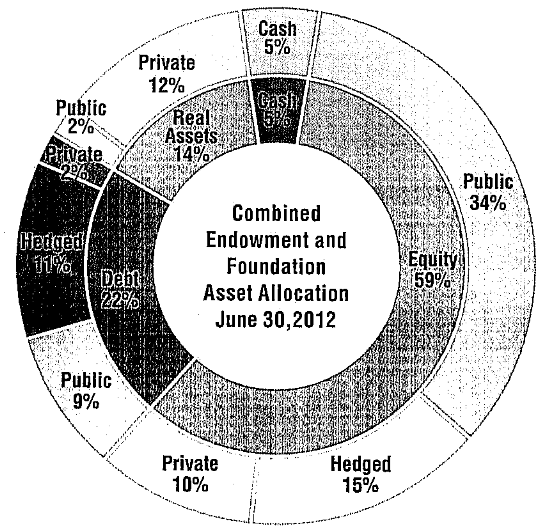
Asset Allocation

The non-endowment pool has three components. Operating cash represents the University's working capital and is invested in short-term cash equivalents, with a target balance of two to six months of average cash needs. Core cash represents short-term reserves and is invested in short-term and intermediate-term fixed income investments, also with the target balance of two to six months of average cash needs. Long-term capital consists of longer-term reserves and represents the remainder of the pool. It is invested in a mix of longer maturity bonds and absolute return hedged strategies. During the year, cash flow generation was again very strong, partly due to much improved budgetary trends. This growth in cash continues to present a challenge, however, as short-term interest rates persist near zero. Actions were taken during the year to reduce cash balances in order to increase earnings potential. The result was one new manager in the absolute return space, with additions to several other managers throughout the pool.

Miami University Non-Endowment
Asset Allocation
June 30, 2012



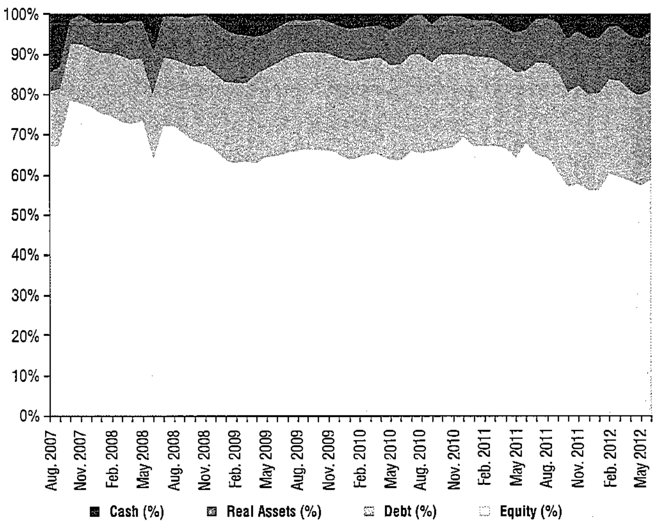
The endowment pool's asset allocation strategy uses three asset categories: equity, debt, and real assets. Within each category, we can gain exposure through three types of strategies: long-only public, hedged, or private. We employ managers that have broad, unconstrained mandates, allowing them great flexibility to pursue opportunities. Most of our managers have a global mandate. At year-end, total equity related strategies represented about 59% of the combined portfolio, down by about nine percentage points during the year. This decline represented both very poor returns from non-U.S. equity markets, as well as actions taken to reduce exposure. Public equity declined by seven points. Hedged debt increased by three percentage points, and a new position was taken in public real assets at a two percent weighting.



Over the last five years, the asset allocation has evolved to reflect perceived changes in the opportunities available in the global capital markets. The portfolio has emphasized a shift away from the highly volatile public equity space and toward credit and natural resources strategies.

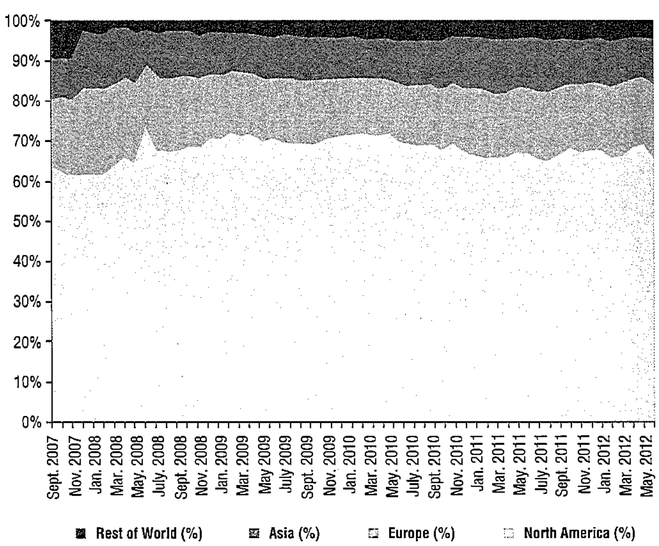
Change in Endowment Asset Allocation 2007 versus 2012	
Equity	**-13%**
Public	-19%
Hedged	1%
Private	5%
Debt	**8%**
Public	2%
Hedged	6%
Private	0%
Real Assets	**9%**
Public	-1%
Private	10%
Cash	**-4%**

Summary of Percentage of Holdings by Asset Class for FY2008-FY2012



Geographically, the portfolio emphasizes managers that invest globally. The concept of geography is often difficult to quantify, since a company we invest in might be domiciled in one country, trade in another, derive its current revenue globally, and perceive its future earnings growth to be in places it does not yet conduct business. The following chart depicts the total portfolio's exposure over the last five years by broad geographic region.

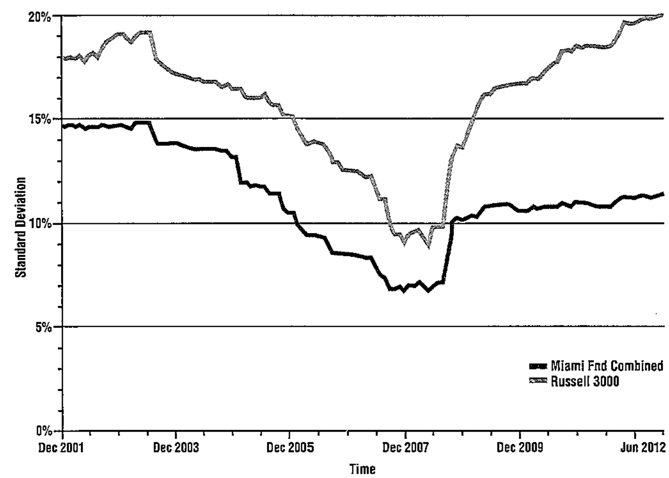
Summary of Percentage of Holdings by Geographic Region



Over the last decade, we have taken many actions toward a goal of reducing portfolio volatility. The result of these actions can be seen in the chart tracking the standard deviation for the Foundation portfolio versus the Russell 3000, a proxy for the broad U.S. public equity market. During the first half of this period, the general domestic equity market was also experiencing a period of relative tranquility, as measured by the standard deviations. When volatility spiked during the financial calamities of 2008, both standard deviations increased, but the portfolio volatility rose to a much lower extent. Since 2008, public equity volatility has continued to climb, while the portfolio has leveled out. We attribute this relative calm to the success of the implementation of these volatility mitigating strategies.

Standard Deviation/Time

January 1997 - June 2012 (60 Month Moving Windows, Computed Monthly)



Miami treats each investment manager relationship like a partnership and, along with its external advisors, expends considerable effort on the due diligence process. The consultants focus on manager research, including back office due diligence, and conduct regular statistical reviews to examine the role each manager is playing in the portfolio. Staff has regular quarterly conversations with each manager to understand their strategic thinking and to monitor their business activity. Ongoing oversight activities include making manager site visits, attending investor conferences, reading trade publications, tracking government filings, and monitoring the managers' service providers.

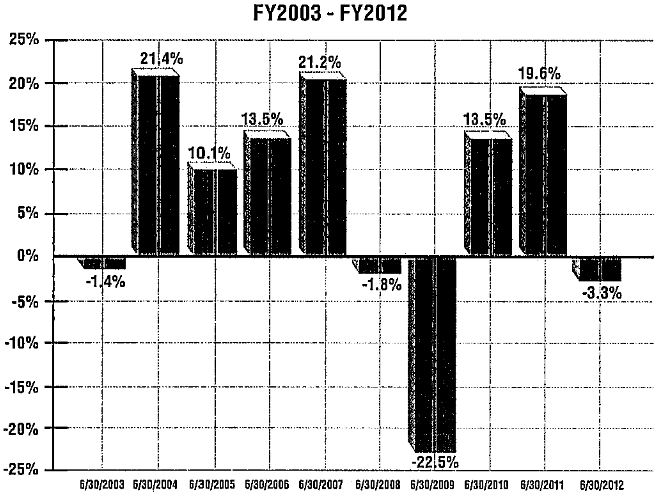
In total, the endowment employs 22 external managers, some with multiple mandates. During the year, new relationships were established with three equity long/short managers, a global public equity manger, and a master limited partnerships manager. Three public equity managers were terminated. In addition, the exposure levels to several managers were adjusted.

Investment Returns

The university's non-endowment pool earned 1.86 percent for the fiscal year ended June 30, 2012. Annualized performance for the trailing ten years was 4.04 percent, providing annualized added return versus the 90-day Treasury bill over that period of 2.32 percentage points. The recent results were achieved in spite of sustained near zero short-term interest rates that significantly limit the earnings potential of the majority of this pool.

The endowment pools fell 3.27 percent for the fiscal year, ending two consecutive years of positive double digit returns. Annualized performance for the trailing ten years was 6.20 percent. The pool's public equity managers, with a collective majority of their capital deployed outside of North America, encountered the most difficulty during the year, with a combined loss of over eleven percent. The balance of the pool posted positive returns, with the best results coming from our various private equity, debt, and real assets managers.

Combined Rates of Return
FY2003 - FY2012



Program Support

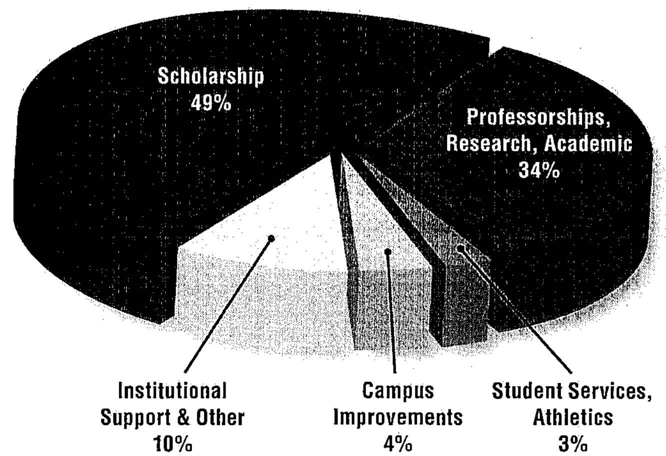
Endowments provide a lasting legacy for Miami because their principal is invested in perpetuity, and an annual distribution is made to support a variety of activities of the university. The spending policies of the university and foundation are intended to achieve a balance between the need to preserve the purchasing power of the endowment principal in perpetuity and the need to maximize current distribution of endowment earnings. Fulfilling these dual objectives is often referred to as achieving "intergenerational equity," in which no generation of college students is advantaged or disadvantaged in relation to other generations.

The formula used to calculate the spending distribution is a blend of two elements: an inflation component (70 percent of the formula) that increases the prior year's distribution by the rate of inflation, and a market factor (30 percent of the formula) that ties the distribution to the market value of the investments. This formula was adopted in fiscal year 2004 and is intended to reduce volatility caused by various market conditions, while maintaining intergenerational equity and preserving the purchasing power of the endowed principal.

For the fourth year, the University and Foundation boards decided to continue the practice of making full distributions only from those funds that have accumulated earnings in excess of the gift value. Partial distributions, representing dividends and interest, were distributed from the funds that otherwise would not have made a distribution.

The following chart shows the types of programs supported by the 2012 distributions. The combined distribution was about $15.9 million, more than double the amount in 2003. Over the last ten years, the cumulative distributions have totaled over $125 million and have provided an important source of funding to help offset reductions in state support.

Miami University and Foundation
Programs Supported by Endowments
Fiscal Year 2012



The fund-raising campaign, For Love and Honor, continues to play a major role in shaping Miami's future. Through the generous support of our faithful alumni and friends, as of August 2012 the campaign had raised over $456 million, with a significant portion pledged to the endowment. Scholarships are among the top fund raising priorities. Improved financial aid resources are expected to enhance student recruitment success, reduce dependence on raising tuition rates, and help alleviate the impact of dramatically lower state subsidies. Your sustained support is appreciated and will continue to be vital to Miami's future.

McGladrey

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

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

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

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

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Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 9 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McGladrey LLP

Cleveland, Ohio
October 15, 2012

Management's Discussion and Analysis JUNE 30, 2012 AND 2011

Introduction

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

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

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

Financial Highlights

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

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

- For only the second time in the last six years, Miami increased tuition for Ohio students. The University implemented a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students.
- The fall 2011 first-year enrollment was 3,607 on the Oxford campus, which is approximately the same as the previous year, but surpassed the goal of 3,550 students. Non-resident first-year enrollment was 38 percent as compared to 33 percent for the fall 2010 class. In addition, there was a 15 percent increase in transfer students and regional campus relocation students and a 74 percent increase in international students for fall 2011. The first-year class enrollment on the Hamilton and Middletown campuses increased by 100 and 18 students, respectively.
- Fiscal year 2012 marked the end of the federal fiscal stabilization program. In fiscal year 2010 and 2011 funding from this program was distributed to Ohio higher education institutions as a replacement for a portion of the state share of instruction. Combining this $11.7 million loss of funding with the reductions in state instructional and capital appropriations resulted in a $19.2 million or 25.4 percent decrease in overall state support.
- On July 1, 2011, the Miami University Foundation entered into a Pooled Investment Agreement with Miami University whereby the Foundation will collectively manage all of the Foundation and University endowment and quasi-endowment funds in a single investment pool. This change will lead to improved efficiency, but more importantly, extend the expertise of the Foundation's Investment Committee to the entire endowment.
- Cash flow was strongly positive during the fiscal year. Operational investments experienced positive returns for the third consecutive year and recorded earnings of 1.9 percent. These results were achieved in spite of the continued near zero short-term interest rates. The combined University and Foundation endowment pools reported negative returns of 3.3 percent, which was due primarily to market declines in the global public equity market. (For more details, see the Investment Report included in this report.)
- For fiscal year 2012, the University increased salaries by two percent. However, continued reduction in positions and unfilled vacant positions stabilized general fund salary expense on all three campuses at $163.9 million or a $1.1 million decrease for the fiscal year. Although the volume of health insurance claims increased 1.8 percent, benefits expense was $7.8 million less than budget, primarily attributable to the number of vacant positions.
- In December 2011, an additional $148.8 million in general receipts revenue bonds were issued to fund planned capital projects (see the capital assets and debt administration section for more information).

Statement of Net Assets

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

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

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

Fiscal Year 2012

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

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

Fiscal Year 2011

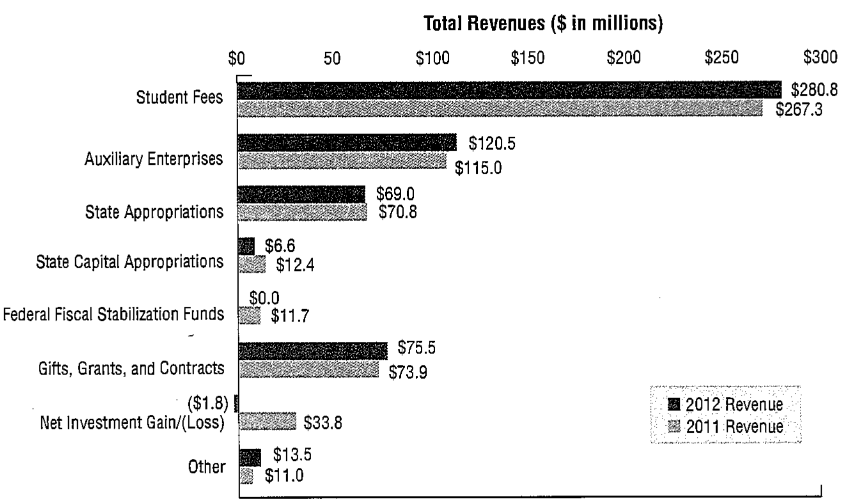
Total assets increased 18.6 percent or $200.2 million while total liabilities increased $114.7 million or 38.2 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from greater operating efficiencies in Residence and Dining Halls, increases in investments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

Statement of Revenues, Expenses and Changes in Net Assets

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

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

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



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

Fiscal Year 2012

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

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

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

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

Fiscal Year 2011

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

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

Statement of Cash Flows

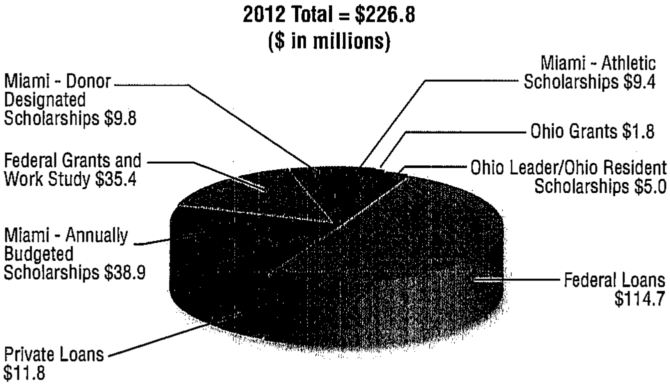
The statement of cash flows presents detailed information about the major sources and uses of cash by the institution for the fiscal year. The cash flow analysis is divided into four types of cash flows: operating activities, noncapital financing activities (which includes the state appropriations as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

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

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

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

Student Financial Aid



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

Capital Assets and Debt Administration

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

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

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

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

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

Economic Factors That Will Affect the Future

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

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

Revenues

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

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

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

Expenditures

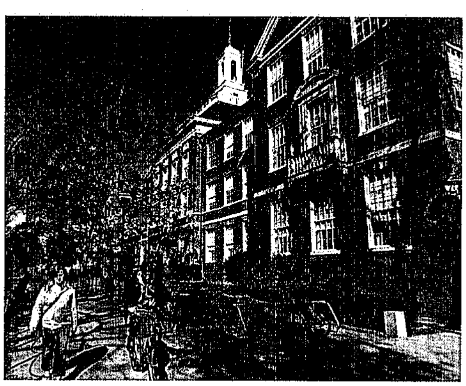
In correlation with the recommendations of the SPTF, the 2013 expenditure budget includes an additional $6.2 million in reductions related to the Strategic Priorities initiatives. This decrease is offset by a budgeted 2.0 to 2.5 percent salary increase for faculty and staff.

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

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

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

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



Miami's graduation rates are among the highest nationally, in the top 10 among public universities (excluding military academies), and first in Ohio.

Statement of Net Assets JUNE 30, 2012 AND 2011

MIAMI UNIVERSITY

Assets

	Miami University		University Foundation	
	2012	**2011**	**2012**	**2011**
CURRENT ASSETS				
Cash and cash equivalents	$ 256,931,472	$ 145,379,653	$ 25,073,256	$ 19,750,070
Investments	226,646,046	197,759,313	0	0
Accounts, pledges and notes receivable, net	38,532,756	38,231,922	15,690,294	17,565,673
Inventories	4,230,484	3,911,172	0	0
Prepaid expenses and deferred charges	3,337,393	2,944,172	0	0
Total current assets	529,678,151	388,226,232	40,763,550	37,315,743
NONCURRENT ASSETS				
Restricted cash and cash equivalents	0	0	1,424,934	1,474,783
Investments	155,941,906	167,652,463	378,373,130	234,950,282
Pledges and notes receivable, net	7,035,261	6,355,458	34,257,166	31,552,046
Nondepreciable capital assets	102,673,230	77,077,480	0	0
Depreciable capital assets, net	635,992,450	636,889,507	0	0
Total noncurrent assets	901,642,847	887,974,908	414,055,230	267,977,111
Total assets	**$ 1,431,320,998**	**$ 1,276,201,140**	**$ 454,818,780**	**$ 305,292,854**

Liabilities and Net Assets

	Miami University 2012	Miami University 2011	University Foundation 2012	University Foundation 2011
CURRENT LIABILITIES				
Accounts payable	$ 25,102,294	$ 21,642,092	$ 13,792,870	$ 11,373,323
Accrued salaries and wages	17,594,648	15,137,155	0	0
Accrued compensated absences	1,504,057	1,356,104	0	0
Deferred revenue	9,811,295	10,499,129	0	0
Deposits	11,177,678	9,806,927	0	0
Long-term debt - current portion	20,206,990	16,186,647	0	0
Other current liabilities	0	0	533,205	547,944
Total current liabilities	85,396,962	74,628,054	14,326,075	11,921,267
NONCURRENT LIABILITIES				
Accrued compensated absences	14,302,889	15,179,374	0	0
Bonds payable	421,005,530	315,597,424	0	0
Note payable	0	1,656,789	0	0
Capital leases payable	3,006,952	1,003,045	0	0
Federal Perkins loan program	6,429,149	6,457,987	0	0
Other noncurrent liabilities	0	0	164,119,175	10,390,169
Total noncurrent liabilities	444,744,520	339,894,619	164,119,175	10,390,169
Total liabilities	530,141,482	414,522,673	178,445,250	22,311,436
NET ASSETS				
Invested in capital assets, net of related debt	482,596,938	475,850,789	0	0
Restricted net assets:				
Nonexpendable	84,392,200	89,023,106	160,563,050	150,091,389
Expendable	63,999,857	56,633,817	115,915,292	132,640,934
Unrestricted net assets	270,190,521	240,170,755	(104,812)	249,095
Total net assets	901,179,516	861,678,467	276,373,530	282,981,418
Total liabilities and net assets	**$ 1,431,320,998**	**$ 1,276,201,140**	**$ 454,818,780**	**$ 305,292,854**

See accompanying notes to financial statements.

Statement of Revenues, Expenses and Changes in Net Assets JUNE 30, 2012 AND 2011

MIAMI UNIVERSITY

	Miami University		University Foundation	
	2012	2011	2012	2011
OPERATING REVENUES				
Tuition, fees, and other student charges	$ 349,805,074	$ 364,624,732	$ 0	$ 0
Less Ohio Leader and Ohio Resident Scholarships	(5,007,805)	(36,577,490)	0	0
Less allowance for student scholarships	(64,025,371)	(60,762,961)	0	0
Net tuition, fees, and other student charges	280,771,898	267,284,281	0	0
Sales and services of auxiliary enterprises	125,734,751	119,743,824	0	0
Less allowance for student scholarships	(5,192,304)	(4,701,315)	0	0
Net sales and services of auxiliary enterprises	120,542,447	115,042,509	0	0
Federal contracts	14,421,397	14,982,882	0	0
Gifts	0	0	9,854,487	8,131,893
Sales and services of educational activities	2,462,329	3,909,507	0	0
Private contracts	2,451,073	2,476,779	0	0
State contracts	1,092,148	1,200,489	0	0
Local contracts	327,526	286,524	0	0
Other	8,556,764	5,427,688	0	0
Total operating revenues	430,625,582	410,610,659	9,854,487	8,131,893
OPERATING EXPENSES				
Education and General				
Instruction and departmental research	167,277,750	166,583,779	0	0
Separately budgeted research	16,653,175	16,394,725	0	0
Public service	1,282,434	1,981,871	0	0
Academic support	52,829,081	49,731,409	0	0
Student services	21,778,626	23,250,532	0	0
Institutional support	45,741,162	37,757,289	0	0
Operation and maintenance of plant	32,575,843	31,858,558	0	0
Scholarships and fellowships	21,194,883	23,023,411	0	0
Auxiliary enterprises	105,943,125	103,598,299	0	0
Depreciation	37,940,355	38,339,812	0	0
Other	3,944,575	4,932,002	0	0
Total operating expenses	507,161,009	497,451,687	0	0
Net operating gain (loss)	(76,535,427)	(86,841,028)	9,854,487	8,131,893
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	69,013,751	70,795,961	0	0
Federal fiscal stabilization funds	0	11,669,447	0	0
Gifts, including $18,662,382 in FY12 and $14,660,423 in FY11 from the University Foundation	18,731,475	16,746,849	0	0
Federal grants	27,104,370	30,020,591	0	0
Net investment income (loss), net of investment expense of $2,055,980 for University and $2,926,590 for the Foundation in FY12 $2,564,317 for University and $2,599,412 for the Foundation in FY11	(1,819,622)	33,824,309	(7,798,696)	33,526,615
State grants	1,036,961	1,319,694	0	0
Interest on debt	(17,368,471)	(12,710,910)	0	0
Payments to Miami University	0	0	(18,662,382)	(14,660,423)
Other non-operating revenues (expenses)	2,385,595	1,510,896	(177,141)	1,168,881
Net non-operating revenues (expenses)	99,084,059	153,176,837	(26,638,219)	20,035,073
Income (loss) before other revenues, expenses, and gains or losses	22,548,632	66,335,809	(16,783,732)	28,166,966
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
State capital appropriation	6,625,692	12,366,955	0	0
Capital grants and gifts	7,452,710	5,081,520	0	0
Additions to permanent endowments	2,874,015	1,736,156	10,175,844	7,117,265
Total other revenues, expenses, gains, or losses	16,952,417	19,184,631	10,175,844	7,117,265
INCREASE (DECREASE) IN NET ASSETS	**39,501,049**	**85,520,440**	**(6,607,888)**	**35,284,231**
Net assets at beginning of year	861,678,467	776,158,027	282,981,418	247,697,187
Net assets at end of year	**$ 901,179,516**	**$ 861,678,467**	**$ 276,373,530**	**$ 282,981,418**

See accompanying notes to financial statements.

Statement of Cash Flows JUNE 30, 2012 AND 2011

MIAMI UNIVERSITY

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

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

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

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

Basis for Presentation

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Inventories

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

Capital Assets

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

Deferred Revenue

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

Operating and Non-operating Revenue

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

Bond Premiums, Discounts and Issuance Costs

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

Compensated Absences

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

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

Net Assets

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

Tax Status

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

Estimates

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

Subsequent Events

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

Reclassifications

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

Kiplinger's Personal Finance magazine listed Miami as one of the "100 Best Values in Public Colleges" in 2012. Miami has appeared on the list since it was first published in 1998.

(2) Cash and Investments

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

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

Cash and Cash Equivalents

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

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

Investments

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

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

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 25,548,504	$ 0	$ 25,548,504	$ 0	$ 0
U.S. Agency bonds	22,464,062	0	22,464,062	0	0
Strips	4,939,361	0	4,939,361	0	0
Government-backed bonds	16,167,752	0	16,167,752	0	0
Corporate bonds	26,628,014	0	0	23,007,728	3,620,286
Municipal bonds	3,814,187	0	111,324	3,702,863	0
International bonds	519,126	0	0	519,126	0
Common and preferred stocks	459,000	459,000	0	0	0
Commingled funds	281,703,630	225,074,990	2,589,650	43,518,053	10,520,937
Real estate and other	344,316	344,316	0	0	0
Total investments	**$382,587,952**	**$225,878,306**	**$ 71,820,653**	**$ 70,747,770**	**$ 14,141,223**

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

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 17,841,804	$ 0	$ 17,841,804	$ 0	$ 0
U.S. Agency bonds	20,339,158	0	20,339,158	0	0
Strips	6,529,423	0	6,529,423	0	0
Government-backed bonds	14,787,111	0	14,787,111	0	0
Corporate bonds	21,248,456	0	0	21,140,455	108,001
Municipal bonds	2,438,825	0	0	2,438,825	0
International bonds	148,129	0	0	0	148,129
Certificate of deposit	20,000,000	0	0	20,000,000	0
Common and preferred stocks	69,848,129	69,848,129	0	0	0
Commingled funds	158,672,705	122,459,074	0	36,213,631	0
Limited partnerships	33,229,245	33,229,245	0	0	0
Real estate and other	328,791	328,791	0	0	0
Total investments	**$365,411,776**	**$225,865,239**	**$ 59,497,496**	**$ 79,792,911**	**$ 256,130**

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

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

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

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury bonds	$ 25,548,504	$ 2,222,376	$ 11,338,953	$ 10,686,220	$ 1,300,955
U.S. Agency bonds	22,464,062	1,335,103	19,105,805	2,023,154	0
Strips	4,939,361	602,670	3,877,640	0	459,051
Government-backed bonds	16,167,752	0	16,167,752	0	0
Corporate bonds	26,628,014	3,104,353	14,571,058	8,709,731	242,872
International bonds	519,126	0	0	519,126	0
Municipal bonds	3,814,187	253,978	1,008,681	2,551,528	0
Commingled bond funds	58,581,026	1,939,502	43,023,314	10,778,614	2,839,596
Total bonds	**$ 158,662,032**	**$ 9,457,982**	**$109,093,203**	**$ 35,268,373**	**$ 4,842,474**

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

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury bonds	$ 17,841,804	$ 1,740,093	$ 12,364,704	$ 3,737,007	$ 0
U.S. Agency bonds	20,339,158	4,022,970	12,757,476	3,558,712	0
Strips	6,529,423	0	5,749,795	0	779,628
Government-backed bonds	14,787,111	0	14,617,666	169,445	0
Corporate bonds	21,248,456	2,029,930	12,993,739	6,008,984	215,803
International bonds	148,129	0	148,129	0	0
Municipal bond	2,438,825	105,796	1,468,059	864,970	0
Commingled bond funds	36,213,632	0	6,180,014	30,033,618	0
Total bonds	**$119,546,538**	**$ 7,898,789**	**$ 66,279,582**	**$ 44,372,736**	**$ 995,431**

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

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

Miami ranks 11th in the nation for return on (tuition) investment, according to a SmartMoney magazine survey that divided alumni's reported median salaries by the tuition and fees they paid.

Endowment Funds

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

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

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

(3) Accounts Receivable

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

	2012	2011
Accounts Receivable		
Student receivables	$ 10,413,722	$ 9,887,857
University Foundation	13,626,854	11,301,092
State capital appropriations	2,474,506	5,163,518
Grants and contracts	4,435,739	3,636,505
Investment trade settlements	406,740	0
Other receivables	2,784,467	2,871,184
Total accounts receivable	34,142,028	32,860,156
Less allowances for doubtful accounts	(1,285,000)	(1,035,000)
Net accounts receivable	**$ 32,857,028**	**$31,825,156**
Pledges Receivable		
Pledges receivable	$3,704,342	$ 3,412,792
Less allowance for doubtful pledges	(365,179)	(368,784)
Net pledges receivable	**$3,339,163**	**$ 3,044,008**
Notes Receivable		
Federal loan programs	$7,823,165	$ 8,165,126
University loan programs	3,139,661	3,044,090
Total notes receivable	10,962,826	11,209,216
Less allowance for doubtful notes	(1,591,000)	(1,491,000)
Net notes receivable	**$ 9,371,826**	**$ 9,718,216**
Total	**$ 45,568,017**	**$44,587,380**

CONTINUED - *Notes to Financial Statements* JUNE 30, 2012 AND 2011

(4) Capital Assets

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

Capital Assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 4,841,276	$ 0	$ 0	$ 4,841,276
Collections of works of art and historical treasures	7,328,565	172,300	0	7,500,865
Construction in progress	64,907,639	50,788,676	25,365,226	90,331,089
Total nondepreciable capital assets	**77,077,480**	**50,960,976**	**25,365,226**	**102,673,230**
Land improvements	29,713,497	1,793,906	0	31,507,403
Buildings	773,146,074	28,285,568	0	801,431,642
Infrastructure	116,034,312	274,124	0	116,308,436
Machinery and equipment	114,006,008	4,405,844	4,117,001	114,294,851
Library books and publications	64,305,539	1,281,083	0	65,586,622
Vehicles	9,136,768	406,290	267,319	9,275,739
Intangible assets	16,193,515	603,245	0	16,796,760
Total depreciable capital assets	**1,122,535,713**	**37,050,060**	**4,384,320**	**1,155,201,453**
Total capital assets	**1,199,613,193**	**88,011,036**	**29,749,546**	**1,257,874,683**
Less accumulated depreciation:				
Buildings	313,364,528	22,049,273	0	335,413,801
Infrastructure	45,624,965	4,216,269	0	49,841,234
Land improvements	10,463,882	1,015,025	0	11,478,907
Machinery and equipment	57,857,975	6,743,675	4,117,001	60,484,649
Library books and publications	37,726,698	2,242,016	0	39,968,714
Vehicles	7,133,726	645,748	260,557	7,518,917
Intangible assets	13,474,432	1,028,349	0	14,502,781
Total accumulated depreciation	**485,646,206**	**37,940,355**	**4,377,558**	**519,209,003**
Total capital assets, net	**$ 713,966,987**	**$ 50,070,681**	**$ 25,371,988**	**$ 738,665,680**

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

Capital assets	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 4,841,276	$ 0	$ 0	$ 4,841,276
Collections of works of art and historical treasures	6,665,257	663,308	0	7,328,565
Construction in progress	37,406,747	35,617,264	8,116,372	64,907,639
Total nondepreciaable capital assets	**48,913,280**	**36,280,572**	**8,116,372**	**77,077,480**
Land improvements	28,093,190	1,620,307	0	29,713,497
Buildings	766,005,259	7,140,815	0	773,146,074
Infrastructure	112,718,339	3,315,973	0	116,034,312
Machinery and equipment	114,539,375	4,754,319	5,287,686	114,006,008
Library books and publications	62,619,357	1,686,182	0	64,305,539
Vehicles	9,059,890	261,936	185,058	9,136,768
Intangible assets	14,993,532	1,199,983	0	16,193,515
Total depreciable capital assets	**1,108,028,942**	**19,979,515**	**5,472,744**	**1,122,535,713**
Total capital assets	**1,156,942,222**	**56,260,087**	**13,589,116**	**1,199,613,193**
Less accumulated depreciation:				
Buildings	292,434,553	20,929,975	0	313,364,528
Infrastructure	41,359,644	4,265,321	0	45,624,965
Land improvements	9,505,103	958,779	0	10,463,882
Machinery and equipment	54,354,636	8,655,970	5,152,631	57,857,975
Library books and publications	35,563,290	2,163,408	0	37,726,698
Vehicles	6,898,219	415,756	180,249	7,133,726
Intangible assets	12,523,829	950,603	0	13,474,432
Total accumulated depreciation	**452,639,274**	**38,339,812**	**5,332,880**	**485,646,206**
Total capital assets, net	**$ 704,302,948**	**$ 17,920,275**	**$ 8,256,236**	**$ 713,966,987**

(5) Long-term Liabilities

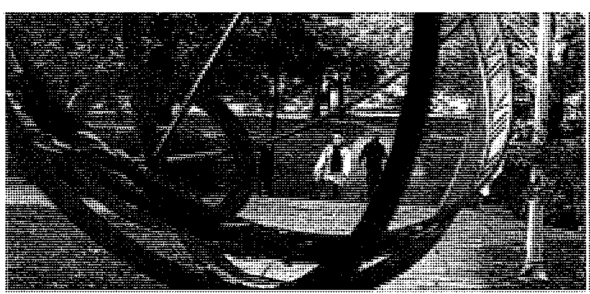
The long term liabilities as of June 30, 2012, are summarized as follows:

Bonds, Leases, and Notes Payable	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
Bonds payable	$324,595,000	$148,775,000	$ 45,865,000	$427,505,000	$ 18,420,000
Capital leases payable	1,877,335	2,848,719	915,008	3,811,046	804,094
Notes payable	1,733,715	0	1,733,715	0	0
Premiums, issue costs, loss on refunding	6,237,855	8,579,192	1,913,621	12,903,426	982,896
Total bonds, leases, and notes payable	**334,443,905**	**160,202,911**	**50,427,344**	**444,219,472**	**20,206,990**
Other Liabilities					
Compensated absences	16,535,478	4,342,508	5,071,040	15,806,946	1,504,057
Federal Perkins Loans	6,457,987	255,132	283,970	6,429,149	0
Total other liabilities	**22,993,465**	**4,597,640**	**5,355,010**	**22,236,095**	**1,504,057**
Total	**$357,437,370**	**$164,800,551**	**$ 55,782,354**	**$466,455,567**	**$ 21,711,047**

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

Bonds, Leases, and Notes Payable	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
Bonds payable	$210,880,000	$125,000,000	$ 11,285,000	$324,595,000	$ 14,650,000
Capital leases payable	2,810,442	0	933,107	1,877,335	874,290
Notes payable	1,806,578	0	72,863	1,733,715	76,926
Premiums, issue costs, loss on refunding	5,939,892	773,152	475,189	6,237,855	585,431
Total bonds, leases, and notes payable	**221,436,912**	**125,773,152**	**12,766,159**	**334,443,905**	**16,186,647**
Other Liabilities					
Compensated absences	15,457,447	6,471,632	5,393,601	16,535,478	1,356,104
Federal Perkins loans	6,518,788	228,515	289,316	6,457,987	0
Total other liabilities	**21,976,235**	**6,700,147**	**5,682,917**	**22,993,465**	**1,356,104**
Total	**$243,413,147**	**$132,473,299**	**$18,449,076**	**$357,437,370**	**$ 17,542,751**

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



In Forbes magazine's 2012 list of "America's Top Colleges," Miami ranks 35th in the nation and 1st in Ohio among public universities.

(6) Indebtedness

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

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

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

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

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

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

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

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

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

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

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

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

Year Ended June 30	Principal	Interest	Total
2013	$ 18,420,000	$ 21,178,673	$ 39,598,673
2014	19,120,000	20,416,717	39,536,717
2015	18,030,000	19,609,070	37,639,070
2016	18,785,000	18,820,910	37,605,910
2017	19,670,000	17,965,660	37,635,660
2018-2022	106,080,000	58,167,539	164,247,539
2023-2027	102,825,000	48,056,528	150,881,528
2028-2032	58,765,000	27,954,685	86,719,685
2033-2036	65,810,000	8,814,478	74,624,478
Total	**$ 427,505,000**	**$ 240,984,260**	**$ 668,489,260**

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

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

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

(7) Retirement Plans

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

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

Defined Benefit Plans

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

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

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

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

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

Defined Contribution Plan

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

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

Combined Plans

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

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

Retirement Plan Funding

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

Employer Contribution

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

(8) Other Postemployment Benefits

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

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

(9) Related Organization

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

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

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$(104,812)	$115,915,292	$160,563,050	$276,373,530
Change in net assets for the year	(353,907)	(16,725,642)	10,471,661	(6,607,888)
Distributions to Miami University	18,662,382	0	0	18,662,382

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 249,095	$132,640,934	$ 150,091,389	$ 282,981,418
Change in net assets for the year	2,856,929	25,698,816	6,728,486	35,284,231
Distributions to Miami University	14,660,423	0	0	14,660,423

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

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

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

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

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

(c) Long-Term Investments

Investments held by the Foundation as of June 30 were:

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

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

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

(d) Fair Value Measurements - The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Subsequent changes in fair value are recorded as an adjustment to earnings.

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

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

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

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

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

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

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

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

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

Our academic reputation is a magnet for employers. Compared with on-campus recruitment programs at other universities our size, nearly four times as many employers recruit at Miami, and three times as many on-campus interviews are conducted.

(10) Commitments

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

Contractual Obligations	
Approved state appropriations not expended	$ 1,193,829
University funds	74,923,511
Total	**$76,117,340**

(11) Risk Management

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

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

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

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

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

(12) Contingencies

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

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

(13) Subsequent Events

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

Trustees and Officers as of JUNE 30, 2012

Miami University Board of Trustees

Date listed is expiration of term.

David H. Budig
February 28, 2013

Donald L. Crain, Chair
February 28, 2015

Sharon J. Mitchell, Vice Chair
February 29, 2016

Harry T. Wilks
February 28, 2017

Dennis A. Lieberman
February 28, 2018

Jagdish K. Bhati
February 28, 2019

Mark E. Ridenour
February 29, 2020

Robert W. Shroder
February 28, 2021

National Trustees (non-voting)

C. Michael Armstrong
February 28, 2014

Sue J. Henry
June 30, 2014

C. Michael Gooden
June 30, 2015

Student Trustees (non-voting)

Lot A. Kwarteng
February 28, 2013

Arianne R. Wilt
February 28, 2014

Administrative Officers

David C. Hodge
President

Conrado (Bobby) Gempesaw
Provost and Executive Vice President for Academic Affairs

David K. Creamer
Vice President for Finance and Business Services and Treasurer

Barbara C. Jones
Vice President for Student Affairs

Bradley M. Bundy
Interim Vice President for University Advancement

Debra H. Allison
Vice President for Information Technology

Ted O. Pickerill
Secretary to the Board of Trustees and Executive Assistant to the President

Financial Services Staff

The 2012 financial report and investments report were prepared by the Miami University Controller's Office and the Treasury Services Office.

Beverly H. Thomas
Associate Vice President for Finance and Associate Treasurer

Dale C. Hinrichs
Controller

Bruce A. Guiot
Chief Investment Officer

Cynthia L. Ripberger
Associate Director of Investments and Treasury Services

Statement of Nondiscrimination

Miami University is committed to providing equal opportunity and an educational and work environment free from discrimination on the basis of sex, race, color, religion, national origin, disability, age, sexual orientation, gender identity, military status, or veteran status. Miami shall adhere to all applicable state and federal equal opportunity/affirmative action statutes and regulations.

The university is dedicated to ensuring access and equal opportunity in its educational programs, related activities, and employment. Retaliation against an individual who has raised claims of illegal discrimination or cooperated with an investigation of such claims is prohibited.

Students and employees should bring questions or concerns to the attention of the Office of Equity and Equal Opportunity, Hanna House, 529-7157 (V/TTY) and 529-7158 (fax). Students and employees with disabilities may contact the Office of Disability Resources, 19 Campus Avenue Building, 529-1541 (V/TTY) and 529-8595 (fax).

EthicsPoint

EthicsPoint is an anonymous method for reporting illegal, unethical, or other conduct that violates Miami's policies. Miami (along with many other universities) has contracted with EthicsPoint to provide this service. Reports may be filed at www.EthicsPoint.com

Miami University

Report to the Finance and Audit Committee

December 6, 2012

McGladrey

Assurance ▪ Tax ▪ Consulting

McGladrey LLP

McGladrey

December 6, 2012

Finance and Audit Committee
Miami University
Oxford, Ohio

We are pleased to present this report related to our audit of the financial statements of Miami University (the University) for the year ended June 30, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Miami University's financial reporting process.

This report is intended solely for the information and use of the Finance and Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Miami University.

McGladrey LLP

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Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described to you in our arrangement letter dated May 21, 2012.
Accounting Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the University. In the current year, the University adopted Government Accounting Standards Board (GASB) No.64, *Derivative Instruments; Application of Hedge Termination Provisions*. There was no impact to the University's financial statements due to the adoption of GASB No. 64. **Upcoming Pronouncements** Reference "Basis for Presentation" footnote for a listing of upcoming GASB pronouncements with discussion of potential impact on the University. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Alternative Treatments Discussed with Management** We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.
Management Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."
Financial Statement Disclosures	In our meeting with you today, we will discuss with you the following items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements: • The presentation and disclosures in your audit report. • Results of the Single Audit • Pending accounting standards

Area	Comments
Audit Adjustments	There were no audit adjustments proposed by our firm. University management made closing entries in the normal course of business to the original trial balance presented to us to begin our audit.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	We have separately issued a report on internal control over financial reporting and on compliance and other matters based on an audit required by *Government Auditing Standards*. This communication is included in the University's compliance report.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the University are attached as Exhibit A.

