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BOARD OF TRUSTEES
MIAMI UNIVERSITY
Minutes of the Finance and Audit Committee Meeting
104 Roudebush Hall
December 5, 2013

The Finance and Audit Committee of the Miami University Board of Trustees met on December 5, 2013 in Room 104 Roudebush Hall on the Oxford Campus. The meeting was called to order at 1:30 p.m. by Committee Chair Mike Armstrong. Committee members John Altman, Jagdish Bhati, David Budig, Sharon Mitchell and Mark Ridenour were in attendance. Trustees Donald Crain, Sue Henry, Terry Hershey, Robert Shroder and Stephen Wilson were also present. Committee member Michael Gooden was absent.

In addition to the Trustees, David Creamer, Vice President for Finance and Business Services, and Treasurer; Bobby Gempesaw, Provost and Executive Vice President; Tom Herbert, Vice President for Advancement; and Peter Natale, Vice President for Information Technology and CIO, were in attendance. Also present, were; Robin Parker, General Counsel; Deedie Dowdle, Associate Vice President for Communications and Marketing; Michael Kabbaz, Associate Vice President for Enrollment Management; Michael Pratt, Dean, College of Professional Studies and Applied Sciences; David Ellis, Associate Vice President for Budgeting and Analysis; Dale Hinrichs, Associate Vice President for Finance and Controller; Kim Kinsel, Associate Vice President for Auxiliaries; Bruce Guiot, Chief Investment Officer; Cody Powell, Associate Vice President for Facilities, Planning and Operations; John Seibert, University Architect; Barbara Jena, Director of Internal Audit and Consulting; Clair Wagner, Director of University News and Communication; Donna Sciarappa and Matt Garvey from McGladrey; representatives of the American Classical League, and Ted Pickerill, Secretary to the Board of Trustees; along with several other individuals attending to observe, report or to provide information.

Executive Session

The Finance and Audit Committee entered Executive Session to discuss personnel matters. At 1:45 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 19, 2013 meeting were approved.

Financial Statements and Audit Results

Report of the Independent Auditors

Donna Sciarappa and Matt Garvey of McGladrey LLP, provided an overview of their report of the audit of Miami University financial statements for the year ending June 30, 2013. Following the public report, the auditors met privately with the Trustees.

The audit report is included as Attachment A.

University Advancement

Vice President Herbert explained the revised focus regarding donation requests; there are now fewer requests than in the past, but they are more focused and of a greater impact. While there are fewer requests, the result of this revision has generated higher close totals. Goals for newer Development Officers also have fewer requests, but more visits, in order to help develop relationships.

Vice President Herbert reviewed the results of the For Love and Honor campaign, which exceeded the campaign goals. He stated there would be a pause between campaigns with a focus on stewardship at the end of a campaign, then identification of the next campaign, then entry into the silent phase. He stated that the Scholarship Initiative would be a primary post campaign effort, and that the focus is on recruitment – with an aspect being a matching program - "Match the Promise."

For next meeting, it was requested that Advancement to provide a summary of available match programs across all areas.

Vice President Herbert's report is included as Attachment B.

Facilities, Construction and Real Estate

Residence Hall Renewal Plan

Vice President David Creamer, Cody Powell and John Seibert briefed the Committee. They provided background and history on the residence hall renewal plan. In 2007, residence halls had an average age of 61 years. The original plan called for new construction predominately, and assumed a 5% per year increase in room and board rates, but still left a $280M shortfall – this plan was not adopted. A revised planning process was commenced in 2008, and a new plan was presented to the Board of Trustees in 2009. This plan focused predominately on the renovation of the existing structures instead of new construction, and the overall cost of the plan was lowered by approximately $200M. The operating shortfall was also eliminated through increased cost reduction which also allowed for a lower room and board assumption. The new plan was adopted in 2009 and the first debt issuance occurred in the fall of 2010.

The status of the new plan was reviewed; including updates on residence halls constructed/completed and a discussion of future financing options. Regarding financing, Dr. Creamer presented the advantages and disadvantages of tax-exempt debt, fundraising, internal funding "pay as you go," and blended options, such as internal financing with debt. Dr. Creamer recommended use of a mixed option with an additional $150M in debt, combined with fundraising and internal funding, for a total of $300M.

The Committee, before acting on Dr. Creamer's proposal, discussed the University's financial position, especially net unrestricted assets. As of June 30 the value was approximately $350M, with $180M in long term investments. The minimum required reserve is approximately half this level. Long term investments earned approximately 11% in the prior fiscal year. Maintaining these net assets provides annual investment income for the budget and improves Miami's credit ratios which is important to future debt financing.

Dr. Creamer was then asked what level of room and board annual growth would be expected, should the mixed funding model be used for the renovations. He replied that annual increases would be limited to the amount of annual inflation.

Mr. Altman then moved, Mr. Budig seconded, and the Committee agreed unanimously by voice vote that the mixed funding model should be employed.

Capital Improvements

One of the benefits of the recent capital improvement projects has been a reduction in the amount of energy consumed. These improvements along with an increased emphasis on energy conservation helped to lower energy consumption by almost 10% this past year. Cody Powell reported good progress was made this Fall on all current projects. The one concern he reported was in regard to the Western Dining Hall project which might not be completed until February. However, it still is expected that this new dining facility will commence operation following spring break. The remaining Western Campus projects, which include two retention ponds and three new residence halls with an architectural transition to Western Campus style stone buildings, remain on schedule for Fall occupancy.

Resolutions

Termination of Leases

Space issues, created by renovations on campus, require Miami to use the currently leased spaces in the Demske Culinary support building to house various displaced University offices. Two representatives from the American Classical League were present, and expressed their desire to maintain their relationship with the University even as they will need to locate off-campus for the first time since 1943. The Committee spoke positively of the longstanding connection with the American Classical League and of its value and importance. Dr. Creamer reported that he has met with both groups which are currently leasing, to explain the need to end the leases and to work through the transition while offering to maintain the long standing relationships with both the American Classical League and the Miami Employee Credit Union.

Mr. Bhati moved, Mr. Ridenour seconded and by unanimous voice vote, the Committee voted to recommend approval.

Indoor Sports Center

Dr. Creamer reported that Athletic Director David Sayler has been quite successful in raising funds for an indoor sports facility, with over $9M pledged to date, bringing the total raised to within $600,000 of the total project cost. Dr. Creamer explained the project would require no borrowed funds, with internal financing being used to fund the project until the scheduled cash inflow from the pledges begins. He also reported that this project will allow the closure of Withrow Court, saving an estimated $5M in short term repairs and an additional $15M for Withrow's long term renewal and renovation.

The Indoor Sports Center would be used for more than varsity sports practice; the facility will also be available daily from 7pm to 12am for public/student use.

This project will not increase student costs or fees, and has an estimated completion date of December 2014.

Mr. Bhati then moved, Ms. Mitchell seconded and by unanimous voice vote, the Committee voted to recommend approval.

Six-Year Capital Plan

It was reported the Governor has called for $400M to support the statewide capital plan for higher education. Miami's proposed projects meet the criteria very well; with the Shideler Hall renovation in FY2015-FY2016 being the most immediate, significant request for the Oxford Campus (the full proposal is included in Attachment C). Projects for both the Middletown and Hamilton campuses also are part of the request.

Mr. Ridenour moved, Mr. Bhati seconded and by unanimous voice vote, the Committee voted to recommend approval.

The presentations, reports and resolutions are included as Attachment C.

Endowment Spending Formula

The proposed spending distribution formula remained the same as for the previous year. It was also reported that the Foundation Board had also considered the proposed formula and recommended approval. The proposed formula states:

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, 2014 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, 2014.

Mr. Ridenour moved, Mr. Bhati seconded and by unanimous voice vote, the Committee voted to recommend approval.