Miami University

Summary of Accounting Estimates

Year Ended June 30, 2012

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the University's June 30, 2012, financial statements:

Area	Accounting Policy	Estimation Process	Comments
Allowance for uncollectible student, pledges and loans receivable	The allowance for uncollectible accounts is based on management's estimate of the collectability of identified receivables, as well as aging of accounts.	The University calculates a specific percent reserve on the aging of the accounts based on historical experiences and by identifying specific accounts which are doubtful of collection.	We tested the underlying information supporting the allowance. We concluded management's estimate is reasonable.
Investments	Investments are recorded at fair value	Investments that are market traded are recorded at fair value based on quoted market prices, as established by the major securities markets. The value of holdings of commingled funds not having a readily determined market value is based on the net asset value as supplied by the investment manager. Investments in real estate are recorded at appraised value at the date of the donation.	We tested the propriety of the information underlying management's estimates. Based on our procedures, we conclude that management's approach is reasonable.
Depreciable Life	Property and equipment are recorded at cost and then depreciated over the estimated useful lives of the assets.	Estimated useful lives are 50 years for buildings; 25 years for infrastructure, library books and land improvements; 20 years for improvements to buildings; and 5 to 7 years for equipment, vehicles, and furniture.	We believe the estimates and process used by the University are appropriate.

Area	Accounting Policy	Estimation Process	Comments
Compensated absences	Vacation and sick time is accrued for employees based upon the term of their employment contract or years of service.	Unused vacation and sick time are determined by current rates, terms of employment and subject to maximum accruals.	We tested the detail listing of accrued vacation and sick time at June 30, 2012 and noted the amounts accrued are reasonable based on the policy.
Accrual for self-insured employee medical costs	Health insurance claims are accrued based upon estimates of the claims liabilities.	These estimates are based on past experience, current claims outstanding, and medical inflation trends.	We tested the propriety of the information underlying management's estimates. Based on our procedures, we conclude that management's approach is reasonable.

Exhibit A - Certain Written Communications between Management and Our Firm

MIAMI UNIVERSITY

OFFICE OF THE CONTROLLER
Roudebush Room 107
Oxford, Ohio 45056-3653
(513) 529-6110
(513) 529-6124 Fax

October 15, 2012

McGladrey LLP
1001 Lakeside Avenue, Suite 1400
Cleveland, OH 44114

In connection with your audit of the basic financial statements of Miami University (the University), a component unit of the State of Ohio as of and for the year ended June 30, 2012, we confirm that we are responsible for the fair presentation of the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of the date of this letter the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the *Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards* that are component units.
3. We are a component unit of the State of Ohio as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
4. We have identified for you, all of our identifiable business-type activities.
5. We have properly classified all funds and activities.
6. We are responsible for compliance with laws and regulations applicable to Miami University including adopting, approving and amending budgets.
7. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
8. We have made available to you:
   a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
   b. All minutes of the meetings of the Board of Trustees and the Finance and Audit Committee of board members.
   c. All communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:
      i. Statutory, regulatory, or contractual provisions or requirements.
      ii. Financial reporting practices that could have a material effect on the financial statements.

McGladrey LLP
October 15, 2012
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9. We have no knowledge of fraud or suspected fraud affecting the University involving:
   a. Management.
   b. Employees who have significant roles in the internal control, or
   c. Others where the fraud could have a material effect on the financial statements.
10. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, analysts, regulators, or others.
12. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the University's ability to record, process, summarize, and report financial data.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. The following have been properly recorded and/or disclosed in the financial statements :
   a. Related party transactions, including those with the State of Ohio, the primary government having accountability for Miami University, component units for which the University is accountable, other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which the University has an interest and as defined in Section 2100 of the *Government Accounting Standards Board"s Codification of Governmental Accounting and Financial Reporting Standards*, and interfund transactions, including interfund accounts and advances receivable and payable, sales and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
   b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
   c. Security agreements in effect under the Uniform Commercial Code.
   d. All liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
   e. The fair value of investments.
   f. Deferred revenue.
   g. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
   h. Deposit and investment securities are properly classified in the category of custodial credit risk, interest rate, credit and concentration of credit risk.
   i. Debt issue provisions.
   j. Authorized or unissued bonds.
   k. All leases and material amounts of rental obligations under long-term leases.
   l. All significant estimates known to management which are required to be disclosed in accordance with *Government Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards.* Significant estimates are estimates at the balance sheet date which could change materially within the next year.
   m. The implementation of GASB Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions* had no impact.

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n. The effect on the financial statements of *GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements; GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No 34; GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance; GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; GASB Statement 65, Items Previously Reported as Assets and Liabilities; GASB No. 66, An Amendment of GASB Statements No. 10 and No. 62; GASB Statement No. 68, Account and Financial Reporting for Pensions-an amendment of GASB Statement No. 27,* which have been issued, but are not required to be adopted.

o. All assets and liabilities under the University's control.

p. Intangible assets have been appropriately identified and recorded under GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.*

q. Compliance with bond indentures or other debt instruments.

16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

    a. To reduce receivables to their estimated net collectable amounts.

    b. For pension obligations, post-retirement benefits other than pensions, self-insured employee medical costs and deferred compensation agreements attributable to employee services rendered through June 30, 2012.

17. There are no :

    a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

    b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.

    c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the Accounting Standards Codification (ASC) 450.

    d. Guarantees, whether written or oral, under which the University is contingently liable.

    e. Line of credit or similar arrangements.

    f. Liabilities which are subordinated in any way to any other actual or possible liabilities.

    g. Direct derivative financial instruments.

    h. Agreements to repurchase assets previously sold.

    i. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.

    j. Special and extraordinary items.

    k. Uncertain tax positions.

    l. Arbitrage rebate liabilities.

    m. Impairment of capital assets.

McGladrey LLP
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n. Material obsolete, damaged or excess inventories.

o. Investments, intangibles, or other assets which have been permanently impaired.

p. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.

q. Material losses to be sustained as a result of purchase commitments.

r. Environmental clean-up liabilities.

s. Actions taken by the University management that violate the provisions of federal laws and state of Ohio laws and regulations, or of contracts and grants applicable to Miami University.

t. Communications, whether oral or written, from regulatory agencies, governmental representatives, employees, or other concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

18. We are not aware of any pending or threatened litigation, claims, or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Contingencies Topic of ASC 450.

19. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.

20. The University has considered any potential unrelated business income tax items.

21. We have satisfactory title to all owned assets.

22. The University has outstanding commitments for future contractual obligations for capital expenditures of approximately $76.1 million at June 30, 2012.

23. The University has no intention of withdrawing from OPERS, STRS and ARP or taking any other actions that could result in an effective termination or reportable event for any of our plans. The University is not aware of any occurrences that could result in the termination of any of the plans to which it contributes.

24. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. There are no significant assumptions or interpretations regarding the measurement or presentation of such information.

25. The methods of significant assumptions used to estimate the fair value of investments are as follows:

    a. The University records its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Reporting Pools*. The University's investment portfolio is comprised of cash, U.S. Government obligations, strips, corporate bonds, international bonds, municipal bonds and commingled bonds. The fair value of these securities is based on quoted market prices, when available, or market prices provided by recognized broker dealers using nationally known pricing services.

26. Tax exempt bonds issued have retained their tax-exempt status.

27. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

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28. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and designations are properly classified and, when applicable, approved.

29. Expenses have been appropriately classified in or allocated to functions and programs in the statements of revenues, expenses and changes in net assets and allocations have been made on a reasonable basis.

30. Revenues are appropriately classified in the statements of revenues, expenses and changes in net assets.

31. The University has complied, in all material respects with the 2012 Ohio Compliance Supplement.

32. The University is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on the University's financial statements.

33. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.

34. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and the related notes.

35. We have reviewed the user control considerations of the compliance Attestation Examination of the Title IV Student Financial Assistance Programs of Educations Computer Systems, Inc. as of June 30, 2012 and we believe all applicable controls are in place as of June 30, 2012.

36. We have complied with all debt covenants, including nonfinancial, included in all debt agreements.

37. We are responsible for determining that significant events or transactions that have occurred since the statement of net asset date and through the date of this letter, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of net asset date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that as of the date of this letter, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

38. We are responsible for:

    a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the University.

    b. Establishing and maintaining effective internal control over financial reporting.

39. We have identified and disclosed to you:

    a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

    b. There are no violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

40. We have no knowledge of fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that has been reported.

41. We have a process to track the status of audit findings and recommendations.

42. We have identified for you previous audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.

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43. We will distribute the financial statements and the report on internal control over financial reporting, prepared in accordance with *Government Auditing Standards,* to the Board of Trustees, management, federal award agencies, state funding agencies, and pass-through entities.

44. We have reviewed, approved and take full responsibility for the financial statements and the related notes and acknowledge the auditor's role in the preparation of the information.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* we confirm:

45. We are responsible for complying, and we have complied, with the requirements of OMB Circular A-133.

46. We are responsible for establishing and maintaining, and we have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.

47. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133 and have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, direct appropriations, and other assistance. We further acknowledge that:

    a. The methods of measurement or presentation have not materially changed from those used in the prior period.
    b. We are responsible for understanding and complying with the compliance requirements related to the preparation of the schedule.

48. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of Miami University's federal programs and have complied, in all material respects, with those requirements.

49. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

50. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

51. There are no amounts of questioned or known noncompliance with the direct and material compliance requirements of federal awards.

52. We believe that we have complied with the direct and material compliance requirements.

53. We have made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

54. We have provided you our interpretations of any compliance requirements that are subject to varying interpretations.

55. We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of your report.

56. There are no findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of your report.

57. We are responsible for taking corrective action on audit findings of a compliance audit.

58. There are no prior audit findings by federal awarding agencies and pass-through entities.

McGladrey LLP
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59. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

60. There is no known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report.

61. There are no changes in internal control over compliance or other factors that might significantly affect internal control subsequent to the date as of which compliance is audited.

62. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

63. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

64. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.

65. We have issued management decisions timely after the receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and we have ensured that subrecipients have taken the appropriate and timely corrective action on findings.

66. We have considered the results of subrecipient audits and have made any necessary adjustments to our own books and records.

67. We have charged costs to federal awards in accordance with applicable cost principles.

68. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings.

69. We have accurately completed appropriate sections of the data collection form. We further acknowledge our responsibility for the complete, accurate, and timely filing of the data collection form with the Federal Audit Clearinghouse.

70. We have disclosed all contracts or other agreements with service organizations.

71. We have received no communications from service organizations relating to noncompliance at those organizations.

72. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Dr. David C. Hodge, President

David K. Creamer

Dr. David K. Creamer, Vice President for Finance and Business Services and Treasurer

Mr. Dale C. Hinrichs, Associate Vice President for Finance and Controller

McGladrey LLP

McGladrey

To the Finance and Audit Committee
Miami University
Oxford, Ohio

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Miami University for the year ended June 30, 2012. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the University's practices and procedures.

Recommendation
During the course of the audit, we were made aware that invoices relating to a construction project were not processed in a timely fashion, which resulted in a post-closing entry required to reflect this activity in the fiscal year 2012 financial results. We recommend that management review the financial transaction process relating to ongoing construction projects in order to ensure financial transactions are processed in a timely and efficient fashion for accurate financial reporting.

Management's Response

The University has formed a Lean team with representation from the Contract Management Office and the Finance Offices to review each step for processing of construction project financial transactions. The outcome of this process review will be to ensure the appropriate internal controls are in place and that transactions are effectively and efficiently processed in a timely manner.

This letter is intended solely for the information and use of the Finance and Audit Committee, the Board of Trustees, management and others within the University and is not intended to be and should not be used by anyone other than these specified parties. We appreciate serving Miami University and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

McGladrey LLP

Cleveland, Ohio
December 6, 2012

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Miami University

Financial Report
June 30, 2012

Contents

McGladrey LLP

McGladrey

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

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

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

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

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

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Independent Auditor's Report (Continued)

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

McGladrey LLP

Cleveland, Ohio
October 15, 2012

Attachment A, Page 54 of 88 Dec 2012

Miami University

Management's Discussion and Analysis
June 30, 2012

Introduction

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

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

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

Financial Highlights

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

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

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

Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

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

Statement of Net Assets

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

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

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

Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

Fiscal Year 2012

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

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

Fiscal Year 2011

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

Statement of Revenues, Expenses and Changes in Net Assets

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

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

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

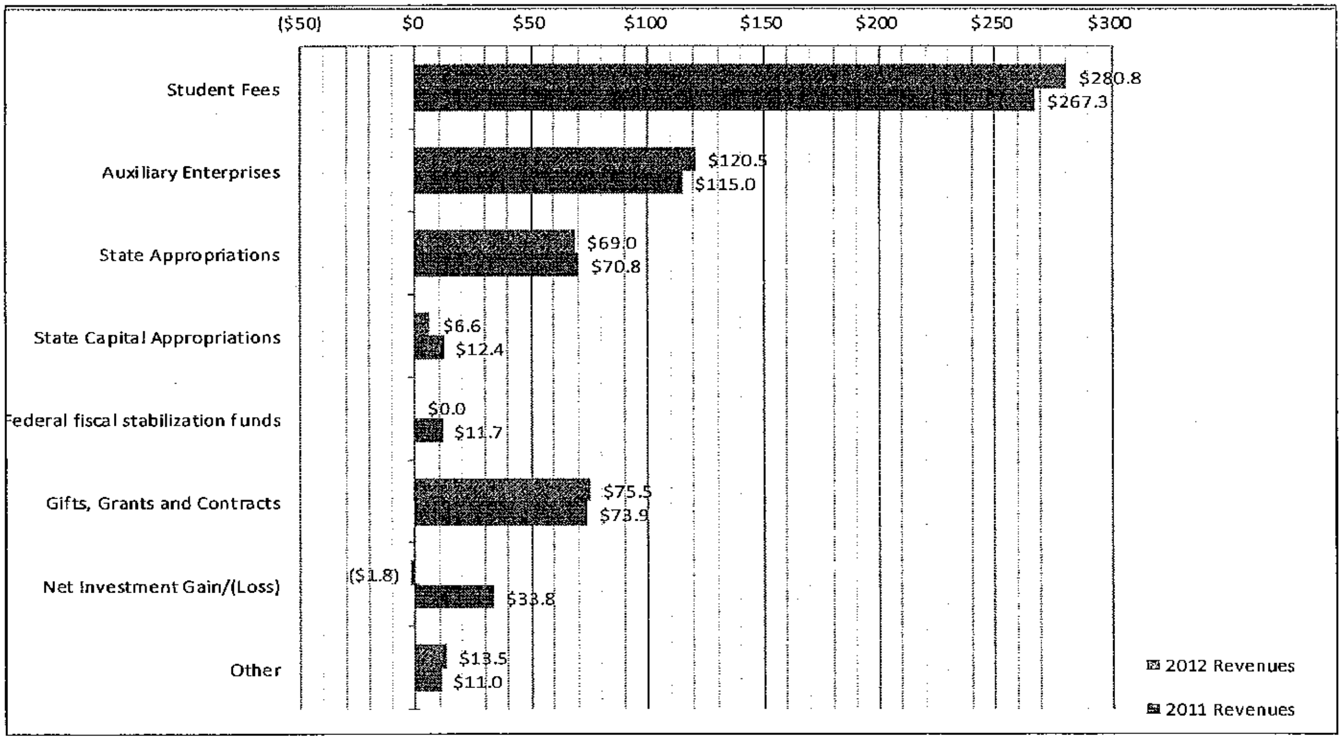
Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

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

Total Revenues ($ in Millions)

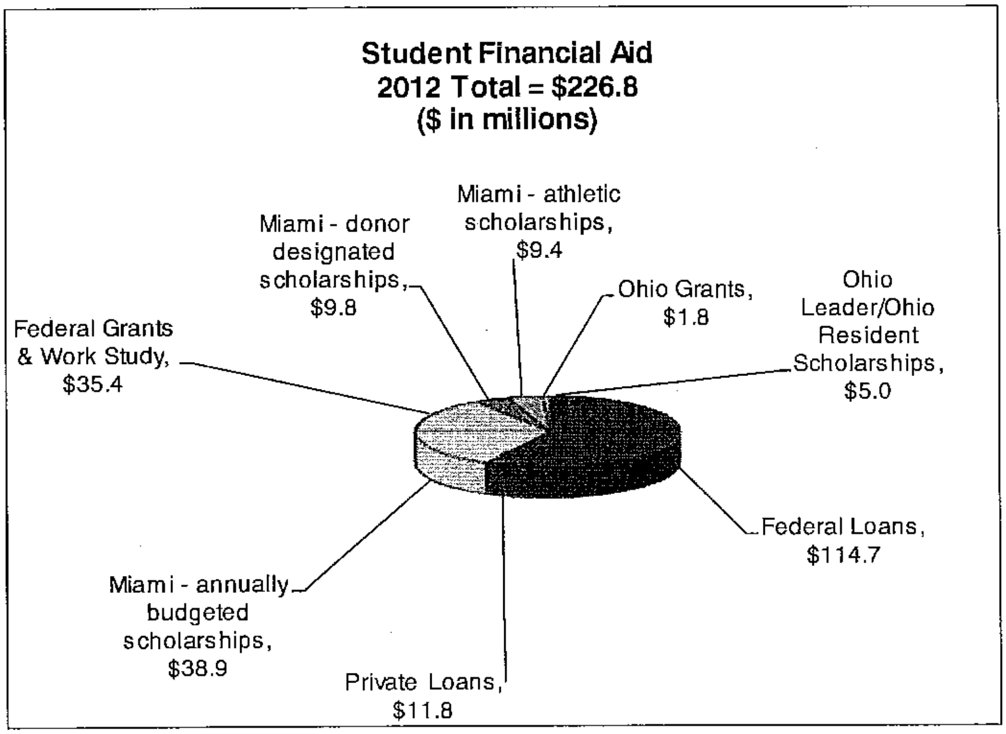


Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

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



Fiscal Year 2012

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

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

Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

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

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

Fiscal Year 2011

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

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

Statement of Cash Flows

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

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

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

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

Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

Capital Assets and Debt Administration

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

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

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

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

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

Economic Factors That Will Affect the Future

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

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

Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

Revenues

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

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

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

Expenditures

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

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

Miami University

Management's Discussion and Analysis
June 30, 2012

Financial Highlights (Continued)

Economic Factors That Will Affect the Future (Continued)

Expenditures (Continued)

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

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

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

Miami University

Statements of Net Assets
June 30, 2012 and 2011

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

See Notes to Financial Statements.

Miami University

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

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

See Notes to Financial Statements.

Miami University

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

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

(Continued)

Miami University

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

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

See Notes to Financial Statements.

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 2. Cash and Investments

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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

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

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

Miami University

Notes to Financial Statements

Note 3. Accounts Receivable

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

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

Miami University

Notes to Financial Statements

Note 4. Capital Assets

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

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

Miami University

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

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

Miami University

Notes to Financial Statements

Note 5. Long term Liabilities

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

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

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

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

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

Note 6. Indebtedness

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

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

Miami University

Notes to Financial Statements

Note 6. Indebtedness (Continued)

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

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

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 6. Indebtedness (Continued)

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

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

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

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

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

Note 7. Retirement Plans

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

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

Miami University

Notes to Financial Statements

Note 7. Retirement Plans (Continued)

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

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

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 7. Retirement Plans (Continued)

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

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

Note 8. Other Postemployment Benefits

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

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

Note 9. Related Organization

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 9. Related Organization (Continued)

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 9. Related Organization (Continued)

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 9. Related Organization (Continued)

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

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

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 10. Commitments

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

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

Note 11. Risk Management

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

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

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

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

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

Miami University

Notes to Financial Statements

Note 12. Contingencies

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

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

Note 13. Subsequent Events

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

Business Session
Item 3a

Overview:

- Brailsford & Dunlavey Update
- Maplestreet Station
- Etheridge Hall
- Western Dining Hall
- Western Campus Residence Halls

MIAMI UNIVERSITY

Long Range Master Planning & Projects Update

B&D Action Item Checklist

Action Item	Start Date	End Date	Responsibility	Comments
Update PPM	December-11	December-12	John Seibert	Project Manager Manual (PMM, overall management guidelines)
1 Establish unique PMM standards based on project size and complexity				Implemented 3 tiers - under $200 (non ORC 153 delivery), $200,000-$2,000,00, and over $2,000,000 with schedule and complexity review
2 Develop a communication plan	December -11	February-12	Jack Williams	Implemented. First major project to utilize system is Bishop Hall.
3 Establish Action Items	December-11	December-1	Jack Williams	Implemented at Project Managers Meeting 12/9/11
4 Develop a Quality Assurance Plan				
a Update Design Standards	November-11	February-12	John Seibert	Completed 4/1/12 for Western Housing Projects. Adding sections for Housing renovations as part of Anderson and McFarland project
b Update POR Standards	November-11	January-12	Randy Stephens	Implemented
c Update Project Budgeting Standards	January-12	December-12	John Seibert	Reviewing based on delivery system. See 1 and 9.
d Develop Budget, Program and Quality Review Standards	January-12	December-12	John Seibert	Part of Item 1. Implemented.
5 Institute Project Sign-off Procedures	January-12	April-12	John Seibert	Implemented for Anderson and McFarland Halls and all future projects
6 Update Project Checklist (POR, SD, DD, CD, CA and Project Closeout	January-12	April-12	Jack Williams	Implemented 2/15/12
7 Develop a Budget Management Plan				
a Budget Development Procedures	December-11	April-12	John Seibert	See 4.c
b Estimating Procedures	December-11	May-12	John Seibert	Implemented 5/18/12 Uniformat
c Constructability Review Protocols	December-11	June-12	John Seibert	Implemented 4/1/12. See Item 1.
d Value Engineering Protocols	December-11	June-12	John Seibert	Implemented = established owner buy back list for D/B and CMR
e B.I.M. Service Protocols	December-11	June-12	John Seibert	Implemented using SAE format for level of BIM required. First used on Anderson and McFarland Halls project.
8 Develop a Schedule Management Plan	December-11	December-12	Connie McCarthy	Using Microsoft Project for work management. See Item 10.
9 Update PMM with State Rules / New Delivery Methods	March-12	March-13	John Seibert	Adding information for CMR and Design/Build PM requirements as part of LEAN project
10 Conduct PM workload analysis (for new PMM Standards and State Rules)	March-12	December-12	John Seibert/ Cody Powell	New team delivery structure proposed to align resources with delivery type

B&D Action Item Checklist

Miami University
Bishop Hall Renovation

Weekly Progress
Meeting Agenda /Minutes
CA Project #: 91 / 4360-00

MEETING #25

Date	Time	Prepared by
Meeting Agenda for: November 20th 2012 Meeting Minutes from: November 13th, 2012	10:00 a.m.	Beth Campbell– Champlin Architecture

Attended By	Copy To
See Attendance Register Attached	All Attendees, MU, CBT, Champlin, Endeavor, Consultants

Please notify Champlin Architecture as soon as possible if you have questions or comments regarding the contents of this document. Copies of the meeting notes will be e-mailed to everyone listed above.

OVERVIEW

CONSTRUCTION

Week	Notice to Proceed	Completion Date	Contract Days Completed	Contract Days Remaining
25 of 56	June 1, 2012	June 29, 2013	173 days = 44%	221 days = 56%

Important upcoming dates:
University is closed November 22nd and 23rd
University is closed Dec 24th through Jan 1st, No meeting Dec 25th or Jan 1st, Meeting will moved to Wed Jan 2nd

UNIVERSITY ITEMS

Item	Description	Responsibility	Status
25-U1	Miami is reviewing the standard university exterior light and pole. Product specified for Bishop may change. Endeavor requested to hold off ordering.	Miami	Ongoing
25-U2	Miami has turned over one of the existing locksets to Endeavor for laforce to core the doors. The lockset is for room 109. Endeavor is responsible for making sure lockset gets returned.	Endeavor	Closed

PROGRESS

Item	Description	Responsibility	Status
25-P1	See attached progress report-to be provided by Endeavor.	Endeavor	Open

SCHEDULE

Item	Description	Responsibility	Status
25-S1	An updated schedule was received 11/11/12. A/E is reviewing	CA & HP	Ongoing

ADMINISTRATION ITEMS

Item	Description	Responsibility	Status
25-A1	Pay Applications – October's pencil copy was received 10/31. AE has approved. Miami to review.	Miami	Ongoing

Master Plan Activity:

FY '13 - In Construction / to be complete summer 2013

- Maplestreet Station Infrastructure
- Maplestreet Station (90 beds)
- Etheridge Hall (232 beds)
- MET Quad Site Improvements
- Bishop Hall (96 beds)
- Total of 418 Beds come online for Fall 2013
- Anderson & McFarland Renovations (396 beds come offline May 2013)

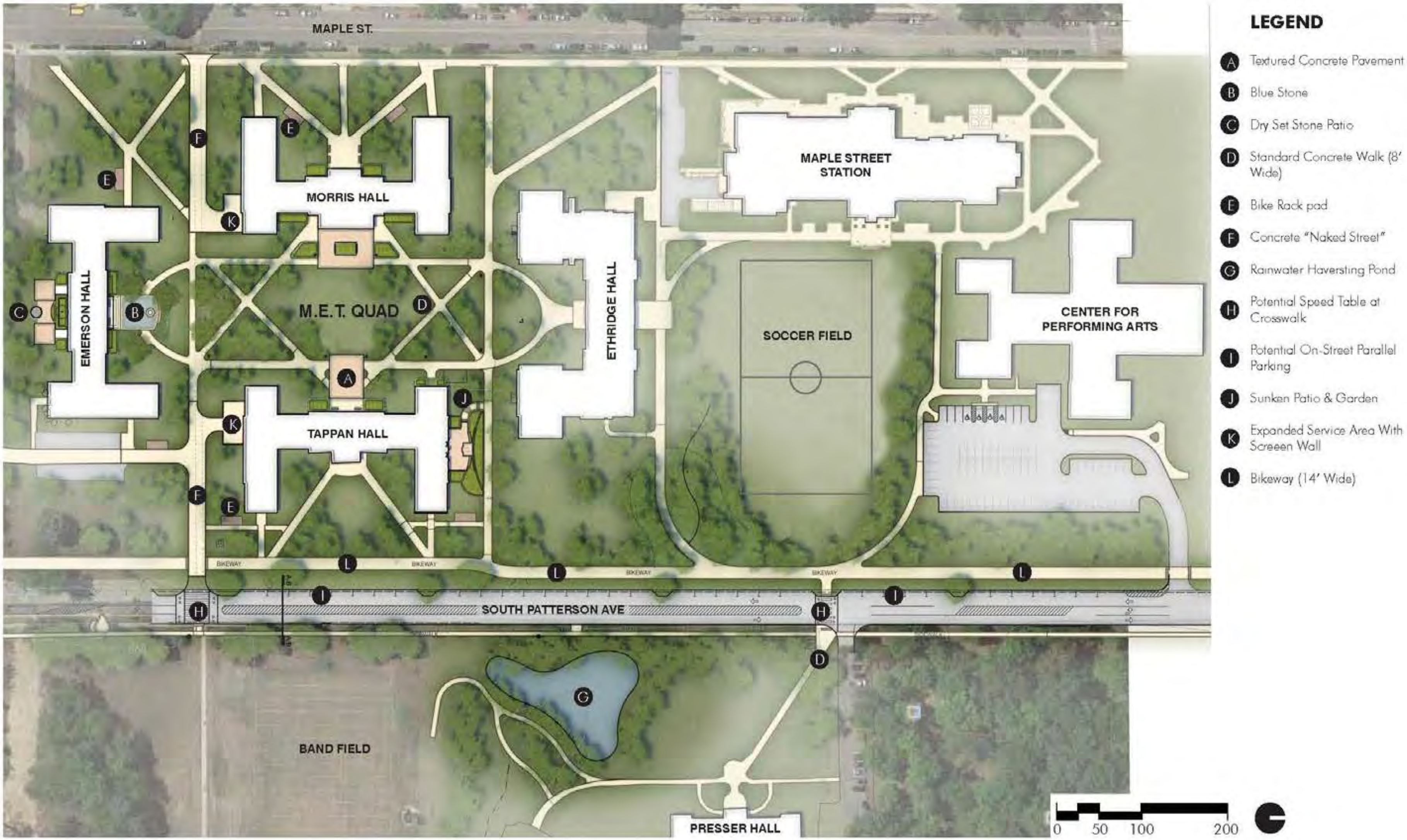
FY '14 - In Construction

- Western Dining Hall
- Western Infrastructure
- Total of 1,065 Beds come online for Fall 2014
- Western Residence Halls (720 beds come online)
- Anderson & McFarland (345 beds come online)

FY '15 - In Planning

- East Quad Infrastructure
- East Quad Residence Halls and Dining Hall (894 come offline)

MET Quad Comprehensive Restoration



Maplestreet Station

Dec 2012

East Elevation

West Elevation

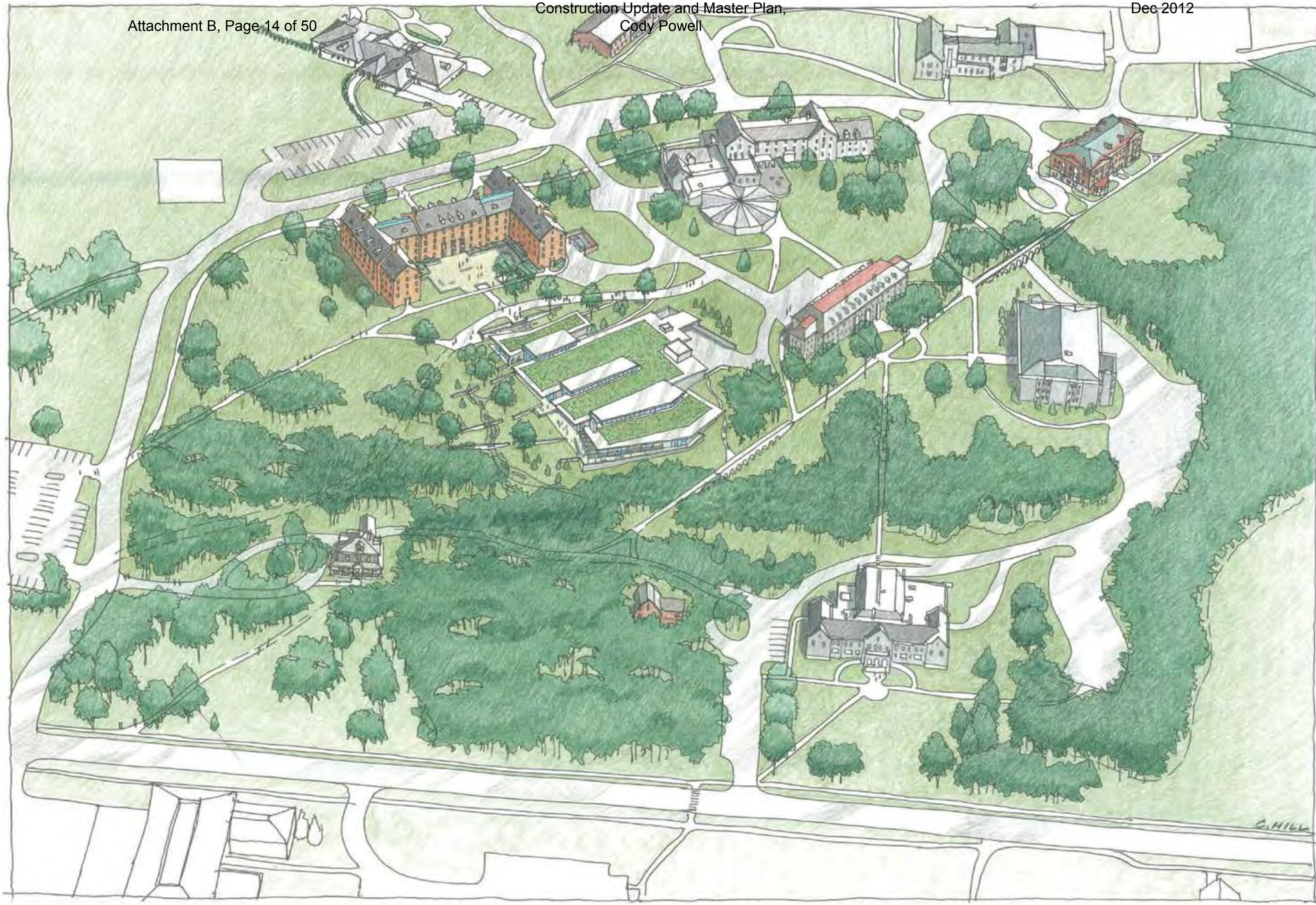
Maplestreet Station

Etheridge Hall

Etheridge Hall

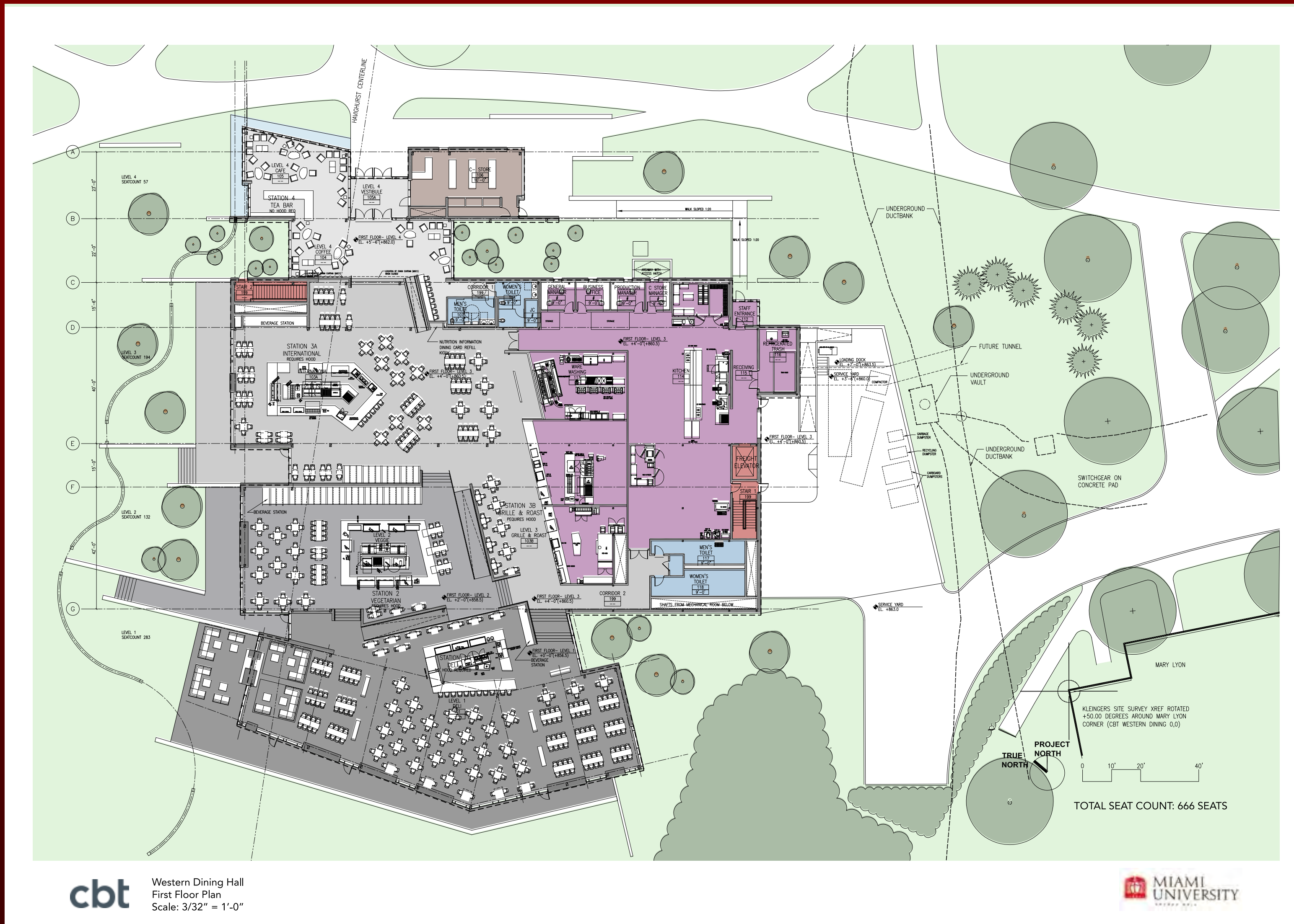
Etheridge Hall

Etheridge Hall



Western Campus

Western Dining



Western Dining

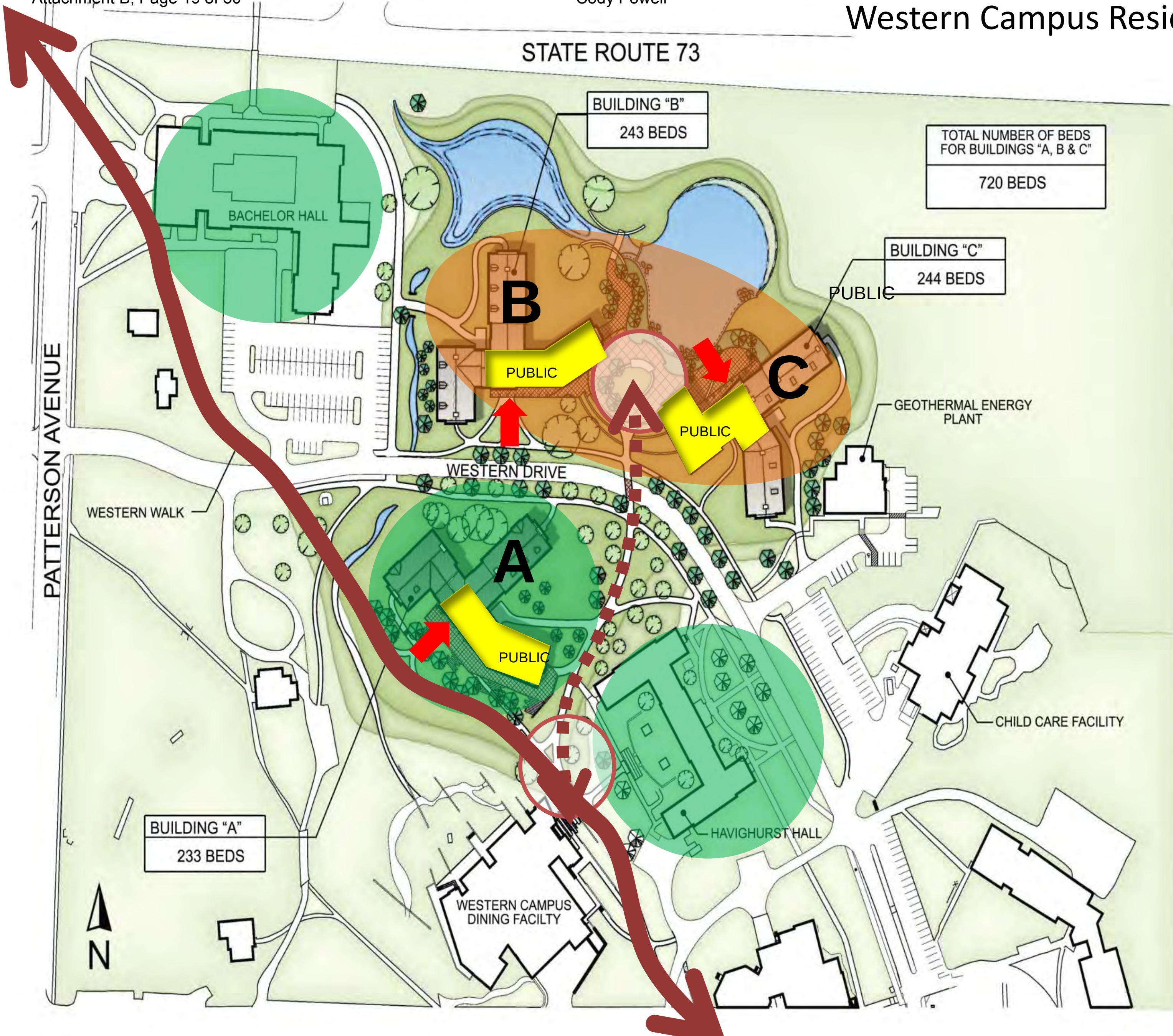
Western Dining

Western Campus

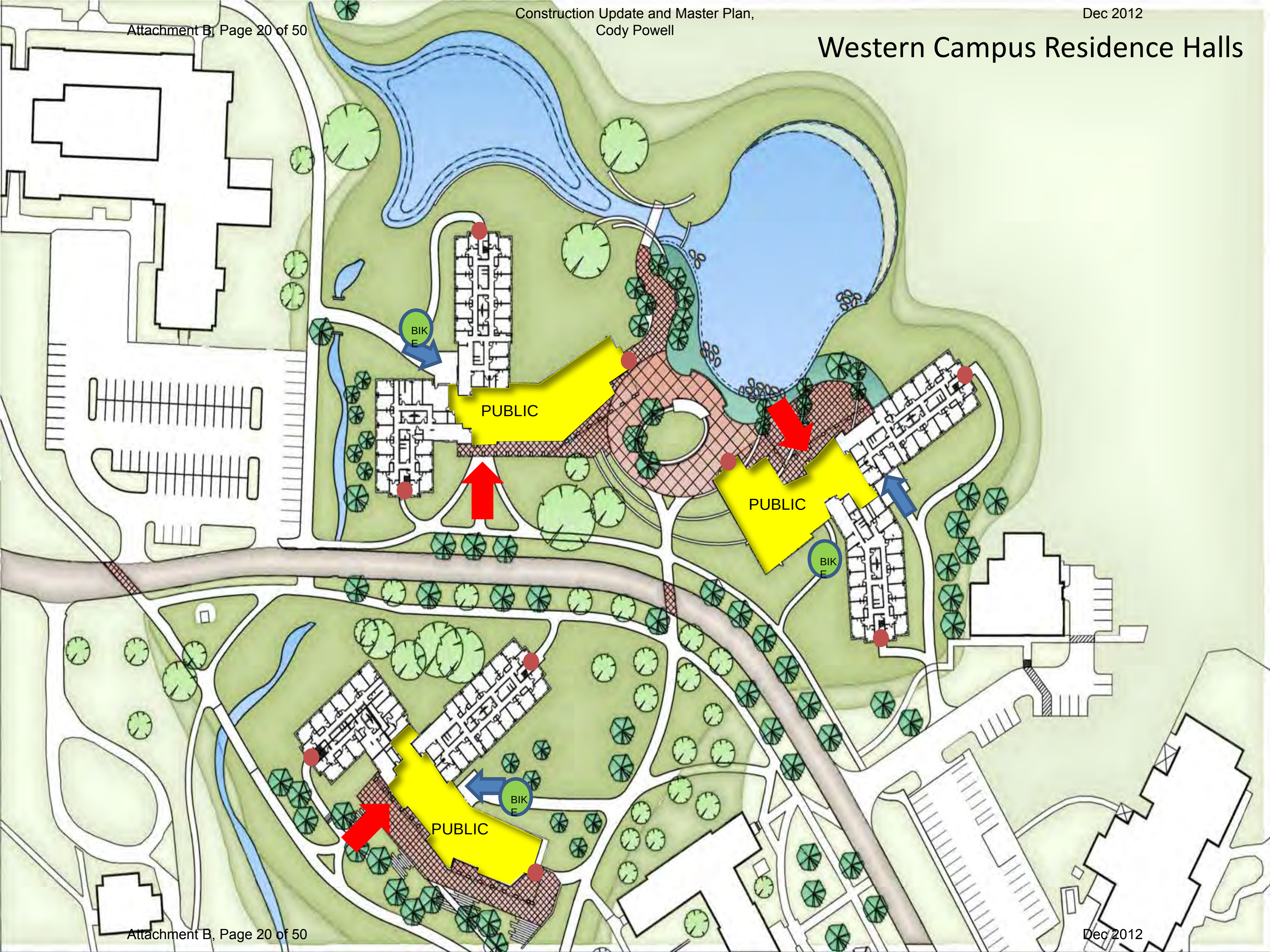
Miami University of Ohio
8 September 2011

cbt CRJA landscape architects CROMWELL CONSULTING, INC. MIAMI UNIVERSITY

Western Campus Residence Halls



Western Campus Residence Halls



Western Campus Residence Halls

BUILDING A — SOUTH ELEVATION

0 5 10 20

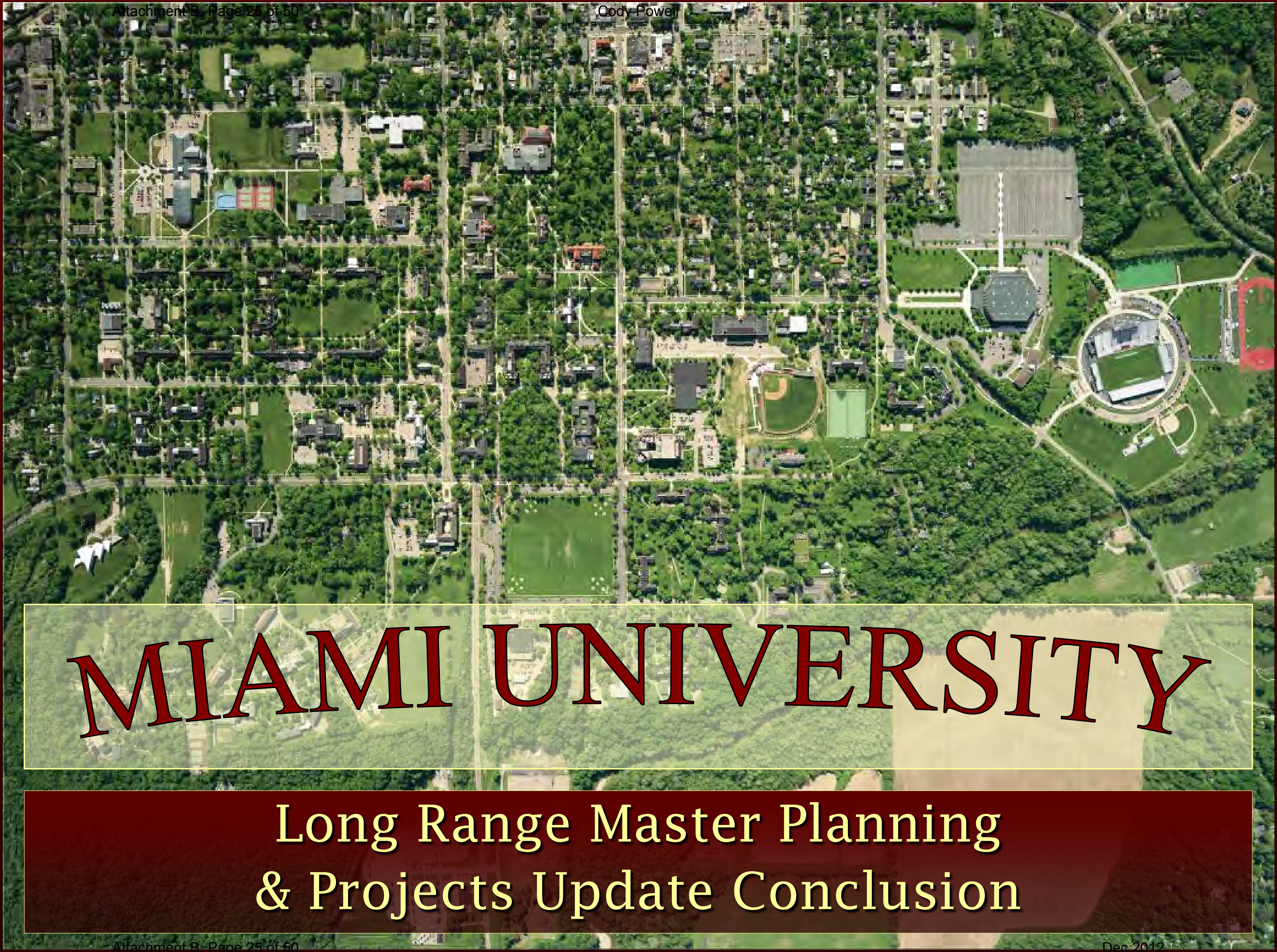
BUILDING A — NORTH ELEVATION

0 5 10 20

Western Campus Residence Halls

Western Campus Residence Halls

Attachment B, Page 24 of 50
Dec 2012



MIAMI UNIVERSITY

Long Range Master Planning & Projects Update Conclusion

Attachment B, Page 25 of 50
Dec 2012

MIAMI UNIVERSITY

PHYSICAL FACILITIES DEPARTMENT

COLE SERVICE BUILDING
OXFORD OH 45056-3609
513-529-7000
513-529-1732
www.pfd.muohio.edu

Status of Capital Projects Executive Summary
December 6, 2012

1. Projects completed:

   Four projects under $500,000 were finished since the last report. The Recreational Sports Center and Thomson Hall each received significant roof work including repairs and replacements. Work continued on the West Stands of Yager Stadium repairing concrete and installing a waterproof membrane on sections 5-6. The Fryman Farm Parking Lot and Cross Country Course Relocation was completed. The parking lot project adds additional event spaces while the cross country course relocation was necessary to support the Western Residence Hall and Dining Hall construction activities.