The resolution and associated information is included as Attachment D.

Report on Year-to-Date Operating Results

Dr. Creamer reported that the Oxford campus revenue estimates are in excess of the amount budgeted while expenses are below the amount budgeted. For the Regional Campuses, the appropriation and tuition revenues are below estimates but lower than budgeted expenses are expected to offset the lower revenue. Dr. Creamer also reported a potential $3.5M decline in the state appropriation for 2015. Prior estimates indicated a neutral effect from changes in the appropriation but were in error. The process to finalize the allocation of the appropriation for 2015 continues, and the final impact on each of Miami's campuses won't be known until sometime in the next calendar year.

An additional change is that the Regional Campuses are now folded in with Oxford Campus appropriation, rather than separately funded.

Dr. Creamer's report is included as Attachment E.

Update on Strategic Priorities

Regional Campus Enrollment Plan and Budget review

It was stated that there is a need for the Regionals to be financially viable on their own, and it was requested that Academic Affairs provide a plan for their future, examining various options. Also discussed was how the State now treats the Regionals and Oxford as a combined entity. Federally, they are still viewed separately, however, financial aid wise (specifically regarding default rates) the Regional Campuses and Oxford are grouped as one.

Regarding the requested report to the Committee, the Chair stated two areas are to be included; improvement of short term performance (due in February), and a strategic review of the Campuses (due in April).

Information on enrollment and budget forecasts for the Regional Campuses is included as Attachment F.

Ten-Year Budget Plan Update

The update included the change in the expected state appropriation which now shows a shortfall beginning in 2017. However, this plan does not include new revenue generation plans beyond the current initiatives or revenue from the new Winter Term, which may contribute to covering the future shortfalls. It was further explained that the loss in FY2017 is also attributed to the end of the pledged donor contributions to fund the Farmer Business School building debt service.

Dr. Creamer will revise the assumptions of the plan and it will be updated and presented again in February.

The long range budget plan is included as attachment G.

Report from Internal Audit

Barbara Jena explained the Annual Audit Plan is based on an updated risk assessment which includes input from the Trustees.

Mr. Bhati moved, Mr. Ridenour seconded, and by unanimous voice vote, the audit plan was approved.

There were comments regarding the audit report as to how it included several long-standing items yet to be fully corrected. It was directed that for future reports, these open audit issues will include a due date for completion and a report from the responsible director.

Following her public presentation, Barbara Jena, Director of Internal Audit and Consulting, met privately with the Trustees.

Ms. Jena’s report is included as attachment H.

Future Agenda Priorities

Dr. Creamer presented the forward agenda, which is included as Attachment I.

Additionally, items from the current meeting, to be addressed in the future include:

From Advancement; a summary of available donor match programs across all areas (due in February).

From Academic Affairs; a Regional Campus plan addressing improvement of short term performance (due in February), and a strategic review the campuses (due in April).

From Finance and Business Affairs; a review of the long range budget assumptions and an updated presentation in February.

From Internal Audit; due dates for the completion of open audit items, and update reports from the responsible director.

Also requested was an update on the new revenue generation stream.

Additional Reports

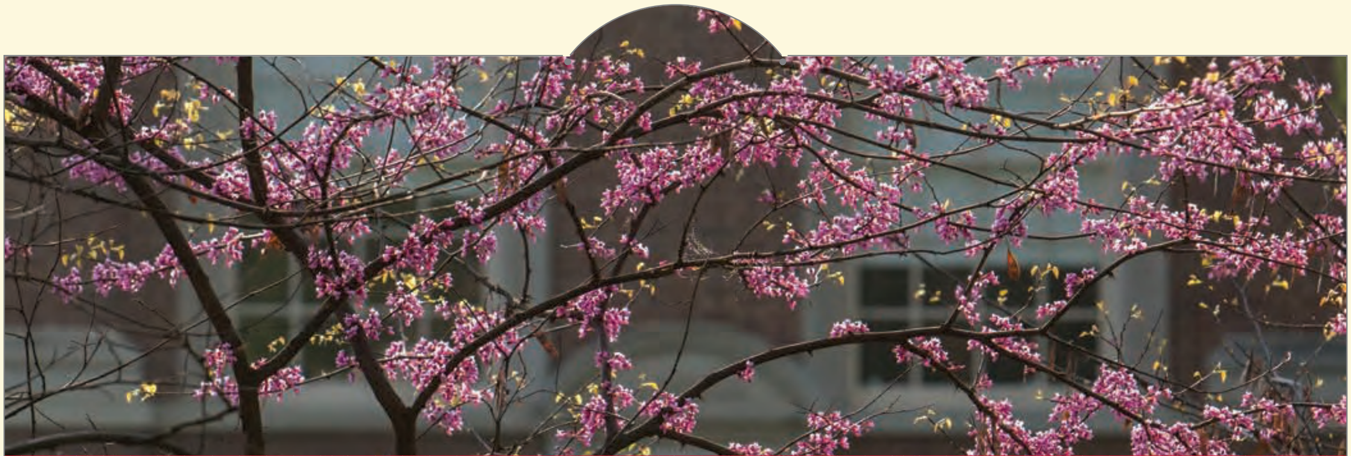
The following written reports were also provided for the Committee's information and review:

Cash and Investment Report – Attachment J
Enrollment Report – Attachment K
Health Benefit Indicators – Attachment L
Lean Projects Update – Included in Attachment M

Adjournment

With no other business coming before the Committee, the Chair adjourned the meeting at 5:30 p.m.

Theodore O. Pickerill II
Secretary to the Board of Trustees



Financial Report

{ 2013 }

MIAMI UNIVERSITY

Treasurer's report

Financial Highlights

For the fourth consecutive year, the university reported positive financial results for fiscal year 2012-13. The improved financial position is reflected in total assets, which rose 14.3 percent to a total of $1.635 billion. Net assets also increased by $86.4 million. The growth in total and net assets occurred even with the modest increase in state support of $1.0 million or 1.4 percent.

For the second consecutive year, 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 first-year class of 3,734 students surpassed the goal of 3,600 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 2.0 percent or $8.7 million dollars largely due to the increase in tuition and room and board rates. The decrease in operating expenses of $12.6 million or 2.0 percent was primarily a net result of a 16.0 percent decrease in health insurance claim expense, a 2.5 percent salary increase for all faculty and staff, and the absence of one-time payment in fiscal year 2012 to outside consultants for operational reviews. Investment income rebounded over the previous fiscal year with a $29.5 million increase in net investment income.

The university issued $116.1 million in general receipts revenue bonds. The proceeds are being used to continue funding for the multi-phase plan to renovate student housing and dining facilities on the Oxford campus.

Future Outlook and Challenges

The University is developing a new strategic plan, The Miami 2020 Plan, which provides the overarching goal for everyone to contribute to a vibrant learning and discovery environment that produces higher quality outcomes. During fiscal year 2014, Miami University faculty and staff will develop strategies and metrics that will be used to further define the goals and three core foundations of a transformational work environment, inclusive culture and global engagement, and effective partnerships and outreach.

Miami University completed its third year of implementing the recommendations of the Strategic Priorities Task Force (SPTF). The recommendations are intended to produce approximately $10 million in new revenue and $30 million in expense reductions by 2015. During fiscal year 2014, operating expenses will be cut by an additional $7.1 million, which will bring the total expense reductions to over $24 million through 2014. Also in 2014, the University is developing new revenue sources that will add $4.1 million to the operating budget through growth in non-resident and transfer enrollment.

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The fall 2013 first-year enrollment of 3,650 on the Oxford campus surpassed the goal of 3,600 students. The academic quality of the incoming class improved substantially with average ACT scores increasing from 26.5 to 27.5 and the average grade point average increasing from 3.63 to 3.72. Non-resident first-year enrollment is 39.5 percent as compared to 38.5 percent for the fall 2012 class. Enrollments on the Hamilton and Middletown campuses decreased by 7.1 percent and 6.8 percent, respectively. Although the university was authorized to increase tuition by 2.0 percent, the university implemented a 1.5 percent tuition and fee increase for the Oxford campus resident and non-resident undergraduate students.