2. Projects added:

   Four major projects and thirteen projects under $500,000 were added this reporting period. The Oxford Campus Retro-Commissioning project impacts campus energy consumption. The Robertson Communications Replacement moves the south half of the Oxford campus copper communications and 8 fiber optic hub points from Robertson Hall, which is anticipated to be deconstructed. Also worth noting is the aggregate nine-dormitory rehabilitation project combined as one construction manager at risk (CMR) summer project.

3. Projects in progress:

   Maplestreet Station (90 beds), Etheridge Hall (232 beds) and the Armstrong Student Center are all focusing on work to be weather-tight so finishes and mechanical systems can advance on the interior and preparation for exterior brick veneer can begin. Bishop Hall (96 beds) is also progressing well with the completion date of summer 2013 as planned. On Western Campus, the new Dining Hall has under-slab utilities and footers being placed while the excavation for the three new Residence Halls will start in the next month, as early foundations and steel bid packages are being let by the design-builder. Also worth noting on Western, all 315 geothermal wells have been drilled and the new Geothermal Energy Plant construction is starting to come out of the ground. The Cook Field Renovation project is nearing completion with the new restroom and storage facility opening this month.

   The landscape, furniture fixtures and equipment, A/V and environmental bid packages are being prepared to bid for the Armstrong Student Center and the team is working to make sure the Shade Family Room will be online and available for Admissions tours beginning in October 2013 - three months ahead of public opening of the remainder of the facility.

Respectfully submitted,

Cody J. Powell, PE
Associate Vice President –
Facilities Planning & Operations

Miami University
Physical Facilities Department
Status of Capital Projects Report

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Miami University
Physical Facilities Department
Status of Capital Projects Report

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Miami University
Physical Facilities Department
Status of Capital Projects Report

Summary of Active Projects

	Number of Projects	Value
Under Construction	10	$146,378,400
In Design	5	$85,116,816
In Planning	8	$32,066,700
Projects Under $500,000	43	$9,098,016
Total	66	$272,659,932

New Projects Over $500,000

Oxford Campus – Retro-commissioning	Page 15, Item 2
Residence Halls – Renovations Summer 2013	Page 18, Item 5
Robertson Hall Communications Replacement	Page 16, Item 4
Roof Replacement and Repairs 2013	Page 18, Item 6

Projects Completed Since Last Report

Fryman Farm – Parking Lot & Cross Country Course Relocation	$500,000
Recreational Sports Center – Partial Roof Repairs and Replacement Project	$451,128
Thomson Hall – Roof Replacement	$470,000
Yager Stadium Restoration – Phase 2	$300,000
Total	$1,721,128

Miami University
Physical Facilities Department
Status of Capital Projects Report

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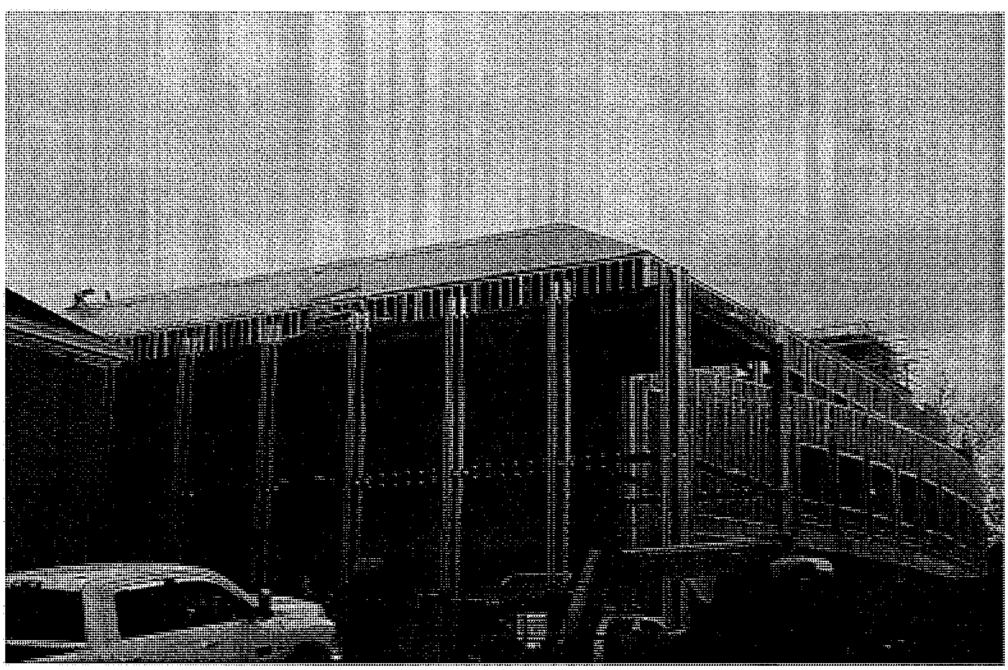
Miami University
Physical Facilities Department
Status of Capital Projects Report

UNDER CONSTRUCTION
(Under Contract)

1. **Armstrong Student Center, Phase One:** (BOT Sep '11)

This project provides spaces for student organizations, student engagement activities, food service venues, a theater, lounges and various ancillary spaces. The design concept includes the renovation of Gaskill, Rowan and Culler Halls, along with the new structure that will be situated between and connect the existing buildings into one new facility. The design has been developed to allow the project to be bid and constructed in two phases. Phase I will include a majority of the new construction and the renovation of Gaskill and Rowan Halls. Phase II will renovate Culler Hall and provide new construction required to join it with Phase I.

All structural framing is complete. The exterior wall framing, aluminum curtain-wall and window installation is on-going. Interior ceilings and soffits have been roughed-in. Interior wall partition framing is complete. Mechanical, electrical, plumbing, fire protection, fire alarm and building automation systems controls are being installed in the former Gaskill Hall and in the new structure. The building is to be weather tight by January and heating in place by February to begin interior finishes.



Delivery Method: Multiple Prime Contractors

Project Cost	
Design and Administration	$6,309,329
Construction	$37,945,369
Contingency	$2,145,302
Total	$46,400,000

Funding Source	
Bond Series 2010	$46,191,474
MUF Gifts	$158,526
Student Facilities CR&R	$50,000
Total	$46,400,000

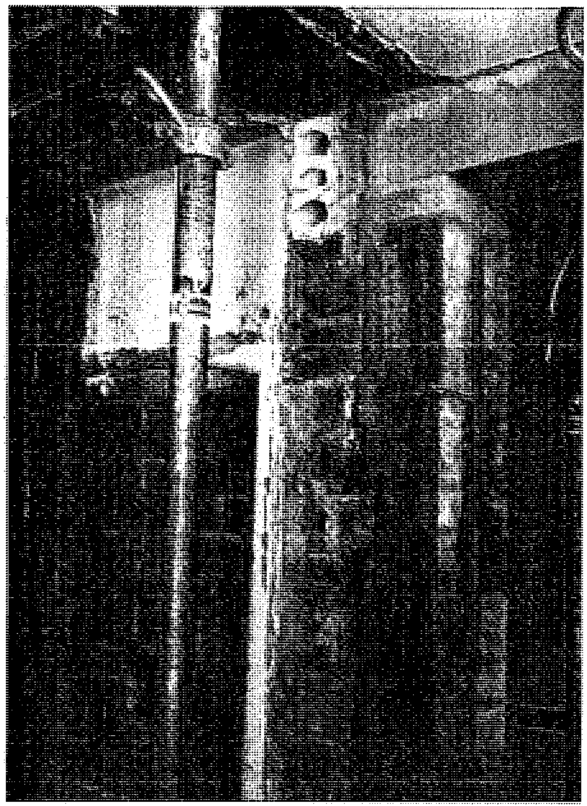
Contingency Balance: 56%
Construction Complete: 55%
Project Completion: January 2014

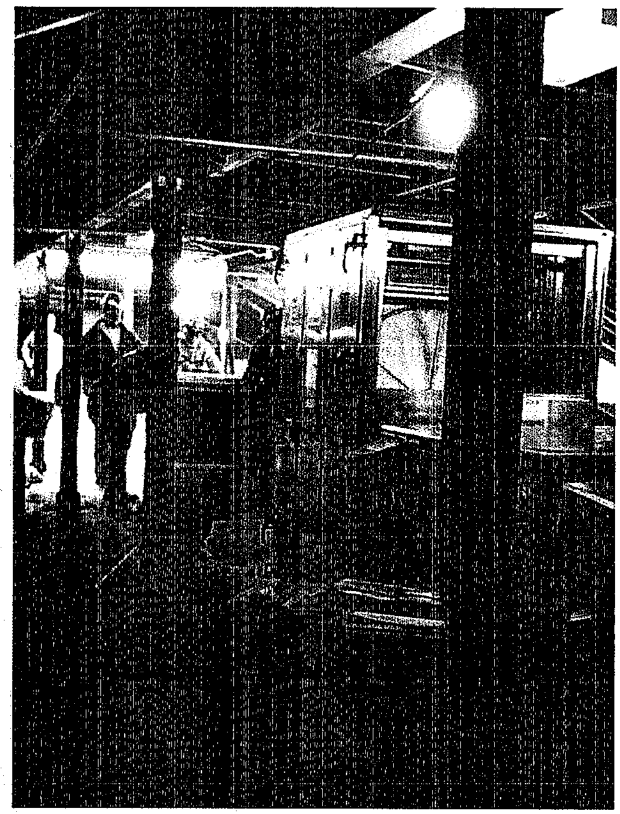
Miami University
Physical Facilities Department
Status of Capital Projects Report

2. **Bishop Hall Renovation:** (BOT Feb '12)

The Bishop Hall Renovation is part of the Phase 1 of the Student Housing Long Range Master Plan. The project reconfigures space vacated by the Honors Program to serve as community space for the students, and includes upgrades to the HVAC, electrical, plumbing, and IT systems, as well as interior finishes and furniture, fixtures and equipment.

Selective interior demolition is proceeding in conjunction with structural improvements at the main bearing walls and new elevator shaft. New interior partitions are 75% complete. Interior mechanical, electrical and plumbing systems are 40% complete. Site utility work is 95% complete.





Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$625,000
Construction	$6,670,000
Contingency	$605,000
Total	$7,900,000

Funding Source	
Bond Series 2010	$7,900,000
Total	$7,900,000

Contingency Balance: 38%
Construction Complete: 45%
Estimated Completion: July 2013

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

3. <u>Cook Field Renovation:</u> (BOT Feb '12)

This project will renovate Cook Field to improve use and playability of the University's major recreation sports playfield. Project scope includes: adding irrigation along with storm water detention for its water source; planting new natural sports turf on the south half of the field and installing a synthetic turf surface to the north half of the field; improving under field storm drainage; repaving the running track around the field; replacing softball backstops; adding a restroom and storage facility; and reworking parking around Cook Field to enhance pedestrian access and improve vehicular safety. The project will have two construction phases, completing the northern synthetic field turf areas and running track in time for fall 2012 use, and completing the natural grass areas in time for spring 2013 use.

Phase 1 is complete with the running track, north synthetic playfield, new backstops, under field storm drainage and irrigation system in place. The new restroom and storage facility will be complete in the next week and available for use. The south, natural turf field will continue to be held offline through the spring to allow proper cultivation of the new grass play surface and will open in May 2013. **This will be the last report.**

Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$165,300
Construction	$2,609,400
Contingency	$250,000
Total	$3,024,700

Funding Source	
Student Facilities CR&R	$3,024,700
Total	$3,024,700

Contingency Balance: 36%
Construction Complete: 98%
Project Completion: Phase 1 - August 2012; Phase 2 - May 2013

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

4. **Equestrian Center – Phase 1:** (BOT Feb '12)

This project will raise the existing outdoor riding arena and paddocks out of the current flood plain by adding fill to the site. New access roads, parking, outdoor riding arena, barns, and storm drainage will be provided. A potential later phase has been planned that can provide a new indoor arena on the newly raised grading, along with new horse stalls and classroom space.

The Guaranteed Maximum Price has been negotiated. The site has been brought up to grade. Storm water infrastructure, the riding arena and drives are being installed and the barn is being erected.

Delivery Method: Design / Build

Project Cost	
Design and Preconstruction Services	$37,660
Guaranteed Maximum Price	$1,828,599
Owner's Contingency	$61,900
Total	$1,928,159

Funding Source	
Student Facilities CR&R	$1,928,159
Total	$1,928,159

Contingency Balance: 100%
Construction Complete: 40%
Project Completion: December 2012

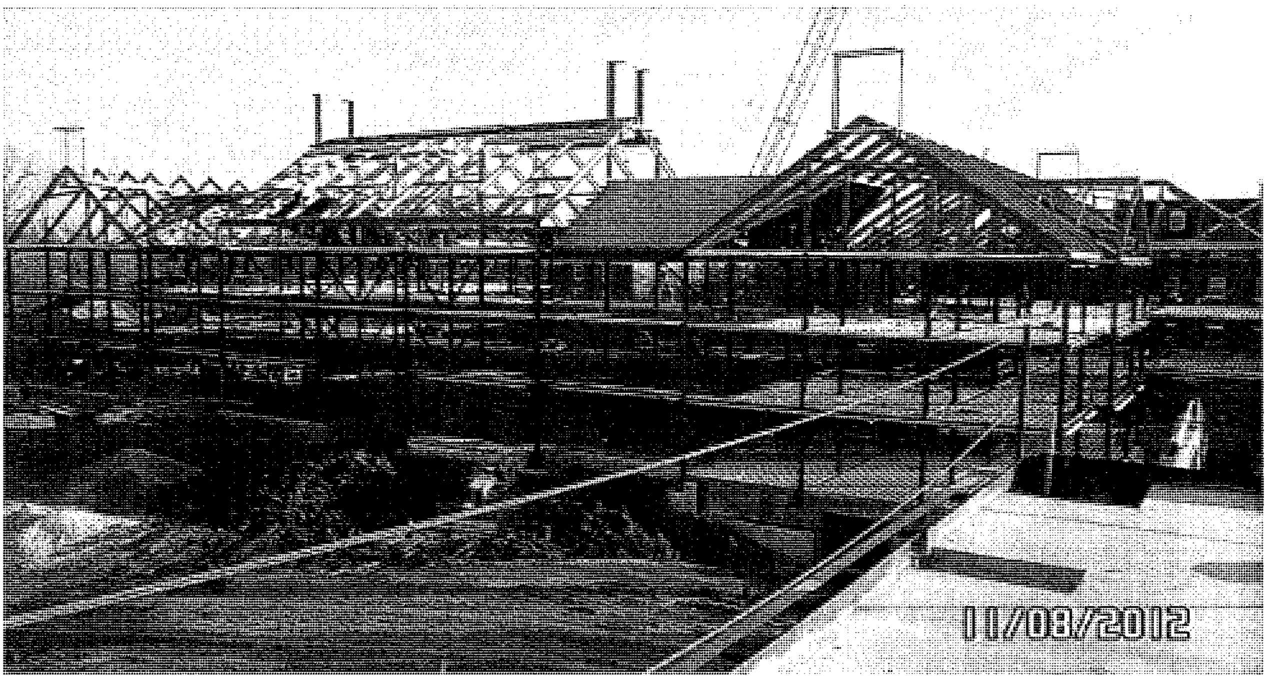
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

5. **Etheridge Residence Hall:** (BOT Feb '12)

This project will create a new residence hall on the north end of the existing quad with Morris, Emerson, and Tappan Halls as part of the Student Housing Long Range Master Plan. This new residence hall will house approximately 230 students.

Structural steel is complete. Exterior framing is underway. Building enclosure will be complete by the end of December. Mechanical, electrical, and plumbing overhead piping and ductwork installation is underway in the basement and on the first floor.



Delivery Method: CMR – Construction Manager at Risk

Project Cost	
Design and Administration	$2,375,189
Guaranteed Maximum Price	19,054,811
Owners Contingency	1,570,000
Total	$23,000,000

Funding Source	
Bond Series 2011	$23,000,000
Total	$23,000,000

Contingency Balance: 97%
Construction Complete: 50%
Estimated Completion: August 2013

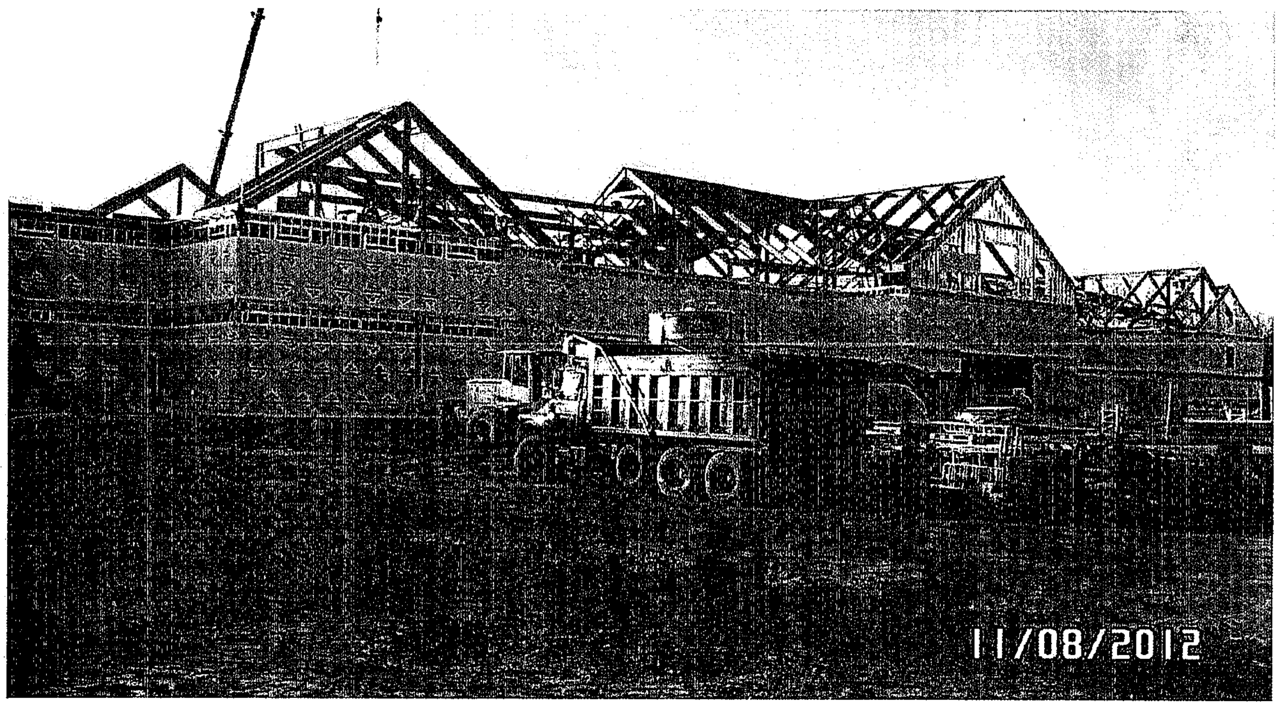
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

6. Maplestreet Station – New Dining & Residence Hall: (BOT Jun '11)

The 500-seat dining facility will replace the Hamilton and Scott Dining Halls, with additional capacity to handle the planned expansion of residential units at the Morris, Emerson, Tappan (MET) quad. The new facility will reduce operational costs and allow Hamilton and Scott to be taken off line for swing space during subsequent housing renovation projects as part of the Student Housing Long Range Master Plan. Maplestreet Station will feature seven restaurants with unique menus, design themes, and interior and exterior café seating.

Structural steel is complete and the building is enclosed. Installation of mechanical, plumbing and electrical systems continues. Interior wall framing is complete and finishes are underway.



Delivery Method: Multiple Prime Contractors

Project Cost	
Design and Administration	$2,521,519
Construction	$20,714,877
Contingency	$763,605
Total	$24,000,000

Funding Source	
Bond Series 2010	$24,000,000
Total	$24,000,000

Contingency Balance: 82%
Construction Complete: 65%
Project Completion: June 2013

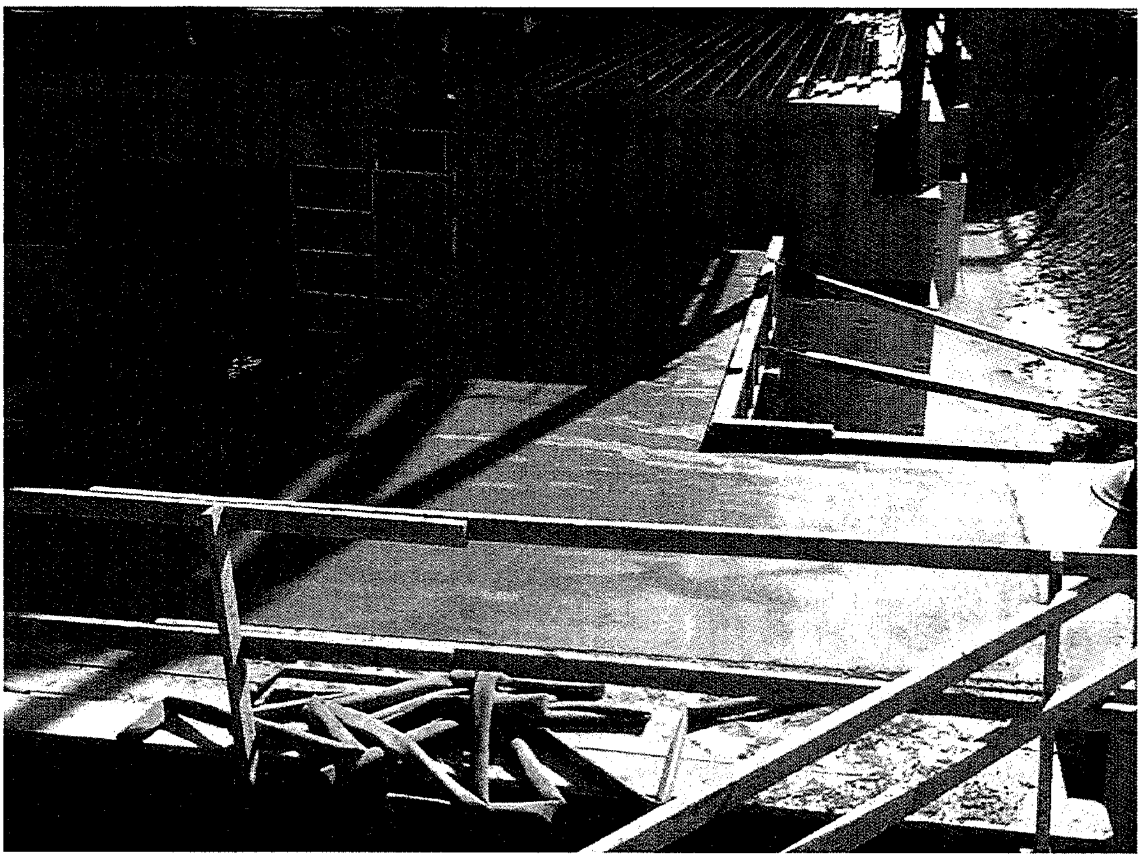
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

7. **Maplestreet Station Site Infrastructure:** (BOT Feb '12)

This project will provide site infrastructure improvements to support the construction of two new buildings in the MET (Morris, Emerson, Tappan) Quad: Maplestreet Station and the MET Quad residence hall. Utility upgrades will include steam/condensate, chilled water, storm, sanitary, water, gas and information technology. Tunnel spurs to the new buildings will be constructed to house the heating/cooling piping and conveyance for IT. The South Chiller Plant will have its CFC R-11 chiller replaced as part of this project in the winter of 2012-13.

The contractor has completed 100% of the new tunnel. Demolition is occurring in the South Chiller Plant to prepare for the new chiller which will arrive the week of December 17.



Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$336,644
Construction	$3,330,321
Contingency	$333,035
Total	$4,000,000

Funding Source	
Bond Series 2010	$4,000,000
Total	$4,000,000

Contingency Balance: 70%
Construction Complete: 50%
Project Completion: May 2013

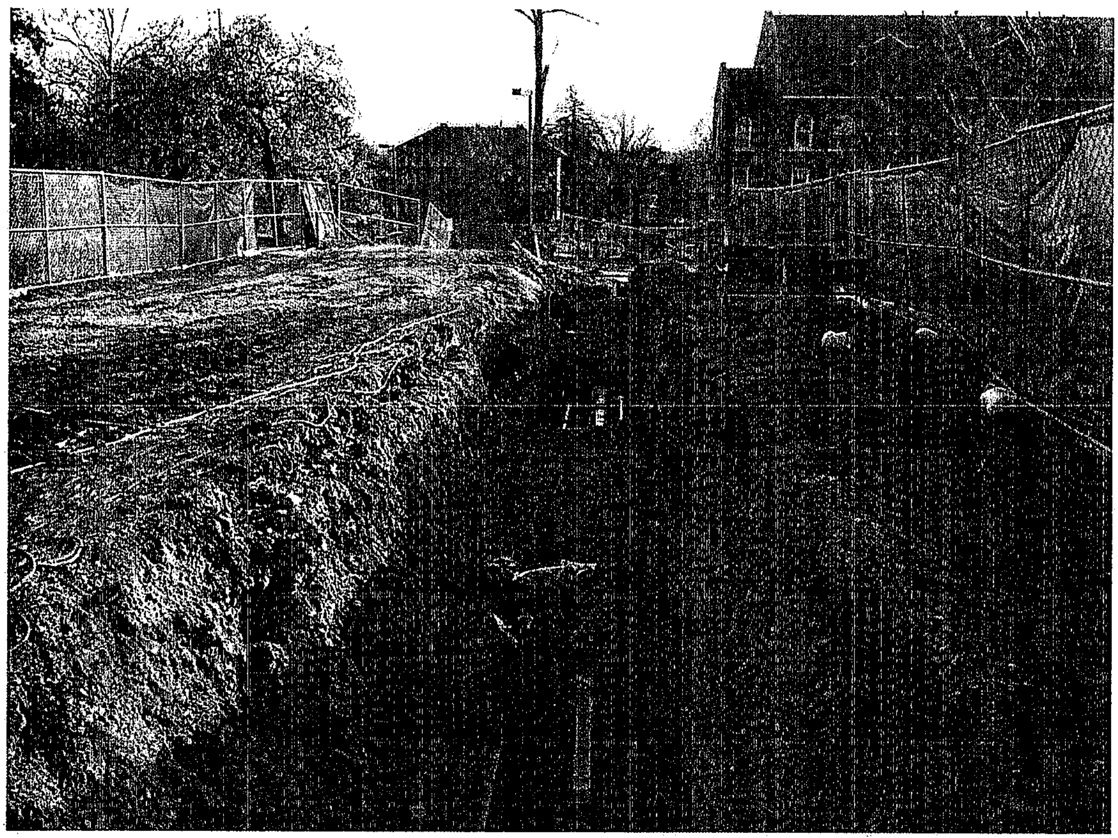
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

8. <u>McGuffey Hall to King Library Steam Loop:</u>

This project will extend the direct buried steam and condensate lines from McGuffey Hall to King Library to create a steam loop in the academic quad. This will create the ability to isolate a building for maintenance or emergency purposes without having to shut down multiple buildings served by the shared steam source.

Underground pipe installation is continuing both in the King Library basement and outside in the excavation.



Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$49,100
Construction	$448,700
Contingency	$43,000
Total	$540,800

Funding Source	
UEA CR&R	$540,800
Total	$540,800

Contingency Balance: 75%
Rate of Completion: 50%
Project Completion: May 2013

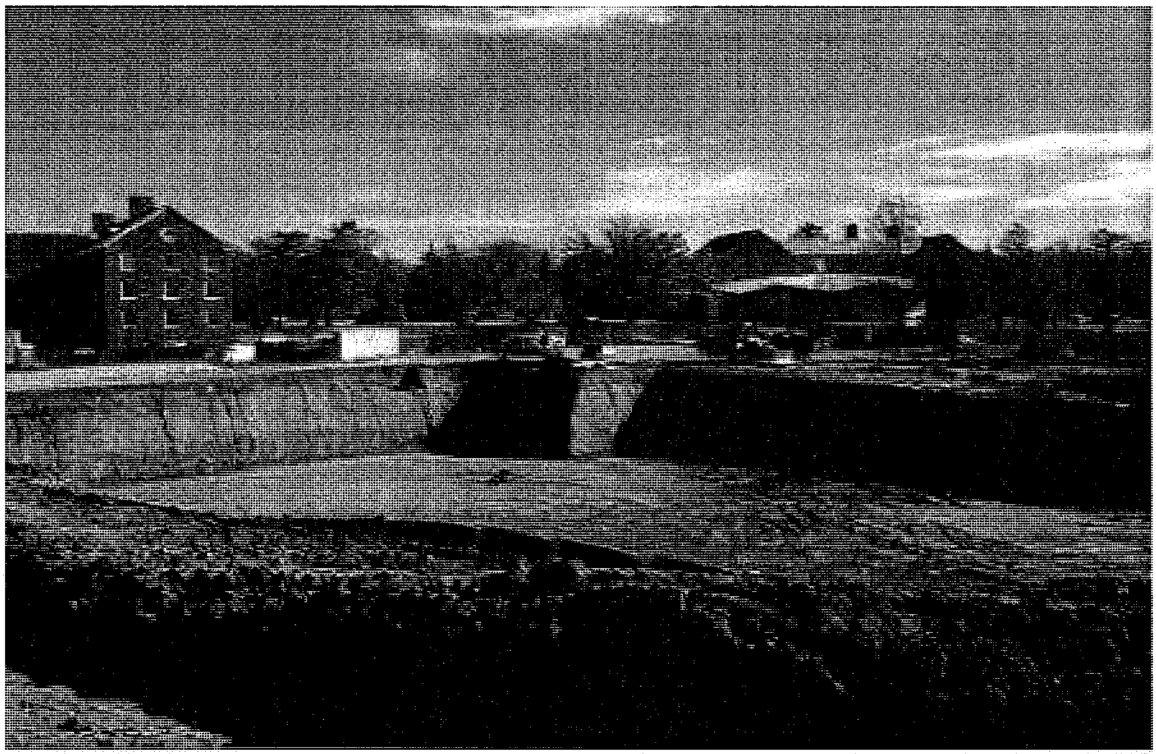
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

9. <u>Western Campus Dining Hall:</u> (BOT Jun '11)

This project will create a new 625 seat dining facility northwest of Mary Lyon Hall to serve the three new residence halls as well as the existing population on the Western Campus. Alexander Dining Hall will close when the facility opens.

Basement excavation is complete. Concrete foundations are underway.



Delivery Method: CMR – Construction Manager at Risk

Project Cost	
Design and Administration	$2,154,566
Guaranteed Maximum Price	$15,920,434
Owners Contingency	$1,425,000
Total	$19,500,000

Funding Source	
Bond Series 2010	$19,500,000
Total	$19,500,000

Contingency Balance: 93%
Construction Complete: 10%
Project Completion: January 2014

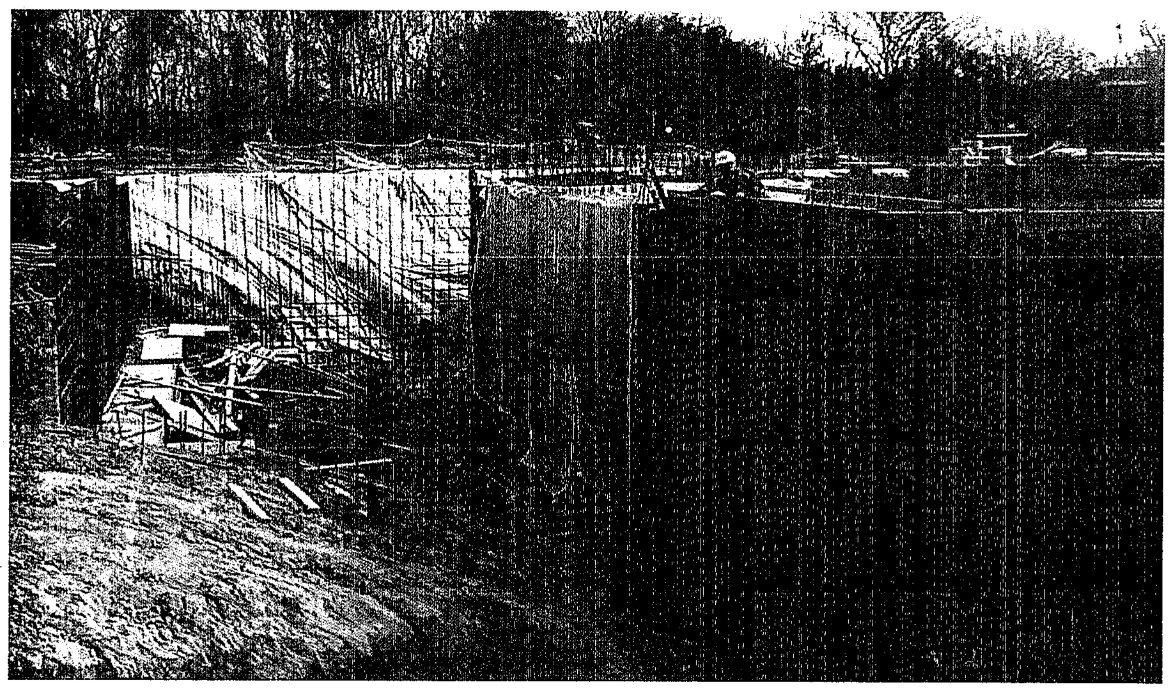
Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

10. Western Campus Site Infrastructure: (BOT Feb '12)

This project will provide site infrastructure improvements to support the construction of four new buildings on the Western Campus. Utility upgrades will include heating, hot water, chilled water, storm, sanitary, water, gas, and information technology. Tunnel spurs to the new buildings will be constructed to house the heating/cooling piping and conveyance for IT. The heating and cooling needs for these three buildings will be fed from a new geothermal well field. A central heat pump facility will be part of this improvement. Three of the new buildings will be design-build and the State of Ohio is currently working on contractual language for this new delivery method.

The contractor has completed the sanitary lines and is currently installing tunnel gas and water lines. The driller has completed all of the wells for the geothermal well field and activity has begun on the installation of horizontal well field lines as well as excavation for the irrigation pond. The foundation is complete for the new Geothermal Energy Plant.



Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$1,245,594
Construction	$13,750,841
Contingency	$1,088,306
Total	$16,084,741

Funding Source	
Bond Series 2010	$14,873,100
Local	$936,641
UEA CR&R	$275,000
Total	$16,084,741

Contingency Balance: 93%
Construction Complete: 30%
Project Completion: January 2014

Under Construction

Miami University
Physical Facilities Department
Status of Capital Projects Report

IN DESIGN
(Pre-Contract)

1. **<u>Kreger Hall Rehabilitation:</u>** (BOT Sep '12)

This project will relocate the Department of Physics from Culler Hall to Kreger Hall. Vacating Culler Hall is part of the master plan in preparing for the second phase of the Armstrong Student Center. Kreger Hall will be completely renovated with new instructional and research labs, physics department offices, and classrooms. Significant upgrades to all mechanical, electrical and plumbing systems will be completed as well as a new fire protection system. A small addition onto the south face of the building will house the faculty offices and create a new entry off Spring Street.

Negotiations with CMR are underway. A Guaranteed Maximum Price is anticipated in late January, prior to putting the project out for bid.

Delivery Method: Construction Manager at Risk
Estimated Budget: $18,800,000
Estimated Start: November 2012
Estimated Completion: August 2014
(Revised since last report - June 2014)

Funding Source	
University CR&R	$600,000
State Funded	$18,200,000
Total	$18,800,000

2. **<u>Oxford Campus - Retro-commissioning:</u> (New Project This Report)**

This project will retro-commission all the HVAC systems in six campus buildings. The six buildings on the Oxford Campus include: Benton/Garland/Engineering, Goggin Ice Center, Hiestand Hall, Hughes Hall, Pearson Hall, and the Psychology Building.

The selected retro-commissioning firm is Brewer-Garrett. Contracts are being finalized.

Delivery Method: Single Prime Contractor
Estimated Budget: $534,266
Estimated Start: December 2012
Estimated Completion: July 2013

Funding Source	
Bond Series 2011	$534,266
Total	$534,266

3. **<u>Recreational Sports Center – Pro Shop and Fitness Area Renovations:</u>**

This project creates a larger pro shop by reconfiguring the existing pro shop, customer service counter, and administrative spaces. The existing food service venue will be removed and a second floor constructed within the west racquetball court to create new group exercise and fitness spaces. The project is expected to increase revenue from the larger pro shop and to expand cardio fitness opportunities and group fitness classes for students and members.

The selected AE firm is Moody-Nolan, Inc. Construction documents are 50% complete.

Delivery Method: Single Prime Contractor
Estimated Budget: $900,000
Estimated Start: March 2013
Estimated Completion: September 2013

Funding Source	
Bond Series 2011	$900,000
Total	$900,000

Miami University
Physical Facilities Department
Status of Capital Projects Report

4. **Robertson Hall Communications Replacement Project:** **(New Project This Report)**

The Robertson Hall building presently functions as one of two hubs that facilitate communication of fire alarm and other miscellaneous circuits among multiple campus buildings. Due to advances in communications technology, most of the communications systems that used copper wire technology have been abandoned. Several of the optical feeds in Robertson Hall must be bypassed and eliminated. This project is to downsize and consolidate the remaining fire alarm and miscellaneous circuits and transfer them into the Main Communications Room of the Armstrong Student Center. This will become the new, permanent campus copper hub so the Robertson building may be demolished.

The construction documents are complete and the project is ready to bid.

Delivery Method: Single Prime Contractor
Estimated Budget: $632,550
Estimated Start: February 2013
Estimated Completion: October 2013

Funding Source	
Bond Series 2010	$42,100
Network Infrastructure CR&R	$520,000
TBD	$70,450
Total	$632,550

5. **Western Campus Residence Halls:** (BOT Apr '12)

This project will create three new residence halls with approximately 700 beds on the north end of the Western Campus. The facilities were planned as part of the Student Housing Long Range Master Plan and will provide swing space for taking off existing residence halls as they are renovated. These residence halls are being designed with a focus on the second year student experience.

A Design-Build team led by Whiting-Turner Contracting Company with CR Architecture + Design as Architect of Record and Mackey Mitchell Architects of St. Louis as design architect. Design development is underway. Two bid packages (site work and structural steel) have been advertised. The bulk of the work is anticipated to bid in March 2013. Construction is scheduled to begin in January 2013.

Delivery Method: Design / Build
Estimated Budget: $64,250,000
Estimated Start: January 2013
(Revised since last report - October 2012)
Estimated Completion: July 2014

Funding Source	
Bond Series 2011	$64,250,000
Total	$64,250,000

In Design

Miami University
Physical Facilities Department
Status of Capital Projects Report

IN PLANNING
(Pre-A&E)

1. Anderson and McFarland Halls Renovation:

This project will renovate student rooms in Anderson and McFarland Halls as well as provide additional study spaces as part of the Student Housing Long Range Master Plan. All mechanical, electrical, life safety, plumbing and lighting systems will be upgraded along with the site infrastructure.

The Criteria Architect/Engineer (C-A/E) has completed the design criteria stage and is working on the schematic design phase. The selection of the Design-Build firm is in the RFP stage with final selection of the Design-Build firm due by mid-January 2013.

Proposed Delivery Method: Design / Build
Proposed Budget: $20,000,000
Desired Start: May 2013
Desired Completion: August 2014

Funding Source	
Bond Series 2011	$20,000,000
Total	$20,000,000

2. Hamilton Campus – Knightsbridge Building Renovation:

This project will provide for the renovation of the recently acquired 23,500 square feet Richard Allen Academy building located on the Hamilton Campus at the intersection of Knightsbridge Drive and University Boulevard in Hamilton. A facility assessment to be used in developing program and renovation cost has been completed. The assessment has identified the need for mechanical/electrical upgrades as part of the renovation, reporting approximately $4,000,000 in probable cost. A recent professionally-prepared campus space plan is contributing to the programmed scope of this project.