For fiscal year 2014, Miami's state appropriation is budgeted to increase by $0.6 million or 1.1 percent for the Oxford campus and $0.04 million or less than one percent for the Hamilton campus. The Middletown campus state share of instruction is scheduled to decrease by $0.3 million or 5.2 percent. In addition, the State has implemented the Ohio Higher Education Funding Commission formula recommendations which increases emphasis on graduating students, degree completions, and attracting out-of-state students to remain in Ohio for employment or continuing education.

Throughout fiscal year 2014, the University will be transitioning from a traditional incremental budget framework to a Responsibility Centered Management (RCM) approach. The RCM budget model stresses decentralized managerial framework that provides for unit-level accountability and encourages entrepreneurial activities in each division. The RCM model will be fully implemented with the beginning of fiscal year 2015.

The University's For Love and Honor capital campaign surpassed its $500 million goal during the fiscal year marking this as the most successful fund raising effort in University history. The funds from this campaign will provide new scholarships that will allow thousands of students access to a Miami education, faculty recruiting and retention opportunities, new chairs and professorships, and funds for capital improvements.

Respectfully submitted,

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, 2013

Fiscal Year 2013 Highlights

Miami's investment portfolios produced solid results for the fiscal year ended June 30, 2013. The combined university and foundation managed pool posted a gain of 11.20 percent, a notable improvement over the previous year's decline of 3.27 percent. Meanwhile, the non-endowment pool produced a return of 3.47 percent after earning 1.86 percent in the previous year.

Investment Pools

As of June 30, 2013, total investments held by Miami University and the Miami University Foundation approached $800 million, up from just shy of $700 million at the previous year-end. This increase is attributable to improved University operating cash flow, sound investment performance, and sustained giving levels.

The Miami University Foundation's investment committee provides governance oversight to one unified endowment investment pool for the University and Foundation, while the University maintains oversight of the non-endowment pool. The fiscal year-end asset values among the pools are as follows:

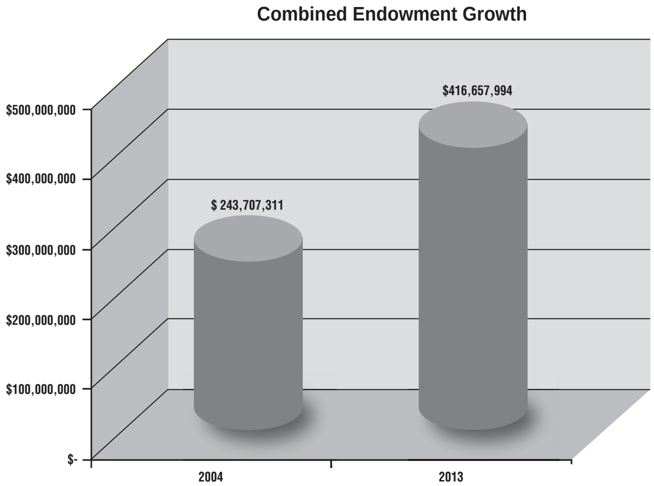
Pool	Type of Funds	Invested as of June 30, 2013
University non-endowment	Working capital and cash reserves to support operating activities	$349,486,000
University endowment & foundation	Funds donated to the university and the foundation to establish endowments in perpetuity	$416,658,000
Trusts, annuities, and separately invested assets	Gifts managed independently of the pooled funds	$ 25,124,000
Total Investments		**$791,268,000**

The university non-endowment pool holds the working capital and cash reserves that fund the university's operating activities. Its balance fluctuates significantly 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 combined endowment pool invests endowed gifts from donors. The pool operates under the philosophy that the funds 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 well 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.

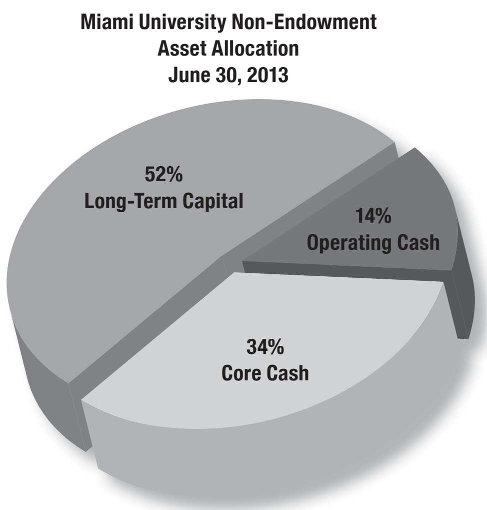
The university and foundation also hold assets given by donors in the form of trusts, annuities, insurance policies, and similar assets. These funds are managed separately from the endowment pool.

Over the last decade, the value of the combined endowment pools has increased by 71 percent through a combination of generous support from our donors and solid investment earnings. We appreciate the enduring generosity of our alumni and friends, along with the dedicated leadership of our investment committee, as we continue to navigate the extraordinary challenges present throughout the global capital markets.



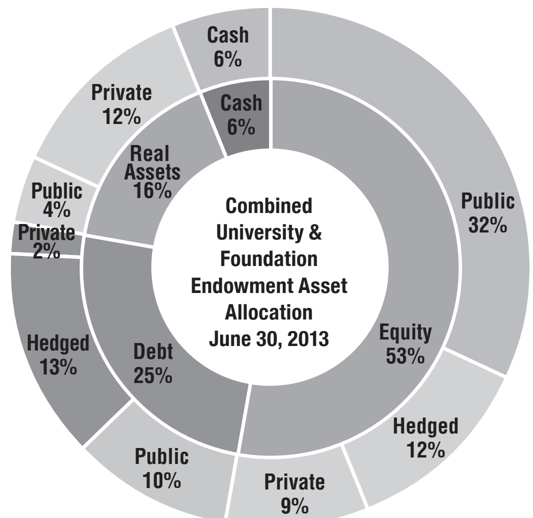
Asset Allocation

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 high quality 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 due to sustained improvements in University operating efficiency. This growth in cash continues to present a major challenge, however, as short-term interest rates enter their fifth year near zero. Several rebalancing actions were taken during the year to reduce operating cash balances in order to increase the pool's earnings potential. The result was one new strategy in core cash, three new strategies in the long-term capital portion, and one liquidated absolute return manager. These moves shifted the allocations lower in operating cash (from 21 percent to 14 percent) and higher in the other two categories versus last year. The potential for increases in interest rates have prompted a bias toward absolute return strategies versus traditional bond strategies.

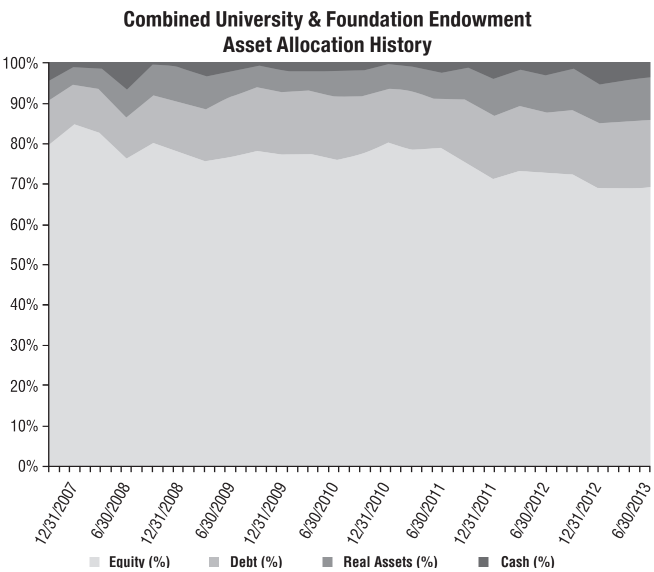
The endowment pool's primary asset allocation strategy uses three asset categories: equity, debt, and real assets. Within each category, we can gain exposure through three types of strategies: long-only public, hedged, or private. We employ managers that have broad, unconstrained mandates, allowing them great flexibility to pursue opportunities. Most of our managers have a global mandate.



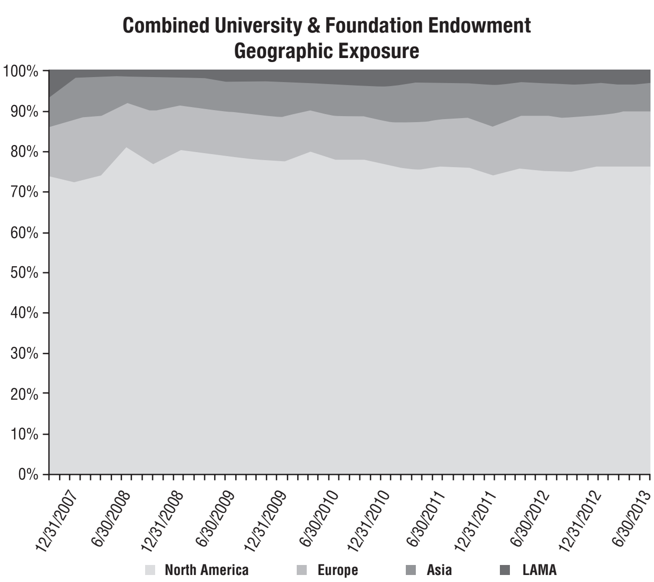
At fiscal year-end, total equity related strategies represented about 53 percent of the combined portfolio, down by about six percentage points during the year, but with the dollar amount nearly the same as last year. This decline represents reduced exposure to both hedged equity and public equity strategies.

Change in Endowment Asset Allocation		
	2013 vs. 2012	**2013 vs. 2007**
Equity	**-6%**	**-20%**
Public	-2%	-21%
Hedged	-3%	-3%
Private	-1%	4%
Debt	**3%**	**12%**
Public	0%	2%
Hedged	3%	9%
Private	0%	1%
Real Assets	**2%**	**11%**
Public	2%	1%
Private	0%	10%
Cash	**1%**	**-3%**

Elsewhere, hedged debt strategies increased by nearly three percentage points and public real assets exposure nearly doubled. The investment committee slightly adjusted the strategic asset allocation policy ranges by increasing the upper limits on public, hedged, and total debt exposure and lowering the minimums for public and total equity. Over the last few years, the asset allocation has evolved to reflect a shift away from the highly volatile public equity space and toward various credit and real asset strategies.



Another way we consider the endowment's asset allocation is through geographic diversity. The portfolio emphasizes managers that invest globally, usually allowing the manager to determine the best places in the world to allocate our capital. 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 endowment's exposure over the last few years by broad geographic region.

The third measure of the endowment's asset allocation is liquidity, or how quickly the exposure to a particular manager can be redeemed and turned into cash. Approximately 32% of the portfolio could be converted to cash within seven days, while about 23% is in various limited partnerships that are considered to be illiquid.

Miami treats each investment manager relationship like a partnership and, along with its external advisors, expends considerable effort on the due diligence process. The investment 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 activities. Ongoing oversight activities include making manager site visits, attending investor conferences, reading trade publications, tracking government filings, and monitoring the managers' service providers.

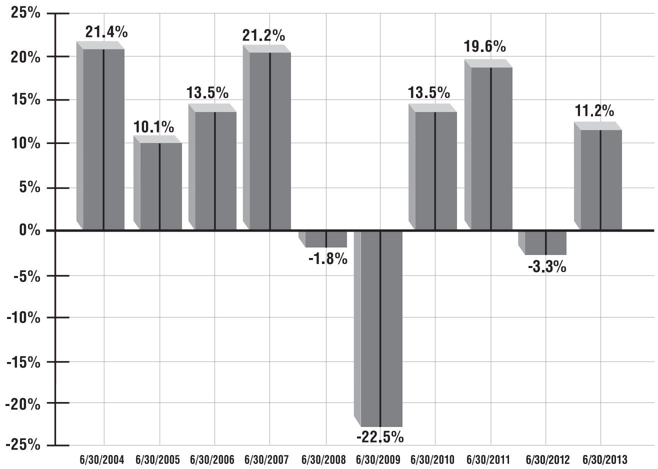
In total, the endowment employs 24 external managers, some with multiple mandates. During the year, new relationships were established with two global credit managers, a global public equity manger, and a global public real assets manager. Two long/short equity managers and a global long only equity manager were terminated. In addition, the exposure levels to several managers were adjusted.

Investment Returns

The university's non-endowment pool earned 3.47 percent for the fiscal year ended June 30, 2013. Annualized performance for the trailing ten years was 3.30 percent, providing annualized added return versus the 90-day Treasury bill over that period of 1.7 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 absolute return strategies in the long-term capital portion of the pool produced returns in excess of 11.3 percent for the year.

The endowment pools earned 11.20 percent for the fiscal year, rebounding from the negative return from the previous fiscal year. Three of the last four fiscal years and seven of the last ten have realized positive double digit returns. Annualized performance for the trailing ten years was 7.47 percent. All investment strategies reported positive returns for the year, with public real assets setting the pace with returns of nearly 35 percent.

Combined Rates of Return
FY2004 - FY2013

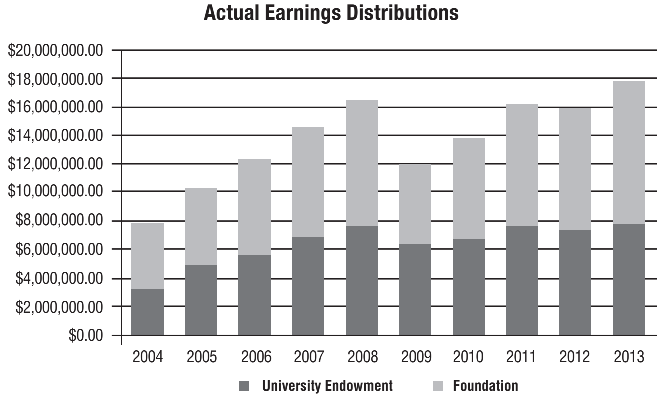


Program Support

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 the 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.

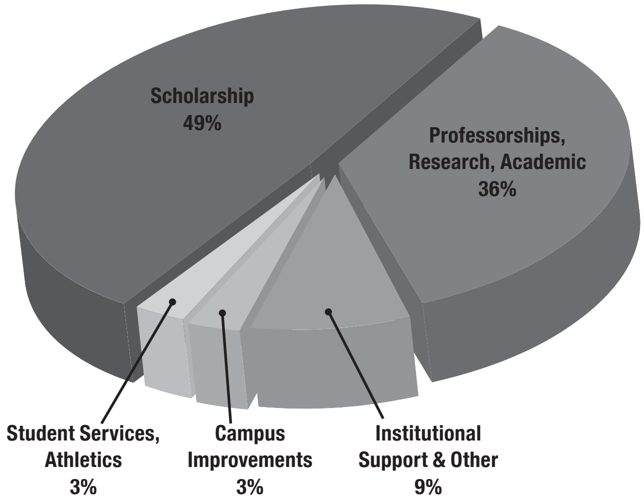
The formula under which spending distributions are calculated is a blend of two elements: an inflation component (70 percent of the formula) that increases the prior year's distribution by the rate of inflation, and a market factor (30 percent of the formula) that ties the distribution to the market 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.