Planning is being performed to align the campus' space requirements, academic priorities, and existing facilities condition/needs.

Proposed Budget: TBD
Desired Start: TBD
Desired Completion: TBD

Funding Source	
TBD	TBD
Total	TBD

3. Middletown Campus – Thesken Hall HVAC Upgrades:

This project will upgrade the perimeter heat in Thesken Hall from electric to hot water. Variable air volume (VAV) boxes will be added to the existing HVAC system to better control the temperature of the spaces. Occupancy sensors also will be included to increase energy efficiency of the HVAC systems.

Documents are being prepared for design-build team selection.

Proposed Delivery Method: Design / Build
Proposed Budget: $589,000
Desired Start: June 2013
(Revised since last report - March 2013)
Desired Completion: August 2013
(Revised since last report - June 2013)

Funding Source	
State Funding	$589,000
Total	$589,000

Miami University
Physical Facilities Department
Status of Capital Projects Report

5. **Morris-Emerson-Tappan (MET) Quad Site Improvements and Landscape:**

This project will upgrade the former marching band field and the grounds surrounding the new Maplestreet Station and MET Quad Residence Hall construction sites. Work will include stormwater management, site grading, fire lane construction, hardscape beyond pedestrian pathways required for ingress/egress of buildings, softscape beyond typical building foundation planting, and site furnishings beyond that required by buildings.

A/E selection is underway.

Proposed Delivery Method: Single Prime Contractor
Proposed Budget: $2,102,500
(Revised since last report - $1,702,500)
Desired Start: May 2013
(Revised since last report - April 2013)
Desired Completion: November 2013

Funding Source	
Bond Series 2011	$1,702,500
Student Facilities CR&R	$200,000
HDRBS CR&R	$200,000
Total	$2,102,500

6. **Residence Halls – Renovations Summer 2013:** **(New Project This Report)**

This project provides various upgrades to systems and finishes to increase life safety, functionality, energy efficiency, and appearance in nine residence halls. The residence halls are all more than a decade from receiving Long Range Master Plan renovations and need operational maintenance and cosmetic improvements at this time. All work is to be accomplished during the 2013 summer break.

The Selection process for the A/E is underway. Selection of an AE is expected in mid-December. Selection of a Construction Manager at Risk is scheduled for January.

Proposed Delivery Method:
Construction Manager at Risk
Proposed Budget: $4,999,200
Desired Start: April 2013
Desired Completion: August 2013

Funding Source	
Bond Series 2011	$4,999,200
Total	$4,999,200

7. **Roof Replacement and Repairs 2013:** **(New Project This Report)**

This project will provide for the roof replacement and/or repair of five buildings on the Oxford Campus that are beyond their serviceable life: Cole Service Building, Demske Culinary Support Center, Peabody Hall, Ogden Hall and Cook Place. Roofing types include single ply roofing membrane, clay tile, asphalt/fiberglass shingles as well as copper box gutters, sheet metal flashing and trim.

A Request for Qualifications (RFQ) was issued in November for A/E services to provide bidding/contract documents. Reponses to the RFQ are in the review process at this time. Contract for services is expected by the end of December. Anticipate construction to take place during the summer 2013.

Proposed Delivery Method: Single Prime Contractor
Proposed Budget: $1,826,000
Desired Start: April 2013
Desired Completion: August 2013

Funding Source	
TBD	$953,000
HDRBS CR&R	$873,000
Total	$1,826,000

In Planning

Miami University
Physical Facilities Department
Status of Capital Projects Report

8. Western Campus Site Improvements and Landscape:

This project will restore the grounds surrounding the new Western Campus Residence Halls and Dining Hall construction sites as part of the Student Housing Long Range Master Plan. Work will include stormwater management, site grading, fire lane construction, pedestrian lighting, hardscape beyond pedestrian pathways required for ingress/egress of buildings, softscape beyond typical building foundation planting, and site furnishings.

Concept planning will begin in January 2013.

Proposed Delivery Method: Single Prime Contractor
Proposed Budget: $1,700,000
Desired Start: April 2014
Desired Completion: November 2014

Funding Source	
Bond Series 2011	$1,700,000
Total	$1,700,000

9. Yager Stadium Hot Water and Natural Gas Conversion:

This project removes Yager Stadium from the campus steam system and replaces the heat source with natural gas and electric. The steam and condensate system supplying Yager Stadium is inefficient, given the stadium's distance from the steam plant, the age and condition of the buried piping and steam operated heating and housekeeping equipment. The buried condensate piping currently leaks at a cost estimate of $30,000 per year. A study commissioned to determine a long term approach to correcting the leakage and meeting the needs at the stadium while reducing energy requirements and costs concluded removing the stadium from the campus steam system and replacing the aged equipment would result in the lowest life-cycle cost. The proposed project includes replacing or converting steam supplied heat loads to hot water supplied from high efficiency, natural gas fired heating and domestic hot water boilers, replacing steam heated dryers with high efficiency gas dryers, and replacing steam heated concession kettles with electric kettles. The mechanical room equipment would be replaced and the laundry reconfigured. The project results in a significant net energy savings due in large part from abandoning the 1200 foot steam and condensate lines from Millett Hall and efficiencies gained with the new natural gas fired equipment.

The laundry conversion and natural gas, water and supply to the West Stands, opened on November 8, 2012. The laundry equipment has been purchased.

Proposed Delivery Method: Single Prime Contractor
Proposed Budget: $850,000
Desired Start: November 2012
Desired Completion: January 2013

Funding Source	
UEA CR&R	$850,000
Total	$850,000

In Planning

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Physical Facilities Department
Status of Capital Projects Report

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In Planning

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Status of Capital Projects Report

Projects Between $50,000 and $500,000

Alumni Hall Room B3 and B4 Renovation	$87,300
Bachelor Hall – Elevator Renovations	$340,000
Bachelor Hall – Fire Alarm Upgrade	$300,000
Break Room Door Locks Installation	$75,000
Campus Irrigation - Benton-Psychology	$310,000
Campus Irrigation – Farmer-Marcum	$495,000
Campus Irrigation – Roudebush	$140,000
Center for Performing Arts – Emergency Generator Replacement	$95,000
Cole Service Building - Boiler Replacement	$245,000
Culinary Support Center (CSC) - Emergency Generator	$402,485
Door Access, Phase 2	$495,000
E & G Building VAV Box Occupancy Sensor Installation	$180,000
Formal Gardens Pond Reconstruction Phase 1	$86,700
Goggin Ice Center – Water Heater and Steam Control Enhancements	$51,360
Hamilton Campus – Mosler Emergency Generator	$95,835
Hamilton Campus – Phelps Hall ADA Ramp	$99,706
Hamilton Campus – Phelps Hall HVAC VAV Conversion	$437,000
Hamilton Campus – Rentschler Hall Water Distribution Piping Replacement	$250,000
Hamilton Campus – Retro-commissioning	$126,245
Hamilton Campus – Select Window and Door Replacement	$238,075
Havighurst Elevator Upgrades (E)	$75,000
Havighurst Site Drainage, Trench Drain Replacement	$94,000
Heritage Commons - Landscape and Turf Replacement	$50,000
HDRBS – Interior/Exterior Painting Projects	$150,000
Hoyt Hall Fire Alarm Replacement	$300,000
Hughes C-Wing HVAC Improvements	$360,000
King Library – Center for Digital Scholarship	$265,000
King Library Emergency Generator Upgrade	$392,790
Marcum Conference Center – Fan Coil Unit Replacements	$90,000
Marcum Conference Center – Room 109 Audio Visual (AV)	$78,395
Middletown Campus – Johnston Hall Boiler #2 Replacement	$400,405
Middletown Campus – Levey Hall Room 105 Lab Renovation	$80,000
Middletown Campus – Retro-commissioning	$122,070
Millett Hall – Sound System Replacement	$260,000
Pearson Hall – Heat Recovery Chiller	$135,000
Recreational Sports Center – Miscellaneous Flooring	$72,650
Recreational Sports Center – Replace Pool Floor Cylinders	$75,000
Robertson Hall Building Demolition	$158,000
Shriver Center – Bookstore Enhancements	$100,000
Shriver Center – Freight Elevator replacement (E)	$400,000
Shriver Center - Select HVAC Replacement	$360,000
Tunnel Top Replacement	$430,000
Western Campus Electrical Modifications Phase II	$100,000

MIAMI UNIVERSITY
Senate Bill 6 Composite Score and Ratios
FY12 thru FY08

	Preliminary FY12	FY11	FY10	FY09	FY08
Composite Score	4.4	4.4	4.2	2.9	3.1
Viability Ratio	77.83%	91.15%	102.00%	75.00%	95.00%
Primary Reserve Ratio	63.71%	58.18%	42.84%	32.04%	42.76%
Net Income Ratio	7.00%	14.36%	11.80%	-9.84%	-1.11%

<u>12/7/12 Agenda Item</u>
Finance and Business Services

RESOLUTION R2013-

WHEREAS, the Anderson and McFarland Halls Renovation project involves the renovation of two existing residence halls; and

WHEREAS, the administration has determined that costs can be reduced by combining the projects and design build as the project delivery method; and

WHEREAS, bond proceeds in the amount of $20,000,000 have been set aside for the project; and

WHEREAS, the receipt of proposals is planned for February 2013; and

WHEREAS, the Board of Trustees desires to award a contract to the most responsive and responsible design build firm;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Vice President for Finance and Business Services and Treasurer, with the concurrence of the Board Chair and the Chair of the Finance and Audit Committee, in accordance with all State guidelines, to proceed with the award of contract for the Anderson and McFarland Halls Renovation project with a total project budget not to exceed $20,000,000.

December 7, 2012

(over)

Business Session
Item 3b

Executive Summary
for the
Anderson and McFarland Halls Renovations
December 7, 2012

This project will renovate Anderson and McFarland Halls as part of the Long Range Housing Master Plan. The project will be delivered using Design-Build methodology to reduce time taken from design through construction, reduce the cost of construction, and minimize the risk to the University. The project will serve as the delivery method pilot for all future residence hall renovations in the Housing Master Plan. Both Anderson and McFarland renovations will include new windows, ADA accessibility improvements, elevators, insulating of exterior walls and attic, new corridor ceilings, interior lighting, plumbing systems, sprinkler system, electrical distribution, HVAC systems, life safety and fire alarm systems, utility tie-ins, site utilities, selective addition and/or demolition of bedroom walls, and new bedroom finishes. The roof systems are being separately evaluated similar to other renovation projects. Additionally, accommodation of student life programming elements such as community rooms, group study rooms, and other support spaces will be included. These specific residence halls were selected to get available bed count to a number that allows East Quad to be taken off line the following year, to address existing deferred maintenance, and proximity to centralized utilities allowing minimal utility impact at each location.

Funding for this project will be local funds via bond issue for the Long Range Housing Master Plan.

Project component:	Budget:	Funding Source:
Estimated Consulting Services:	$1,230,000	Bond Series 2012
Estimated Construction:	$16,250,000	Bond Series 2012
Estimated Furniture, Fixtures, and Equipment:	$920,000	Bond Series 2012
Owner's Contingency:	$1,600,000	Bond Series 2012
Total:	$20,000,000	Bond Series 2012

MIAMI UNIVERSITY

Enrollment Update

Board of Trustees
December 6, 2012

Michael S. Kabbaz, Office of Enrollment Management

Final Fall 2012 First-Year Highlights

- 3,734 enrolled students
- Academic quality is slightly better over last year
    - Average ACT (SAT converted) of 26.5
    - Average GPA of 3.63 (out of 4.0)
    - Average Rank of top 19.8 percent
        - Increase in the number of students in the top 10 percent
- Acceptance rate dropped to 72.8 percent from 74.1 percent
- Non-resident enrollment is slightly up over last year
    - 38.0 percent overall, which includes 3.6 percent international
- Domestic students of color represent 12.6 percent versus 11.6 percent last year
- The class hails from 41 states, plus DC, and 16 countries
- Alumni legacies comprise 22.0 percent of the class

Note: data are final as of 10/15/2012

MIAMI UNIVERSITY
Office of Enrollment Management

Other Enrollments

American Culture and English (ACE) Program

Fall 2011: 26 first-year students and 11 transfer students

Fall 2012

50 first-year students, or a 92.3 percent increase over fall 2011

11 transfer students

Transfers (non-ACE)

Fall 2011: 275 transfer students

Fall 2012

223 students, or an 18.9 percent YTD decrease versus fall 2011

Note: data are final as of 10/15/2012

MIAMI UNIVERSITY

Office of Enrollment Management

Final Fall 2012 – Divisional Enrollment by Capacity

Division	First-year Capacity by Division	Actual Enrolled by Admission Major	Actual Enrolled as of Census Day (10/15/2012)	Change from Admission Data to "Census" Day	Plus/Minus Goal vs. Actual (Census Day)
College of Arts and Science	1800	1934	1876	-58	+76
Farmer School of Business	800	792	793	+1	-7
School of Education, Health & Society	500	415	464	+49	-36
School of Engineering & Applied Science	425	396	415	+19	-10
School of Creative Arts	220	197	186	-11	-34
	3745	3734	3734	0	-11

Notes:
Column 1 - first–year enrollment capacity determined by each academic division
Column 2 - number of enrolling students by division based on the admission application 1st major listed
Column 3 - actual majors by division are as of 10/15 (Census Day)

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

Fall 2013 – Application Status by Academic Division

	2011	2012	Difference	% Change
College of Arts and Science	5212	5964	752	14.4%
Farmer School of Business	3999	4721	722	18.1%
School of Education, Health & Society	1668	1802	134	8.0%
School of Engineering & Applied Science	1625	1914	289	17.8%
Undeclared	943	262	-681	-72.2%
School of Creative Arts	651	608	-43	-6.6%
Total	**14098**	**15271**	**1173**	**8.3%**

Note: Early Decision applications increased from 910 to 1012, or a 10% increase over last year.

Note: data are as of 12/5/2012

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

Fall 2013 – Application Status by Residency

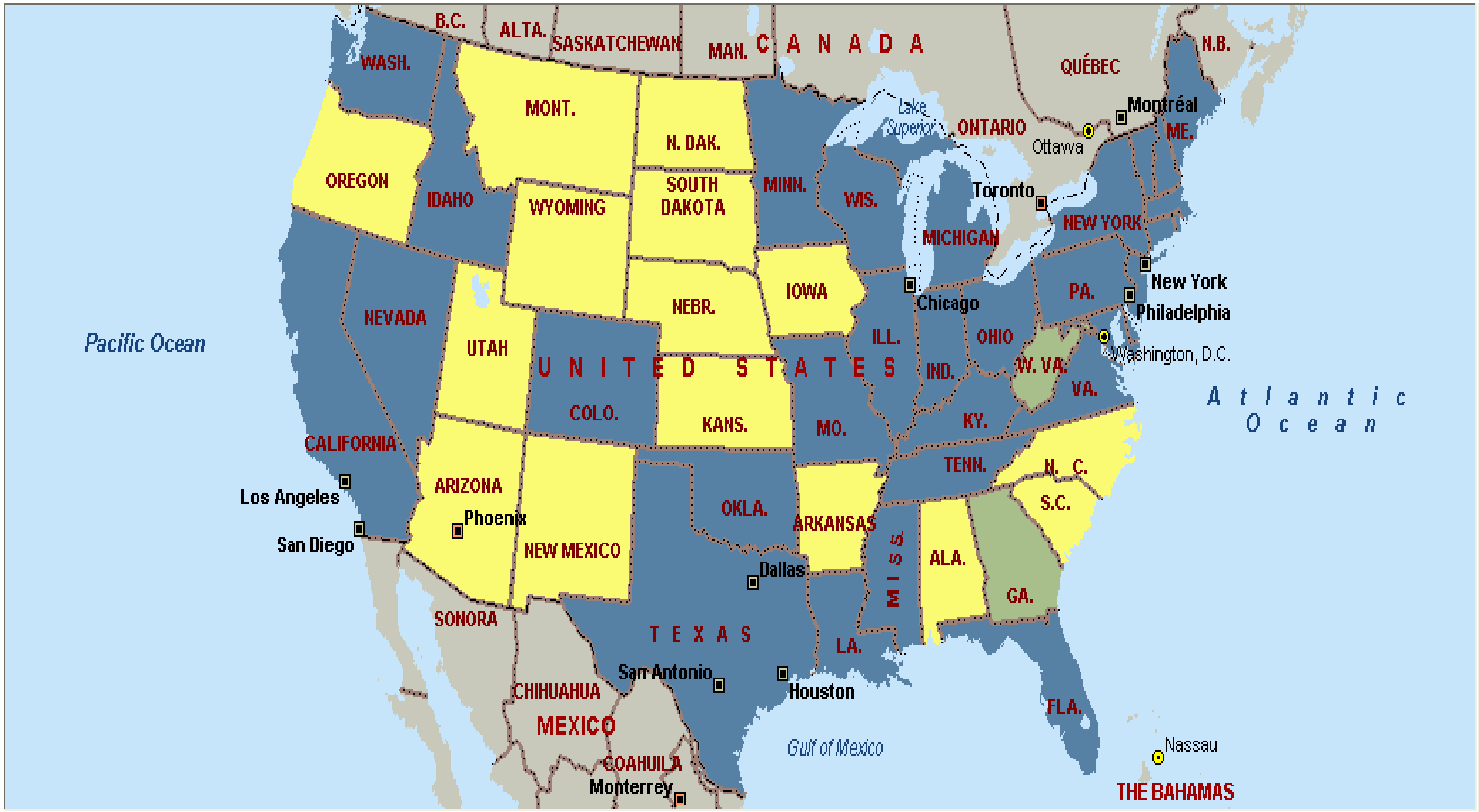
	2012	2013	Difference	% Change
Non-resident	6968	7664	696	10.0%
Domestic non-resident	6753	7372	619	9.2%
International non-resident	217	292	75	34.6%
Resident	7057	7540	483	6.8%
Residency (TBD)	73	67	-6	-8.2%
Total	**14098**	**15271**	**1173**	**8.3%**

Note: data are as of 12/5/2012

MIAMI UNIVERSITY
Office of Enrollment Management

Fall 2013 Miami Application Trends - National

AppLevel by State
- above average
- average
- below average

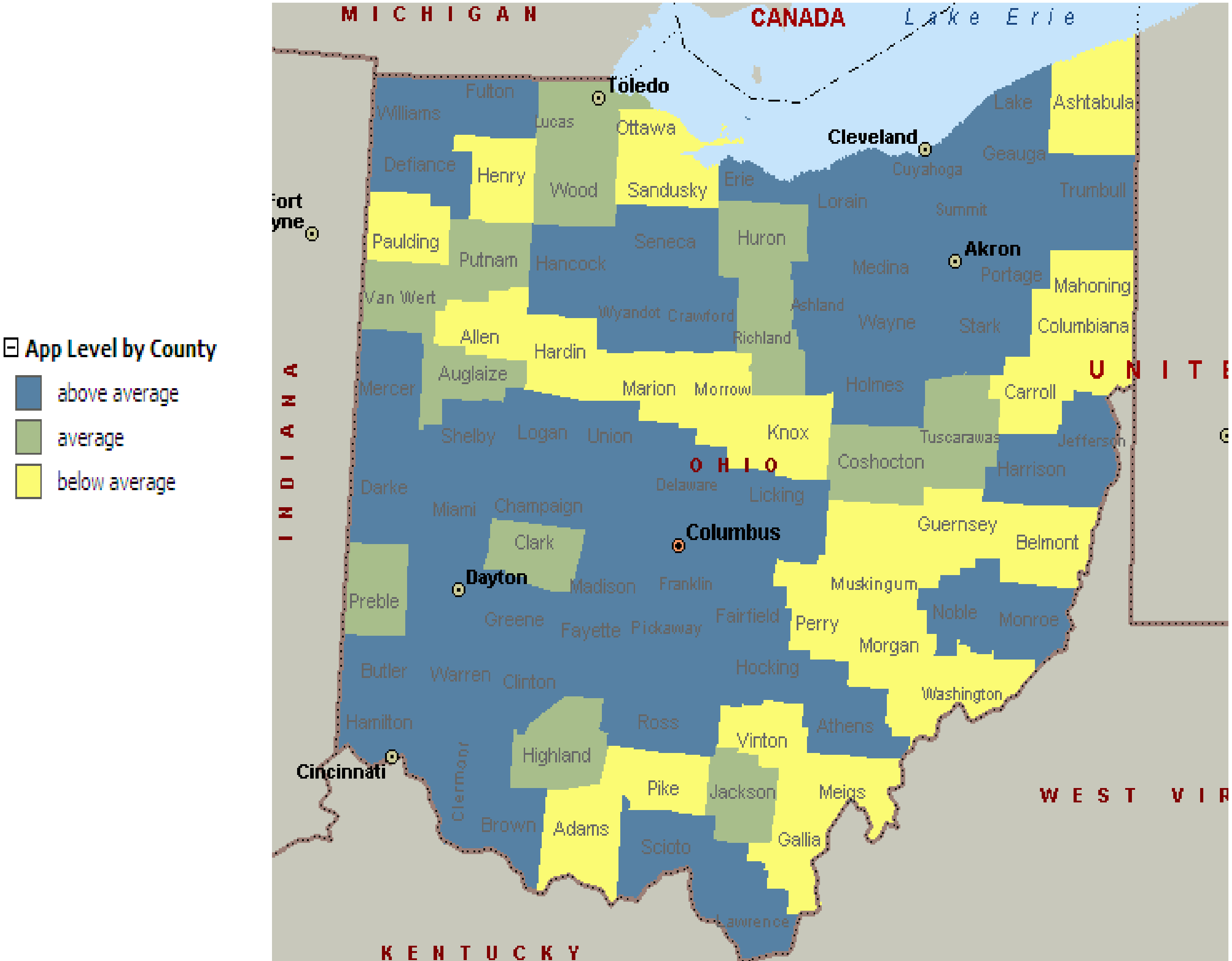


Note: +/- 10% window around the seven-year average determines the category

Note: data are as of 12/5/2012

MIAMI UNIVERSITY
Office of Enrollment Management

Fall 2013 Miami Application Trends – Ohio

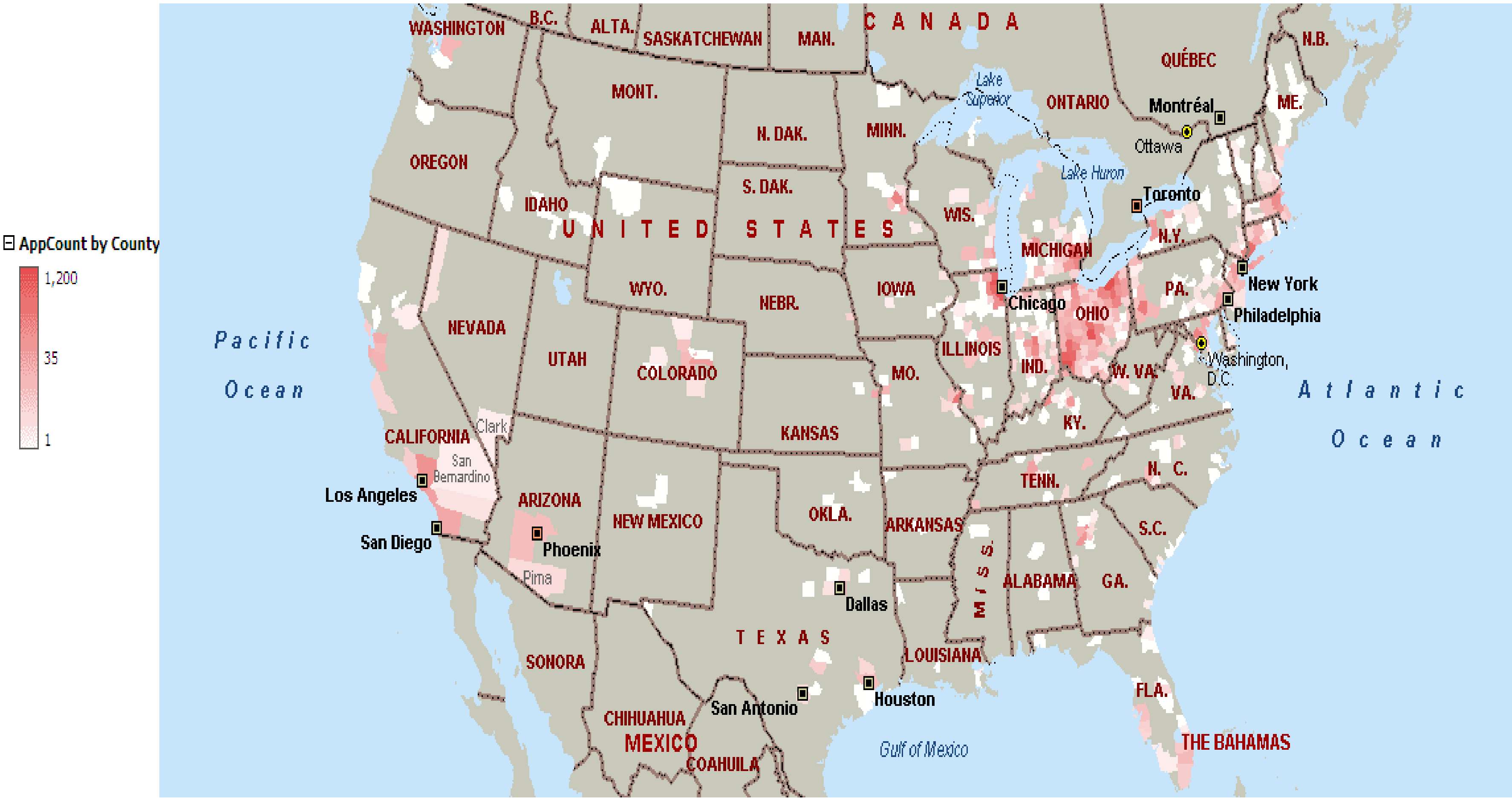


Note: data are as of 12/5/2012

Note: +/- 10% window around the seven-year average determines the category

MIAMI UNIVERSITY
Enrollment Management

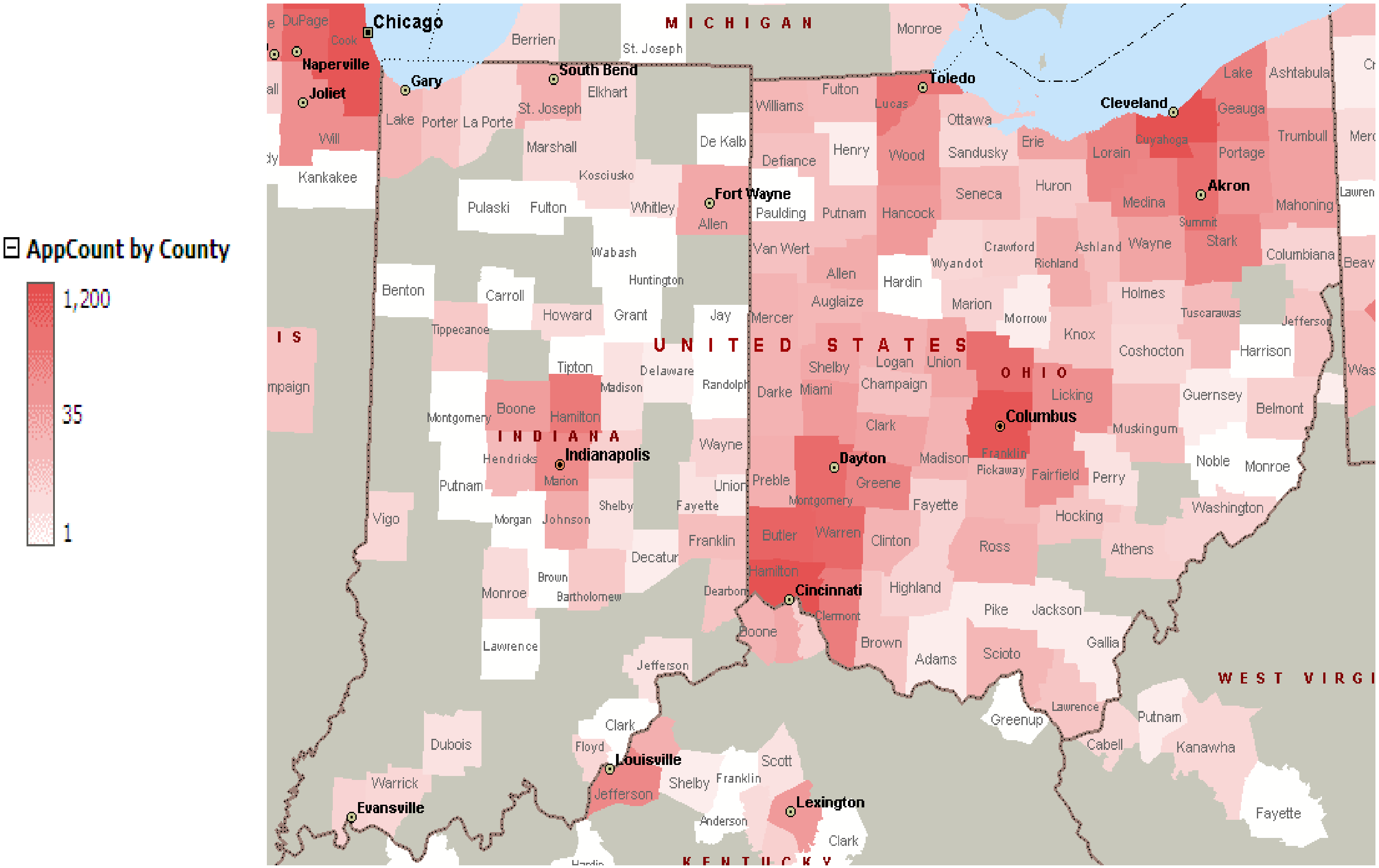
Fall 2013 Miami Application Volume



Note: data are as of 12/5/2012

MIAMI UNIVERSITY
Office of Enrollment Management

Fall 2013 Miami Application Volume



Note: data are as of 12/5/2012

MIAMI UNIVERSITY
Office of Enrollment Management

FY13 Key Recruitment Initiatives

- Increase non-resident domestic and international outreach
  - Non-resident recruitment staff has increased from 3 to 5 regionally-based positions
- Expand targeted travel and off-campus programming
- Expand outreach for special populations
  - High-ability recruitment
  - Urban outreach/diversity (Ohio emphasis)
- Enhance and expand on-campus visit opportunities
- Integrate predictive modeling and enhanced data sources to increase targeted outreach to prospective students
- Expand early outreach to prospective students and their key influencers
- Refine the fall 2013 merit scholarship strategy
  - Create and implement a new University Academic Scholars Program

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

Fall 2013 Recruitment Key Highlights

- Admission's fall diversity overnight program (Bridges) has increased applications from 692 to 804, or a 16 percent increase over last year
- Campus visitors have increased from 20,984 to 22,949, or 9.4 percent increase over last year
  - Added 8 divisionally-based programs and open houses
- Initial planning and development of articulation agreements with targeted Ohio community colleges
- Increased targeted travel across Ohio, around the U.S., and world
  - Dramatically increased number of domestic high school visits
  - Expanded targeted international travel

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OFFICE OF ENROLLMENT MANAGEMENT

Dec 2012

High School Visits by Select Markets

	Fall 2011	Fall 2012	% change (11 to 12)
West			
California	75	101	35%
Colorado	13	23	77%
South			
Florida	6	23	283%
Georgia	11	32	191%
Mid-Atlantic			
DC	1	15	1400%
Delaware	0	8	N/A
Maryland	5	50	900%
Pennsylvania	12	32	167%
Virginia	0	27	N/A
Resident			
Ohio	202	282	40%
Domestic			
All High School Visits	584	901	54%
Abroad			
International	51	75	47%

MIAMI UNIVERSITY
Office of Enrollment Management

Merit Aid – Fall 2013

ACT/ SAT (CR+M)*	H.S. GPA (4.00 scale)	Additional Requirement	Scholarship Amount (Ohio Resident)	Scholarship Amount (Non-Ohio Resident)
32+/ 1400+	3.70+	Rigorous Coursework	$26,200–$52,300 (half to full tuition per year)	$57,300–$114,500 (half to full tuition per year)
29–31/ 1290–1390	3.70+	Rigorous Coursework	$16,000–$32,000 ($4,000–$8,000 per year)	$24,000–$48,000 ($6,000–$12,000 per year)
27–28/ 1210–1280	3.70+	Rigorous Coursework	$8,000–$24,000 ($2,000–$6,000 per year)	$16,000–$32,000 ($4,000–$8,000 per year)
26/ 1170–1200	3.70+	Rigorous Coursework	$2,000–$8,000 (up to $2,000 per year)	$2,000 [illegible] (up to $[illegible] y[illegible]

MIAMI UNIVERSITY
Office of Enrollment Management

University Academic Scholars Program Update

Concept: Create a new recruitment and yield scholarship program engaging each academic division, focused on program recognition to advance Miami's ability to attract and enroll more high-ability students.

New Programs for Fall 2013:
Creative Arts Scholars
Education, Health & Society
Leadership Scholars
Engineering & Applied Science Scholars
Farmer School of Business Scholars
Law and Public Policy Scholars
Premedical Scholars
Sustainability Scholars

Sample of Benefits
Enhanced Scholarship Funding
Honors & Scholars Living and Learning Community
Funded Research
Guaranteed Internships/Preceptorships
Guaranteed Program Acceptances
Alumni Mentoring
VIP Access to University/Divisional Guests

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Questions?

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

SCHOOL OF ENGINEERING AND APPLIED SCIENCE FEE PROPOSAL

2012-2013

INTRODUCTION

The School of Engineering and Applied Science SEAS) is committed to providing high-quality undergraduate and graduate education that integrates computing and engineering disciplinary learning with Miami University's traditional strength in liberal education.

SEAS features a talented faculty who exemplify the teacher-scholar model of Miami University as well as state-of-the-art facilities and new and forward-thinking initiatives such as the Lockheed Martin Leadership Institute and the Mobile Learning Center. These elements provide an opportunity for SEAS to take a substantial leap forward in quality and national prominence.

We are poised to make substantial gains on this goal. Our student enrollment has substantially increased from 234 students in the fall 2007 entering class to 420 students in the fall 2012 entering class, and even more impressively, the academic profile of our students is among the highest in the University. These high-ability students have demonstrated their preference for Miami's approach to engineering education, and they have high expectations for the quality of their experience here. We believe that we can provide them with an exemplary experience, but only if we obtain additional revenues and invest them in the enhancement of SEAS educational programs.

PROPOSAL

We propose to implement a $300 per semester fee for all School of Engineering and Applied Science (SEAS) undergraduate students at the Oxford campus beginning in the fall 2013 semester. The students' fee will be charged per entering cohort and remain unchanged for four years for that specific cohort. If a student stops out for a semester or more, they become part of the cohort for the term they are readmitted and their fee is reset for four years consistent with that cohort. If a student does not complete his/her studies in four years (without stopping out), the assessed fee starting in the fifth year will be based on the current cohort rate of that year. The fee amount will be re-evaluated on an annual basis for each incoming cohort. All current students will be grandfathered and will not be charged this proposed fee.

RATIONALE

Currently, SEAS students pay the same tuition as all other undergraduates at Miami, even though the cost for engineering and computing instruction is considerably higher than for instruction in most other majors. However, the cost of instruction in SEAS is higher because engineering is a design-based, creative enterprise which demands experiential, collaborative, and project-based learning and up-to-date laboratory and computer equipment. The design-based approach and extensive laboratory component of computing and engineering courses necessitates a lower student per faculty ratio than the ratio required in lecture-based courses. That is why every public institution in the state of Ohio has that has an engineering college charges an engineering fee (see Table III).

An additional challenge at Miami is that the number of SEAS students has increased by over 60% in the last 5 years while the number of SEAS faculty has decreased by 4% (see Table I).

And finally, the new Responsibility Centered Management budgeting approach does not include extra weighting to offset higher instructional costs.

FURTHER DISCUSSION

As mentioned before, and demonstrated in Table I below, the number of SEAS students increased dramatically over the last five years while the number of faculty declined.

Table I. Changes in the numbers of SEAS students and faculty between fall 2007 and fall 2012

Semester	Number of SEAS first year students	Total number of SEAS students	Number of tenure-line faculty and lecturers	Student per faculty ratio
Fall 2007	234	799	45	18
Fall 2008	276	856	45	19
Fall 2009	231	923	44	21
Fall 2010	319	1036	44	24
Fall 2011	346	1125	42	27
Fall 2012	420	1290	43	30
Fall 2012 - % change since Fall 2007	*80%*	*61%*	*-4%*	*67%*

Group and design projects are more expensive than lecture-based courses because they require coordination with industry and production of working prototype devices. Design projects require access to commercial grade computer software and state-of-the-art equipment that can be very costly.

Although the cost of laboratory and computing facilities continues to rise, the university and state appropriations for this equipment has declined in the past five years (Table II).

Table II. Laboratory and computer equipment allocation for SEAS

Source: University and State Appropriation

Fiscal year	Amount ($)
2008	123,025
2009	114,860
2010	64,700
2011	55,370
2012	72,000

The highest allocation given in the last five years occurred in FY 2008. Since then the amount has steadily decreased. We project that the allocation in the years to come will be in the range of $50,000 - $60,000.

To keep our laboratory and computing instructional infrastructure up-to-date, SEAS needs, on average, about $200,000 per year, leaving an estimated gap between our needs and the allocated amounts in the range of $140,000 – 150,000.

Finally, every public institution in the state of Ohio that has an engineering college charges an engineering fee. Comparison data (and sorted on cost per semester hour) are below.

Table III. Engineering fees charged by public institution in the state of Ohio and Miami's proposed fee

Institution	Fees	Semester Cost[1]	Cost per Semester Hour[2]
University of Toledo	$17.50 per credit hour, plus up to $300[3]	$580 (maximum)	$36 (maximum)
Ohio State University	$540 per semester[4]	$540	$34
University of Cincinnati	$504 per semester	$504	$32
Miami University	$300 per semester	$300	$18.75
Cleveland State University	$17 per credit hour	$272	$17
Youngstown State University	$252 per semester	$252	$16
University of Akron	$15 per credit hour	$240	$15
Wright State University	$20 per credit hour[5]	$150 (maximum)	$9
Ohio University	$97 per semester	$97	$6

[1] If fees are on a per credit hour basis, semester cost assumes 16 semester hours
[2] If fees are on a per semester basis, cost per semester hour assumes 16 semester hours
[3] Engineering infrastructure fee is for Sophomore-Senior UG students and is $25 per credit hour up to a maximum of $300 per semester
[4] Combination of program fee and learning technology fee
[5] Maximum of $150 per semester

REVENUES

The implementation of the SEAS fee will generate, in its steady state, approximately $800,000 per year ($600 per academic year x 1325 SEAS students).

The fee is vital in allowing SEAS to hire new faculty members and maintain and continuously modernize aging computer and laboratory facilities.

Table IV. Preliminary Plans for Allocation of Engineering Fee Revenue

Category	Amount
6 new faculty members (salaries and benefits)	$650,000
Computer and laboratory facilities	$150,000

The additional cost of the fee is balanced by the high value of the SEAS educational experience. Engineering and computing graduates routinely receive more job offers and higher salary offers than most other undergraduate majors at the University. In September 2012, the average starting salary for B.S. graduates in engineering and computing was $75,000 with many graduates earning much higher amounts (http://www.engineersalary.org/). Given that the average Miami student graduates with a debt of $28,000, the cost of the new SEAS graduate's debt would be offset by the first year of income. In this sense, the SEAS degree is a bargain.

All of the additional revenue will be used to provide enhancements to the quality and breadth of the educational programs through a process of continuous innovation and improvement.

OUTCOMES

This proposal is consistent with the vision of Miami University to "provide the best undergraduate experience in the nation, enhanced by superior, select graduate programs" and with the first target goal of the Miami 2020 Plan to "promote an innovative, engaged learning and discovery environment that produces extraordinary student and scholarly success."

The anticipated outcomes of this fee increase include:

- The capacity to attract and retain high-quality faculty dedicated to the teacher-scholar mission of Miami University;
- Personalized attention and close interaction of faculty and students inside and outside the classroom which has a known impact on timely completion of degrees for majority and underrepresented students[6];
- State-of-the-art equipment to ensure that our students are well prepared for complex leadership positions in the computing and engineering fields;
- Increased opportunities for students to engage in undergraduate research and international learning.

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[6] Kuh, G. (2008). *High-Impact Educational Practices: What They Are, Who Has Access to Them, and Why They Matter.* Washington, DC: Association of American Colleges & Universities.

Communication Plan

PAST DISCUSSIONS AND ANNOUNCEMENTS

August 19, 2011

SEAS Divisional meeting (all faculty and staff): One of the SEAS priorities for 2011-2012 was "Conducting feasibility study on engineering course and program fee". This was briefly discussed at the meeting.

September 9, 2011

SEAS Executive Council meeting: The agenda for this meeting included a goal within the list of SEAS Priorities for 2011-2012 of "Engineering course and program fees (conduct feasibility study)".

November 11, 2011

SEAS Advisory Council Meeting: The concept of instituting a SEAS fee was introduced by Dean Dollár in his State of the School address.

December 8, 2011

Meeting of the Academic and Student Affairs Subcommittee of the Board of Trustees: Dean Dollár's presentation at this meeting included a brief item on the necessity of instituting a SEAS fee.

February 1, 2012

SEAS Oxford Faculty and Staff meeting: Part of the Dean's presentation, included a list of other Ohio universities and the engineering fees they charge. He discussed the need for the fee to partially offset budget cuts and to increase the size of the tenure-track faculty.

February 10, 2012

Oxford Leadership Council meeting: A preliminary proposal on the SEAS engineering fee, including rationale and proposed fee amount, was presented and discussed.

February and March, 2012

Dean's meetings with four SEAS Oxford-based departments: Mechanical and Manufacturing Engineering, Computer Science and Software Engineering, Chemical and Paper Engineering, and Electrical and Computer Engineering. These meetings included a follow up on the February 1 presentation, including Q&A sessions. A current version of the proposal to introduce the SEAS engineering fee was presented and discussed.

March 22, 2012

Oxford Leadership Council: A detailed proposal to institute a SEAS fee was discussed.

May 14-15, 2012

Miami University Board of Trustees retreat: Dean Dollár's report and verbal comments included the rationale for a SEAS fee.

August 17, 2012

SEAS Divisional meeting (all faculty and staff): In discussing his priorities for 2012-2013, the Dean listed final approval and implementation of SEAS the fee as one of the highest priorities and briefly discussed it.

August 31, 2012
Oxford Leadership Council meeting: A discussion of SEAS fee was included within a more general discussion of SEAS budgetary issues and priorities.

September 7, 2012
SEAS Executive Council meeting: At this meeting, in a discussion of SEAS Priorities - budgetary matters, the council discussed the item "Finalize SEAS fee proposal and seek Board of Trustees approval."

September 12, 2012
SEAS Oxford Faculty and Staff meeting: As part of his presentation, the Dean provided a rationale and specific proposal for $300 per semester SEAS Fee.

October 2012
Dean's meetings with four SEAS Oxford-based departments: Mechanical and Manufacturing, Computer Science and Software Engineering, Chemical and Paper Engineering, and Electrical and Computer Engineering. The Dean provided a final briefing on the SEAS fee proposal before forwarding it to Provost Gempesaw.

November 1-2, 2012
SEAS Advisory Council Meeting: The SEAS Fee proposal was discussed by the Executive Committee of the Advisory Council on November 1. It was then presented to the entire Advisory Council on November 2. Finally, it was endorsed by the Executive Committee.

Attachment D, Page 6 of 7 Dec 2012

APPROPRIATION ORDINANCE O2013-xx
School of Engineering and Applied Science Fee
2013-2014 Academic Year

WHEREAS, the School of Engineering and Applied Science requests that a $300 per semester fee be established for students who major in the School commencing with the fall 2013 freshman cohort; and

WHEREAS, a proposal describing the need for the fee, how the fee is intended to be used for the benefit of students admitted to the School, and how the fee will be assessed accompanies this ordinance and will guide the implementation and use of the fee;

THEREFORE, BE IT ORDAINED: that the Board of Trustees adopts the proposed School of Engineering and Applied Science fee effective for the fall 2013 freshman cohort.

Final Summary of Spending Distribution
Miami University and Foundation
June 30, 2012

Weighted Average Model

70 % of formula = prior year spending per unit increased by CPI of 2.65 %.
30 % of formula = current year market value multiplied by 4.5%.

MIAMI UNIVERSITY FOUNDATION

Prior Year Distribution Per Share	CPI	Current Year Distribution Per Share	Inflation Component		Market Value at 3/31/2012	Market Value X 4.5%	Wtd Average 70% Inflation 30% Market
$ 0.066029	2.65%	$ 0.067779	$ 19,072,403		$ 396,715,089	$ 17,852,179	$ 18,706,336

MIAMI UNIVERSITY

Prior Year Distribution Per Share	CPI	Current Year Distribution Per Share	Inflation Component		Market Value at 3/31/2012	Market Value X 4.5%	Wtd Average 70% Inflation 30% Market
$ 0.048134	2.65%	$ 0.049410	$ 8,398,975		$ 167,977,196	$ 7,558,974	$ 8,146,975

DISTRIBUTION COMPARISON	FOUNDATION	UNIVERSITY	TOTAL
Calculated Distribution, June 30, 2011	$ 10,281,524	$ 8,059,183	$ 18,340,707
Calculated Distribution, June 30, 2012	$ 10,559,361	$ 8,146,975	$ 18,706,336
Actual Calculated Amount Distributed June 30, 2012*	$ 8,371,071	$ 7,283,587	$ 15,654,658
Realized Dividends & Interest Distributed from Underwater Funds	$ 191,391	$ 51,654	$ 243,045
Total Distributed June 30, 2012	$ 8,562,462	$ 7,335,241	$ 15,897,703

*Note: The difference between Calculated Distribution Amount and Actual Amount Distributed reflects partial distributions and reinvestments

Ten Year Spending Distribution History
Miami University and Foundation
June 30, 2012

Year	Calculated University Endowment	Calculated Foundation Endowment	Calculated Total Distribution	Calculated Spending Rate	Actual University Distribution	Actual Foundation Distribution	Actual Total Distribution	Actual Spending Rate	Diff Between Calculated & Actual Distributions
FY 2003	$ 4,728,504	$ 5,517,411	$ 10,245,915	5.07%	$ 3,131,013	$ 3,556,037	$ 6,687,050	3.31%	$ (3,558,865)
FY 2004	$ 4,917,800	$ 5,780,800	$ 10,698,600	4.39%	$ 3,234,331	$ 4,565,625	$ 7,799,956	3.20%	$ (2,898,644)
FY 2005	$ 5,217,313	$ 6,249,248	$ 11,466,561	4.17%	$ 4,928,724	$ 5,296,920	$ 10,225,644	3.72%	$ (1,240,917)
FY 2006	$ 5,920,410	$ 7,746,856	$ 13,667,266	4.33%	$ 5,616,537	$ 6,628,486	$ 12,245,023	3.88%	$ (1,422,243)
FY 2007	$ 7,101,822	$ 9,087,555	$ 16,189,377	4.00%	$ 6,772,810	$ 7,746,872	$ 14,519,682	3.59%	$ (1,669,695)
FY 2008	$ 7,857,069	$ 10,340,105	$ 18,197,174	4.54%	$ 7,557,356	$ 8,908,138	$ 16,465,494	4.10%	$ (1,731,680)
FY 2009	$ 7,334,500	$ 9,989,311	$ 17,323,811	5.54%	$ 6,131,220	$ 5,557,416	$ 11,688,636	3.73%	$ (5,635,175)
FY 2010	$ 7,694,587	$ 9,815,974	$ 17,510,561	5.07%	$ 6,650,929	$ 7,078,468	$ 13,729,397	3.97%	$ (3,781,164)
FY 2011	$ 8,059,183	$ 10,281,524	$ 18,340,707	4.55%	$ 7,616,131	$ 8,551,309	$ 16,167,440	4.01%	$ (2,173,267)
FY 2012	$ 8,146,975	$ 10,559,361	$ 18,706,336	4.83%	$ 7,335,241	$ 8,562,462	$ 15,897,703	4.11%	$ (2,808,633)
Total	$ 66,978,163	$ 85,368,145	$ 152,346,308	4.65% (average)	$ 58,974,292	$ 66,451,733	$ 125,426,025	3.76% (average)	$ (26,920,283)
Change	72%	91%	83%		134%	141%	138%		

Comments
In 2004 the spending formula was changed from the market value-based formula to the weighted average formula.
Spending Rates are defined as calculated or actual distribution divided by June 30 market value.
The difference between Calculated Distribution Amount and Actual Amount Distributed reflects partial distributions and reinvestments.

MIAMI UNIVERSITY

SPENDING FORMULA DECISION POINTS
FISCAL YEAR 2013

1. Considerations
   With the care that an ordinarily prudent person in a like position would exercise under similar circumstances, we have considered the following factors:
   - The duration and preservation of the endowment fund;
   - The purposes of the institution and the endowment fund;
   - General economic conditions;
   - The possible effect of inflation or deflation;
   - The expected total return from income and the appreciation of investments;
   - Other resources of the institution;
   - The investment policy of the institution.

2. Market Element
   - Monte Carlo simulations were used to project the probabilities of maintaining intergenerational equity using different market elements and different risk/return assumptions.
   - FY 2004 - 2012 formulas used 4.5%.
   - Outcomes from this approach have been satisfactory.
   - **Recommended for FY 2013: stay with the 4.5% multiplier.**

3. Inflation Element
   - Monte Carlo simulations were used to study the impact of changes in the inflation rate.
   - FY 2004 - 2012 formulas used the Consumer Price Index (CPI).
   - Calculation will be based on 3/31/2013 CPI value for prior 12 months.
   - **Recommended for FY 2013: stay with the CPI.**

4. Underwater Funds
- The status of underwater funds will be evaluated throughout the fiscal year.
- If underwater funds exist in the fourth fiscal quarter, a recommendation for those funds will be crafted at that time.

Business Session
Item #

RESOLUTION R2013-

WHEREAS, Miami University receives and manages contributions of cash, securities, life insurance, personal property, and real estate in its endowment; and

WHEREAS, the Board of Trustees desires to continue the policy of supporting University operations and scholarships through the distribution of income and realized gains from the endowment; and

WHEREAS, Miami University Resolution 2004-46 established a Spending Policy effective for the fiscal year ended June 30, 2004, and authorized such Policy to remain in effect until formally modified by the Board of Trustees; and

WHEREAS, Miami University Resolution 2010-4 established an amended Spending Policy effective with the fiscal year ending June 30, 2010, and authorized such Policy to remain in effect until formally modified by the Board of Trustees; and

WHEREAS, Miami University Resolution 2010-4 also directed the Vice President for Finance and Business Services annually to evaluate the variables underlying the spending formula and to present recommendations as to the spending formula to be used for the fiscal year; and

WHEREAS, the Vice President for Finance and Business Services has recommended to the Finance Committee of the Board of Trustees that the formula remain unchanged for the fiscal year ended June 30, 2013, and the Finance Committee has accepted that recommendation; and

WHEREAS, the Board of Trustees, has considered the proposed Spending Policy, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, considering the following factors:

1. The duration and preservation of the endowment fund;
2. The purposes of the institution and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the institution;

7. The investment policy of the institution;

NOW, THEREFORE, BE IT RESOLVED THAT: The Board of Trustees hereby authorizes that the spending distribution for the fiscal year ended June 30, 2013, be computed according to the following formula:

The weighted average spending formula is to be comprised of two elements: a market element, given a 30% weight in the formula, and an inflation element, given a 70% weight in the formula. The market element is to be computed by multiplying the market value of the investment portfolio on March 31, 2013 by a long-term sustainable spending percentage of 4.5%. The inflation element is to be computed by increasing the prior year's actual spending distribution by the annualized increase in the Consumer Price Index as of March 31, 2013.

Business Session
Item # 7

Miami University
Finance and Audit Committee
FY 2013 Forecasted Operating Results
Projections Based upon Activity through October 31, 2012

OXFORD

The initial projection for the Oxford General Fund is a surplus of approximately $5.6 million. Details of the specific items are highlighted below.

Revenues and Scholarship Expense

The initial projection of Oxford campus student fee revenue (instructional, general and out-of-state) yields a revenue forecast that is $1.2 million over the $308.4 million budget. As these budget projections are primarily based on the first semester only, they could increase or decrease as the fiscal year progresses.

The forecast for the Oxford campus state appropriations is approximately $705,000 less than budget resulting from a minor decrease in the actual full time equivalent students as compared to early projections. For the same reason, the Hamilton campus forecast is $35,000 greater than budget and the Middletown campus forecasts are equal to budget.

Interest and dividend income booked through October 31, 2012, was approximately $621,000. This amount does not include an estimate of the year-end mark-to-market, which is virtually impossible to predict at this time. If we had marked the portfolio to market as of October 31st, an unrealized gain of $6.4 million would have been recorded. Given the volatility of the current market, this number could improve or decrease further as the year progresses. Therefore, we are forecasting investment income to be equal to budget.

All other revenue projections are relatively equal to budget.

Expenditures and Transfers

Employee salaries and staff benefits are initially projected to be under budget, which is primarily attributable to the number of unfilled and vacant positions. The healthcare expense is also projecting budgetary savings that is a result of a decrease in health care claims of 15.3 percent through October.

The $1.2 million budget savings in departmental support expenditures, combined with the budget variance in salaries, resulted in the $3.9 million projected transfer for departmental budgetary carryforward.

Business Session
Item # 7

HAMILTON & MIDDLETOWN

The initial projection of Hamilton campus student fee revenue (instructional, general and out-of-state) is approximately equal to the budget, whereas the Middletown campus student fee revenue is slightly below budget. Expenditures on both campuses are either at or below budget. Overall, the General Funds for Hamilton and Middletown are projecting operating surpluses of $1.3 million and $374,000, respectively. The Hamilton campus budget includes $2.4 million in capital project transfers that is scheduled to be used for campus improvements.

VOICE OF AMERICA LEARNING CENTER

The initial projection for the Voice of America Learning Center (VOALC) is on budget. As in the prior fiscal year, the funding support for the VOALC has been separately displayed for all three campuses and the VOALC. This transfer represents the budgeted financial support from each campus for funding the VOALC administrative operations.

11/28/2012

MIAMI UNIVERSITY
FY2013 Forecast
Oxford General Fund Only
As of October 31, 2012

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional	$266,895,841	$267,500,000	$604,159
General	$29,150,971	$29,376,000	$225,029
Out-of-State Surcharge	$12,335,128	$12,700,000	$364,872
Other Student Revenue	$10,325,001	$11,100,000	$774,999
Tuition, Fees and Other Student Charges	*$318,706,941*	*$320,676,000*	*$1,969,059*
State Appropriations	$56,198,123	$55,493,000	($705,123)
Investment Income	$4,325,000	$4,325,000	$0
Other Revenue	$2,810,587	$3,000,000	$189,413
Total Revenues	***$382,040,651***	***$383,494,000***	***$1,453,349***
EXPENDITURES:			
Salaries	$153,406,345	$149,900,000	$3,506,345
Benefits	$31,961,408	$30,850,000	$1,111,408
Healthcare Expense	$25,000,000	$24,072,000	$928,000
Graduate Assistant Fee Waivers	$23,049,516	$20,500,000	$2,549,516
Utilities	$13,761,680	$13,761,000	$680
Scholarships, Fellowships & Std Fee Waivers	$59,661,193	$58,100,000	$1,561,193
Miami Grant	$4,300,000	$4,200,000	$100,000
Departmental Support Expenditures	$30,226,049	$29,000,000	$1,226,049
Multi-year Expenditures	$4,205,000	$4,205,000	$0
Total Expenditures	***$345,571,191***	***$334,588,000***	***$10,983,191***
DEBT SERVICE AND TRANSFERS:			
General Fee	($26,744,540)	($26,425,000)	$319,540
Capital Projects	($3,480,000)	($3,780,000)	($300,000)
Debt Service	($5,236,098)	($5,911,000)	($674,902)
Support for VOALC (50%)	($575,000)	($575,000)	$0
Other Miscellaneous Operational Transfers	($433,822)	($2,700,000)	($2,266,178)
Total Debt Service and Transfers	***($36,469,460)***	***($39,391,000)***	***($2,921,540)***
Net Revenues/(Expenditures) Before Adjustments	$0	$9,515,000	$9,515,000
ADJUSTMENTS:			
Departmental Budgetary Carryforward	$0	($3,905,000)	($3,905,000)
Net Increase/(Decrease) in Fund Balance	***$0***	***$5,610,000***	***$5,610,000***

11/28/2012

MIAMI UNIVERSITY
FY2013 Forecast
Hamilton General Fund Only
As of October 31, 2012

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional	$18,920,003	$18,880,000	($40,003)
General	$1,296,230	$1,280,000	($16,230)
Out-of-State Surcharge	$359,536	$475,000	$115,464
Other Student Revenue	$233,200	$250,000	$16,800
State Appropriations	$7,511,604	$7,547,000	$35,396
Investment Income	$40,000	$40,000	$0
Other Revenue	$223,700	$200,000	($23,700)
Total Revenues	***$28,584,273***	***$28,672,000***	***$87,727***
EXPENDITURES:			
Salaries	$13,500,358	$12,500,000	$1,000,358
Benefits	$2,623,607	$2,024,000	$599,607
Healthcare Expense	$2,052,168	$1,976,000	$76,176
Graduate Assistant Fee Waivers	$0	$50	($50)
Utilities	$849,617	$760,000	$89,617
Scholarships, Fellowships & Std Fee Waivers	$715,000	$550,000	$165,000
Departmental Support Expenditures	$5,070,891	$5,071,000	($109)
Total Expenditures	***$24,811,641***	***$22,881,050***	***$1,930,591***
DEBT SERVICE AND TRANSFERS:			
General Fee	($555,332)	($555,000)	$332
Capital Projects	($2,366,851)	($2,367,000)	($149)
Support for VOALC (25%)	($275,205)	($275,000)	$205
Other Miscellaneous Operational Transfers	($575,244)	($575,000)	$244
Total Debt Service and Transfers	***($3,772,632)***	***($3,772,000)***	***$632***
Net Revenues/(Expenditures) Before Adjustments	$0	$2,018,950	$2,018,950
ADJUSTMENTS:			
Departmental Budgetary Carryforward	$0	($700,000)	($700,000)
Net Increase/(Decrease) in Fund Balance	***$0***	***$1,318,950***	***$1,318,950***

11/28/2012

MIAMI UNIVERSITY
FY2013 Forecast
Middletown General Fund Only
As of October 31, 2012

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional	$11,819,475	$11,690,000	($129,475)
General	$796,291	$770,000	($26,291)
Out-of-State Surcharge	$236,876	$100,000	($136,876)
Other Student Revenue	$183,600	$185,000	$1,400
State Appropriations	$5,848,943	$5,849,000	$57
Investment Income	$26,000	$26,000	$0
Other Revenue	$119,911	$100,000	($19,911)
Total Revenues	***$19,031,096***	***$18,720,000***	***($311,096)***
EXPENDITURES:			
Salaries	$10,254,924	$9,500,000	$754,924
Benefits	$1,978,807	$1,810,000	$168,807
Healthcare Expense	$1,547,809	$1,490,000	$57,455
Graduate Assistant Fee Waivers	$0	$0	$0
Utilities	$735,443	$640,000	$95,443
Scholarships, Fellowships & Std Fee Waivers	$630,000	$630,000	$0
Departmental Support Expenditures	$3,948,262	$3,800,000	$148,262
Multi-year Expenditures	$0	$40,000	($40,000)
Total Expenditures	***$19,095,245***	***$17,910,000***	***$1,185,245***
DEBT SERVICE AND TRANSFERS:			
General Fee	($211,056)	($211,000)	$56
Support for VOALC (25%)	($275,205)	($275,000)	$205
Other Miscellaneous Operational Transfers	$550,410	$550,000	($410)
Total Debt Service and Transfers	***$64,149***	***$64,000***	***($149)***
Net Revenues/(Expenditures) Before Adjustments	$0	$874,000	$874,000
ADJUSTMENTS:			
Departmental Budgetary Carryforward	$0	($500,000)	($500,000)
Net Increase/(Decrease) in Fund Balance	***$0***	***$374,000***	***$374,000***

11/28/2012

MIAMI UNIVERSITY
FY2013 Forecast
Voice of America Learning Center General Fund Only
As of October 31, 2012

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Other Revenue	$20,000	$20,000	$0
Total Revenues	***$20,000***	***$20,000***	***$0***
EXPENDITURES:			
Salaries	$212,487	$212,000	$487
Benefits	$86,057	$86,000	$57
Utilities	$81,200	$65,000	$16,200
Departmental Support Expenditures	$305,750	$306,000	($250)
Total Expenditures	***$685,494***	***$669,000***	***$16,494***
DEBT SERVICE AND TRANSFERS:			
Capital Projects	$0	($10,000)	($10,000)
Debt Service	($484,192)	($484,000)	$192
Funding for VOA	$1,149,686	$1,150,000	$314
Total Debt Service and Transfers	***$665,494***	***$656,000***	***($9,494)***
Net Revenues/(Expenditures) Before Adjustments	$0	$7,000	$7,000
YEAR-END ADJUSTMENTS:			
Departmental Budgetary Carryforward	$0	$0	$0
Net Increase/(Decrease) in Fund Balance	***$0***	***$7,000***	***$7,000***

11/26/2012

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2013/FY2012/FY2011

	FY2013	FY2012	FY2011	Thru Oct YTD			2013 Metrics	
	Original Budget	Year-end Actual	Year-end Actual	FY2013	FY2012	FY2011	% of Budget	% Change from '11
College of Arts & Sciences								
Salary	$49,106,497	$46,819,538	$46,901,868	$12,366,160	$12,243,044	$12,323,769	25%	1%
Benefits	$27,861,904	$25,882,566	$25,825,941	$6,081,812	$6,169,179	$5,354,985	22%	-13%
Departmental Support Expenses	$2,403,012	$4,548,050	$3,738,403	$1,367,491	$1,371,434	$1,067,969	57%	-22%
Total Expenses	$79,371,413	$77,250,154	$76,466,213	$19,815,463	$19,783,657	$18,746,723	25%	-5%
School of Education, Health, & Society								
Salary	$11,833,713	$11,067,755	$11,320,226	$3,063,731	$2,908,427	$2,954,828	26%	2%
Benefits	$6,363,382	$5,399,251	$5,811,669	$1,258,625	$1,328,846	$1,185,840	20%	-11%
Scholarships & Fellowships	$414,000	$0	$501,723	$0	$0	$392,228	0%	#DIV/0!
Departmental Support Expenses	$352,669	$1,292,195	$1,138,682	$372,181	$250,762	$323,301	106%	29%
Total Expenses	$18,963,764	$17,759,202	$18,772,300	$4,694,537	$4,488,035	$4,856,197	25%	8%
School of Engineering & Applied Sciences								
Salary	$6,321,787	$5,922,334	$5,997,299	$1,736,522	$1,650,291	$1,676,982	27%	2%
Benefits	$3,032,258	$2,710,084	$2,743,498	$691,451	$666,357	$649,838	23%	-2%
Departmental Support Expenses	$57,890	$691,638	$619,964	$275,666	$222,658	$196,592	476%	-12%
Total Expenses	$9,411,935	$9,324,055	$9,360,761	$2,703,639	$2,539,306	$2,523,412	29%	-1%
Farmer School of Business								
Salary	$18,339,696	$17,804,072	$16,413,110	$5,070,125	$4,816,288	$4,356,573	28%	-10%
Benefits	$8,469,758	$7,752,564	$7,369,379	$2,015,408	$2,119,628	$1,808,565	24%	-15%
Departmental Support Expenses	$1,855,871	$1,291,434	$1,357,253	$702,136	$479,582	$386,481	38%	-19%
Total Expenses	$28,665,325	$26,848,071	$25,139,741	$7,787,669	$7,415,498	$6,551,620	27%	-12%
School of Fine Arts								
Salary	$8,976,388	$8,458,992	$8,521,873	$2,284,167	$2,218,871	$2,278,556	25%	3%
Benefits	$4,890,768	$4,382,302	$4,617,762	$1,035,514	$996,559	$900,094	21%	-10%
Departmental Support Expenses	$638,343	$1,056,980	$1,038,197	$515,378	$321,638	$312,068	81%	-3%
Total Expenses	$14,505,499	$13,898,274	$14,177,833	$3,835,059	$3,537,068	$3,490,717	26%	-1%
Graduate School								
Salary	$1,993,419	$1,356,165	$1,424,231	$497,087	$538,496	$542,885	25%	1%
Benefits	$4,662,000	$3,143,999	$3,546,671	$6,244,989	$6,450,515	$7,634,268	134%	18%
Scholarships & Fellowships	$11,235,081	$12,212,028	$9,411,738	$2,852,429	$5,771,828	$5,249,982	25%	-9%
Departmental Support Expenses	$504,674	$416,896	$298,808	$50,202	$146,844	$106,072	10%	-28%
Total Expenses	$18,395,174	$17,129,089	$14,681,448	$9,644,707	$12,907,682	$13,533,207	52%	5%

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MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2013/FY2012/FY2011

	FY2013	FY2012	FY2011	Thru Oct YTD			2013 Metrics	
	Original Budget	Year-end Actual	Year-end Actual	FY2013	FY2012	FY2011	% of Budget	% Change from '11
Other Provost Departments								
Salary	$14,442,837	$11,940,157	$12,415,628	$4,214,625	$3,766,753	$3,943,549	29%	5%
Benefits	$6,186,565	$5,040,020	$5,169,777	$1,691,252	$1,544,726	$1,585,788	27%	3%
Scholarships & Fellowships[1]	$52,312,112	$50,537,933	$77,974,527	$23,239,138	$24,955,255	$39,651,055	44%	59%
Utilities	$28,080	$30,721	$0	$8,139	$3,657	$6,386	29%	75%
Departmental Support Expenses	$13,960,246	$7,329,449	$7,595,169	$3,966,898	$3,009,026	$3,230,690	28%	7%
Total Expenses	$86,929,840	$74,878,280	$103,155,101	$33,120,052	$33,279,417	$48,417,468	38%	45%
Total Provost Office								
Salary	$111,014,337	$103,369,012	$102,994,234	$29,232,415	$28,142,170	$28,077,143	26%	0%
Benefits	$61,466,635	$54,310,786	$55,084,698	$19,019,051	$19,275,809	$19,119,377	31%	-1%
Scholarships & Fellowships[1]	$63,961,193	$62,749,961	$87,887,988	$26,091,567	$30,727,083	$45,293,265	41%	47%
Utilities	$28,080	$30,721	$0	$8,139	$3,657	$6,386	29%	75%
Departmental Support Expenses	$19,772,705	$16,626,643	$15,786,477	$7,249,954	$5,801,944	$5,623,172	37%	-3%
Total Expenses	$256,242,950	$237,087,124	$261,753,396	$81,601,126	$83,950,664	$98,119,343	32%	17%
Physical Facilities								
Salary	$11,587,398	$11,401,229	$11,385,080	$3,759,355	$3,666,548	$3,757,847	32%	2%
Benefits	$4,669,032	$4,691,604	$4,360,498	$1,506,810	$1,466,708	$1,507,786	32%	3%
Utilities	$13,733,600	$13,852,200	$13,365,664	$4,718,094	$4,740,689	$4,514,594	34%	-5%
Departmental Support Expenses	$741,421	$359,954	$817,285	$62,993	($12,961)	$39,745	8%	-407%
Total Expenses	$30,731,451	$30,304,987	$29,928,527	$10,047,251	$9,860,984	$9,819,972	33%	0%
Other Finance & Business Services Departments								
Salary	$7,606,716	$8,128,473	$7,906,723	$2,410,083	$2,636,432	$2,607,392	32%	-1%
Benefits	$3,062,821	$3,474,344	$3,171,141	$977,592	$1,043,656	$1,052,692	32%	1%
Departmental Support Expenses	$2,460,131	$2,118,422	$2,031,620	$694,519	$533,297	$613,362	28%	15%
Total Expenses	$13,129,668	$13,721,240	$13,109,484	$4,082,194	$4,213,385	$4,273,445	31%	1%
President								
Salary	$3,686,493	$3,101,897	$3,176,865	$1,077,861	$938,824	$990,640	29%	6%
Benefits	$1,396,826	$1,238,174	$1,214,577	$428,735	$368,399	$392,460	31%	7%
Departmental Support Expenses	$3,272,209	$4,138,687	$2,866,146	$938,740	$1,261,136	$741,145	29%	-41%
Total Expenses	$8,355,528	$8,478,758	$7,257,589	$2,445,335	$2,568,359	$2,124,245	29%	-17%

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MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2013/FY2012/FY2011

	FY2013 Original Budget	FY2012 Year-end Actual	FY2011 Year-end Actual	Thru Oct YTD FY2013	Thru Oct YTD FY2012	Thru Oct YTD FY2011	2013 Metrics % of Budget	2013 Metrics % Change from '11
Student Affairs								
Salary	$5,369,197	$5,002,912	$6,178,755	$1,666,058	$1,638,769	$1,977,652	31%	21%
Benefits	$3,053,113	$2,835,979	$3,355,343	$720,265	$682,524	$780,443	24%	14%
Departmental Support Expenses	$320,971	($1,467,497)	($5,078)	($519,323)	($570,122)	$691,745	-162%	-221%
Total Expenses	$8,743,281	$6,371,394	$9,529,020	$1,867,000	$1,751,171	$3,449,840	21%	97%
University Advancement								
Salary	$4,110,199	$3,467,546	$3,762,862	$1,139,204	$1,150,626	$1,326,202	28%	15%
Benefits	$1,687,894	$1,425,729	$1,446,278	$457,404	$453,024	$538,859	27%	19%
Departmental Support Expenses	$689,307	$736,688	$1,539,273	$209,888	$320,964	$331,272	30%	3%
Total Expenses	$6,487,400	$5,629,962	$6,748,413	$1,806,496	$1,924,614	$2,196,332	28%	14%
Information Technology								
Salary	$9,427,955	$7,961,078	$8,033,277	$2,712,592	$2,672,890	$2,608,142	29%	-2%
Benefits	$3,815,910	$3,141,746	$3,344,921	$1,100,286	$1,079,029	$1,061,536	29%	-2%
Departmental Support Expenses	$6,304,478	$5,118,704	$4,653,685	$2,417,016	$3,172,679	$1,976,152	38%	-38%
Total Expenses	$19,548,343	$16,221,529	$16,031,883	$6,229,895	$6,924,598	$5,645,830	32%	-18%
Centrally Budgeted Funds								
Salary	$604,050	$369	$0	$0	$0	$0	0%	0%
Benefits	$858,693	$61,396	$24,745	$1,289	$1,476	$5,596	0%	279%
Departmental Support Expenses	$8,251,405	$5,286,276	$1,856,773	$1,283,318	$932,584	$1,095,131	16%	17%
Total Expenses	$9,714,148	$5,348,041	$1,881,518	$1,284,607	$934,060	$1,100,727	13%	18%
Grand Total								
Salary	$153,406,345	$142,432,517	$143,437,797	$41,997,568	$40,846,259	$41,345,017	27%	1%
Benefits	$80,010,924	$71,179,757	$72,002,200	$24,211,432	$24,370,625	$24,458,747	30%	0%
Scholarships & Fellowships[1]	$63,961,193	$62,749,961	$87,887,988	$26,091,567	$30,727,083	$45,293,265	41%	47%
Utilities	$13,761,680	$13,882,921	$13,365,664	$4,726,233	$4,744,346	$4,520,980	34%	-5%
Departmental Support Expenses	$37,607,627	$32,917,877	$29,546,180	$12,337,105	$11,439,521	$11,111,724	33%	-3%
Admin Service Charge	($7,381,578)	($7,254,687)	($8,539,521)	($2,760,526)	($2,382,284)	($2,283,364)	37%	-4%
Multi Year Accounts	$4,205,000	$4,635,538	$4,348,983	$1,401,953	$1,240,091	$1,367,780	33%	10%
Total Expenses	$348,288,498	$320,543,884	$342,049,292	$108,005,332	$110,985,641	$125,814,148	31%	13%

[1] Includes Ohio Leader and Resident Scholarships, with fiscal year 2011 representing the last full year of this program

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MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2013/FY2012/FY2011

	FY2013	FY2012	FY2011	Thru Oct YTD			2013 Metrics	
	Original Budget	Year-end Actual	Year-end Actual	FY2013	FY2012	FY2011	% of Budget	% Change from '10
Residence & Dining Halls								
Revenue	$81,891,053	$78,756,211	$76,033,180	$43,776,655	$42,088,518	$40,441,839	53%	4%
Total Sources	*$81,891,053*	*$78,756,211*	*$76,033,180*	*$43,776,655*	*$42,088,518*	*$40,441,839*	53%	4%
Salary	$16,641,412	$15,526,841	$16,062,115	$4,960,206	$4,908,734	$5,222,463	30%	1%
Benefits	$5,363,667	$4,996,027	$5,021,015	$1,641,121	$1,664,425	$1,807,665	31%	-1%
Utilities	$5,506,053	$5,332,960	$5,290,962	$1,660,610	$1,618,073	$1,599,560	30%	3%
Charge Outs	($1,099,528)	($597,467)	($533,745)	($157,187)	($524,602)	($406,633)	14%	-70%
Operating Expenses	$29,225,276	$28,001,156	$27,058,497	$10,242,619	$9,321,552	$9,082,227	35%	10%
Debt Service	$18,075,791	$11,906,810	$5,816,005	$4,331,202	$2,660,357	$1,019,267	24%	63%
Total Uses	*$73,712,671*	*$65,166,327*	*$58,714,850*	*$22,678,571*	*$19,648,540*	*$18,324,549*	31%	15%
Net Transfers	($8,178,382)	($13,565,290)	($17,216,813)	($2,775,387)	($4,474,013)	($5,007,070)	34%	-38%
Net Total	$0	$24,594	$101,517	$18,322,697	$17,965,965	$17,110,220		2%
Shriver Center								
Revenue	$27,242,290	$26,688,954	$25,204,334	$10,215,754	$10,633,469	$10,146,414	37%	-4%
General Fee Support	$855,000	$855,000	$855,000	$285,000	$285,000	$285,000	33%	0%
Total Sources	*$28,097,290*	*$27,543,954*	*$26,059,334*	*$10,500,754*	*$10,918,469*	*$10,431,414*	37%	-4%
Salary	$5,836,410	$5,953,406	$5,739,341	$1,891,276	$1,789,616	$1,877,085	32%	6%
Benefits	$1,686,270	$1,719,730	$1,631,241	$554,964	$540,208	$575,146	33%	3%
Utilities	$542,203	$558,722	$546,459	$188,720	$169,994	$173,050	35%	11%
Charge Outs	$0	$0	($377)	$0	$0	($1,326)	-	#DIV/0!
Operating Expenses	$2,752,905	$2,087,064	$2,034,030	$678,765	$671,831	$633,125	25%	1%
Inventory Purchases	$16,494,144	$16,729,697	$15,785,097	$7,233,422	$6,101,332	$4,998,515	44%	19%
Debt Service	$78,663	$54,466	$57,451	$15,192	$14,311	$14,523	19%	6%
Total Uses	*$27,390,595*	*$27,103,084*	*$25,793,241*	*$10,562,338*	*$9,287,290*	*$8,270,118*	39%	14%
Net Transfers	($706,695)	($421,110)	($219,891)	($235,565)	($84,299)	($87,196)	33%	179%
Net Total	$0	$19,760	$46,202	($297,149)	$1,546,880	$2,074,100		-119%
Marcum Conference Center								
Revenue	$2,375,056	$2,233,771	$2,563,258	$853,612	$826,555	$804,742	36%	3%
Total Sources	*$2,375,056*	*$2,233,771*	*$2,563,258*	*$853,612*	*$826,555*	*$804,742*	36%	3%
Salary	$981,467	$853,932	$950,484	$281,352	$286,551	$314,555	29%	-2%
Benefits	$273,191	$261,739	$276,135	$90,793	$85,269	$98,327	33%	6%
Utilities	$233,373	$248,069	$220,324	$79,224	$76,611	$66,202	34%	3%
Charge Outs	($76,000)	($76,000)	($76,397)	$0	($25,333)	($25,730)	0%	-100%
Operating Expenses	$816,526	$714,418	$1,326,169	$242,148	$243,343	$475,927	30%	0%
Inventory Purchases	$9,000	$10,882	$7,132	$81	$955	$2,571	1%	-91%
Debt Service	$5,243	$5,037	$5,265	$1,244	$1,338	$1,339	24%	-7%
Total Uses	*$2,242,800*	*$2,018,078*	*$2,709,112*	*$694,842*	*$668,733*	*$933,190*	31%	4%
Net Transfers	($132,256)	($211,167)	$142,513	($44,085)	($12,054)	($52,014)	33%	266%
Net Total	$0	$4,526	($3,342)	$114,685	$145,767	($180,462)		-21%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2013/FY2012/FY2011

11/26/2012

	FY2013 Original Budget	FY2012 Year-end Actual	FY2011 Year-end Actual	Thru Oct YTD FY2013	Thru Oct YTD FY2012	Thru Oct YTD FY2011	2013 Metrics % of Budget	2013 Metrics % Change from '10
Intercollegiate Athletics								
Revenue	$4,997,598	$5,073,460	$5,165,251	$2,579,034	$2,373,442	$2,138,593	52%	9%
General Fee Support	$14,976,321	$14,549,844	$14,172,373	$4,842,108	$4,791,615	$4,507,458	32%	1%
Total Sources	*$19,973,919*	*$19,623,304*	*$19,337,624*	*$7,421,142*	*$7,165,057*	*$6,646,050*	37%	4%
Salary	$6,193,184	$7,074,606	$6,027,190	$2,108,222	$2,236,008	$2,073,265	34%	-6%
Benefits	$2,480,664	$2,672,226	$2,395,541	$817,591	$851,928	$810,819	33%	-4%
Utilities	$0	$4,641	$2,342	$717	$1,752	$1,114	-	-59%
Operating Expenses	$11,693,746	$11,894,577	$11,533,879	$5,901,231	$5,626,212	$5,314,042	50%	5%
Debt Service	$6,325	$6,325	$6,325	$0	$0	$0	0%	-
Total Uses	*$20,373,919*	*$21,652,375*	*$19,965,277*	*$8,827,760*	*$8,715,899*	*$8,199,239*	43%	1%
Net Transfers	$400,000	$1,956,848	$627,653	$498,333	$202,826	$392,078	125%	146%
Net Total	$0	($72,223)	($0)	($908,285)	($1,348,016)	($1,161,110)		-33%
Recreation Center								
Revenue	$2,136,790	$2,227,133	$1,996,773	$859,081	$910,524	$808,975	40%	-6%
General Fee Support	$4,587,383	$4,828,359	$4,929,887	$1,529,128	$1,609,453	$1,643,296	33%	-5%
Total Sources	*$6,724,173*	*$7,055,492*	*$6,926,660*	*$2,388,209*	*$2,519,977*	*$2,452,271*	36%	-5%
Salary	$2,505,406	$2,404,480	$2,671,345	$796,444	$779,651	$873,717	32%	2%
Benefits	$698,218	$649,337	$772,072	$222,152	$217,592	$264,205	32%	2%
Utilities	$781,899	$784,147	$769,925	$274,533	$279,012	$278,724	35%	-2%
Operating Expenses	$1,014,446	$894,179	$865,073	$313,905	$259,294	$282,078	31%	21%
Inventory Purchases	$37,040	$37,975	$32,968	$22,503	$19,243	$17,560	61%	17%
Debt Service	$1,434,479	$1,378,165	$1,440,650	$340,394	$366,035	$366,321	24%	-7%
Total Uses	*$6,471,488*	*$6,148,282*	*$6,552,034*	*$1,969,931*	*$1,920,826*	*$2,082,605*	30%	3%
Net Transfers	($252,685)	($899,339)	($372,456)	($84,229)	($119,413)	$37,091	33%	-29%
Net Total	$0	$7,871	$2,170	$334,049	$479,738	$406,757		-30%
Goggin Ice Arena								
Revenue	$3,712,000	$3,835,673	$3,450,821	$1,474,445	$2,083,143	$1,437,591	40%	-29%
General Fee Support	$2,291,935	$2,364,029	$2,511,000	$763,980	$788,010	$837,000	33%	-3%
Total Sources	*$6,003,935*	*$6,199,702*	*$5,961,821*	*$2,238,425*	*$2,871,152*	*$2,274,591*	37%	-22%
Salary	$1,218,041	$1,264,766	$1,274,018	$377,496	$481,615	$405,606	31%	-22%
Benefits	$404,213	$404,072	$430,582	$130,020	$151,465	$136,499	32%	-14%
Utilities	$918,518	$896,695	$861,084	$366,567	$345,850	$325,604	40%	6%
Operating Expenses	$956,873	$896,584	$502,598	$146,119	$586,156	$116,971	15%	-75%
Inventory Purchases	$130,000	$159,504	$168,655	$73,223	$18,398	$44,606	56%	298%
Debt Service	$2,110,288	$2,046,926	$2,054,528	$517,650	$520,227	$517,846	25%	0%
Total Uses	*$5,737,933*	*$5,668,547*	*$5,291,465*	*$1,611,075*	*$2,103,710*	*$1,547,132*	28%	-23%
Net Transfers	($266,002)	($518,059)	($668,642)	($95,367)	($108,347)	($97,326)	36%	-12%
Net Total	$0	$13,096	$1,714	$531,983	$659,095	$630,133		-19%
Parking and Transportation								
Revenue	$4,015,551	$3,644,162	$3,559,249	$1,810,310	$1,823,019	$1,705,461	45%	-1%
General Fee Support	$200,000	$200,000	$200,000	$66,667	$66,667	$66,667	33%	0%
Total Sources	*$4,215,551*	*$3,844,162*	*$3,759,249*	*$1,876,977*	*$1,889,686*	*$1,772,128*	45%	-1%
Salary	$467,672	$492,962	$568,747	$129,165	$172,571	$209,509	28%	-25%
Benefits	$165,775	$167,997	$190,445	$48,926	$66,963	$70,687	30%	-27%
Operating Expenses	$1,718,416	$1,787,023	$1,601,704	$305,350	$467,624	$265,211	18%	-35%
Debt Service	$1,753,916	$1,504,384	$1,515,001	$380,067	$381,217	$381,409	22%	0%
Total Uses	*$4,105,779*	*$3,952,365*	*$3,875,897*	*$863,509*	*$1,088,375*	*$926,816*	21%	-21%
Net Transfers	($109,772)	$111,074	$124,401	($36,591)	($101,309)	$33,585	33%	-64%
Net Total	$0	$2,870	$7,753	$976,878	$700,002	$878,897		40%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2013/FY2012/FY2011

11/26/2012

	FY2013 Original Budget	FY2012 Year-end Actual	FY2011 Year-end Actual	Thru Oct YTD FY2013	Thru Oct YTD FY2012	Thru Oct YTD FY2011	2013 Metrics % of Budget	2013 Metrics % Change from '10
Telecommunications								
Revenue	$887,029	$910,280	$955,789	$234,563	$286,504	$324,666	26%	-18%
Total Sources	*$887,029*	*$910,280*	*$955,789*	*$234,563*	*$286,504*	*$324,666*	26%	-18%
Salary	$79,017	$56,509	$54,370	$13,296	$18,473	$35,653	17%	-28%
Benefits	$32,002	$24,917	($23,237)	$5,385	$7,389	$14,512	17%	-27%
Utilities	$700,000	$757,442	$857,886	$145,380	$133,877	$234,084	21%	9%
Operating Expenses	$47,811	$40,483	$54,582	$7,469	$15,104	$25,813	16%	-51%
Debt Service	$0	$0	$0	$0	$0	$0	-	#DIV/0!
Total Uses	*$858,830*	*$879,351*	*$943,600*	*$171,530*	*$174,843*	*$310,063*	20%	-2%
Net Transfers	($28,199)	($16,538)	($2,399)	($9,400)	($5,513)	($800)	33%	71%
Net Total	$0	$14,390	$9,790	$53,633	$106,148	$13,804		-49%
Network Services								
Revenue		$646,799	$1,081,109		$331,310	$487,185	-	-100%
Total Sources	*$0*	*$646,799*	*$1,081,109*	*$0*	*$331,310*	*$487,185*	-	-100%
Salary		$0	$70,909		$514	$23,911	-	-100%
Benefits		($2,755)	$22,492		$9	$8,140	-	-100%
Utilities		$2,413	$11,637		$2,413	$2,050	-	-100%
Operating Expenses		$483	$426,490		$161	$11,466	-	-100%
Total Uses	*$0*	*$142*	*$531,529*	*$0*	*$3,097*	*$45,567*	-	-100%
Net Transfers		($556,108)	($325,000)		($131,407)	$0	-	-
Net Total	$0	$90,549	$224,580	$0	$196,806	$441,619		-100%
Utility Enterprise								
Total Sources	*$0*		*$0*	*$0*	*$0*	*$0*	-	-
Salary	$1,206,027	$1,113,120	$1,133,876	$320,772	$358,410	$362,975	27%	-11%
Benefits	$486,501	$437,940	$460,136	$133,962	$143,364	$148,643	28%	-7%
Utilities	$12,279,292	$11,996,477	$11,890,238	$3,208,995	$3,143,468	$3,539,334	26%	2%
Charge Outs	($23,403,644)	($23,337,911)	($22,781,062)	($8,479,331)	($8,035,451)	($7,770,018)	36%	6%
Operating Expenses	$1,904,640	$998,367	$1,251,987	$386,784	$443,690	$279,880	20%	-13%
Debt Service	$2,909,577	$2,426,978	$2,467,735	$623,506	$623,913	$622,896	21%	0%
Total Uses	*($4,617,607)*	*($6,365,029)*	*($5,577,090)*	*($3,805,313)*	*($3,322,606)*	*($2,816,291)*	82%	15%
Net Transfers	($4,617,607)	($6,335,751)	($5,576,248)	($1,508,856)	($1,539,202)	($1,549,643)	33%	-2%
Net Total	$0	$29,278	$842	($5,314,169)	($4,861,808)	($4,365,934)		9%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2013/FY2012/FY2011

11/26/2012

	FY2013 Original Budget	FY2012 Year-end Actual	FY2011 Year-end Actual	Thru Oct YTD FY2013	Thru Oct YTD FY2012	Thru Oct YTD FY2011	2013 Metrics % of Budget	2013 Metrics % Change from '10
Student Health Services								
Revenue	$1,660,875	$1,843,575	-	$248,286		-	-	-
General Fee Support	$752,469	$1,066,511	-	$250,823		-	-	-
Total Sources	*$2,413,344*	*$2,910,086*	-	*$499,109*	*$0*	*$0*	-	-
Salary	$1,341,117	$1,332,127	-	$412,198		-	-	-
Benefits	$543,152	$532,241	-	$166,168		-	-	-
Operating Expenses	$245,910	$277,625	-	$102,172.89		-	-	-
Inventory Purchases	$208,010	$131,512	-	$35,859		-	-	-
Debt Service	$0	$0	-	$0		-	-	-
Total Uses	*$2,338,189*	*$2,273,505*	-	*$716,398*	*$0*	*$0*	-	-
Net Transfers	($75,155)	($584,585)	-	($25,052)		-	-	-
Net Total	$0	$51,996	-	($242,341)	$0	$0		-
Other Auxiliary								
Revenue	$237,930	$272,238	$229,172	$56,641	$90,405	$75,759	24%	-37%
General Fee Support	$361,878	$2,316,154	$3,244,793	$679,044	$559,463	$203,959	188%	21%
Total Sources	*$599,808*	*$2,588,392*	*$3,473,964*	*$735,685*	*$649,868*	*$279,718*	123%	13%
Salary	$66,280	$64,728	$64,454	$21,834	$439,447	$21,856	33%	-95%
Benefits	$21,230	$33,784	$20,557	$7,071	$173,996	$6,843	33%	-96%
Operating Expenses	$192,616	$209,227	$212,340	$82,983	$188,840	$69,955	43%	-56%
Debt Service	$353,661	$346,538	$346,201	$87,144	$88,071	$87,256	25%	-1%
Total Uses	*$633,787*	*$654,277*	*$643,552*	*$199,031*	*$890,354*	*$185,910*	31%	-78%
Net Transfers	$33,979	($1,946,281)	($2,830,365)	($18,730)	($314,695)	($83,333)	-55%	-94%
Net Total	$0	($12,166)	$47	$517,924	($555,181)	$10,475		-193%
Total Auxiliary								
Revenue	$129,156,172	$126,132,255	$120,238,935	$61,860,095	$61,446,889	$58,371,226	48%	1%
General Fee Support	$24,024,986	$26,179,897	$25,913,053	$8,165,927	$8,100,207	$7,543,379	34%	1%
Total Sources	*$153,181,158*	*$152,312,152*	*$146,151,988*	*$70,026,022*	*$69,547,096*	*$65,914,606*	46%	1%
Salary	$36,536,033	$36,137,477	$34,616,848	$10,900,063	$11,471,589	$11,420,594	30%	-5%
Benefits	$12,154,883	$11,897,255	$11,196,979	$3,651,985	$3,902,607	$3,941,485	30%	-6%
Utilities	$20,961,338	$20,581,565	$20,450,857	$5,924,745	$5,771,049	$6,219,721	28%	3%
Charge Outs	($24,579,172)	($24,011,379)	($23,391,581)	($8,636,518)	($8,585,386)	($8,203,707)	35%	1%
Operating Expenses	$50,569,165	$47,801,187	$46,867,349	$18,307,372	$17,823,806	$16,556,696	36%	3%
Inventory Purchases	$16,878,194	$17,069,570	$15,993,851	$7,329,228	$6,139,928	$5,063,251	43%	19%
Debt Service	$26,727,943	$19,675,628	$13,709,162	$6,296,398	$4,655,469	$3,010,858	24%	35%
Total Uses	*$139,248,384*	*$129,151,304*	*$119,443,467*	*$43,773,274*	*$41,179,062*	*$38,008,898*	31%	6%
Net Transfers	($13,932,774)	($22,986,306)	($26,317,247)	($4,309,877)	($6,687,425)	($6,414,628)	31%	-36%
Net Total	$0	$174,543	$391,274	$21,942,872	$21,680,608	$21,491,079		1%

Trends in Health Benefit Cost

CY 2004 through CY 2011

Description	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	Aggregate Trend
Total Claims and HSE Contributions	$24,341,826	$25,416,121	$29,534,995	$30,980,661	$35,705,895	$40,207,412	$37,348,945	$41,106,166	68.87%
Less: Co-Pays and Deductibles[1]	$1,799,589	$1,879,011	$2,183,519	$2,290,397	$4,963,349	$5,360,174	$4,840,215	$5,273,073	193.02%
Less: Employee Premium	$816,669	$860,625	$1,261,363	$2,015,167	$2,579,970	$2,943,745	$2,833,043	$2,775,423	239.85%
Net Cost:	$21,725,568	$22,676,485	$26,090,113	$26,675,097	$28,162,576	$31,903,493	$29,675,687	$33,057,670	52.16%
Benefit Eligible Employees (including COBRA)(AVG)	3,505	3,607	3,618	3,672	3,781	3,481	3,336	3,160	-9.84%
Covered Lives (AVG)	8,066	8,295	8,281	8,342	8,368	8,120	7,699	7,546	-6.45%
Cost per Employee (Full)	$6,945	$7,046	$8,163	$8,437	$9,444	$11,551	$11,196	$13,008	87.31%
Cost per Covered Lives (Full)	$3,018	$3,064	$3,567	$3,714	$4,267	$4,952	$4,851	$5,447	80.51%
Cost per Employee (Net)	$6,198	$6,287	$7,211	$7,264	$7,448	$9,165	$8,896	$10,461	68.77%
Cost per Covered Life (Net)	$2,693	$2,734	$3,151	$3,198	$3,366	$3,929	$3,854	$4,381	62.65%
Employee Share of Premium[2]	3.36%	3.39%	4.27%	6.50%	7.23%	7.32%	7.59%	6.75%	
Employee Total Contribution	10.75%	10.78%	11.66%	13.90%	21.13%	20.65%	20.54%	19.58%	
Total Claims Trend	n/a	4.41%	16.21%	4.89%	15.25%	12.61%	-7.11%	10.06%	
Net Cost Trend	n/a	4.38%	15.86%	2.85%	5.18%	12.61%	-7.45%	11.30%	
Employee Trend (Full)	n/a	1.46%	15.85%	3.35%	11.93%	22.31%	-3.07%	16.19%	
Covered Lives Trend (Full)	n/a	1.53%	16.40%	4.13%	14.89%	16.05%	-2.03%	12.29%	
Employee Trend (Net)	n/a	1.43%	14.70%	0.74%	2.53%	23.05%	-2.94%	17.60%	
Covered Life Trend (Net)	n/a	1.50%	15.25%	1.49%	5.25%	16.74%	-1.90%	13.66%	
Major Claims						$10,176,723	$10,508,199	$13,159,917	
Major Claims Lives						91	89	90	
Major Claims: % Covered Lives						1.12%	1.16%	1.19%	
Major Claims: % Net Cost						31.90%	35.41%	39.81%	
Unclassified/Faculty Raise Pool (FY)	3.0%	3.0%	3.0%	3.0%	2.75%	0.0%	0.0%	2.0%	

1. Prior to 2009. these amounts had to be estimated due to a lack of supporting documentation.
2. The employee premium was not increased in 2010 or 2011 due to an understanding that premiums would not rise until pay increases were reinstated. The 2.0% pay increase was awarded in July 2011.