Annual University & Foundation Endowment
Actual Earnings Distributions



The combined distribution for fiscal year 2013 was about $17.8 million. This amount is nearly $2 million greater than the previous year, represents the largest distribution ever for Miami, and is more than double the amount distributed in 2004. Over the last ten years, the cumulative distributions have totaled over $136.7 million and have provided an important source of funding to help offset reductions in state support. The following chart shows the proportion of programs supported by the 2013 distributions.

Miami University and Foundation
Programs Supported by Endowments
Fiscal Year 2013



The *For Love and Honor* capital campaign surpassed its $500 million goal during the fiscal year. This milestone represented the third goal of a campaign that was by far the most successful fund raising effort in Miami's history. This generous support has been transformational, allowing more students to receive scholarships, professors to receive support, and buildings to be built or renovated. Looking ahead, improved financial aid resources remain our primary fundraising priority. These impactful gifts provide the resources to enhance student recruitment, moderate tuition increases, and alleviate the effect of sustained lower state subsidies. As the campus community embarks on its strategic Miami 2020 plan, your continued commitment to Miami is appreciated and will continue to be vital to shaping Miami's vibrant future.

McGladrey

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Miami University as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9–14 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, 2013

Management's Discussion and Analysis JUNE 30, 2013 AND 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, 2013. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

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

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

- For the second consecutive year, the University implemented a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students on all three campuses.
- The fall 2012 first-year enrollment was 3,734 on the Oxford campus, which represented a 3.5 percent increase over the previous year and surpassed the goal of 3,600 students. Non-resident first-year enrollment was 38.5 percent as compared to 38 percent for the fall 2011 class. In addition, there was a 13.2 percent decrease in transfer students and regional campus relocation students, while international student enrollment remained relatively the same. The first-year class enrollment on the Hamilton and Middletown campuses decreased by 120 and 15 students, respectively.
- The investment portfolios produced solid results for the fiscal year. For the fourth consecutive year, operational investments experienced positive returns, recording earnings of 3.5 percent. These results were achieved in spite of another year of near zero short-term interest rates. The combined University and Foundation managed endowment pools reported positive returns of 11.2 percent. These positive returns are attributable to improved global capital markets. (For more details, see the Investment Report included in this report).
- For fiscal year 2013, the University increased salaries by 2.5 percent. This resulted in general fund salary expense on all three campuses increasing by $3.9 million to $167.8 million, which was $9.6 million below the adopted budget. Although a hiring freeze is not in affect, requests to add new positions or fill previously vacant positions are carefully scrutinized.
- Changes to employee health insurance benefits, resulted in a $5.6 million or 16 percent decrease in health insurance claim expense. These changes included a significant reduction in health care coverage for spouses, bidding and negotiating the medical and pharmacy contract, discontinuing the application of co-pays toward out-of-pocket maximums, and opening an employee on-site health clinic in order to reduce emergency room visits. Overall, general fund benefit expense was $12.4 million less than budget.
- In November 2012, an additional $116.1 million in general receipts revenue bonds were issued to fund planned capital projects (see the Capital Assets and Debt Administration section for more information).

Statements of Net Position

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

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

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

Fiscal Year 2013

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

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

Fiscal Year 2012

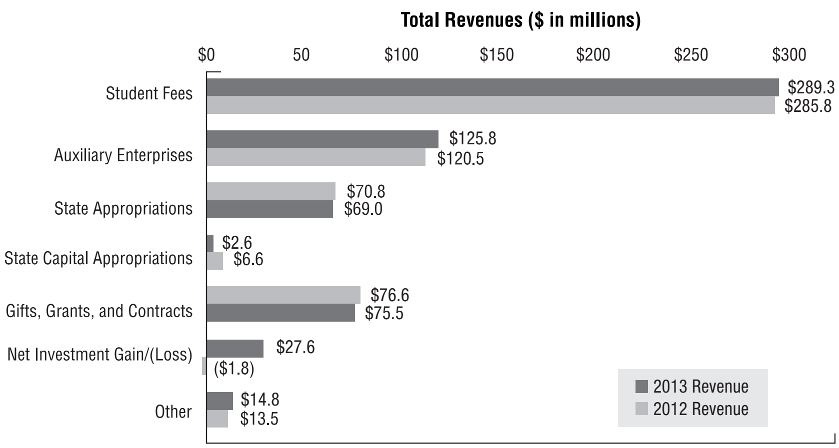
Total assets increased 12.2 percent or $155.1 million while total liabilities increased $115.6 million or 27.9 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from unspent Series 2010 and 2011 general receipts revenue bond proceeds and non-depreciable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

Statements of Revenues, Expenses and Changes in Net Position

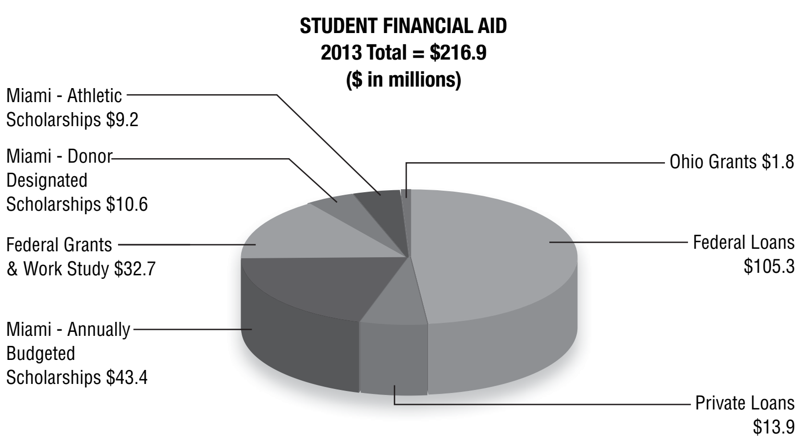
The statements of revenues, expenses, and changes in net position presents the University's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and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

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

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



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



The University continues to expand the merit scholarship packages for in-state and out-of-state students in order to recognize student achievement and to continue to make a high quality education more affordable for parents and students. In fiscal year 2013, Miami-funded financial aid increased by $5.1 million or 8.8 percent. In total, financial aid awards were $216.9 million.

Fiscal Year 2013

Operating revenues increased by 2.0 percent or $8.7 million in fiscal year 2013. This increase was the result of several factors including a 3.5 percent tuition and fee increase for resident undergraduate students, a 3.0 percent increase for non-resident undergraduate students on all three campuses, and a 3.5 percent increase in room and board rates.

Operating expenses decreased by 2.5 percent or $12.6 million. This decrease is a net result of a 16.0 percent decrease in health insurance claim expense, a 2.5 percent salary increase for all employees and absence of the one-time payments in fiscal year 2012 to outside consultants for operational reviews. In addition, operating expenses continue to be controlled through salary savings that are a direct result of the reduction in positions and number of vacant positions throughout the fiscal year.

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

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

Fiscal Year 2012

Operating revenues increased by $25.0 million primarily due to a 3.5 percent tuition and fee increase for resident undergraduate students, a 3.0 percent increase for non-resident undergraduate students on all three campuses, and a 3.5 percent increase in room and board rates. Operating expenses increased by $14.7 million primarily due to a 2.0 percent salary increase for all employees and the payments to outside consultants for operational reviews in the continuing effort to reduce operating costs.

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

Statements of Cash Flows

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

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

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

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

Capital Assets and Debt Administration

During fiscal year 2013, the University completed and capitalized several projects. These projects were funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2010A and 2010B Series General Receipts Revenue Bonds totaling $125 million, the 2011 Series General Receipts Revenue Bonds totaling $148.8 million, and the 2012 Series General Receipts Revenue Bonds totaling $116.1 million. Major projects capitalized in 2013 include renovation projects at the Steam Plant, Marcum Conference Center, Elliott and Stoddard Hall, Bishop Hall, and the Phillips Arts Center. See Note 4 for additional information concerning capital assets and accumulated depreciation.