MIAMI UNIVERSITY

Medical Plan Design 2003 to 2014						
	2003	2012	2013	2014	2015	2016
Office PCP	$10	$25	$25*	$25		
Office Specialist	$10	$35	$35*	$35		
PPO Maximum Out-of-Pocket	$500/$1000	$2000/$4000	$2,000-$4,000	Further Increase Being Studied	Further Increase Being Studied	Further Increase Being Studied
HDHP Maximum Out-of-Pocket	n/a	$3000/$6000	$3,000/$6,000*	$3,000/$6,000		
PPO Deductible	n/a	$250/$500	$250/$500	Possible Increase		
HDHP Deductible	n/a	$2000/$4000	$2,000/$4,000*	$2,000/$4,000		
Co-Insurance	n/a	80/20	80/20*	80/20		
Urgent Care	$20	$100	$35	$35		
Emergency Room	$50	$35	$100*	$100		
Out-Patient	$50*	20%	20%*	20%		
In-Patient	$100*	20%	20%*	20%		
RX*	$10/$20/$30	$10/$35/$60/$100	$10/$35/$60/$100*	$10/$35/$60/$100		
Premium Contributions (Single, Two Members, Family) (PPO)	None	.95%, 1.93%, 2.7 - 25% + $165, $363, $528	1.1%, 2.3%, 3.2% - 30% + $363, $799, $1,162	1.1%, 2.3%, 3.2% - 30% + $599, $1,318, $1,917	1.32%, 2.9%, 4.22% - 30% + $878, $1,933, $2,811	
Wellness Discount (Employee/Spouse)	$0	$180/$180	$180/$180	$180/$180		
Tobacco-Free Discount (Employee/Spouse)	$0	$180/$180	$180/$180	$360/$360	$540/$540	$720/$720
Spouse Restrictions	No	New Hires	All Employees	All Employees		
* PPO Only						

Opportunities	USI Savings Estimates	Miami Implementation
2013	2013	2013
1. Employee premium spread between PPO and HSA too small	$1,500,000 - $2,000,000	Continue with previously established premium plan, for calendar year 2013 estimating an additional$1,600,000 in employee withholdings. Upon conclusion of plan (2015) employee withholdings will have increased by $4,700,000.
2. Grandfathering spouses costly to Miami	$2,700,000 - $3,200,000	Benefit Committee recommendation to implement Working Spouse/Other coverage rule, if spouse has access to other coverage and pays 50% or less of the premium the spouse is required to enroll in the other coverage.
3. Miami paying too much for double coverage	$250,000 - $350,000	Continuing to evaluate options related to the Medicare eligible population.
4. Plan designs too generous Increase ER co-pay ($150) Increase deductible($500)	$96,000 - $736,000	Benefit Committee is considering for 2014. Current ER copay ($100) is the benchmark; Advisory Board estimates savings at $20,000 if copay is $150.
5. PBM costs currently excessive	$440,000 - $567,000	Already planned to integrate PBM contracting with RFP and evaluate pharmacy collectives.
6. Medical co-pays should not count toward OOP	$160,000 - $175,000	Implemented continuous pharmacy co-pays in 2012 and already planned to continue medical copays in 2013.
7. Accessing primary care telephonically	$90,000 - $123,000	Benefit Committee is not recommending based on opinions from health care professionals. May also duplicate some services provided by personal nurse line. Considering alternatives through urgent care and onsite health clinic.
8. Pharmacy plan mandatory mail order	$132,000 - $180,000	Benefit Committee is recommending. Humana estimates savings to be $95,000.
9. Increase pharmacy cost share on Asthma & Diabetes to ½ of standard copays	$100,000 - $130,000	Benefit Committee not recommending based on reduction in ER visits: 2009 19 asthma related visits, 2011 5 asthma related visits.
10. Addressing McCullough Hyde facility	$100,000 - $352,000	Independent Lab Fee schedule and reduced imaging fees effective January 2012. Continued conversations regarding a high performance network.

MIAMI UNIVERSITY

Comparison of Employee Premium Contributions

Other Inter-University Schools

	CY 2013	CY 2014	CY 2015
Akron	15%	n/a	n/a
Bowling Green	15%/20%[1]	n/a	n/a
Central State	10%/12%[2]	n/a	n/a
Cleveland State	15%/20%[3]	n/a	n/a
Cincinnati	14%/11%[4]	n/a	n/a
Kent State	14%	n/a	n/a
Northeast Ohio Medical	n/a	n/a	n/a
Ohio State	15%	n/a	n/a
Ohio	15%	n/a	n/a
Shawnee State	7%	n/a	n/a
Toledo	n/a	n/a	n/a
Wright State	15%	n/a	n/a
Youngstown State	15%	n/a	n/a
Miami[5]	**13%**	**15%**	**17%**
Greater Cincinnati Employers	13%22%[6]	n/	n/a
(500+ Employees)	15%/23%[7]	n/a	n/a

1. Single is 15% and Family is 20%
2. Hourly is 10% and Salaried is 12%
3. The high PPO requires a 20% premium.
4. HMO is 11% and PPO is 14%.
5. Miami's average premium is 13% but it ranges up to 30%. It applies to both the the HSA and the PPO plan.
6. Single (2011) HSA/PPO.
7. Family (2011) HSA/PPO.

MIAMI UNIVERSITY

Compensation Comparison
Fall 2011

Faculty Salary Rank
Ohio's Public Universities

Professor:	6th
Associate Professor:	8th
Assistant Professor:	5th

Staff Salary Comparison
Mid-Size Employers – Greater Cincinnati Area

Accounting, Finance, Information Technology, Architects, and Engineers	92% of Market Mean
Skilled Technical:	85% of Market Mean

MIAMI UNIVERSITY

Long-Term Budget Plan Oxford Education and General Budget Fiscal Year 2013 through Fiscal Year 2022										
Description	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Net Income (Loss) Before New Revenue	$1,580,814	$2,400,408	$3,444,704	($383,462)	($7,619,827)	($11,008,036)	($15,397,625)	($21,060,810)	($26,240,187)	($31,875,775)
New Revenue Opportunities:										
1. Increase proportion of non-resident enrollments	$0	$810,503	$2,512,161	$4,883,059	$8,032,985	$10,429,640	$12,884,290	$14,817,223	$16,708,684	$18,785,785
2. Grow Fee Paying Graduate Students	$0	$344,250	$877,838	$1,790,789	$3,653,207	$5,962,037	$8,361,759	$10,855,077	$13,444,800	$16,133,759
3. Grow ACE Enrollments	$0	$306,000	$1,211,026	$2,699,713	$4,773,525	$6,597,585	$7,858,361	$8,573,788	$8,745,264	$8,920,168
4. Top Program	$0	$344,250	$856,770	$1,719,157	$2,732,600	$3,920,039	$5,032,257	$5,892,757	$6,390,231	$6,518,035
5. Grow Transfer Enrollment	$0	$261,375	$735,823	$1,631,607	$2,440,884	$3,406,365	$4,063,194	$4,432,575	$4,521,227	$4,611,651
6. Improve Retention and Graduation	$0	$0	$527,208	$1,054,416	$1,581,624	$2,172,734	$2,764,477	$3,356,864	$3,424,002	$3,492,482
7. Fully Assess Campus Tuition	$0	$581,250	$592,875	$907,099	$925,241	$1,258,327	$1,283,494	$1,309,164	$1,335,347	$1,362,059
Adjusted Net Income (Loss)	$1,580,814	$5,048,036	$10,758,405	$14,302,378	$16,520,239	$22,738,691	$26,850,207	$28,176,638	$28,329,368	$27,948,164
Additional Productivity Gains	$0	$0	$0	$1,536,880	$3,130,504	$4,787,884	$6,507,094	$8,291,058	$10,141,641	$12,060,909
Additional Instructional Cost	$0	($502,350)	($1,683,466)	($3,558,273)	($6,072,736)	($8,823,504)	($11,232,019)	($13,244,424)	($14,610,210)	($15,870,438)
Net Income (Loss)	$1,580,814	$4,545,686	$9,074,939	$12,280,985	$13,578,007	$18,703,071	$22,125,282	$23,223,272	$23,860,799	$24,138,635

Long-Term Budget Plan
Oxford Education and General Budget
Fiscal Year 2013 through Fiscal Year 2022
Planning Assumptions

Moderate Scenario Assumptions (Baseline Budget)

Tuition:	2% annual increase
State Support:	2% annual increase (two of every three years)
Salaries:	2% annual increase
Health Care:	8% annual increase (12% trend less 4% reduction for cost containment)
Utilities:	2% annual increase (4% trend less 2% savings from energy conservation)
Other Expense:	2% annual increase
Fall Class:	3,600
Additional Strategic Priorities Savings:	$10,037,972 through FY 2015

New Revenue Opportunities

1. Non-Resident Percentage of Fall Class Baseline: 38.5%
   2014: 40.0% 2015: 41.5% 2016: 43.0% 2017: 44.0% 2018: 44.0% 2019: 45.0%
   2020: 45.0% 2021: 46% 2022: 46.0%
   Incremental Revenue per Student = $15,000 + 2% Annual Growth

2. Fee Paying Graduate Students (Additional) (Average Length-3 Semesters)

Incoming	Total New Enrollment
FY 2014: 25	FY 2014: 25
FY 2015: 50	FY 2015: 63
FY 2016: 100	FY 2016: 125
FY 2017: 200	FY 2017: 250
FY 2018: 300	FY 2018: 400
FY 2019: 400	FY 2019: 550
FY 2020: 500	FY 2020: 700
FY 2021: 600	FY 2021: 850
FY 2022: 700	FY 2022: 1,000

Incremental Revenue per Student = $13,500 + 2% Annual Growth

3. ACE Enrollments (Additional Spring Enrollments)

Incoming	Total (Annualized)
FY 2014: 25	FY 2014: 12.5
FY 2015: 50	FY 2015: 48.5
FY 2016: 75	FY 2016: 106
FY 2017: 100	FY 2017: 184
FY 2018: 100	FY 2018: 249
FY 2019: 100	FY 2019: 291
FY 2020: 100	FY 2020: 311
FY 2021: 100	FY 2021: 311
FY 2022: 100	FY 2022: 311

Incremental Revenue per Student = $10,250 + 2% Annual Growth

Long-Term Budget Plan
Oxford Education and General Budget
Fiscal Year 2013 through Fiscal Year 2022
Planning Assumptions

4. Top Program (Spring Enrollment, Oxford Campus)

Incoming	Total (Annualized)
FY 2014: 50	FY 2014: 25
FY 2015: 50	FY 2015: 61
FY 2016: 100	FY 2016: 120
FY 2017: 100	FY 2017: 187
FY 2018: 150	FY 2018: 263
FY 2019: 150	FY 2019: 331
FY 2020: 150	FY 2020: 380
FY 2021: 150	FY 2021: 404
FY 2022: 150	FY 2022: 404

Incremental Revenue per Student = $13,500 + 2% Annual Growth

5. Transfer Enrollment (Additional)

Incoming	Total New Enrollment
FY 2014: 25	FY 2014: 25
FY 2015: 50	FY 2015: 69
FY 2016: 100	FY 2016: 150
FY 2017: 100	FY 2017: 220
FY 2018: 150	FY 2018: 301
FY 2019: 150	FY 2019: 352
FY 2020: 180	FY 2020: 384
FY 2021: 180	FY 2021: 384
FY 2022: 180	FY 2022: 384

Incremental Revenue per Student = $10,250 + 2% Annual Growth

6. Improve Freshmen Retention (88.9% Baseline)
   FY 2015: 89.9%
   FY 2018: 90.9%

7. Assess Oxford Tuition for All Students Enrolled on the Oxford Campus
   FY 2014: 50% Drop in Regional Campus Students Enrolled on the Oxford Campus
   FY 2016: 75% of Historic Enrollment by Regional Campus Students
   FY 2018: 100% of Historic Enrollment by Regional Campus Students

Additional Costs or Cost Offsets

Additional Productivity Improvements:

There is an expectation that annual productivity gains of .5% will continue to occur after the Strategic Priorities recommendations are accomplished in FY 2015.

Business Session
Item 8b

Long-Term Budget Plan
Oxford Education and General Budget
Fiscal Year 2013 through Fiscal Year 2022
Planning Assumptions

Increased Cost of Instruction:

The cost of instruction is assumed to increase for those revenue strategies that lead to an increase in enrollment. Forty percent of the new revenue is dedicated for the hiring of additional faculty or other investments in instructional activities. Costs other than for instruction are not expected to increase.

Long Range Budget Plan

FY 2012 - FY 2022

	Input	Target	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Baseline Revenues													
Net Tuition			$222,695,172	$233,750,169	$234,616,004	$237,415,228	$241,824,137	$ 246,649,366	$ 251,511,766	$ 256,368,181	$ 261,321,724	$ 266,374,338	$ 271,528,004
State Support			$54,647,754	$55,500,000	$55,500,000	$56,616,304	$57,754,934	$57,754,934	$58,916,337	$60,100,967	$60,100,967	$61,309,291	$62,541,781
Investment Income			$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000
Other Revenues			$2,728,725	$2,810,586	$2,894,904	$2,981,751	$3,071,204	$3,163,340	$3,258,240	$3,355,987	$3,456,667	$3,560,367	$3,667,178
Transfer In			$2,411,706	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Baseline Revenues			**$ 286,808,357**	$296,385,755	**$ 297,335,908**	**$ 301,338,283**	**$ 306,975,275**	**$ 311,892,640**	**$ 318,011,343**	**$ 324,150,135**	**$ 329,204,358**	**$ 335,568,996**	**$ 342,061,963**
Adjustments to Revenue		$11,700,000	$1,414,754	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Adjusted Total Revenue			**$288,223,111**	**$296,385,755**	**$297,335,908**	**$301,338,283**	**$306,975,275**	**$311,892,640**	**$318,011,343**	**$324,150,135**	**$329,204,358**	**$335,568,996**	**$342,061,963**
Baseline Expenses													
Salaries			$150,731,537	$155,762,421	$158,877,669	$162,455,223	$166,116,327	$169,863,014	$173,697,365	$177,621,516	$181,637,656	$185,748,030	$189,954,940
Promotion & Tenure			$0	$0	$400,000	$412,000	$424,360	$437,091	$450,204	$463,710	$477,621	$491,950	$506,708
Benefits			$54,872,789	$60,386,285	$64,928,472	$69,408,704	$74,277,416	$79,568,085	$85,316,717	$91,561,974	$98,345,294	$105,711,003	$113,706,413
Utilities			$14,167,939	$14,487,009	$15,066,489	$15,072,284	$15,675,175	$16,302,182	$16,954,270	$17,632,440	$18,337,738	$19,071,248	$19,834,098
Non-Personnel Expenses			$32,110,961	$33,827,206	$34,503,750	$35,193,825	$35,897,702	$36,615,656	$37,347,969	$38,094,928	$38,856,827	$39,633,963	$40,426,643
Capital Expenses & Debt			$9,978,147	$10,000,574	$10,000,574	$9,748,321	$9,735,599	$12,268,380	$12,232,063	$12,241,300	$11,934,697	$11,911,485	$11,905,489
General Fee Allocation			$26,361,738	$26,946,126	$26,971,710	$27,780,861	$28,614,287	$29,472,716	$29,558,805	$30,149,981	$30,752,981	$31,368,041	$31,995,401
Prior Strategic Priorities Savings			$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165
Total Baseline Expenses			**$296,161,276**	**$309,347,786**	**$318,686,830**	**$328,009,383**	**$338,679,032**	**$352,465,289**	**$363,495,557**	**$375,704,014**	**$388,280,978**	**$401,873,883**	**$416,267,857**
Adjustments to Expense		($31,000,000)	($7,938,165)	($14,542,845)	($23,751,330)	($30,115,805)	($31,320,294)	($32,952,822)	($34,476,178)	($36,156,253)	($38,015,809)	($40,064,701)	($42,330,119)
Adjusted Total Expenses			**$288,223,111**	**$294,804,941**	**$294,935,500**	**$297,893,579**	**$307,358,737**	**$319,512,466**	**$329,019,379**	**$339,547,761**	**$350,265,168**	**$361,809,182**	**$373,937,738**
Surplus/Deficit			**($0)**	**$1,580,814**	**$2,400,408**	**$3,444,704**	**($383,462)**	**($7,619,827)**	**($11,008,036)**	**($15,397,625)**	**($21,060,810)**	**($26,240,187)**	**($31,875,775)**
Major Assumptions			**FY 2012**	**FY 2013**	**FY 2014**	**FY2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Revenues													
Undergraduate Enrollment			14,837	14,731	14,591	14,505	14,443	14,382	14,382	14,382	14,382	14,382	14,382
First Time Class Size			3600	3,725	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Residency Mix			38.000%	38.000%	38.000%	38.000%	38.000%	38.000%	38.000%	38.000%	38.000%	38.000%	38.000%
Transfers			275	225	225	225	225	225	225	225	225	225	225
Residency Mix			25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Relocates			253	225	200	200	175	175	175	175	175	175	175
Residency Mix			2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
ACE			78	71	93	108	108	128	128	128	128	128	128
Non Traditional			131	131	131	131	131	131	131	131	131	131	131
Instructional Fee Change													
Resident			3.50%	3.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
			$ 10,880	$ 11,270	$ 11,495	$ 11,725	$ 11,959	$ 12,198	$ 12,442	$ 12,691	$ 12,945	$ 13,204	$ 13,468
Non-Resident			3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
			$ 26,051	$ 26,833	$ 27,369	$ 27,917	$ 28,475	$ 29,044	$ 29,625	$ 30,218	$ 30,822	$ 31,439	$ 32,067
Scholarships			$ 67,607,894	$ 63,843,576	$ 70,570,811	$ 73,521,809	$ 74,992,245	$ 76,492,090	$ 78,021,932	$ 79,582,371	$ 81,174,018	$ 82,797,498	$ 84,453,448
General Fee				3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	Input	Target	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
			$ 1,745	$ 1,797	$ 1,833	$ 1,870	$ 1,907	$ 1,946	$ 1,984	$ 2,024	$ 2,065	$ 2,106	$ 2,148
Other Student Charges			$ 9,125,000	$ 10,325,000	$ 11,559,300	$ 11,559,300	$ 11,593,943	$ 11,593,943	$ 11,593,943	$ 11,593,943	$ 11,593,943	$ 11,593,943	$ 11,593,943
Total Undergraduate Net Instructional			$ 209,065,793	$ 218,193,363	$ 218,922,973	$ 221,836,612	$ 225,535,468	$ 230,171,154	$ 234,600,757	$ 239,118,951	$ 243,727,510	$ 248,428,240	$ 253,222,984
Graduate Enrollment													
Fee Paying Resident			273	290	290	290	290	290	290	290	290	290	290
Fee Paying Non-resident			98	108	108	108	108	108	108	108	108	108	108
Funded Resident			293	305	286	276	276	276	276	276	276	276	276
Funded Non-resident			498	488	478	468	468	468	468	468	468	468	468
Instructional Fee Change				3.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Resident Instructional Fee			$ 10,376	$ 10,739	$ 10,954	$ 11,173	$ 11,396	$ 11,624	$ 11,857	$ 12,094	$ 12,336	$ 12,583	$ 12,834
Non-resident Instructional Fee			$ 24,907	$ 25,779	$ 26,294	$ 26,820	$ 27,357	$ 27,904	$ 28,462	$ 29,031	$ 29,612	$ 30,204	$ 30,808
General Fee			$ 1,647	$ 1,705	$ 1,739	$ 1,774	$ 1,809	$ 1,845	$ 1,882	$ 1,920	$ 1,958	$ 1,997	$ 2,037
Scholarships			$ 22,771,379	$ 23,392,133	$ 23,818,569	$ 24,533,126	$ 24,814,027	$ 25,647,518	$ 26,160,468	$ 26,683,678	$ 27,217,351	$ 27,761,698	$ 28,316,932
Total Graduate Net Instructional			$ 15,049,428	$ 15,579,496	$ 15,668,387	$ 15,568,964	$ 16,336,740	$ 16,579,421	$ 16,911,009	$ 17,249,229	$ 17,594,214	$ 17,946,098	$ 18,305,020
Non-resident & Transfer Growth		$7,200,000	$1,414,754	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Revenue Growth													
3+2 - 4+1			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Online			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Change in Tuition Plateau			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Revenue Opportunities			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue Growth		$4,500,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
			2%	2%	0%	2%	2%	0%	2%	2%	0%	2%	2%
State Support			$54,647,754	$55,500,000	$55,500,000	$56,616,304	$57,754,934	$57,754,934	$58,916,337	$60,100,967	$60,100,967	$61,309,291	$62,541,781
Investment Income	0%		$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000	$4,325,000
All other Revenue	3%		$2,728,725	$2,810,586	$2,894,904	$2,981,751	$3,071,204	$3,163,340	$3,258,240	$3,355,987	$3,456,667	$3,560,367	$3,667,178
Expenses													
Salaries			$150,731,537	$155,762,421	$158,877,669	$162,455,223	$166,116,327	$169,863,014	$173,697,365	$177,621,516	$181,637,656	$185,748,030	$189,954,940
Increment	2%				$3,115,248	$3,177,553	$3,249,104	$3,322,327	$3,397,260	$3,473,947	$3,552,430	$3,632,753	$3,714,961
Promotion & Tenure					$400,000	$412,000	$424,360	$437,091	$450,204	$463,710	$477,621	$491,950	$506,708
Benefits			$54,872,789	$60,386,285	$64,928,472	$69,408,704	$74,277,416	$79,568,085	$85,316,717	$91,561,974	$98,345,294	$105,711,003	$113,706,413
Health Care			$ 28,865,089	$ 29,562,135	$ 33,487,839	$ 37,339,258	$ 41,566,581	$ 46,203,033	$ 51,284,364	$ 56,848,974	$ 62,938,034	$ 69,595,598	$ 76,868,700
Health Care Trend	12%				$3,062,765	$3,166,318	$3,526,222	$3,918,962	$4,347,052	$4,813,135	$5,319,969	$5,870,428	$6,467,479
SPTF Health Care Savings		($4,000,000)	($1,221,115)	($4,039,091)	($7,101,856)	($7,954,079)	($8,908,568)	($9,977,596)	($11,174,908)	($12,515,897)	($14,017,804)	($15,699,941)	($17,583,934)
Utilities			$14,167,939	$14,487,009	$15,066,489	$15,072,284	$15,675,175	$16,302,182	$16,954,270	$17,632,440	$18,337,738	$19,071,248	$19,834,098
Utilities Trend	4%				$579,480	$602,660	$602,891	$627,007	$652,087	$678,171	$705,298	$733,510	$762,850
SPTF Energy Savings		($1,800,000)	($968,913)	($1,381,726)	($1,781,726)	($2,161,726)	($2,411,726)	($2,975,226)	($3,301,270)	($3,640,356)	($3,998,005)	($4,364,760)	($4,746,185)
Non-Personnel Expense			$32,110,961	$33,827,206	$34,503,750	$35,193,825	$35,897,702	$36,615,656	$37,347,969	$38,094,928	$38,856,827	$39,633,963	$40,426,643
Inflation	2%				$676,544	$690,075	$703,877	$717,954	$732,313	$746,959	$761,899	$777,137	$792,679
New Investments			$0	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Cost Reductions in Instructional Activities		($7,900,000)	($1,450,000)	($3,500,000)	($5,750,000)	($7,900,000)	($7,900,000)	($7,900,000)	($7,900,000)	($7,900,000)	($7,900,000)	($7,900,000)	($7,900,000)
General Administrative Cost Reductions		($4,800,000)	($3,623,139)	($4,281,530)	($4,500,000)	($4,800,000)	($4,800,000)	($4,800,000)	($4,800,000)	($4,800,000)	($4,800,000)	($4,800,000)	($4,800,000)
SASS Information Technology		($3,000,000)	$0	$0	($1,450,000)	($2,300,000)	($2,300,000)	($2,300,000)	($2,300,000)	($2,300,000)	($2,300,000)	($2,300,000)	($2,300,000)
SASS Finance & HR		($1,700,000)	$0	($1,230,000)	($1,500,000)	($1,700,000)	($1,700,000)	($1,700,000)	($1,700,000)	($1,700,000)	($1,700,000)	($1,700,000)	($1,700,000)
SASS Sourcing Savings		($1,800,000)		($1,325,500)	($1,562,750)	($1,800,000)	($1,800,000)	($1,800,000)	($1,800,000)	($1,800,000)	($1,800,000)	($1,800,000)	($1,800,000)
SASS One-Stop and Provost Admin		($1,000,000)			($500,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)
Academic Department Consolidations		($700,000)	($150,000)	($300,000)	($500,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)
Operations Reporting to Provost		($700,000)	($24,998)	($224,998)	($424,998)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)	($700,000)
Prior Strategic Priorities Savings			$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165	$7,938,165

	Input	Target	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
General Fee Allocation			$26,361,738	$26,946,126	$26,971,710	$27,780,861	$28,614,287	$29,472,716	$ 29,558,805	$ 30,149,981	$ 30,752,981	$ 31,368,041	$ 31,995,401
Student Affairs		($900,000)	($180,000)	($540,000)	($720,000)	($900,000)	($900,000)	($900,000)	($900,000)	($900,000)	($900,000)	($900,000)	($900,000)
Recreational Sports		($1,200,000)	($320,000)	($720,000)	($960,000)	($1,200,000)	($1,200,000)	($1,200,000)	($1,200,000)	($1,200,000)	($1,200,000)	($1,200,000)	($1,200,000)
Intercollegiate Athletics		($1,500,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Projects			$4,662,195	$4,684,622	$4,684,622	$4,684,622	$4,684,622	$4,684,622	$4,684,622	$4,684,622	$4,684,622	$4,684,622	$4,684,622
Debt Service			$5,315,952	$5,315,952	$5,315,952	$5,063,699	$5,050,977	$7,583,758	$7,547,441	$7,556,678	$7,250,075	$7,226,863	$7,220,867

Business Session
Item 9

To: Finance and Audit Committee

Barbara K. Jena

From: Barbara K. Jena, Director of Internal Audit and Consulting Services

Subject: **Internal Audit & Consulting Services -** November 2012 Report

Date: November 14, 2012

The following presents the Internal Audit and Consulting Services (IACS) annual plan and scope of internal audit activities, a summary of Internal Audit issues raised in reports, and IACS staffing and budget for fiscal year 2013.

1. Annual plan and scope of internal audit activities

Attached (on page 2) is the IACS FY 2013 Audit Plan which was based on an updated risk assessment of key areas across the University. It was reviewed and approved by Mike Armstrong and David Creamer and is now presented to the full Committee for your approval and any comments you may have. The Internal Audit risk analysis was also reviewed with Robin Parker and incorporates the Enterprise Risk Assessment. IACS has delayed starting the audit of construction change orders until December, primarily due to the expanded scope of another audit on cash advances.

David Creamer receives updates in weekly status meetings. Based on a September 2012 meeting, IACS will send Mike Armstrong internal audit reports that include high risk issues or audit issues pertaining to compliance with laws, regulations, or contracts.

2. Internal Audit issues

The report on pages 3 – 11 summarizes all open audit issues (including those from prior years) and is sorted by risk level, high to low. The following table shows that since the last report to the Committee in June 2012, twelve new issues have been added and five closed. The closed high risk issue was a recommendation that IT Services update the IT Purchases procedure to consistently gather data on IT spend. Doing so will give the CIO visibility and control over IT purchases to ensure alignment with the IT strategy and enterprise architecture. IT Services has updated the related procedure and implemented a purchase request form in BuyWay. The remaining closed issues are summarized on page 12.

Audit Issue Status

Risk Level	Open audit issues 6/7/2012	Added	Closed	Open audit issues 11/14/2012
High	7	0	1	6
Moderate	12	2	1	13
Low	18	10	3	25
Total	37	12	5	44

3. IACS staffing and budget

The department is staffed by the Director, two full-time Associate Auditors, and a student auditor. IACS has a total budget for FY 2013 of $428 K. Personnel costs account for $373 K, or 87% of the budget. Costs are running under budget as of October 31, 2012.

Attachments
Cc David K. Creamer

Internal Audit and Consulting Services
FY 2013 Audit Plan

Division	Audit Area	Audit Project	Status	Reference to Audit Risk Analysis	July 1	Aug 2	Sept 3	Oct 4	Nov 5	Dec 6	Jan 7	Feb 8	Mar 9	Apr 10	May 11	June 12
Academic Affairs	Hamilton Campus	Hamilton Campus Motor Pool	Completed	22	■											
Finance & Bus. Svc.	Mailroom/Office Supply	Office Supplies Inventory - follow-up audit	Completed	15	■											
Finance & Bus. Svc.	Human Resources	Review of Overtime Expenses and Related Internal Control	Completed	1; 18	■											
Finance & Bus. Svc.	HDRBS	Physical inventory audit - Culinary Support Center	Completed	16	■											
Finance & Bus. Svc.	Physical Facilities Dept.	Physical inventory audit - Central Stores	Completed	2	■	■										
Finance & Bus. Svc.	Bookstore	Physical inventory audit - Bookstore	Completed	21	■	■										
Finance & Bus. Svc.	HDRBS	Rec Sports Center/HDRBS Business Office Audit	Completed	25	■	■	■									
Finance & Bus. Svc.	HDRBS	Lean Project - Rec Sports Center/HDRBS Business Office	Completed	25	■	■	■									
University-wide	University-wide	Enterprise Risk Assessment with General Counsel	Completed		■	■	■									
Student Affairs	OESCR	Review of Sexual Assault Notification - agreed upon procedures	Completed	13		■										
University-wide	University-wide	Enterprise Risk Management with General Counsel - Compliance	In process			■	■	■	■	■						
Finance & Bus. Svc.	Police	Clery Act - crime statistics agreed upon procedures	Completed	10			■									
Finance & Bus. Svc.	Bursar's Office	Travel Advance Audit	In process	7; 11			■	■								
Finance & Bus. Svc.	Human Resources	Processing Salary and Wage Updates	In process	1; 18			■	■	■							
Finance & Bus. Svc.	Physical Facilities Dept.	Construction Change Orders	Scheduled	3; 14				■	■							
University-wide	University-wide	University Purchasing Card (MasterCard) - follow-up/continuous audits	In process	15				■	■	■	■	■	■	■		
Finance & Bus. Svc.	HDRBS	Audits of Auxiliaries processed by HDRBS Business Office	In process	16; 17; 23; 24; 25; 27				■	■	■	■	■	■	■		
Academic Affairs	VOA	Voice of America Learning Center follow-up audit	In process	12					■							
Academic Affairs	Arts and Science	Project Dragonfly Earth Expeditions - follow-up audit	Scheduled	20						■						
University-wide	University-wide	Lean Project - decentralized cash receipt processing	Scheduled	5; 11						■	■	■	■	■	■	■
Finance & Bus. Svc.	IACS	Internal Audit Quality Self-Assessment with Independent Validation	Scheduled								■	■	■			
Intercollegiate Athletics	Intercollegiate Athletics	Football attendance - agreed upon procedures	Scheduled	7							■	■				
Student Affairs	Health Services Center	Student Health Services - follow-up audit	Scheduled	19								■				
Finance & Bus. Svc.	Bursar's Office	MULaa (debit account) follow-up audit	Scheduled	11								■				
IT Services	ISO	Review of Identity Theft Prevention Program (Red Flags)	Scheduled	4									■			
University Advancement	WCAA	Western College Alumnae Association financial audit	Scheduled	29									■			
Academic Affairs	Arts and Science	Speech and Hearing Clinic audit	Scheduled	28										■	■	
Academic Affairs	Registrar	Banner Security - grade changes	Scheduled	9; 26										■	■	
Academic Affairs	Middletown Campus	Middletown Business Office receipt processing	Scheduled	6											■	■
University-wide	University-wide	EthicsPoint Reporting System with General Counsel	In process		■	■	■	■	■	■	■	■	■	■	■	■
IT Services	IT Services	IT Services - provide consulting services re: security and other issues	In process	4	■	■	■	■	■	■	■	■	■	■	■	■

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Compliance with the Payment Card Industry Data Security Standard - 3/2008	3/19/2008	High	IT Services	Credit Card Security: IACS recommends that IT Services develop a plan and an estimate of cost for Miami University to achieve compliance with the PCI-DSS by March 31, 2009. Once developed, IT Services should review the plan and estimate of cost with Finance and Business Services senior management. An agreement should be reached to either go-ahead with the plan or modify parts of the plan. Portions of the data security standard where management chooses to accept the risk of non-compliance, if any, should be documented by IT Services after conferring with Finance and Business Services.	Joe Bazeley, Assistant Vice President & Information Security Officer	IACS performed a follow-up audit in 8/2011 and determined that the issue remains open. As of 11/14/2012, management reported that: 1) HDRBS issued a second RFP for a replacement system for Marcum that will be PCI DSS compliant and one response was received. HDRBS staff are evaluating the response to determine if the proposed new system would be acceptable. The proposed new system is certified to be PCI compliant if installed according to the vendor's specifications; and 2) On the advice of the vendor, the Bookstore upgraded to a version of software which has not yet been validated as PCI compliant. As such, they are operating outside of compliance with PCI.
Audit of MUlaa Debit Card Accounts - 8/2009	8/26/2009	High	Finance & Business Services	Monthly reconciliations should be performed. It is recommended that HDGS send the Harco MUlaa account balance report to General Accounting each month end and General Accounting reconcile it to Banner on a monthly basis. Unexplained differences should be investigated promptly and action taken to correct.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported the initial MUlaa reconciliation was substantially completed at June 30, 2012. However, the underlying software supporting MUlaa transactions and accounting changed from Harco to Cbord. As such, a new Lean team is updating the process and procedures with an expected completion date of June 30, 2013.
Audit of Voice of America Learning Center - 6/2010	6/21/2010	High	Academic Affairs	It is recommended that University management assign responsibility for establishing and executing academic programming and related financial goals which are consistent with the strategic goals of the University. Management should identify key performance objectives and the related quantifiable performance criteria. Performance should be evaluated against those criteria.	Michael Pratt, Regional Dean and Associate Provost	Dean Pratt reported in May 2011 that the responsibility for establishing academic programming at the VOA was assigned to the Regional Dean. The Regional Dean, in consultation with other deans, will develop a draft schedule for the coming academic year (schedule conflicts arising between divisions will be resolved by the Provost). This procedure was adopted by COAD in the spring semester 2011. The Regional Dean reported that identified key performance objectives include: 1) Increased undergraduate scheduling during the day 2) Increased total enrollment across all hours of operation 3) Development of additional revenue generating programs for VOA (Such as- additional degree completion program offerings, weekend degree completion programs, graduate workshops) Quantifiable measures include: 1) Enrollment by time of day 2) Enrollment by program 3) Revenue generated at the VOA. (Recognizing that undergraduate tuition for VOA classes is presently credited to “campus of student” for "Hamilton", "Middletown" or “Oxford”; undergraduate tuition from VOA classes are currently not credited to VOA.) (Recognizing that graduate tuition for VOA classes is presently credited to the Oxford campus general fund; graduate tuition from VOA classes is currently not credited to VOA.) Evaluation of performance will be against those criteria. Dean Pratt submitted updated information 5/31/12 and 11/6/2012 which will be reviewed by IACS in conjunction with the other VOA outstanding audit issues.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
MULaa (debit account) Investigation - 10/2011	10/27/2011	High	Academic Affairs	Internal Audit and Consulting Services (IACS) investigated the facts and circumstances related to nonsufficient funds (NSF) added to a student's account. This review included an internal controls evaluation and the response that this issue generated when the issue surfaced. Internal controls need improvement. The University's response needs to be more timely and comprehensive. The following actions are recommended as soon as possible: 1. The Bursar's Office should continue to work with Cash Net and the bank to research the cause for the notification lag and to speed up notification by the bank. 2. Eliminate the grace period for posting NSFs to Banner and post them daily as received from the bank. 3. The Bursar should immediately charge back the MULaa card for any available funds to cover the NSFs. 4. Cut off a student's on line capabilities to process e-checks sooner, as suggested by the Interim Bursar. 5. Refunds are processed weekly by the Bursar's Office. Management should consider adding a conditional statement to the weekly refund process, such as: if the account has a payment posted within the past 21 days (or other lag days identified by management), with a description equal to "Web E check Payment" (or paper check, if those are identifiable), do not issue refund. It appears reasonable that a student who makes a payment would not expect a refund on that payment within 21 days. 6. It is recommended that equipment that validates paper checks be further investigated and considered for usage. 7. Management should resolve the open Internal Audit issue from 8/2009 - reconcile the MULaa debit card accounts monthly. General Accounting has not been successful in reconciling the MULaa general ledger account yet due to the complexities and many parties involved. General Accounting states that this has been made a LEAN project to accomplish the task. 8. Given the complexities discussed by HDRBS in changing the code to put hold on payments until cleared and the related decline in customer services, it is recommend that this action be considered when the application is replaced summer 2012. 9. Lowering the cap on MULaa fund balances could also be considered at that time.	Kriss Cassano, Bursar	As of 6/6/2012, management reported the following progress on points 1-7 and points 8-9 were updated in 11/12. 1. This issue was discussed with the bank and we are now receiving NSF notifications in a timely manner. The 8 day average has been reduced to 4 days, which is a result of the bank re-presenting the checks for processing before they are returned to the university. This item is complete. 2. Returned e-checks are now posted immediately to a student's account. This item is complete. 3. This process has been implemented. NSF checks are charged back immediately. This item is complete. 4. When an e-check is returned due to NSF, the students/parents ability to pay by on-line e-check payment will be manually removed immediately upon notification. When a parent/student incurs five returned checks, regardless of reason, their on-line payment ability will be automatically be removed by the CashNet system. Payment can still be made by paper check or electronically by credit card. This process has been implemented. This item is complete. 5. In order to prevent a student or parent from receiving a refund check for a payment on their account that could be fraudulent or returned for insufficient funds, the Bursar office has: (a.) Created a report of all students or parents who have had checks returned during the past year. This listing is compared to the refunds and any matches are thoroughly reviewed by management for possibly holding the funds; (b.) Implemented a procedure to review all refunds to see if a non-cash payment has been posted for $500 or more within the last 7 days. If so, the refund will be pulled for further review by management. As long as it does not violate financial aid policy which requires refunds be made within 14 days of issuance, management will hold the refund until the payment has cleared. This process has been implemented. This item is complete. 6. As a Lean project, the Bursar office has implemented a remote capture process that validates paper checks as they are processed for payment. In addition to the validation, checks are deposited into the university's bank account one day earlier and has reduced the number of times each check is handled. This item is complete. 7. This Lean project is in progress. Reconciling items are being identified, procedures are being developed, & consideration is being given to Cbord replacing the current Harco system. Project is expected to be completed at the end of fiscal year 2012. 8. After implementation of Cbord CSGold, it was determined that Banner could better manage placing holds on payments. Project # 0765 was created in IT Services to execute the necessary logic changes. In the meantime, we have added a message to the CASHNet site that states, "Additions to MUlaa purchased via electronic check may not be available on your ID card for 3 business days to ensure check clearance from your bank." Additionally, management is manually reviewing the MUlaa adds until the automated process from IT is in place. 9. IACS closed this point, agreeing with management that putting a hold on payments (as discussed above in point 8) would be a mitigating control. IACS reiterated that project 0765 which address this should be completed as soon as possible due to our current exposure.
Audit of Purchasing Card Transactions - 3/2012	3/29/2012	High	Finance & Business Services	It is recommended action be taken to identify instances where transactions have not been approved, follow-up with the approver, and escalate to higher levels of management if needed.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported that Customer Support runs reports each month to identify the transactions that have not been approved. These transactions will be discussed with departments at the time of the departmental audit. Due to numerous bugs, the JP Morgan PaymentNet software upgrade has been put on hold.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Audit of Purchasing Card Transactions - 3/2012	3/29/2012	High	Finance & Business Services	It is recommended action be taken to sample transactions for compliance, track violations of policy, and follow-up as needed.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported that Customer Support is finalizing the audit procedures that will be used to audit transactions for policy compliance, ensure statement & receipts have been uploaded, and that the original receipts have been maintained in the department. Once these procedures are complete, departmental visits will be scheduled.
Audit of Voice of America Learning Center - 6/2010	6/21/2010	Moderate	Academic Affairs	A disaster recovery plan should be documented by VOALC. It is recommended that VOALC have a written and tested disaster recovery plan based on a comprehensive risk analysis.	Rod Nimtz, Director VOALC	Management reported 5/21/2012 that a regional campus plan was developed and forwarded for review by the Office of Environment Health and Safety. VOALC is part of the Regional Plan. A follow-up audit is in process.
Travel and Hosting Expenditures - 4/2011	4/13/2011	Moderate	Finance & Business Services	It is recommended that Accounts Payable investigate automation of the travel expense report process and implement as soon as possible.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported the Lean Travel Team has completed a draft of an updated travel policy and is in the process of implementing the Banner Travel Expense module. The anticipated date the new module will go live is 01/01/2013.
Audit of Donor Stewardship - 7/2011	7/19/2011	Moderate	University Advancement	University Advancement should increase awareness of the Policy on Restricted Gift Funds among fund managers and take action regarding excessive accumulations of unspent distributions. Action should be taken by University Advancement to routinely obtain records of a spending plan for all expendable fund balances which exceed 15% of the related endowment balance. In accordance with policy, excessive accumulation of unspent distribution should be returned to principal unless a spending plan is presented to the Director of Stewardship and Donor Relations.	Mackenzie Rice, Director of University Advancement Administration	As of 11/01/2012, management reported that the annual report showing all expendable fund balances equal to or exceeding 15% of the related endowed balance for 6/30/12 balances was produced by Treasury Services in August 2012. The Associate Director of Stewardship/Compliance Officer will use those calculations to inform the appropriate fund managers, and request spending plans for funds having excessive expendable balances. This information will also be highlighted in the annual Development/Stewardship review with Deans and Vice Presidents, and during the annual fund review performed by the Associate Director of Stewardship/Compliance Officer. The Associate Director of Stewardship/Compliance Officer anticipates that one round of meetings (annual fund review) can be completed with all Deans and Vice Presidents by 6/30/13.
Audit of Donor Stewardship - 7/2011	7/19/2011	Moderate	Finance & Business Services	It is recommended that University policy be enforced so that no restricted gift fund carries a negative balance at the end of the fiscal year. Deficits that are not resolved by fund managers should be escalated to senior management by General Accounting.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported that an E-mail was sent to fund managers who had a deficit balance in a restricted account. The FY2012 year-end listing of restricted accounts with deficit balances was not given to senior management due to turnover. The listing is currently being created and will be done annually as part of the year-end close in the future.
Audit of Scholarship Awarding - 8/2011	8/1/2011	Moderate	Academic Affairs	Regional campuses should verify the continued eligibility of scholarship recipients based on the stated criteria. Doing so will identify changes in circumstances affecting eligibility and help ensure compliance with donor restrictions.	Brandi Everhart, Coordinator of Financial Aid, Hamilton Campus	As of 11/13/12, management reported: Currently we are working with all departments regarding nominations and criteria. On our new nomination form we have added the criteria which provides a reminder while awarding. We will also continue checking each student before entering on Banner and again after freeze date. The scholarship staff in Oxford and the insufficient hours report will also find ineligible students. Majority of the time we will find ineligible students while entering on Banner. We currently receive relocating forms from the Record and Registration office; however, these students will typically be caught by the scholarship team in Oxford.
Audit of Scholarship Awarding - 8/2011	8/1/2011	Moderate	Academic Affairs	It is recommended that Student Financial Assistance review scholarship funds not awarded to determine whether the lack of awarding appears reasonable. Problem areas should be identified and resolved. Spending plans should be identified and submitted to University Advancement for those with excess accumulations. Student Financial Assistance should escalate issues related to the under-awarding of departmental awards to senior management, as needed. Doing so will help ensure that funds are fully utilized when eligible recipients exist.	Brent Shock, Director of Student Financial Assistance	As of 10/26/2012, management reported: the SFA office has notified departmental contacts two times of their balances, award criteria and recipient award list. First notification was early March 2012. Second Notification was late September 2012. We gave departments until10/15/2012 to submit nominations. Our plan included a built in two week period (10/15 to 11/1) for us to resolve discrepancies and review data submitted by departments. On November 1, we will begin to create the unspent balance report for dissemination to the Provost and Deans. We expect to disseminate that report the week of 11/5/2012. Going forward, we anticipate that we will permanently adopt the mid-October deadline, with an early November report notification to the Provost and Deans.
Audit of PayPal - 1/2012	1/6/2012	Moderate	Finance & Business Services	The Office of the Bursar's Policy and Procedures for Web Payment Processing should be updated and require usage of the University's approved Web payment processor, unless exceptions are approved by the Treasurer or his delegate.	Kriss Cassano, Bursar, and Bruce Guiot, Chief Investment/Treasury Officer	As of 11/01/2012, management reported that the CashNet eMarket Policies and Procedures document and CashNet request form have been updated. They will be available on the Bursar's website very soon.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Audit of PayPal - 1/2012	1/6/2012	Moderate	Academic Affairs	The process to establish CASHNet payments sites should be simplified for departments and student organizations. Recommendations for improvement include posting information on the Bursar's website and a link to the Policy and Procedures for Web Payment Processing. In addition, the implementation process should be streamlined by developing templates for user set-up or by other methods.	Kriss Cassano, Bursar	As of 11/01/2012, management reported the steps for creating a CashNet eMarket web site have been standardized and processes have been documented to organize and speed processing. A back-up employee is being trained in site creation and deployment. The eMarket Policies and Procedures document and CashNet request form have been updated and submitted for publication to the Bursar's website. Attempts to determine if a template could be created were not answered by CashNet. The Lean project has not been started, as an RFP for CashNet is being obtained. Management is also evaluating CashNet versus competitors for possible replacement of the product as a whole.
Audit of Purchasing Card Transactions - 3/2012	3/29/2012	Moderate	Finance & Business Services	It is recommended that training sessions stress the importance of redacting credit card numbers (except for the last four digits) before documents are scanned and uploaded.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported that item has received additional emphasis in training sessions and has been highlighted in the P-Card Useful Tips and Helpful Reminders newsletter.
Audit of Purchasing Card Transactions - 3/2012	3/29/2012	Moderate	Finance & Business Services	To ensure that documentation is readily available, it is recommended reconcilers and cardholders receive a system confirmation when receipts are successfully uploaded in Banner Xtender. This confirmation may improve cardholder compliance with meeting the reconciliation process deadline as uploading errors will be immediately recognized.	Dale C. Hinrichs, Associate VP for Finance & Controller	According to IT Services, it is very difficult and time consuming to create a system generated confirmation in Banner Xtender when receipts are successfully uploaded. As this feature may not be needed in the future, we are not pursuing the development of this program at this time. As a short term alternative, IT Services will modify the Easy Image Loader system to edit the input data as it is entered... As a long-term solution, the PaymentNet upgrade scheduled for 2012 will also provide the capability to store imaged documents within the PaymentNet System... As of 11/07/2012, management reported that the short-term alternative of IT Services modifying the Easy Image Load system to edit the input data is complete. Due to numerous bugs, the JP Morgan PaymentNet software upgrade has been put on hold.
Review of Journal Entries	4/30/2012	Moderate	Finance & Business Services	Journal entries should be reviewed for reasonableness and appropriate documentation before being booked by accounting staff in General Accounting. The current policy requires Staff Accountants to get approval for any journal voucher that has a line item of over $250,000. With such a high threshold, accountants with less experience may book incorrect adjustments that could have a material impact to an organization. It is recommended that the Controller review the journal entry approval policy for adequacy.	Dale C. Hinrichs, Associate VP for Finance & Controller	As of 11/07/2012, management reported: Lowering the threshold amount and the related resources needed to comply with this policy was considered. Given the fact that there is a mitigating control of departments reviewing their monthly financial reports, the additional resources that would be needed with a lower threshold, and the low level of risk and personal gain associated with journal vouchers, we did not lower the threshold. We will continue to train the staff in order to reduce the possibility of errors.
Inventory Audits - 7/31/2012	7/31/2012	Moderate	Finance & Business Services	Accounting adjustments should be booked monthly in Banner to recognize changes in inventory balances throughout the year as well as cost of goods sold/distributed, shrinkage, or markdowns. Current accounting procedures require units (such as Culinary Support, Central Stores, and the Bookstore) to charge inventory purchases throughout the year to expense (157XXX) accounts. It is only at yearend that the inventory asset accounts are adjusted in Banner. This practice masks shrinkage and markdowns.	Dale C. Hinrichs, Associate VP for Finance & Controller	Prior attempts to implement monthly accounting were unsuccessful due to problems getting the information from the various inventory systems. The Controller's Office has agreed to re-visit changing the process and will be contacting the larger inventory areas to do so. As of 11/07/2012, the Controller's Office stated that this project will be addressed in FY2013. Due to the large number of inventories and their complexity, the project will likely carry over into FY2014.
Inventory Audits - 7/31/2012	7/31/2012	Moderate	IT Services	Use of one inventory system across campus would be in line with the University's application rationalization initiative, allow for a consistent accounting valuation method and consistent accounting treatment for shipping costs. Currently, the systems used by Central Stores, the Miami University Bookstore, and the Culinary Support Center to track and maintain inventory are all different. As a result, inconsistencies exist in accounting valuation methods and inclusion of shipping expenses in inventory values. The different systems are used in conjunction with the differing work order or sales systems. In addition to these three larger inventory areas, there are smaller inventories across the university managed by areas such as the Recreational Sports Center, the Pharmacy, the Marcum Conference Center, and University Advancement.	David M. Schaefer, Manager of Application Development	IT Services has agreed to facilitate an exploration into the feasibility of using one inventory system across campus to save costs and increase consistency.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Audit of Student Health Services -1/2010	1/26/2010	Low	Student Affairs	Revenue recognition and allowance write-off should be processed accurately and account balances should be reconciled monthly. It is recommended that correct coding be used for the Bursar interface related to the transfer of the receivable balance from the insurance company to the student; the credit should be posted to the insurance receivable account rather than revenue for a second time. In addition, the insurance provider allowance write-off recognized should be supported by PyraMed detail. Finally, the PyraMed and Banner systems should be reconciled monthly, rather than annually.	Gail Walenga, Asst. VP for Student Health and Wellness	As of 11/02/2012, management reported that JVs and the reconciliation are sent monthly and has been since January 2012. The revenue is now booked monthly by General Accounting. IACS has scheduled another follow-up audit in FY2013.
Audit of Voice of America Learning Center - 6/2010	6/21/2010	Low	Academic Affairs	Deposits must be timely in compliance with the Ohio Revised Code and University policy. IACS recommends that the VOALC comply with the Cash Handling Policy and work with the Bursar to establish proper procedures to follow regarding the Value Transfer Station, which is used to load money onto students' identification cards. Additionally, timeliness of deposits should be improved by depositing funds in a local bank, already established through the Treasurer's office. It is recommended that management work with the Bursar to implement the change in procedures.	Rod Nimtz, Director VOALC	A follow-up audit was performed in 12/2011 and one portion of the comment regarding the VTS machine remains open. A follow-up audit is in process.
Audit of Voice of America Learning Center - 6/2010	6/21/2010	Low	Academic Affairs	Accounts receivable balances should be properly billed and monitored. It is recommended that the Program Associate perform the following functions to properly manage the accounts receivable balances: a. Generate bills for the amounts outstanding. b. Create and review an aging report for items outstanding greater than 120 days and take action to collect. c. Require payments of past balances due before contracting with external groups. d. Communicate with the Controller's Office regarding the year end accounts receivable balance	Rod Nimtz, Director VOALC	A follow-up audit was performed in 12/2011, and it was concluded this audit recommendation has NOT been properly implemented; see comments below. a) Generate bills for the amounts outstanding. Invoices should be generated monthly for any amounts outstanding. b) Create and review an aging report for items outstanding greater than 120 days and take action to collect. While the Rental Log provides detailed information, no total A/R balance is shown, and no aging of the outstanding balance due is provided. A total A/R balance (amount billed less amount paid) should be noted on the aging report. c) Require payments of past balances due before contracting with external groups. It appears that Cintas has an outstanding balance due from 9/27/11 and additional rental dates have been schedules. d) Communicate with the Controller's Office regarding the year end accounts receivable balance. No information was available regarding communication with the Controller's Office. A follow-up audit is in process.
Audit of Voice of America Learning Center - 6/2010	6/21/2010	Low	Academic Affairs	Policies and job procedures should be documented by VOALC. It is recommended that policies and job procedures be documented and updated on a regular basis by the Director.	Rod Nimtz, Director VOALC	A matrix of staff responsibilities was created in November 2011 identifying persons with primary and secondary responsibilities. Carol Danner (classified) has compiled a procedures manual collecting documents from various University offices/operations (e.g. Accounts Payable, Purchasing, Treasury Services). A follow-up audit is in process.
Audit of Project Dragonfly's Earth Expedition Workshop - 11/2011	11/30/2011	Low	Academic Affairs	The Earth Expedition workshops should follow the University's standard workshop model to ensure compliance with University policies and procedures regarding fees and tuition charged. All receipts should flow directly to the University and not to a PayPal account as has been done by PDF. Any student fees remaining in the PayPal account established by Project Dragonfly should be transferred to the University and the PayPal account should be shut down. Consistent tuition and fees should be charged as deemed appropriate by University management. Expenses should be approved by Lifelong Learning, the department Chair, and if necessary the Dean, in compliance with University policies and procedures.	Chris Myers, PDF Director and Professor of Zoology	As of 10/26/2012, management reported that all tuition and fees generated by Project Dragonfly managed course and degree programs flow directly to the University according to a fully approved workshop model. A partial tuition and fee waiver approved on February 27, 2012 by senior management enabled these programs to continue. All PayPal accounts have been closed and course income is processed through Lifelong Learning following standard university policies and procedures. A follow-up audit has been scheduled in FY13.
Audit of Project Dragonfly's Earth Expedition Workshop - 11/2011	11/30/2011	Low	Academic Affairs	Cash handling procedures should be in compliance with policy. IACS recommends that PDF resolve the account issue with the Bursar and deposit the checks in accordance with the Cash Handling Policy.	Chris Myers, PDF Director and Professor of Zoology	As of 10/26/2012, management reported that Project Dragonfly no longer processes tuition or course fees. If tuition or fee checks are sent to Project Dragonfly, they are transferred to the appropriate office in accordance with the Cash Handling Policy

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Audit of Project Dragonfly's Earth Expedition Workshop - 11/2011	11/30/2011	Low	Academic Affairs	PDF should work with IT Services and the University Communications department to transfer the PDF websites to the University domain and follow any branding guidelines established by University Communications.	Chris Myers, PDF Director and Professor of Zoology	As of 10/26/2012, management reported that new Project Dragonfly websites are in place, with the new Miami University logo integrated into page designs. These sites moved to Miami University servers with the assistance of IT Services, with URLs that include: EarthExpeditions.muohio.edu AIP.muohio.edu GFP.muohio.edu Masters.df.muohio.edu
Audit of Project Dragonfly's Earth Expedition Workshop - 11/2011	11/30/2011	Low	Academic Affairs	IACS recommends that senior management review the current agreement in place with the Cincinnati Zoo and follow-up as deemed appropriate. Any decisions based on the source of funds and the agreement's classification as a grant instead of as a cooperative agreement should be revisited. Future agreements should clearly state terms, as well as the source and flow of funds.	Chris Myers, PDF Director and Professor of Zoology	As of 10/26/2012, management reported that the previous agreement with the Cincinnati Zoo & Botanical Gardens for Earth Expeditions has been closed. As of May 1, 2012, all Project Dragonfly managed course and degree programs follow Miami's current credit workshop model. A report on this and the remaining audit updates was sent to the Provost on September 7, 2012. A follow-up audit has been scheduled in FY13.
Audit of WCAA Financial Statements - 4/2012	4/4/2012	Low	University Advancement	Gift Receipts Processing. It is recommended the Accounting Technician comply with the Credit Card Security Policies and Procedures concerning paper records and redact all but the last four digits of credit card numbers in no more than 180 days.	Kaye Wolke, Accounting Technician	As of 11/07/2012, Kaye Wolke, Accounting Technician, reported that all credit card numbers through March 2012 have been redacted. Subsequent credit card numbers are being redacted once the customer has been issued a receipt.
Financial Audit of Miami University Dolibois European Center - 5/2012	5/17/2012	Low	Academic Affairs	To reduce risk, it is recommended that MUDEC follow-up on the Dean's proposal to have the kitchen proctoring duties covered by part time Luxembourg staff instead of students.	Thierry Leterre, Dean and Prof of Pol Science	As of 10/29/2012, the Dean reported that an employee has been hired and is currently working in the kitchen.
Financial Audit of Miami University Dolibois European Center - 5/2012	5/17/2012	Low	Academic Affairs	It is recommended that job procedures for the Assistant Dean for Administration and the Coordinator in Oxford be documented and updated on a regular basis. Having this information available reduces the risk of compliance violations, as emergency replacement personnel will have a resource for successfully performing duties.	Thierry Leterre, Dean and Prof of Pol Science	The Dean agreed and stated that this recommendation fits the effort to move MUDEC from an oral culture as regards to procedures to a documentation-based environment. Job procedures for the Assistant Dean have been described in a first draft. An intern will be hired in September to complete the draft which will be then reviewed as well as the existing documentation for the Oxford coordinator. A yearly update is planned from then on. As of 10/29/2012, the Dean reported that an intern had been hired and the job procedures for the Assistant Dean were drafted. These will be finalized in 2013.
Financial Audit of Miami University Dolibois European Center - 5/2012	5/17/2012	Low	Academic Affairs	It is recommended that changes be implemented to bring MUDEC's credit card processing procedures more in line with University procedures as follows: a. It is recommended that the signatures of the cardholder and his supervisor be documented on the credit card invoice to denote approval of the charges. b. In order to be more consistent in processing MUDEC's credit card invoices, it is recommended that each charge identify who, what, where, when, and why the expenditure was incurred. c. If the Dean's credit card monthly invoice has five or more transactions, it is recommended that the page number of the receipt be noted on the transaction line of the invoice before scanning the invoice and receipts for the Provost's approval. This facilitates review and is in line with University procedure. d. Consider raising the spending limit on the Assistant Dean for Administration's card to avoid using the Dean's card for study tour expenditures.	Thierry Leterre, Dean and Prof of Pol Science	The Dean agreed and stated that this recommendation is currently assessed. Forms have been filled to reflect the necessity to identify who, what, where, when, and why the expenditure was incurred. Lines of reporting have been established for the Dean's credit card and documentation will be submitted for approval to the office of the Provost. The strengthening of report makes the Dean comfortable to raise the spending limit of the Assistant Dean's Credit card. As of 10/29/2012, the Dean reported that this recommendation has been implemented.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Financial Audit of Miami University Dolibois European Center - 5/2012	5/17/2012	Low	Academic Affairs	It is recommended that the "cashless" deposit account be segregated from the other semester-end accounting transactions and be automated. A transition from Blackboard to CBORD is planned for summer 2012 and IT Services indicated that adding a swipe or tap option might be an alternative for MUDEC. MUDEC should work with Joe Bazeley of IT Services to implement technological improvements in this area.	Thierry Leterre, Dean and Prof of Pol Science	The Dean agreed and stated that the implementation of this recommendation depends only marginally on action taken locally as it involves a high level of automation that will be set up from the U.S. IT Services has been contacted to provide solutions and expertise and plan for implementation. It has been recommended to move cashless deposits to MUlaa accounts which would help automating all transactions. This is a sound project saving hours of work and preventing errors. As of 10/29/2012, the Dean reported that this has been implemented in Luxembourg. However, implementation has been problematic in Oxford, as MUlaa does not seem to automatically credit Luxembourg's budget.
Financial Audit of Miami University Dolibois European Center - 5/2012	5/17/2012	Low	Academic Affairs	It is recommended that MUDEC begin using the University travel form and have both the traveler and his/her supervisor approve the travel costs including any reimbursement. Now that email and scanning technology is available, it is recommended that MUDEC begin using the University travel form and have both the traveler and his/her supervisor approve the travel costs including any reimbursement. By completing the travel expense report, the total cost of the trip will be summarized for approval.	Thierry Leterre, Dean and Prof of Pol Science	The Dean agreed and stated that this recommendation will be implemented with the beginning of the new fiscal year 2012-2013. Reporting lines have been determined as well as ways to proceed. Action has already been taken to adapt travel forms to comply with local laws pertaining to mileage reimbursement and to adapt to currency. As of 10/29/2012, the Dean reported that this recommendation has been implemented.
Financial Audit of Miami University Dolibois European Center - 5/2012	5/17/2012	Low	Academic Affairs	MUDEC's monthly financial reports should be reviewed by MUDEC management for reasonableness and follow-up action taken to resolve questionable account activity. a) Now that communication has been improved through technology, it is recommended that the "responsible person" on MUDEC monthly financial reports be changed from the Staff Accountant in General Accounting to the MUDEC Dean. Also, in line with responsibilities, the person listed for index LUXE and index 3016 should be changed from MUDEC's Oxford Coordinator to the Dean. b) It is recommended that the monthly financial reports issued by General Accounting be reviewed by MUDEC for reasonableness and follow-up action be taken to resolve any questionable account activity. It is recommended that this review include reports regarding MUDEC's Oxford Office; the Coordinator should forward her monthly financial reports received from General Accounting to the Dean. To facilitate this review, the Assistant Dean for Administration should request a copy of General Accounting's spreadsheet that shows how the GT (external accounting firm in Luxembourg) records are booked in Banner. c) To record accounting transactions in the correct month, it is recommended that MUDEC work with their accounting firm in Luxembourg, GT Fiduciaires, to review the month end closing process to see if any steps could be done more efficiently to speed the process. For example, use and provide copies of bank e-statements to document ending account bank balances.	Thierry Leterre, Dean and Prof of Pol Science	The Dean agreed and stated that, as of May 2012, all documents are sent by General Accounting to my attention. Accounts set to be reviewed by my office in Oxford under the supervision of Alyssa Klein have been set up with me as an alternate, which insures proper reporting. This will allow a global view of all the budgets relevant to our operations and identification of issues needing attention. Technology now allows for a better communication between the main U.S. campus and our operation in Luxembourg so this should not be a difficulty and will save time in matching local operations and global budget. Follow-up with GT Fiduciaires will improve the registration of operation in the correct month and in proper time for the closing of the fiscal year. As of 10/29/2012, the Dean reported that this recommendation has been implemented.
LEAN Receipt Mapping FAMU	6/30/2012	Low	Finance & Business Services	The LEAN Receipts Processing project revealed that costs could be reduced by having Accounts Payable discontinue writing checks which are cashed internally by the Bursar's Office and credited to student accounts for financial aid awarded by departments. Savings could be achieved by replacing the processing of these checks with an electronic form completed by departments within BuyWay. To achieve additional productivity improvements, it is also recommended that Accounts Payable be eliminated from the review process and these functions transferred to Student Financial Assistance.	Brent Shock, Director of Student Financial Assistance	As of 10/22/2012, a form is in production for departments to use in BuyWay to send scholarship and aid information to Student Financial Assistance. Once approved, Accounts Payable will check the form and the document will flow to the Bursar's Office to charge the department and apply the funds to the student's account.
Demske Culinary Support Center - Inventory Audit 7/2012	7/26/2012	Low	Finance & Business Services	It is recommended that the Demske Culinary Support Center value inventory for financial reporting purposes in accordance with procedures issued by General Accounting.	Jon Brubacher, Manager of Purchasing and Operations Analysis	Jon Brubacher contacted Cbord [inventory control system] and planned to meet with them by mid-August 2012. During this meeting they were to discuss whether the current Cbord system is able to value inventory using the FIFO method, and if so, how they can best make this change.

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Central Stores - Inventory Audit 8/2012	8/24/2012	Low	Finance & Business Services	It is recommended management consider setting a price threshold for low dollar items and expense these items as supplies. Managing these items as supplies rather than inventory should reduce the effort required when taking physical inventory and allow for greater attention paid to the more costly items. If expensed, Central Stores should investigate alternative methods to recuperate the item costs from departments.	Sandra Mohr, Director of Operations Center and Facilities Central Stores	Sandra Mohr, Director, concurred. Sandra stated that she is evaluating the inventory to determine an appropriate threshold and establish procedures to provide, store and recuperate the cost from customers. As part of this effort, PFD is considering options for vendor-managed inventory and vendor-owned inventory for such sundry items. PFD is also evaluating items in inventory that can be discontinued because they are not used for maintenance repairs and can be purchased through the BuyWay. PFD plans to accomplish these steps by the end of fiscal year 2013.
Central Stores - Inventory Audit 8/2012	8/24/2012	Low	Finance & Business Services	It is recommended internal controls be strengthened surrounding the movement of inventory by having management: A. Require (rather than encourage) employees working after-hours to pick up needed items at the beginning of their shift for all scheduled work. B. Segregate items designated for emergency use from other items to secure the majority of the warehouse. C. Review inventory adjustments and write-offs for reasonableness.	Sandra Mohr, Director of Operations Center and Facilities Central Stores	Sandra Mohr, Director, concurred. Sandra Mohr states a procedure has been established to review after-hours entries (captured through the electronic CSGold door access system) each morning. Access is limited to certain personnel within the department. A procedure has been established for all individuals entering the space after hours to document the reason for entry and items sold. Failure to report reason for entry will result in discipline. Access to the Central Stores facility after hours should largely be associated with urgent or emergency work orders. The work order type is reviewed daily related to the parts sought or sold. Management will review this trend. We expect these steps to reduce the after-hours visits significantly within six (6) months. Further, we are working on an initiative to institute planning and scheduling our work. This initiative will provide for planned work with parts being "kitted" in advance. This new way of conducting business will reduce the need for after-hours access to Central Stores. We hope to have this process in place (though probably not perfected) by the end of fiscal year 2013. Management will review the on-hand adjustment spread sheet weekly. A column has been added to the document with a date and time stamp to record each time it is reviewed.
Miami University Bookstore - Inventory Audit 8/2012	8/31/2012	Low	Finance & Business Services	It is recommended that Bookstore management further strengthen internal controls surrounding the physical inventory process by: 1. Reviewing dollar amounts and explanations for adjustments recorded in the inventory system. 2. Analyzing inventory turnover, shrinkage, sales trends, and markdowns on a regular basis and taking action as appropriate.	Jim Simpson, Director of the Miami University Bookstore	Management concurred stating: Going forward, staff members will be able to document the adjustments with manager approval. We are working to make comments more detailed and consistent for better analysis on a regular basis. Now that we are more knowledgeable about the turnover reports, going forward we are committed to reviewing dollar amounts and explanations each month and doing a report on a quarterly basis. Staff will be expected to use the data to help determine what sales categories are not producing as well as expected, develop a plan to move the merchandise, display it differently, or perhaps discontinue it. As of 11/07/2012, the Director reported that managers select a department or type of merchandise to inventory on a weekly basis. Any discrepancies are brought to the manager of the department, researched, and noted in WinPRISM with a reason for the adjustment. Each month, managers review reports for negative stock on hand and variance. Shrinkage is calculated monthly and reviewed first by dollar amount.
Miami University Bookstore - Inventory Audit 8/2012	8/31/2012	Low	Finance & Business Services	It is recommended that the Bookstore not split payment vouchers to circumvent the system of control. Management should consider requesting a higher threshold if appropriate.	Jim Simpson, Director of the Miami University Bookstore	Management concurred stating: I understand Internal Audit's concerns about splitting payments to circumvent the system of control and agree that a review the current threshold needs to take place. I will contact IACS and set up a meeting after the start of the school year to determine who should be involved in that conversation. Our goal is to be in compliance with control systems while ensuring that practices involving payment vouchers are efficient and effective in managing large purchases.
Receipt Processing Audit- Rec Sports Center/HDRBS Business Office	9/26/2012	Low	Finance & Business Services	It is recommended the RSC process all receipts through the Point of Sale system to adequately separate cash receiving and cash accounting. If the correct contract account is unknown by the cashier, payments could be applied to a holding account for later clearing by the Administrative Assistant at the HDRBS Business Office. Cashiers should include identifying information pertaining to contract, Aquatics Dive Camp, and Red Brick Run payments with their shift documentation for the HDRBS Business Office accounting.	Ron Siliko, Director of Customer and Facility Services	We agree with the recommendation that all receipts will be run through the point-of -sale system including Aquatics Dive Camp and Red Brick Run. We will complete payment processing for the contracts through a Pro Shop Manager only due to the complexity of accepting these payments. We will train our point-of-sale staff at the time of special event registrations in order to appoint specific staff to process these payments. This will begin immediately.

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Receipt Processing Audit- Rec Sports Center/HDRBS Business Office	9/26/2012	Low	Finance & Business Services	It is recommended the RSC improve compliance with the Credit Card Security Policies and Procedures by implementing the following: • Explore options to encourage customers to make payments online. Electronic records would eliminate risks associated with the stored paper records. • Use the original form to process payments and discontinue making copies. Credit card information should be completely redacted after payments are processed. • Retain receipt records for four years.	Ron Siliko, Director of Customer and Facility Services	We agree with the recommendation to encourage customers to make payments online to eliminate the risk of stored credit card information. Ninety-nine percent of our credit card transactions are processed electronically, either online or by staff without a form being used. This will begin immediately. We agree with the recommendation to discontinue the practice of storing forms with credit card information by cutting out the credit card information and shredding after payment is processed. We will only process payment from the original form, and will not make copies of the forms. Once payment is processed, credit card information will be shredded. This will begin immediately. We agree with the recommendation to retain receipt records for four years. We will separate payment receipts from waiver receipts since waiver receipts must be kept for a longer period of time, seven years. We are instituting a LEAN project in which all of our files will be stored electronically on a university-approved platform rather than stored on paper forms. This will begin immediately.
Receipt Processing Audit- Rec Sports Center/HDRBS Business Office	9/26/2012	Low	Finance & Business Services	It is recommended that the HDRBS Business Office book their deposits in Banner rather than the Bursar's Office performing additional steps. The Bursar's Office could realize annual productivity improvements of $1.4K (58 hours) by not entering data in Banner. The HDRBS Business Office could realize annual net productivity improvements of $0.2K (10 hours). The Business Office should also explore if uploading deposit information to Banner is possible. If deposits could be uploaded to Banner, the Business Office could realize additional annual improvements of $1.4K (58 hours).	Judy Vest, Auxiliary Business Office Manager	We concur with the recommendation. Contact has been made to grant this access. A meeting has been arranged on 10/8 to discuss what requirements the Bursar will still need. Training will also need to occur. Target date for implementation is no later than 10/31/12. In addition, contact has been made with the IT department to discuss the possibility of uploading from Excel formats directly into the system to reduce human error and time. Follow-up in response of an IT ticket was performed on 9/24/12. Upon response from IT, we will implement within thirty days of their response, presuming this is feasible.
Receipt Processing Audit- Rec Sports Center/HDRBS Business Office	9/26/2012	Low	Finance & Business Services	It is recommended that management explore automating the cashier shift closing procedures and the preparation of bank deposits to improve operational efficiency and effectiveness. Specifically, opportunities to reduce time spent keying data stored in the information system should be explored. IACS estimates that $2.4K (302.5 hours) in annual productivity improvements at the RSC could be realized by automating this process. The HDRBS Business Office may see additional productivity improvements.	Ron Siliko, Director of Customer and Facility Services	We agree with the recommendation to explore an automated form for closing procedures to reduce human error and reduce time spent keying in data. We are working with Class software support to determine the feasibility of creating a cash handling form to replace the Excel spreadsheet. This option in Class requires a software license change, which is currently being explored to determine the cost and time table for implementation. If instituted, estimated date of start for automated form is January 1, 2013. In addition, we are looking to change our point-of-sale software, and the company who makes the software does have a cash report form function as part of its basic functionality. If approved, estimated start date of new software program is August 1, 2013.

Closed Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
Audit of Reimbursements - 6/2011	6/9/2011	High	IT Services	It is recommended that IT Services update the IT Purchases procedure to consistently gather data on IT spend. Doing so will give the CIO visibility and control over IT purchases to ensure alignment with the IT strategy and enterprise architecture. In addition, IT Services should work with the Purchasing Office to incorporate this data gathering with BuyWay.	Alan Ferrenberg, Associate VP Business & Infrastructure Services	IT Services supports the recommendation to consistently gather IT spend data and suggested actions to achieve it. As of 6/22/2012, IT Services had taken the recommended action of updating the procedure to consistently gather data on IT spend and implemented a purchase request form in BuyWay. Comment closed.
Audit of MasterCard Purchases -12/2009	12/2/2009	Moderate	Finance & Business Services	Policy concerning telecommunications equipment and devices should be reevaluated. It is recommended that the Purchasing Office coordinate with the IT Office of Telecommunications in order to establish a uniform policy to either approve, regulate, and document cell phone requests and purchases, or (preferably) change to a standard allowance in lieu of such purchases. Other universities have implemented an allowance based cell phone policy, in which an authorized user is provided financial assistance to contract directly with a provider in exchange for carrying a cell phone during work for business calls. It is recommended that this option be evaluated and policy updated accordingly.	Joe Bazeley, Assistant Vice President & Information Security Officer	As of 11/12/2012, management reported that a stipend based model was adopted in the 2012-2013 version of MUPIM. It is located in section 19.6B and takes effect for the entire University on January 1, 2013. IT Services and Athletics have already moved to the new model. Advancement, the Office of the President, Student Affairs, and Academic Affairs will be moving in November. Finance & Business Services will be moving at a later date. Under this new language, individuals who are receiving a stipend have a responsibility for paying for their device. Individuals receiving a fully-reimbursed mobile device must meet a set of criteria listed in MUPIM, obtain the necessary approvals, and must not use the device for any personal uses. IT Services did update the "IT Purchase Request Form" and it includes telecommunication devices; it is now included as an attachment in BuyWay.
Miami University Bookstore Inventory Audit - 8/2011	8/29/2011	Low	Finance & Business Services	It is recommended that internal controls be strengthened surrounding the physical inventory process. This should include: 1. The Bookstore should compare what they do have in stock with what they should have in stock on a perpetual basis. Quantity adjustments should be evaluated for shrinkage and other causes. 2. Inventory records should be stated at the lower of FIFO cost or market for financial reporting purposes. 3. Management should continue to learn about the inventory reporting system within WinPRISM and be able to provide records supporting the valuation of all reported amounts.	Jim Simpson, Director of the Miami University Bookstore	Management responded stating: Bookstore management will implement a better-defined inventory process that will cycle through selected merchandise on an ongoing basis. Any needed adjustments will be posted and analyzed to account for any discrepancies. Management staff will begin implementation in September 2011. IACS performed a follow-up review at 6/30/2012 year-end. It appears that management has taken the appropriate steps to meet these recommendations. Comment closed.
Audit of Office Supplies Inventory - 10/2011	10/5/2011	Low	Finance & Business Services	It is recommended that management consider eliminating the office supplies inventory at Wells Hall. Items which are readily available elsewhere should be discontinued and alternative sources should be investigated to supply the specialized inventory items. If management decides to maintain the office supplies inventory, internal controls should be strengthened.	Anita Byrd, Manager of University Mail Services	Management responded stating: I agree with IACS's summary of findings and the recommendation to eliminate office supplies inventory. As of 5/23/2012, the Office Supplies Inventory account was cleared. Stamps and campus mail envelopes were billed to Purchasing (BSV010) and are being depleted as usage allows. They will not be restocked once the inventory is exhausted. Bluebooks, ACS scan forms, and the MU pocket folders were purchased by the Print Center (MDA001). IACS verified these items were no longer held by the Mail Center and that the Office Supplies Inventory account has a zero balance. Comment closed.
Hamilton Campus Motor Pool Review - 11/2011	11/2/2011	Low	Provost	Overall compliance with the Hamilton Campus Motor Pool policies needs continued improvement.	Chris Connell, Senior Director of Administration	IACS performed a follow-up audit in May 2012. In summary, it appears compliance with the Hamilton Campus Motor Pool policies are now being enforced. Comment closed.

Business Session
Item 10a

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa3 rating to Miami University's (OH) $125 million of Series 2012 general receipts revenue bonds; outlook is stable

Global Credit Research - 09 Oct 2012

University will have $553 million of pro-forma rated debt

MIAMI UNIVERSITY, OH
Public Colleges & Universities
OH

Moody's Rating

ISSUE	RATING
General Receipts Revenue Bonds, Series 2012	Aa3

Sale Amount	$125,000,000
Expected Sale Date	10/22/12
Rating Description	Revenue: Public University Broad Pledge

Moody's Outlook STA

Opinion

NEW YORK, October 09, 2012 --Moody's Investors Service has assigned a Aa3 rating to Miami University's ("Miami") $125 million of General Receipts Revenue Bonds, Series 2012. We have also affirmed the Aa3 ratings on the university's outstanding debt detailed at the end of the report in the RATED DEBT section. The rating outlook is stable.

SUMMARY RATING RATIONALE

The Aa3 rating reflects Miami University's unique market position as a large residential public university with a relatively large out-of-state draw, positive operating performance and solid debt service coverage, and healthy liquidity. Offsetting these credit strengths are significant increases in debt and additional longer term debt plans to complete its strategic housing plans further leveraging the university's sizeable balance sheet, as well as a highly competitive market, limited revenue diversity, and declining state appropriations.

STRENGTHS

*Sound student demand and market position for its residential main campus with the ability to draw out-of-state students, distinguishing the university from most public universities. In fall 2012, the university enrolled 20,672 full-time equivalent (FTE) students drawing 38% of incoming first year students from out of state, uncommonly high for a public university, elevating its net tuition per student to a strong $13,410.

*Strong financial management team and resulting improvement of Miami's operating margins, as measured by Moody's with a three-year average operating margin of 7.5%. FY 2012 draft financials indicate a strong 17.3% cash flow providing sufficient pro-forma maximum annual debt service (MADS) coverage of 2.1 times.

*Adequate balance sheet cushion with FY 2011 expendable financial resources of $429.7 million covering pro-forma debt 0.8 times and operations 0.9 times. Expendable financial resources grew nearly 5% to $450.0 million in FY 2012 due to an ongoing comprehensive campaign.

*Proven ability to fundraise, reflected in healthy three-year average annual gift revenue of $27.3 million from FY 2009-FY 2011 and total gift revenue in FY 2012 was strong at $29.1 million, based on unaudited financials.

CHALLENGES

*Ability to grow revenue given the university's high dependence on student tuition and fees of 74.4% and state appropriations of 12.7% in FY 2012, which is further challenged by declining share of state support for both operating revenue as well as capital support, and a limit on tuition increases for in-state undergraduate students.

*Competitive market environment, as well as economic and demographic challenges in Ohio, manifested by two years of consecutive enrollment declines. Total FTE enrollment is estimated at 20,672 students in fall 2012, down 2% from fall 2010 due to enrollment declines at the regional campuses and in graduate programs, and the main Oxford campus has limited additional capacity for growth.

*Rapid increase in debt over the last several years, significantly leveraging the university; pro-forma debt to operating revenue is 1.0 times compared to Moody's Aa3 public university median of 0.54 times. In addition, the university has not completed its capital plan for housing, and plans to issue $125-150 million in additional debt.

DETAILED CREDIT DISCUSSION

USE OF PROCEEDS: The Series 2012 bonds will be used to pay for costs associated with renovations to student housing and dining facilities, infrastructure upgrades, improvements to other capital projects, and issuance costs.

LEGAL SECURITY: Pledge of General Receipts, including virtually all legally available revenues with the exception of state appropriations and restricted gifts. The university covenants to fix, make, adjust and collect fees, rates, rentals and charges to produce at all times General Receipts at least sufficient to pay debt service when due. In FY 2011 and FY 2012 (unaudited), pledged General Receipts amounted to $437.8 million and $446.7 million, respectively, compared to annual debt service of $23.3 million and $35.2 million, respectively. Annual maximum annual debt service is expected to rise to $45.4 million with issuance of the Series 2012 bonds. The Series 2010A bonds were issued as taxable Build America Bonds ("BABs") with the federal tax subsidy payment of 35% made directly to the university. There is no debt service reserve fund.

DEBT STRUCTURE: Including the Series 2012 bonds, all of the university's debt will be fixed rate.

DEBT RELATED INTEREST RATE DERIVATIVES: None.

MARKET POSITION/COMPETITIVE STRATEGY: LARGE RESIDENTIAL PUBLIC UNIVERSITY WITH SOLID REPUTATION AND OUT-OF-STATE DRAW; ENROLLMENT DECLINES AT REGIONAL CAMPUSES AND FOR GRADUATE PROGRAMS

Miami University is a large public university enrolling over 20,000 FTE students across its three campuses with the majority of students attending its main campus located in Oxford (rated Aa2) in southwestern Ohio, approximately one hour from Cincinnati and Dayton. The town of Oxford epitomizes a college town, and the university's residential and well-maintained campus enhances its appeal. The university offers a diverse array of programs, including business, education, health, engineering and applied science, and creative arts, and is primarily recognized for its focus on liberal arts. The study body is primarily undergraduate, making up approximately 95% of total students. Miami operates in the highly competitive market environment in Ohio, a state with a declining high school population and over one hundred higher education options. However, uncommon for public universities, Miami's reputation draws a relatively high percentage of nonresident students with 38.5% of the fall 2012 first-year students from other states and countries. This out-of-state draw (primarily from Illinois, Indiana, and Michigan) bolsters the university's net tuition per student, reaching $12,735 in FY 2011 ($13,410 in FY 2012 based on unaudited financials) and demonstrates the value families place on an education from Miami. Miami's ability to maintain net tuition per student growth is a key credit factor given its high dependence on tuition and fees.

FTE enrollment declined for the second consecutive year to 20,672 students in fall 2012 from 21,121 students in fall 2010, resulting from lower enrollment at the Hamilton and Middletown regional campuses, and in graduate programs. The regional campuses are open access and focus on career based programs for the local community, and face significant competition from lower priced community colleges. The primary driver for graduate enrollment declines was discontinuation of its full-time MBA program and decline in institutional tuition waivers. The regional campuses and graduate programs represent approximately 21% and 5% of total enrollment, respectively.

In its continued focus to increase the percentage of non-resident undergraduate students, the university recently added regional recruiters in Northern Virginia and Atlanta, expanded international recruiting staff, and continues to expand the size of a new English as a Second Language (ESL) program. Growth in the percentage of non-resident students is important for Miami to maintain net tuition revenue growth as the state limits tuition increases and the Oxford campus is limited to fall enrollment of 17,000 FTE students.