On November 27, 2012, the University issued $116,065,000 in General Receipts Revenue Bonds. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

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

Economic Factors That Will Affect the Future

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

The University also continued work on the recommendations of the Strategic Priorities Task Force (SPTF) which were approved in 2011. Over a five year period, the recommendations are intended to produce approximately $10 million in new revenue and approximately $30 million in expense reductions through improved efficiencies, savings and reallocation of funds. New strategic priority revenues initiatives are included in the fiscal year 2014 operating budget totaling $8.1 million. The additional revenue will be realized through increased non-resident and transfer enrollment and increasing the number of tuition paying graduate students. Also included in the 2014 operating budget is a $7.1 million reduction in expenditures related to Strategic Priorities initiatives.

Throughout fiscal year 2014, the University will transition from its traditional incremental budget framework to Responsibility Center Management (RCM). The RCM budget module provides a decentralized managerial framework for internal budgeting and financial reporting that allows academic divisions a broad control over the amount of tuition revenue generated and the costs incurred from academic programs. The transition to RCM will be completed at the beginning of fiscal year 2015.

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

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

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

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

In Forbes magazine's 2013 list of "America's Top Colleges," Miami ranks 41st in the nation and 1st in Ohio among public universities.

Statements of Net Position JUNE 30, 2013 AND 2012

Assets

	Miami University		University Foundation	
	2013	**2012**	**2013**	**2012**
CURRENT ASSETS				
Cash and cash equivalents (includes bond proceeds of $224.5 million at FY 13 and $193.6 million at FY 12)	$ 284,944,363	$ 256,931,472	$ 27,353,886	$ 25,073,256
Investments	296,657,289	226,646,046	0	0
Accounts, pledges and notes receivable, net	40,231,976	38,532,756	12,849,308	15,690,294
Inventories	3,868,620	4,230,484	0	0
Prepaid expenses and deferred charges	4,488,333	3,337,393	0	0
Total current assets	**630,190,581**	**529,678,151**	**40,203,194**	**40,763,550**
NONCURRENT ASSETS				
Restricted cash and cash equivalents	0	0	597,912	1,424,934
Investments	163,672,938	155,941,906	408,011,774	378,373,130
Pledges and notes receivable, net	9,511,837	7,035,261	21,240,396	34,257,166
Nondepreciable capital assets	153,230,904	102,673,230	0	0
Depreciable capital assets, net	678,893,660	635,992,450	0	0
Total noncurrent assets	**1,005,309,339**	**901,642,847**	**429,850,082**	**414,055,230**
Total assets	**$ 1,635,499,920**	**$ 1,431,320,998**	**$ 470,053,276**	**$ 454,818,780**

Liabilities and Net Position

	Miami University		University Foundation	
	2013	**2012**	**2013**	**2012**
CURRENT LIABILITIES				
Accounts payable	$ 41,810,461	$ 25,102,294	$ 14,095,399	$ 13,792,870
Accrued salaries and wages	14,825,571	17,594,648	0	0
Accrued compensated absences	1,604,876	1,504,057	0	0
Deferred revenue	8,020,623	9,811,295	0	0
Deposits	11,810,307	11,177,678	0	0
Long-term debt - current portion	20,842,684	20,206,990	0	0
Other current liabilities	0	0	540,160	533,205
Total current liabilities	**98,914,522**	**85,396,962**	**14,635,559**	**14,326,075**
NONCURRENT LIABILITIES				
Accrued compensated absences	14,561,171	14,302,889	0	0
Bonds payable	525,331,303	421,005,530	0	0
Capital leases payable	2,640,587	3,006,952	0	0
Federal Perkins loan program	6,429,868	6,429,149	0	0
Other noncurrent liabilities	0	0	172,017,446	164,119,175
Total noncurrent liabilities	**548,962,929**	**444,744,520**	**172,017,446**	**164,119,175**
Total liabilities	**647,877,451**	**530,141,482**	**186,653,005**	**178,445,250**
NET POSITION				
Investment in capital assets	497,890,122	482,596,938	0	0
Restricted:				
Nonexpendable	89,565,237	84,392,200	166,432,123	160,563,050
Expendable	68,160,201	63,999,857	116,115,163	115,915,292
Unrestricted	332,006,909	270,190,521	852,985	(104,812)
Total net position	**$ 987,622,469**	**$ 901,179,516**	**$ 283,400,271**	**$ 276,373,530**

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position JUNE 30, 2013 AND 2012

MIAMI UNIVERSITY

	Miami University		University Foundation	
	2013	2012	2013	2012
OPERATING REVENUES				
Tuition, fees, and other student charges	$ 356,215,310	$ 349,805,074	$ 0	$ 0
Less allowance for student scholarships	(66,944,417)	(64,025,371)	0	0
Net tuition, fees, and other student charges	289,270,893	285,779,703	0	0
Sales and services of auxiliary enterprises	130,854,800	125,734,751	0	0
Less allowance for student scholarships	(5,075,794)	(5,192,304)	0	0
Net sales and services of auxiliary enterprises	125,779,006	120,542,447	0	0
Federal contracts	14,395,007	14,421,397	0	0
Gifts	0	0	(1,295,923)	9,854,487
Sales and services of educational activities	2,163,226	2,462,329	0	0
Private contracts	2,379,107	2,451,073	0	0
State contracts	1,082,148	1,092,148	0	0
Local contracts	299,267	327,526	0	0
Other	9,001,897	8,556,764	0	0
Total operating revenues	**444,370,551**	**435,633,387**	**(1,295,923)**	**9,854,487**
OPERATING EXPENSES				
Education and General				
Instruction and departmental research	162,874,433	167,277,750	0	0
Separately budgeted research	15,206,678	16,653,175	0	0
Public service	1,975,070	1,282,434	0	0
Academic support	56,731,618	52,829,081	0	0
Student services	22,538,535	21,778,626	0	0
Institutional support	39,273,599	45,741,162	0	0
Operation and maintenance of plant	33,259,424	32,575,843	0	0
Scholarships and fellowships	21,644,139	26,202,688	0	0
Auxiliary enterprises	104,539,337	105,943,125	0	0
Depreciation	37,874,305	37,940,355	0	0
Other	3,667,208	3,944,575	0	0
Total operating expenses	**499,584,346**	**512,168,814**	**0**	**0**
Net operating (loss) gain	**(55,213,795)**	**(76,535,427)**	**(1,295,923)**	**9,854,487**
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	69,966,227	69,013,751	0	0
Gifts, including $19,672,471 in FY13 and $18,662,382 in FY12 from the University Foundation	24,618,328	18,731,475	0	0
Federal grants	24,418,522	27,104,370	0	0
Net investment income (loss), net of investment expense of $2,018,200 for the University and $2,788,198 for the Foundation in FY13 $2,055,980 for the University and $2,926,590 for the Foundation in FY12	27,639,731	(1,819,622)	21,510,509	(7,798,696)
State grants	1,194,978	1,036,961	0	0
Interest on debt	(20,429,656)	(17,368,471)	0	0
Payments to Miami University	0	0	(19,672,471)	(18,662,382)
Other non-operating revenues (expenses)	3,434,812	2,385,595	826,080	(177,141)
Net non-operating revenues (expenses)	**130,842,942**	**99,084,059**	**2,664,118**	**(26,638,219)**
Income (loss) before other revenues, expenses, and gains or losses	**75,629,147**	**22,548,632**	**1,368,195**	**(16,783,732)**
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
State capital appropriation	2,559,532	6,625,692	0	0
Capital grants and gifts	7,462,467	7,452,710	0	0
Additions to permanent endowments	791,807	2,874,015	5,658,546	10,175,844
Total other revenues, expenses, gains, or losses	**10,813,806**	**16,952,417**	**5,658,546**	**10,175,844**
CHANGE IN NET POSITION	**86,442,953**	**39,501,049**	**7,026,741**	**(6,607,888)**
Total net position at beginning of year	901,179,516	861,678,467	276,373,530	282,981,418
Total net position at end of year	**$ 987,622,469**	**$ 901,179,516**	**$ 283,400,271**	**$ 276,373,530**

See accompanying notes to financial statements.

Statements of Cash Flows JUNE 30, 2013 AND 2012

MIAMI UNIVERSITY

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees, and other student charges	$ 354,607,300	$ 344,975,889
Sales and services of auxiliary enterprises	130,864,960	126,108,977
Contracts	13,667,938	17,300,844
Other operating receipts	11,024,219	10,518,698
Payments for employee compensation and benefits	(311,740,283)	(312,179,364)
Payments to vendors for services and materials	(131,292,113)	(133,261,798)
Student scholarships	(92,828,014)	(90,412,558)
Loans issued to students and employees	(2,537,122)	(1,145,406)
Collection of loans from students and employees	2,551,710	1,442,609
Net cash flows used in operating activities	(25,681,405)	(36,652,109)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State share of instruction funds	72,335,673	71,383,197
Grants for noncapital purposes	25,613,500	28,141,331
Gifts	25,179,033	19,343,958
Net cash flows provided by noncapital financing activities	123,128,206	118,868,486
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriation	2,195,821	9,314,704
Grants for capital purposes	7,250,544	7,256,911
Other capital and related receipts	130,802	645,907
Proceeds from debt obligations	126,154,233	157,134,772
Payments to construct, renovate, or purchase capital assets	(113,758,411)	(58,400,237)
Principal paid on outstanding debt	(19,224,094)	(48,513,723)
Interest paid on outstanding debt	(22,733,175)	(18,687,170)
Net cash flows (used in) provided by capital and related financing activities	(19,984,280)	48,751,164
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	59,025,581	61,154,895
Purchases of investments	(117,297,550)	(86,294,138)
Endowment income	3,911,739	278,759
Other investment income	4,910,600	5,444,762
Net cash flows used in investing activities	(49,449,630)	(19,415,722)
Net increase in cash and cash equivalents	**28,012,891**	**111,551,819**
CASH AND CASH EQUIVALENTS		
Beginning	256,931,472	145,379,653
Ending	**$ 284,944,363**	**$ 256,931,472**
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES		
Operating loss	$ (55,213,795)	$ (76,535,427)
Adjustments to reconcile net operating loss to net cash (used in) operating activities:		
Depreciation expense	37,874,305	37,940,355
Net loss on disposal of capital assets	7,789	6,762
Accounts receivable bad debt adjustments	338,082	26,311
Adjustments to reconcile change in net position to net cash (used in) operating activities:		
Accounts receivable	(4,489,936)	(1,261,414)
Inventories	361,864	(319,311)
Prepaid expenses	(1,150,940)	(396,180)
Notes receivable	182,697	344,213
Accounts payable	(24,171)	1,159,543
Accrued salaries	(2,769,077)	2,457,493
Compensated absences	359,101	(728,532)
Deferred income and deposits	(1,158,043)	682,916
Federal Perkins loans	719	(28,838)
Net cash flows used in operating activities	**$ (25,681,405)**	**$ (36,652,109)**
Supplemental Disclosure of NonCash Information:		
Property and equipment included in accounts payable	$ 23,205,243	$ 7,797,675
Property and equipment acquired by gifts in kind	$ 211,924	$ 195,800

See 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 up to 17 members, including two student members and up to six non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate, and the national trustees are appointed by the voting members and can serve for no more than two consecutive three-year terms.

The Governmental Accounting Standards Boards (GASB) Statement No. 39 sets forth criteria to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University. The Miami University Foundation (the Foundation), which is a separate not-for-profit foundation, meets this criteria due to the significance of their operational or financial relationships with the University. Note 9 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately for the year ended June 30, 2013 and reports have been issued under separate cover.

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

Basis for Presentation

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

Recent Accounting Pronouncements

Effective July 1, 2012, the University adopted GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* This Standard provides guidance on accounting for service concession arrangements (SCAs) where a government transfers the right to operate a government asset to another entity in exchange for significant consideration from that entity. There has been no impact to the University financial statements due to the adoption of Statement No. 60.

Effective July 1, 2012, the University adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.* This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. There has been no impact to the University financial statements due to the adoption of Statement No. 61.

Effective July 1, 2012, the University adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) issued on or before November 30, 1989. There has been no impact to the University financial statements due to the adoption of Statement No. 62.

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

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

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

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

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

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

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The Statement is effective for periods beginning after June 15, 2013. The University feels this Statement will not have an impact on the financial statements.

Cash and Cash Equivalents

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

Investments

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

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

Inventories

Inventories are stated at the lower of first-in, first-out cost or net realizable value, except the Culinary Support Center inventories which are stated at the last price paid value.

Capital Assets

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

Deferred Revenue

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

Operating and Non-operating Revenue

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

Bond Premiums, Discounts and Issuance Costs

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

Compensated Absences

Full-time unclassified staff earn vacation at rates of 18 to 22 days per year, based on the term of their employment contract, with a maximum accrual of 52 days. Classified employees earn vacation at rates ranging from 0 to 25 days per year, based on years of service, with a maximum accrual equivalent to the amount earned in three years. Upon retirement, termination, or death, the employee is compensated at the final rate of pay for unused vacation up to a maximum of 40 days. Faculty accrue no vacation benefits.

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

Net Positions

Net positions are divided into three major categories. The first category, investment in capital assets, which does not include unspent bond proceeds, reports the institution's net equity in property, plant, and equipment. The second major category is restricted net position. This category contains assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted assets is available for investment purposes only. The expendable restricted assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the University. The third category is unrestricted net position and is separated into two types: allocated and unallocated. Allocated unrestricted assets are available to the institution, but are allocated for a specific purpose within the institution by University policy, management, or the governing board. The allocated unrestricted assets were $322,480,209 and $262,999,985 as of June 30, 2013 and 2012, respectively. Unallocated unrestricted assets are available to be used for any lawful purpose of the institution.

Tax Status

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

Estimates

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

Subsequent events

The University has evaluated events occurring between the end of our most recent fiscal year and October 15, 2013, the date the financial statements were issued.

Reclassifications

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

Kiplinger's Personal Finance magazine ranks Miami in the top 50 of the "100 Best Values in Public Colleges" list for 2013.

(2) Cash and Investments

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

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

Cash and cash equivalents

At year-end, the carrying amount of the University's cash and cash equivalents was approximately $284.9 million in 2013 and $256.9 million in 2012, respectively. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. STAR Ohio, a 2a7 – like pooled fund, is a state-wide fund managed by the State Treasurer of Ohio.

Approximately $0.8 million of cash and cash equivalents was covered by federal depository insurance; $244.7 million was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments

Investments held by the University at June 30, 2013 and 2012 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment management procedures establish guidelines for average credit quality ratings in the portfolios. Moody's Investors Service and Fitch Ratings have assigned AAA credit ratings to U.S. Treasury obligations. On August 6, 2011, Standard & Poor's lowered its credit rating on long-term U.S. Treasury related debt obligations from AAA to AA+.