OPERATING PERFORMANCE: POSITIVE OPERATING PERFORMANCE ACHIEVED THROUGH EMPHASIS ON COST CONTAINMENT

The university has maintained positive operating performance since FY 2008, generating healthier operating performance in the last three years with average annual operating performance of 7.5% over FY 2010-FY 2012 compared to breakeven to modest surpluses in years prior. With the narrowing of top line revenue growth, the stronger margins have been driven by deliberate expense containment. The university has maintained double-digit cash flow margins since FY 2010, and the unaudited FY 2012 operating cash flow margin of 17% produced an adequate 2.1 times pro-forma maximum annual debt service. Given the significant debt increases ($375 million of new money debt since FY 2010), continued robust cash flow will be important to maintaining the Aa3 rating. The university will levy an additional student fee in FY 2014 (expected to be $110 per student, per semester, but not to exceed $125) to help fund debt service on the Series 2010 bonds when those projects are completed.

Revenue generated from student tuition, fees, and auxiliaries composed 74.4% of total operating revenue in FY 2012, up from 72.0% in FY 2011. The university's high reliance on this source is more similar to private liberal arts universities and its strategies to draw non-resident students, generate new revenue streams, and continue to grow net revenue from student based charges is an important credit factor to maintaining the rating. Since 2008, the university has shrunk administrative staff significantly (from 3,400 FTEs to 2,800 FTEs) and is shifting to less tenure-track faculty. Given the cost containing initiatives already taken, we believe it will be difficult to hold expenses, particularly as debt service rises and consumes more of the budget. The FY 2013 budget shows a 1% increase in expenses over FY 2012. Miami receives limited state support as a percentage of its revenue relative to public universities across our rated portfolio, but is still vulnerable to state cuts as state appropriations are its second largest revenue source (12.7% in FY 2012). Reversing the trend of declining state support since FY 2009, the university's projected FY 2013 state share of instruction (SSI) will increase 2.2% to $69.0 million from $67.5 million. The state is undergoing an assessment of how SSI is allocated and, at this time, management believes that the university's share will not change materially.

Moody's rates the State of Ohio Aa1 with a stable outlook. The state's Aa1 G.O. rating reflects strong financial management proven through generally proactive responses to budget shortfalls, recent revenue growth and improved financial position, and the expectation that excess revenues will continue to be used to rebuild reserves in the near term. The state's satisfactory financial position is also demonstrated by the expected return to structural balance in fiscal 2013, and maintenance of strong liquidity. The Aa1 rating incorporates a transitioning economy that remains somewhat vulnerable to disruption but has shown recent stabilization due to growth in manufacturing and service sectors. The state's debt position is moderate, and unfunded pension and OPEB liabilities are affordable compared to similarly rated states, enhancing the state's budget flexibility. For more information related to the state, please see our State of Ohio report dated September 26, 2012.

BALANCE SHEET POSITION: BALANCE SHEET RESOURCES PROVIDE THINNER BUT ADEQUATE CUSHION OF PRO-FORMA DEBT; LIMITED DEBT CAPACITY AT CURRENT RATING LEVEL

Miami's financial position remains sound, but is becoming increasingly more leveraged for the Aa3 rating category as declining state support and competitive market has increased the university's need for capital projects. The university has a solid balance sheet (including financial resources of its affiliated foundation) with total financial resources of $695 million (unaudited FY 2012), up nearly 4% from $668.8 million in FY 2011, comparing favorably to the Aa3 median for Moody's rated public universities of $328.5 million. Including the current issuance, the university has issued $375 million of new money debt since FY 2010 that has outpaced financial resources growth. FY 2012 expendable financial resources cushion pro-forma debt 0.8 times compared to 1.5 times in FY 2010.

The university is currently in a comprehensive campaign with a goal of $500 million, which has been increased twice due to meeting previous goals early. Through August 31, 2012, Miami has raised $456 million towards the goal, having received approximately $301 million in cash. From FY 2009-FY 2011, the university has raised an annual average of $27.3 million, which is nearly double the Aa3-median.

In line with the university's campus master plan, Miami has invested significantly in student-centered projects since FY 2010, including construction of new student center (scheduled completion in January 2014) and renovation of housing and dining facilities. The Series 2012 bonds are being issued to provide funding for the next phase of these planned improvements. The first and second phases are underway and are funded by a portion of the proceeds of the Series 2010 and Series 2011 bonds. There will not be an increase in total beds, but the upgraded facilities are planned to bring in some additional funds.

As of June 30, 2012, Miami's endowment pool totaled $387.2 million with a fiscal year return of negative 3.3%. Total investments, which are held at Miami's foundation were allocated: 34% public equities, 25% hedge funds, 14% real assets, 13% private equity and debt, 9% fixed income, and 5% cash. The foundation's board of directors and the university's chief investment officer oversees the investment pool. Graystone Consulting is the investment advisor. No manager or fund comprises more than 9% of the portfolio. The university's FY 2011 monthly liquidity of $255 million provides a solid 207 monthly days cash to cover operating expenses, and also provides adequate liquidity to total FY 2011 unfunded commitments of $50 million.

While the university can absorb the additional debt at this time, the total debt and timing of the Series 2011 and 2012 issuances were accelerated due to favorable borrowing rates and gift revenue. Given the increase in debt, the Aa3-rating is sensitive to declines in expendable resources, revenue, or cash flow. Management reports issuing between $100-150 million additional debt over the next three to five fiscal years. These debt plans are not incorporated into the rating because the timeframe is outside of our outlook period; however, additional borrowing without compensating growth in balance sheet resources, revenue, and strong cash flow could lead to downward rating pressure.

GOVERNANCE AND MANAGEMENT: CAREFUL FISCAL OVERSIGHT HAS LED TO IMPROVED OPERATING PERFORMANCE

Miami's senior leadership and board demonstrate positive indicators of effective governance practices. The university is committed to multi-year planning in connection with its strategic plan, as well as ongoing monitoring of financial and operational results compared to budgeted expectations. Miami's management team creates detailed forecasts and budgets connecting it to it long-term financial and capital plans. In 2011, the university formed a task force to develop new revenue streams, identify cost savings, and to make the university more efficient within a three-year period. Management reports that it has achieved two-thirds of the planned $41.0 million of budget relieving items and believes that energy projects and Six-Sigma process efficiencies will create reoccurring savings beyond the three-year period. Importantly, the university's operating performance has improved within this timeframe.

OUTLOOK

The stable outlook reflects Moody's expectation that the university will maintain positive operating performance to adequately cover increased debt service, stabilize enrollment with continued growth in net tuition revenue, and that there will be no near-term debt issuance or draw down of financial resources or significant loss of state support.

WHAT COULD MAKE THE RATING GO UP

Substantial growth in financial resources; continued growth in net tuition revenue and other revenue sources; increased revenue diversity

WHAT COULD MAKE THE RATING GO DOWN

Weakening of debt service coverage; additional borrowing without proportionate operating cash flow growth and growth of financial resources; deterioration of operating performance, particularly if driven by deterioration in student market position with sustained enrollment declines or reduction in net tuition per student; downgrade of the state's rating or significant reduction in state support

KEY INDICATORS (FY 2011 financial data, fall 2011 enrollment data; FY 2012 unaudited financials and preliminary fall 2012 enrollment data in parenthetical)

Full-Time Equivalent Enrollment: 21,083 students (20,672 students)

Primary Selectivity: 74.5% (72.8%)

Primary Matriculation: 26.2% (25.1%)

Net Tuition per Student: $12,735 ($13,410)

Educational Expenses per Student: $17,382 ($18,059)

Average Gifts per Student $1,295 ($1,398)

Total Cash and Investments: $403.8 million ($446.0 million)

Total Pro-Forma Direct Debt: $556.3 million (includes FY 2012 principal payments)

Total Pro-Forma Comprehensive Debt*: $556.3 million (includes FY 2012 principal payments)

Expendable Financial Resources to Direct Debt: 0.78 times (0.81 times)

Expendable Financial Resources to Operations: 0.88 times (0.89 times)

Monthly Days Cash on Hand: 207.4 days

Monthly Liquidity to Demand Debt: Not applicable

Operating Revenue: $533.7 million ($541.8 million)

Operating Cash Flow Margin: 18.3% (17.3%)

Three-Year Average Debt Service Coverage: 3.54 times (2.44 times)

Reliance on Tuition and Auxiliaries Revenue (% of Moody's Adjusted Operating Revenue): 72.0% (74.4%)

Reliance on State Appropriations (% of Moody's Adjusted Operating Revenue): 15.5% (12.7%)

State of Ohio G.O. Rating: Aa1/stable

*Comprehensive Debt includes direct debt, operating leases, and pension obligation, if applicable

RATED DEBT

Series 2010A, 2010B, 2011, and 2012: Aa3

Series 2003, 2005, and 2007: Aa3; insured by Ambac

CONTACTS

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Financial Advisor: John Vincent, President, John S. Vincent & Co., (312) 332-1337

Underwriter: Kathleen Clark, Fifth Third Securities, (614) 744-5410

PRINCIPAL RATING METHODOLOGY

The principal methodology used in this rating was U.S. Not-for-Profit Private and Public Higher Education published in August 2011. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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Business Session
Item 10b

MIAMI UNIVERSITY

FINAL SUMMARY - 2012 BOND ISSUE

Miami University
October 23, 2012

TOTAL PAR AMOUNT: $116,065,000

SERIES 2012 TAX-EXEMPT BONDS:

PAR AMOUNT NEW PROJECT FUNDS:	**$116,065,000**
INTEREST RATE (all-inclusive true interest cost):	**3.13%**
MATURITIES:	**2014-2037**

MOODY'S CREDIT RATING:	**Aa3**	**(Affirmed)**
FITCH'S CREDIT RATING:	**AA**	**(Affirmed)**

SR. MANAGING UNDERWRITER:	**Fifth Third Securities**
CO-MANAGERS:	**Barclays Capital, Morgan Stanley, Stifel Nicolaus**
SELLING GROUP MEMBERS:	**Edward Jones, PNC Capital Markets**
FINANCIAL ADVISOR:	**John S. Vincent & Company**
BOND COUNSEL:	**Peck, Shaffer & Williams**
UNDERWRITER'S COUNSEL	**Squire Sanders**
TRUSTEE:	**Bank of New York Mellon Trust Co**

Business Session
Item 10b

MIAMI UNIVERSITY

2012 BOND ISSUE
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

Par amount of Series 2011 bonds	$116,065,000.00
Issuance premium received	10,089,232.60
Total Sources	$126,154,232.60

USES OF FUNDS

Capital projects:	
Student housing & dining projects	$125,000,000.00
Underwriter's fee	728,076.83
Other costs of issuance	426,155.77
Total Uses	$126,154,232.60

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Forward Twelve Month Agenda

Agenda Item	February Winter Meeting	April Spring Meeting	June End of Year Meeting	September Beginning of Year Meeting	December Fall Meeting
Committee Structure:					
• Committee Priority Agenda	x	x	x	x	x
• Committee Self-Assessment			x		
Strategic Matters and Significant Topics Affecting Miami:					
• Update on Strategic Priorities - Progress Toward Goals - New Revenue Development Reports by Academic Leaders	x	x	x	x	x
• Annual Campaign Update		x			
Regular Agenda Items:					
• Enrollment Report	x	x	x	x	x
• Report on Year-to-Date Operating Results	x	x	x	x	x
• Approval of Minutes of Previous Meeting	x	x	x	x	x
Finance and Accounting Agenda:					
• Budget Planning for New Year	x	x			
• Appropriation Ordinance (Budget)			x		
• Tuition and Fee Ordinance		x			
• Miscellaneous Fee Ordinance		x			
• Room and Board Ordinance				x	
• Review of Financial Statements	x				
• Annual State of Ohio Fiscal Watch Report		x			
• PMBA Tuition Proposal			x		
Audit and Compliance Agenda:					
• Planning Meeting with Independent Auditors		x			
• Management Letter and Other Required Communications					x
• Annual Planning Meeting with Internal Auditor					x
• Annual Report by Internal Auditor			x		
• Annual Compliance Report	x				
• Risk Assessment Report	x				

DRAFT

Forward Twelve Month Agenda

Agenda Item	February Winter Meeting	April Spring Meeting	June End of Year Meeting	September Beginning of Year Meeting	December Fall Meeting
Investment Agenda:					
• Approval of Endowment Spending Formula					x
• Semi-Annual Review of Investment Performance		x		x	
Facilities Agenda:					
• Approval of Six-Year Capital Plan (every other year)				x	
• Facilities Condition Report	x				
• Annual Report of Gift-Funded Projects				x	
• Report on Housing and Dining Master Plan	x	x	x	x	x
Routine Reports:					
• University Advancement Campaign Update	x	x	x	x	x
• Cash and Investments Report	x	x	x	x	x
• Status of Capital Projects Report	x	x	x	x	x
• Health Benefit Strategic Indicators	x			x	
• Financial Ratios					x

Table 1. Unadjusted Annualized Full-Time In-State Undergraduate Tuition and Fees Charged to Entering Students, FY 2003 to FY 2012

Sector / Campus	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Annual Change FY 2003 - FY 2012	Annual Change FY 2008 - FY 2012	Annual Change FY 2011 - FY 2012
University Main Campuses													
Bowling Green State University	$6,742	$7,408	$8,072	$8,560	$9,060	$9,060	$9,060	$9,218	$9,704	$10,044	49.0%	10.9%	3.5%
Central State University	$4,044	$4,287	$4,710	$4,994	$5,294	$5,294	$5,294	$5,294	$5,480	$5,672	40.3%	7.1%	3.5%
Cleveland State University	$5,496	$6,072	$6,822	$7,394	$7,970	$7,970	$7,970	$8,108	$8,516	$9,002	63.8%	12.9%	5.7%
Kent State University	$6,374	$6,882	$7,504	$7,954	$8,430	$8,430	$8,430	$8,726	$9,030	$9,346	46.6%	10.9%	3.5%
Miami University	$7,600	$8,353	$9,042	$11,365	$11,994	$11,874	$11,886	$11,886	$12,654	$13,081	72.1%	10.2%	3.4%
Ohio State University	$5,691	$6,651	$7,542	$8,082	$8,667	$8,676	$8,679	$8,726	$9,420	$9,735	71.1%	12.2%	3.3%
Ohio University	$6,336	$7,128	$7,770	$8,235	$8,847	$8,907	$8,907	$9,179	$9,603	$9,936	56.8%	11.6%	3.5%
Shawnee State University	$4,347	$4,734	$5,202	$5,508	$5,832	$5,832	$5,832	$6,234	$6,546	$6,762	55.6%	15.9%	3.3%
University of Akron	$6,098	$6,809	$7,510	$7,958	$8,383	$8,383	$8,613	$8,752	$9,247	$9,545	56.5%	13.9%	3.2%
University of Cincinnati	$6,936	$7,623	$8,379	$8,885	$9,399	$9,399	$9,399	$9,617	$10,065	$10,419	50.2%	10.9%	3.5%
University of Toledo	$5,849	$6,426	$7,054	$7,478	$7,927	$7,961	$8,065	$8,203	$8,629	$8,926	52.6%	12.1%	3.4%
Wright State University	$5,361	$5,892	$6,477	$6,864	$7,278	$7,278	$7,278	$7,533	$7,797	$8,070	50.5%	10.9%	3.5%
Youngstown State University	$5,155	$5,448	$5,884	$6,333	$6,721	$6,721	$6,721	$6,956	$7,199	$7,451	44.5%	10.9%	3.5%
University Main Campuses Weighted Average	$6,134	$6,822	$7,508	$8,104	$8,656	$8,653	$8,671	$8,822	$9,285	$9,608	56.6%	11.0%	3.5%

(Over)

Table 2. Annualized Full-Time In-State Undergraduate Tuition and Fees Charged to Entering Students, FY 2003 to FY 2012

In Constant July 2011 Dollars using CPI

Sector / Campus	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Annual Change FY 2003 - FY 2012	Annual Change FY 2008 - FY 2012	Annual Change FY 2011 - FY 2012
University Main Campuses													
Bowling Green State University	$8,457	$9,101	$9,629	$9,897	$10,058	$9,827	$9,305	$9,670	$10,056	$10,044	18.8%	2.2%	-0.1%
Central State University	$5,073	$5,267	$5,618	$5,774	$5,877	$5,742	$5,437	$5,554	$5,679	$5,672	11.8%	-1.2%	-0.1%
Cleveland State University	$6,894	$7,459	$8,137	$8,549	$8,848	$8,644	$8,186	$8,506	$8,825	$9,002	30.6%	4.1%	2.0%
Kent State University	$7,996	$8,455	$8,951	$9,196	$9,359	$9,143	$8,658	$9,154	$9,358	$9,346	16.9%	2.2%	-0.1%
Miami University	$9,534	$10,262	$10,786	$13,140	$13,316	$12,879	$12,208	$12,469	$13,113	$13,081	37.2%	1.6%	-0.2%
Ohio State University	$7,139	$8,171	$8,996	$9,344	$9,622	$9,410	$8,914	$9,154	$9,762	$9,735	36.4%	3.5%	-0.3%
Ohio University	$7,948	$8,757	$9,268	$9,521	$9,822	$9,661	$9,148	$9,630	$9,951	$9,936	25.0%	2.9%	-0.2%
Shawnee State University	$5,453	$5,816	$6,205	$6,368	$6,475	$6,325	$5,990	$6,540	$6,784	$6,762	24.0%	6.9%	-0.3%
University of Akron	$7,649	$8,365	$8,958	$9,201	$9,307	$9,092	$8,846	$9,182	$9,583	$9,545	24.8%	5.0%	-0.4%
University of Cincinnati	$8,701	$9,365	$9,995	$10,273	$10,435	$10,194	$9,654	$10,089	$10,430	$10,419	19.7%	2.2%	-0.1%
University of Toledo	$7,337	$7,894	$8,414	$8,646	$8,800	$8,635	$8,283	$8,606	$8,942	$8,926	21.7%	3.4%	-0.2%
Wright State University	$6,725	$7,238	$7,726	$7,936	$8,080	$7,894	$7,475	$7,903	$8,080	$8,070	20.0%	2.2%	-0.1%
Youngstown State University	$6,466	$6,693	$7,018	$7,322	$7,462	$7,290	$6,903	$7,297	$7,461	$7,451	15.2%	2.2%	-0.1%
University Main Campuses Weighted Average	$7,695	$8,381	$8,956	$9,370	$9,610	$9,385	$8,906	$9,255	$9,622	$9,608	24.9%	2.4%	-0.1%

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MIAMI UNIVERSITY

FULL-TIME UNDERGRADUATE FEES, UNIVERSITY MAIN CAMPUSES

Fall Term 2012

UNIVERSITY MAIN CAMPUSES	CALENDAR (QTR/SEM)	CREDIT HOURS (RANGE)	INSTRUCTIONAL FEE	GENERAL/OTHER FEES*	OUT-OF-STATE SURCHARGE
Bowling Green State University	Semester	12+	$4,457	$740	$3,654
Central State University	Semester	12-18	$1,775	$1,160	$3,610
Cleveland State University	Semester	12-16	$3,903	$754	$1,561
Kent State University	Semester	11+	$4,053	$783	$3,980
Miami University	Semester	12+	$5,635	$1,126	$7,782
Ohio State University	Semester	12+	$4,584	$434	$7,704
Ohio University	Semester	11-20	$4,480	$661	$4,482
Shawnee State University	Semester	12-18	$2,959	$535	$2,487
University of Akron	Semester	12-16	$4,142	$789	$4,100
University of Cincinnati	Semestion	12-18	$4,562	$830	$180
University of Toledo	Semester	12-16	$3,932	$666	$4,560
Wright State University	Semester	12-18	$3,627	$550	$3,914
Youngstown State University	Semester	12-16	$3,105	$751	$2,978

Source: Ohio Board of Regents

Reporting Update
Item 1

The Miami University Campaign For Love and Honor

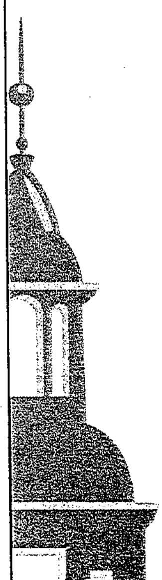
Board of Trustees Presentation

Tom Herbert

Vice President, University Advancement

Campaign Gift Pyramid - as of Nov 15, 2012

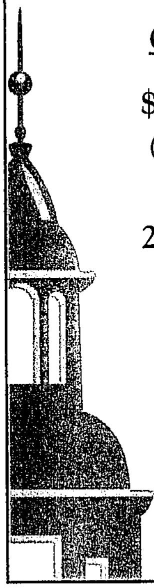
The Miami University Campaign For Love and Honor



	Level	Required Number	Total	Actual Number	Total
	$25,000,000+	2	$50,000,000	1	**$25,000,000**
	$10,000,000	10	$100,000,000	7	**$82,252,532**
	$5,000,000	15	$75,000,000	8	**$45,222,375**
	$2,000,000	20	$40,000,000	14	**$40,021,595**
Leadership Gifts	$1,000,000	55	$55,000,000	48	**$60,011,830**
	$500,000	65	$32,500,000	44	**$27,837,119**
Major Gifts	$100,000	400	$40,000,000	359	**$64,804,764**
	$50,000	450	$22,500,000	319	**$19,833,272**
	$25,000	800	$20,000,000	590	**$17,804,288**
Special Gifts	$10,000	1,500	$15,000,000	1,299	**$17,380,494**
Gifts Below	$10,000	many	$50,000,000	331,376	**$62,195,811**
Total			$500,000,000		**$462,364,081**

Cash to Annual Fund

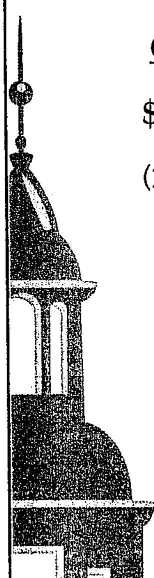
The Miami University Campaign For Love and Honor



CY08	CY09	CY10	CY11	CY12*
$3.48m (12.5%)	$3.44m (12.8%)	$4.02m (12.6%)	$4.17m (14.4%)	$2.75m (15.0%)
23,840 (71%)	23,365 (88%)	23,666 (84%)	24,900 (84%)	16,878 (63%)

Cash via Realized Bequests

The Miami University Campaign For Love and Honor



CY08	CY09	CY10	CY11	CY12*
$5.7m	$4.0m	$0.8m	$0.8m	$2.3m
(20.3%)	(14.8%)	(2.5%)	(2.8%)	(12.7%)

2

Cash via Planned Giving

The Miami University Campaign For Love and Honor

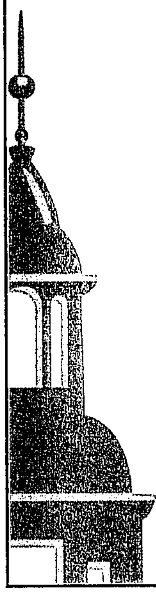
CY08	CY09	CY10	CY11	CY12*
$5.8m	$4.3m	$2.2m	$1.0m	$2.4m
(20.9%)	(16.1%)	(6.9%)	(3.6%)	(13.5%)

New Planned Giving commitments

The Miami University Campaign For Love and Honor

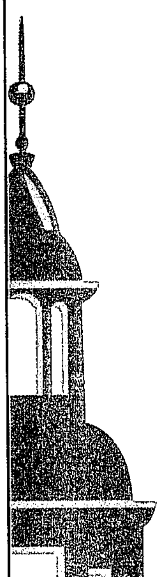
CY08	CY09	CY10	CY11	CY12*
$10.0m	$2.4m	$12.5m	$1.4m	$12.1m
(28%)	(11%)	(27%)	(6%)	(38%)

FY % of Cash by Constituency



	National	Miami
Alumni	25%	54%
Friends/Parents	18%	11%
Corporations	17%	13%
Foundations	30%	11%

FY Alumni Participation Rate



Miami University	18.0%
Public Schools	9.9%
Private Schools	20.2%
All Schools	12.4%

University Advancement Goals for CY 2012

The Miami University Campaign: For Love and Honor

- Raise $65 million to complete the Campaign *For Love and Honor*
- Raise $35 million in cash, sustained goal of $50 million
- Complete phase one fundraising goal of $30-$34 million for the Armstrong Student Center
- Achieve year three scholarship goal of $9.6 million, per SPTF
- Complete staffing plan, with performance metrics
- Achieve 19% alumni participation rate

Progress on Goals for CY 2012

The Miami University Campaign: For Love and Honor

- To date, have raised $33 million for Campaign *For Love and Honor*
- To date, have raised $18 million in cash
- To date, have raised over $31 million for the Armstrong Student Center, phase one
- To date, have raised $3 million toward year three scholarship goal
- Staffing plan completed, metrics in place
- Alumni participation rate at 13%, many gifts coming at year-end

University Advancement Goals for CY 2012

- Launch student and young alumni program
- Overhaul chapter and group program
- Redesign and launch new MUAA web site
- Create formal professional development plan
- Implement national stewardship plan
- Create culture of superior customer service

Progress on Goals for CY 2012

- Young Alumni Council has met several times, working with Student Affairs to increase campus awareness
- Initial chapter/group overhaul adopted, making additional revisions
- Redesigned MUAA web site launched, as well as new development web site
- In-house staff training workshops underway
- Planning both large and small scale stewardship events, on national level
- Launched "Superior Service" incentive program

Upcoming Challenges/Focus

The Miami University Campaign: For Love and Honor

- Concluding campaign by June 30, 2013
- Cash "slide"
- Planned Giving performance
- Staff retention – post-campaign
- Stewardship – post-campaign
- Election outcome

The Miami University Campaign: For Love and Honor

Board of Trustees Presentation

Tom Herbert

Vice President, University Advancement

Reporting Update
Item #2

REPORT ON CASH AND INVESTMENTS
Finance and Audit Committee
Miami University
December 6, 2012

Non-Endowment Fund

For the first fiscal quarter ending September 30, 2012, the non-endowment fund returned an estimated +2.03%. The performance for the past twelve months was an estimated +4.36%. A summary of performance is attached.

Cash flow, aided by first semester tuition receipts, started the fiscal year in a strong position. The operating cash balance was nearly $105 million at quarter-end, even after transferring $30 million from operating cash to the core cash pool near the end of the quarter. This transfer was to initiate a new investment in a short term bond strategy managed by M.D. Sass.

Short-term interest rates near zero continue to limit the earnings potential from both the operating cash and core cash portions of the pool. Plans are being developed, based on the cash flow forecast for the fiscal year, to continue to rebalance away from operating cash to core cash and long-term capital in an attempt to enhance the earnings potential of the overall fund in a prudent manner.

Current Funds	**Fair Value**	**% of Portfolio**
Operating Cash:		
Short-term Investments*	$104,829,335	28.40%
Core Cash:		
Intermediate-term Investments	$117,679,174	31.88%
Long-Term Capital:		
Fixed Income Investments	$ 76,304,947	20.67%
Absolute Return	$ 70,322,299	19.05%
Total long-term Capital	$146,627,246	39.72%
Total Current Fund Investments	**$369,135,755**	**100.0%**

*includes bank account balances not included on performance report

Endowment Fund

The endowment fund returned an estimated +4.48% for the first fiscal quarter ending September 30, 2012. The performance for the last twelve months was an estimated +12.41%. A summary of performance is attached.

The Miami University Foundation Investment Committee met on October 8, 2012. The committee approved an expansion of the strategic asset allocation ranges for both the equity (lower floor) and debt (higher ceiling) categories. Within the portfolio, the committee approved the termination of a global public equity manager (Tradewinds), the new subscription to a global public equity manager (Baring) with the proceeds, the termination of an emerging markets public equity manager (Tradewinds), and the transfer of those proceeds to an existing emerging markets manager (Virtus).

Bond Project Funds

The pace of construction activity increased. Approximately $19 million in draws were made during the quarter. As of September 30, 2012, the balances were as follows:

Plant Funds

Series 2010 Bond Project Fund	$ 59,212,024
Series 2011 Bond Project Fund	$115,350,827
Total Plant Funds	**$174,562,851**

The Series 2012 tax-exempt bonds were successfully sold in October, with settlement and receipt of the $125 million in proceeds occurring in November.

Attachments

Non-endowment Performance Summary as of 9/30/2012

MUF Performance Summary as of 9/30/2012

PRELIMINARY

Miami University Non - Endowment

As of September 30, 2012

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Miami Non-Endowment	**353,276.9**	**100.00**	**2.03**	**2.03**	**4.36**	**2.97**	**0.14**	**2.37**	**3.80**	**3.71**	**07/01/2002**
Operating Cash	**88,970.5**	**25.18**	**0.04**	**0.04**	**0.13**	**0.15**	**0.99**	**2.29**	**2.20**	**2.19**	**07/01/2002**
90-Day TB			0.02	0.02	0.08	0.09	0.50	1.69	1.68	1.68	07/01/2002
Core Cash	**117,679.2**	**33.31**	**0.92**	**0.92**	**2.98**	**4.00**	**3.94**	**4.08**	**3.45**	**3.74**	**07/01/2002**
BC 1-3 Yr Govt Index			0.26	0.26	0.65	1.49	2.94	3.46	2.92	3.09	07/01/2002
Long Term Capital	**146,627.2**	**41.50**	**3.79**	**3.79**	**8.60**	**5.20**	**(1.89)**	**1.79**	**5.23**	**4.64**	**07/01/2002**
Long Term Capital - Absolute Return	**70,322.3**	**19.91**	**3.53**	**3.53**	**6.82**	**3.19**	**2.01**	**3.54**	**4.24**	**4.07**	**07/01/2002**
MSCI AC World Net			6.83	6.83	20.98	7.22	(2.08)	3.58	8.60	6.27	07/01/2002
Long Term Capital - Fixed Income	**76,304.9**	**21.60**	**4.03**	**4.03**	**10.21**	**7.20**	**7.50**	**6.56**	**5.67**	**6.08**	**07/01/2002**
BC Agg Bond Index			1.58	1.58	5.16	6.19	6.53	5.92	5.32	5.65	07/01/2002

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PRELIMINARY

Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Miami Foundation Combined	386,925.7	100.00	4.48	4.48	8.48	12.41	10.45	1.83	5.73	8.93	6.69	01/01/1997
Miami Foundation Custom Index	-	0.00	5.95	5.95	10.21	16.29	7.56	0.91	4.90	8.70	7.01	10/01/2001
CPI + 5.0%			2.45	2.45	5.61	6.80	7.26	7.11	7.25	7.57	7.49	01/01/1997
MSCI AC World Net			6.83	6.83	12.87	20.98	7.22	-2.08	3.58	8.60	5.07	01/01/1997
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	6.40	01/01/1997
Miami Foundation - Public Equity	129,155.1	33.38	7.16	7.16	9.48	19.61	8.61	-0.55	4.27	8.94	5.32	01/01/1997
Miami Fdn - Ex Illiquids	292,142.1	75.50	5.28	5.28	8.52	14.45	10.57	2.42	5.96	9.27	6.67	01/01/1997
Miami Fdn - Alt/Hedge Combined	200,815.6	51.90	2.71	2.71	8.11	7.89	8.07	1.50	5.56	7.55	7.54	01/01/1997
Miami Foundation - Public Fixed Income	35,308.8	9.13	4.72	4.72	9.80	11.43	7.81	7.52	6.65	6.50	6.35	01/01/1997
Equities												
Miami Foundation - Public Equity	129,155.1	33.38	7.16	7.16	9.48	19.61	8.61	-0.55	4.27	8.94	5.32	01/01/1997
Aberdeen	32,965.9	8.52	6.19	6.19	12.48	22.12	9.30	-	-	-	3.65	08/01/2008
MSCI AC World Net			6.83	6.83	12.87	20.98	7.22	-2.08	3.58	8.60	1.27	
MSCI ACWI ETF	22,040.8	5.70	5.87	5.87	-	-	-	-	-	-	5.87	07/01/2012
MSCI AC World Net			6.83	6.83	12.87	20.98	7.22	-2.08	3.58	8.60	6.83	
Lateef	13,699.9	3.54	7.97	7.97	19.81	32.27	14.57	4.10	-	-	3.20	11/01/2007
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	0.95	
Tradewinds Global All Cap	22,858.8	5.91	8.23	8.23	-1.34	0.24	5.73	2.72	-	-	4.10	05/01/2007
MSCI AC World Net			6.83	6.83	12.87	20.98	7.22	-2.08	3.58	8.60	-0.82	
Virtus Global Opps	23,508.2	6.08	7.64	7.64	15.77	16.22	-	-	-	-	16.22	11/01/2011
MSCI AC World Net			6.83	6.83	12.87	20.98	7.22	-2.08	3.58	8.60	9.28	

Miami Foundation Custom Index is comprised of the following blend of indices: 60% MSCI All Country World Index (ACWI) net / 10% BC Aggregate Bond / 10% BC Multiverse / 10% Russell NCREIF (1Q Lag) / 5% S&P Natural Resources / 5% Dow UBS Commodity

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Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Tradewinds Emerging Markets	3,736.1	0.97	11.98	11.98	-2.60	-2.61	-	-	-	-	-18.61	03/01/2011
MSCI EM (net)			7.74	7.74	11.98	16.93	5.64	-1.28	8.64	17.00	-3.33	
Virtus Emerging Opportunities	6,513.6	1.68	5.11	5.11	15.51	24.71	-	-	-	-	7.32	09/01/2011
MSCI EM (net)			7.74	7.74	11.98	16.93	5.64	-1.28	8.64	17.00	-0.11	
Lone Pine	3,831.9	0.99	9.96	9.96	16.96	22.51	-	-	-	-	-6.59	07/01/2011
MSCI EM (net)			7.74	7.74	11.98	16.93	5.64	-1.28	8.64	17.00	-7.63	

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PRELIMINARY

Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Fixed Income												
Miami Foundation - Public Fixed Income	35,308.8	9.13	4.72	4.72	9.80	11.43	7.81	7.52	6.65	6.50	6.35	01/01/1997
BC Agg Bond Index			1.58	1.58	4.00	5.16	6.19	6.53	5.92	5.32	6.28	01/01/1997
Commonfund High Qual. Bond	18,068.1	4.67	2.74	2.74	6.51	7.81	7.65	7.59	6.70	6.13	6.89	11/01/2000
BC Agg Bond Index			1.58	1.58	4.00	5.16	6.19	6.53	5.92	5.32	6.20	
Templeton Global Tot. Return	17,240.7	4.46	6.88	6.88	13.46	15.45	-	-	-	-	6.89	11/01/2010
BC Agg Bond Index			1.58	1.58	4.00	5.16	6.19	6.53	5.92	5.32	5.25	
Hedge Funds												
Miami Fdn - Hedge Funds	106,032.0	27.40	3.32	3.32	7.69	9.39	6.17	2.91	5.41	5.98	5.10	01/01/2002
HFRI Fund of Funds			2.42	2.42	3.42	2.93	1.50	-1.63	1.68	3.63	3.34	01/01/2002
Canyon	20,843.8	5.39	4.71	4.71	13.90	16.55	9.83	6.75	-	-	7.84	07/01/2006
HFRI Event Driven			2.96	2.96	5.28	6.96	5.87	2.05	4.74	8.21	3.88	07/01/2006
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	4.30	07/01/2006
ML High Yield			4.57	4.57	11.91	18.81	12.56	8.97	8.63	10.60	9.07	07/01/2006
Evanston Weatherlow	23,855.1	6.17	3.29	3.29	6.51	6.78	4.17	1.64	5.44	-	5.91	04/01/2004
HFRI Fund of Funds			2.42	2.42	3.42	2.93	1.50	-1.63	1.68	3.63	2.41	04/01/2004
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	5.38	04/01/2004
BC Agg Bond Index			1.58	1.58	4.00	5.16	6.19	6.53	5.92	5.32	5.27	04/01/2004
90-Day TB			0.02	0.02	0.06	0.08	0.09	0.50	1.69	1.68	1.79	04/01/2004
Golden Tree	21,124.1	5.46	4.40	4.40	9.32	8.53	14.30	7.01	-	-	8.05	07/01/2006

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Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
HFRI Event Driven			2.96	2.96	5.28	6.96	5.87	2.05	4.74	8.21	3.88	07/01/2006
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	4.30	07/01/2006
ML High Yield			4.57	4.57	11.91	18.81	12.56	8.97	8.63	10.60	9.07	07/01/2006
GRT	4,418.8	1.14	5.54	5.54	10.56	27.84	10.41	0.20	-	-	1.33	11/01/2006
HFRI Eq Hed (Tot)			3.49	3.49	5.52	7.47	3.20	-0.37	3.06	5.84	1.85	11/01/2006
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	3.13	11/01/2006
Ivory	15,877.1	4.10	2.63	2.63	4.20	7.52	0.81	2.14	-	-	2.06	11/01/2007
HFRI Eq Hed (Tot)			3.49	3.49	5.52	7.47	3.20	-0.37	3.06	5.84	-0.99	11/01/2007
MSCI AC World Net			6.83	6.83	12.87	20.98	7.22	-2.08	3.58	8.60	-2.87	11/01/2007
Sandler	4,966.8	1.28	0.27	0.27	-	-	-	-	-	-	-0.66	04/01/2012
HFRI Eq Hed (Tot)			3.49	3.49	5.52	7.47	3.20	-0.37	3.06	5.84	-1.29	04/01/2012
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	2.90	04/01/2012
Standard Pacific	4,651.9	1.20	-1.11	-1.11	-	-	-	-	-	-	-6.96	04/01/2012
HFRI Eq Hed (Tot)			3.49	3.49	5.52	7.47	3.20	-0.37	3.06	5.84	-1.29	04/01/2012
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	2.90	04/01/2012
Starboard Value & Opportunity	5,155.1	1.33	1.01	1.01	-	-	-	-	-	-	3.10	04/01/2012
HFRI Event Driven			2.96	2.96	5.28	6.96	5.87	2.05	4.74	8.21	0.41	04/01/2012
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	2.90	04/01/2012

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PRELIMINARY

Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Beach Point	5,139.3	1.33	-	-	-	-	-	-	-	-	2.83	08/01/2012
HFRI Event Driven			2.96	2.96	5.28	6.96	5.87	2.05	4.74	8.21	2.48	08/01/2012
Russ 3000 Index			6.24	6.24	16.14	30.22	13.26	1.30	4.60	8.49	5.20	08/01/2012

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PRELIMINARY

Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Private Programs												
Miami Fdn - Priv Programs	94,783.6	24.50	2.06	2.06	8.55	6.19	11.01	-1.54	5.47	7.66	10.25	01/01/1997
Private Programs - Private Equity												
Commonfund Dist. Debt	5,574.3	1.44	-0.55	-0.55	4.84	-2.75	8.37	-2.61	4.56	7.47	7.92	02/01/2001
HFRI Dist. Sec. (1Q Lag)	-	0.00	-2.18	-2.18	5.01	-3.18	9.55	1.19	4.83	8.43	8.35	02/01/2001
Commonfund Int'l Private Equity	968.2	0.25	-5.39	-5.39	1.10	-9.46	12.39	1.46	11.03	11.07	7.73	01/01/1997
Cambridge Priv Eq (1Q Lag)	-	0.00	-0.12	-0.12	10.88	5.86	16.45	5.59	12.01	13.67	13.03	01/01/1997
Commonfund Private Equity	2,063.3	0.53	-2.84	-2.84	9.57	4.05	13.53	3.35	9.55	10.51	9.99	01/01/1997
Cambridge Priv Eq (1Q Lag)	-	0.00	-0.12	-0.12	10.88	5.86	16.45	5.59	12.01	13.67	13.03	01/01/1997
Commonfund Venture	1,756.2	0.45	0.36	0.36	5.52	0.76	9.16	2.97	8.56	8.75	14.16	01/01/1997
Cambridge Vent. Eq. (1Q Lag)	-	0.00	0.61	0.61	6.85	6.09	12.69	4.38	7.89	4.72	12.98	01/01/1997
Goldman Sachs Distressed Debt	5,004.4	1.29	4.69	4.69	7.52	7.16	16.59	-	-	-	0.45	07/01/2008
HFRI Dist. Sec. (1Q Lag)	-	0.00	-2.18	-2.18	5.01	-3.18	9.55	1.19	4.83	8.43	2.82	07/01/2008
Goldman Sachs Private Equity	13,130.4	3.39	1.76	1.76	4.52	5.97	12.98	3.52	-	-	0.88	03/01/2006
Cambridge Priv Eq (1Q Lag)	-	0.00	-0.12	-0.12	10.88	5.86	16.45	5.59	12.01	13.67	11.36	03/01/2006
Hamilton Lane	16,786.3	4.34	3.35	3.35	14.59	12.54	20.02	-	-	-	12.77	03/01/2008
Cambridge Priv Eq (1Q Lag)	-	0.00	-0.12	-0.12	10.88	5.86	16.45	5.59	12.01	13.67	5.63	03/01/2008
Pomona	3,512.3	0.91	-1.36	-1.36	4.75	1.22	10.65	4.72	2.79	-	2.79	10/01/2005
Cambridge Priv Eq (1Q Lag)	-	0.00	-0.12	-0.12	10.88	5.86	16.45	5.59	12.01	13.67	12.01	10/01/2005

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PRELIMINARY

Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Real Assets												
Private Real Assets												
Commonfund Energy	324.8	0.08	0.29	0.29	14.99	9.05	17.27	10.58	20.30	21.77	21.59	01/01/1997
S&P 500 Energy (1Q Lag)	-	0.00	-5.99	-5.99	15.43	-8.18	12.72	0.93	7.60	10.93	10.89	01/01/1997
Commonfund Realty	348.0	0.09	7.66	7.66	56.45	20301857.31	-43.59	-42.67	-	-	-42.67	10/01/2007
Russell NCREIF (1Q Lag)	-	0.00	2.68	2.68	8.46	12.04	8.81	2.50	6.70	8.29	2.50	10/01/2007
Commonfund Natural Resources	12,366.8	3.20	6.00	6.00	16.27	11.23	16.48	8.21	14.01	-	6.32	09/01/2003
S&P 500 Energy (1Q Lag)	-	0.00	-5.99	-5.99	15.43	-8.18	12.72	0.93	7.60	10.93	13.01	09/01/2003
Goldman Sachs Conc. Energy	8,479.5	2.19	4.94	4.94	10.50	8.10	11.54	-	-	-	3.92	05/01/2008
S&P 500 Energy (1Q Lag)	-	0.00	-5.99	-5.99	15.43	-8.18	12.72	0.93	7.60	10.93	0.56	05/01/2008
Metropolitan	3,475.4	0.90	1.36	1.36	8.70	6.84	-1.77	-15.50	-	-	-13.58	09/01/2006
Russell NCREIF (1Q Lag)	-	0.00	2.68	2.68	8.46	12.04	8.81	2.50	6.70	8.29	5.29	09/01/2006
Penn Square	11,830.8	3.06	-0.80	-0.80	5.37	4.04	9.02	-	-	-	-9.65	02/01/2008
Russell NCREIF (1Q Lag)	-	0.00	2.68	2.68	8.46	12.04	8.81	2.50	6.70	8.29	1.89	02/01/2008
Timbervest	9,162.7	2.37	0.19	0.19	1.43	0.06	-0.48	2.29	-	-	2.14	06/01/2007
NCREIF Timberland (1Q Lag)	-	0.00	0.61	0.61	1.49	1.13	-0.67	3.95	7.19	7.60	4.37	06/01/2007
Public Real Assets												
Eagle Income Appreciation	11,507.6	2.97	10.35	10.35	12.60	-	-	-	-	-	23.28	11/01/2011
AlerianMLP			8.88	8.88	8.50	26.22	25.10	14.04	13.73	17.33	14.47	

Miami Foundation Custom Index is comprised of the following blend of indices: 60% MSCI All Country World Index (ACWI) net / 10% BC Aggregate Bond / 10% BC Multiverse / 10% Russell NCREIF (1Q Lag) / 5% S&P Natural Resources / 5% Dow UBS Commodity

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PRELIMINARY

Miami University Foundation

As of September 30, 2012

	Allocation		Performance(%)									
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Cash												
Miami Foundation - Cash	10,138.6	2.62	0.01	0.01	0.03	0.04	-	-	-	-	0.03	07/01/2011
90-Day TB			0.02	0.02	0.06	0.08	0.09	0.50	1.69	1.68	0.07	07/01/2011

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