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

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 23,439,070	$ 0	$ 23,439,070	$ 0	$ 0
U.S. Agency bonds	36,914,679	0	36,914,679	0	0
Strips	5,997,982	0	5,997,982	0	0
Government-backed bonds	32,425,977	0	32,425,977	0	0
Corporate bonds	25,994,035	0	0	25,994,035	0
Municipal bonds	3,092,471	0	0	3,092,471	0
International bonds	506,072	0	0	506,072	0
Common and preferred stocks	580,736	580,736	0	0	0
Commingled funds	331,081,241	268,899,244	6,482,094	44,518,726	11,181,177
Real estate and other	297,964	297,964	0	0	0
Total investments	**$ 460,330,227**	**$ 269,777,944**	**$105,259,802**	**$ 74,111,304**	**$ 11,181,177**

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**

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

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

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

Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	$ 23,439,070	$ 2,996,659	$ 15,269,774	$ 5,172,637	$ 0
U.S. Agency bonds	36,914,679	7,928,518	28,431,481	554,680	0
Strips	5,997,982	1,999,430	3,579,810	0	418,742
Government-backed bonds	32,425,977	10,580	32,415,397	0	0
Corporate bonds	25,994,035	3,180,444	17,205,836	5,607,755	0
Municipal bonds	3,092,471	201,150	897,339	794,962	1,199,020
International bonds	506,072	0	0	506,072	0
Commingled bond funds	62,181,997	2,043,503	31,924,949	24,460,463	3,753,082
Total bonds	**$ 190,552,283**	**$ 18,360,284**	**$ 129,724,586**	**$ 37,096,569**	**$ 5,370,844**

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
Municipal bonds	3,814,187	253,978	1,008,681	2,551,528	0
International bonds	519,126	0	0	519,126	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**

All of the University's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Investments include approximately $104.6 million and $88.0 million as of June 30, 2013 and 2012, respectively, managed by global managers, and such international investments are exposed to foreign currency risk. The University's investments that are exposed to concentration risk consist of securities issued by the U.S. Treasury and other agencies or instrumentalities of the U.S. government which represents 21.5% of investments. No other single issuer represents more than 5% of investments. Commingled bond funds held by the University include a wide range of investments, including hedge funds. The University's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

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

SmartMoney ranks Miami 11th nationally for return on (tuition) investment among both public and private universities, including the Ivy League schools.

Endowment funds

The Miami University Foundation (Foundation) manages the Foundation and University endowment and quasi-endowment funds in a single investment pool (Pooled Fund). The University investment is maintained as a separate fund on the financial system of the Foundation and receives a proportional share of the Pooled Fund's activity. The Foundation owns the assets of the Pooled Fund; the University has an interest in the Pooled Fund, which is considered an external investment pool to the University. The Foundation's Pooled Fund is not registered with the Securities and Exchange Commission as an investment company. The Foundation's Board of Directors appoints an Investment Committee, which is responsible for oversight of the Pooled Fund in accordance with Foundation policies. University investments include $162.9 million and $155.2 million managed by the Foundation as of June 30, 2013 and 2012, respectively. The fair value of the University's position in the Pooled Fund is based on the University's proportional share of the Pooled Fund, which is marked-to-market annually. Note 9 provides additional information on the Foundation and the Pooled Fund.

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

The University employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets. The University Board has approved an endowment spending policy whereby distributions in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value and a 70% weight to inflation. Annually the University establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets to other funds. The authorized spending amount was $8,273,995 in 2013 and $8,146,975 in 2012. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $7,780,684 and $7,335,241 was distributed for expenditure for 2013 and 2012, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

(3) Accounts, Pledges and Notes Receivable

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

	2013	2012
Accounts Receivable		
Student receivables	$ 9,568,274	$ 10,413,722
University Foundation	13,877,445	13,626,854
State capital appropriations	2,838,217	2,474,506
Grants and contracts	5,018,615	4,435,739
Investment trade settlements	0	406,740
Other receivables	3,687,541	2,784,467
Total accounts receivable	**34,990,092**	**34,142,028**
Less allowances for doubtful accounts	(1,285,000)	(1,285,000)
Net accounts receivable	**$ 33,705,092**	**$ 32,857,028**
Pledges Receivable		
Pledges receivable	$ 7,332,898	$3,704,342
Less allowance for doubtful pledges	(481,770)	(365,179)
Net pledges receivable	**$ 6,851,128**	**$ 3,339,163**
Notes Receivable		
Federal loan programs	$ 7,388,865	$ 7,823,165
University loan programs	3,539,728	3,139,661
Total notes receivable	**10,928,593**	**10,962,826**
Less allowance for doubtful notes	(1,741,000)	(1,591,000)
Net notes receivable	**9,187,593**	**9,371,826**
Total	**$ 49,743,813**	**$ 45,568,017**

(4) Capital Assets

The capital assets and accumulated depreciation as of June 30, 2013 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	7,500,865	179,200	0	7,680,065
Construction in progress	90,331,089	122,526,570	72,148,096	140,709,563
Total nondepreciable capital assets	**102,673,230**	**122,705,770**	**72,148,096**	**153,230,904**
Land improvements	31,507,403	4,641,713	0	36,149,116
Buildings	801,431,642	59,005,191	0	860,436,833
Infrastructure	116,308,436	11,429,454	0	127,737,890
Machinery and equipment	114,294,851	3,754,634	5,949,735	112,099,750
Library books and publications	65,586,622	946,424	0	66,533,046
Vehicles	9,275,739	856,487	625,432	9,506,794
Intangible assets	16,796,760	149,401	0	16,946,161
Total depreciable capital assets	**1,155,201,453**	**80,783,304**	**6,575,167**	**1,229,409,590**
Total capital assets	**1,257,874,683**	**203,489,074**	**78,723,263**	**1,382,640,494**
Less accumulated depreciation:				
Buildings	335,413,801	23,225,727	0	358,639,528
Infrastructure	49,841,234	4,414,982	0	54,256,216
Land improvements	11,478,907	1,144,137	0	12,623,044
Machinery and equipment	60,484,649	5,427,345	5,949,735	59,962,259
Library books and publications	39,968,714	2,214,737	0	42,183,451
Vehicles	7,518,917	553,472	617,643	7,454,746
Intangible assets	14,502,781	893,905	0	15,396,686
Total accumulated depreciation	**519,209,003**	**37,874,305**	**6,567,378**	**550,515,930**
Total capital assets, net	**$ 738,665,680**	**$ 165,614,769**	**$ 72,155,885**	**$ 832,124,564**

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**

(5) Long-term Liabilities

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

Bonds and Leases Payable	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 427,505,000	$ 116,065,000	$ 18,420,000	$ 525,150,000	$ 19,120,000
Capital leases payable	3,811,046	0	804,095	3,006,951	366,364
Premiums, issue costs, loss on refunding	12,903,426	8,936,156	1,181,959	20,657,623	1,356,320
Total bonds and leases payable	**444,219,472**	**125,001,156**	**20,406,054**	**548,814,574**	**20,842,684**
Other Liabilities					
Compensated absences	15,806,946	7,933,241	7,574,140	16,166,047	1,604,876
Federal Perkins loans	6,429,149	305,432	304,713	6,429,868	0
Total other liabilities	**22,236,095**	**8,238,673**	**7,878,853**	**22,595,915**	**1,604,876**
Total	**$ 466,455,567**	**$133,239,829**	**$ 28,284,907**	**$ 571,410,489**	**$ 22,447,560**

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

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**

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

In the Fiske Guide to Colleges' list of the "best and most interesting colleges and universities" in the country for 2014, Miami is called "the honors public university in one of the nation's largest states."

(6) Indebtedness

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

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

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

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

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

During the year ended June 30, 2005, the University issued $98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the University defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was $9,890,000 and $11,305,000 as of June 30, 2013 and 2012, respectively.

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

The University incurred interest costs of $22,392,728 and $18,229,548 as of June 30, 2013 and 2012, respectively. For the year ended June 30, 2013, $1,963,072 of the interest cost was capitalized. For the year ended June 30, 2012, $861,077 of the interest cost was capitalized.

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

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

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

Year Ended June 30	Principal	Interest	Total
2014	$ 19,120,000	$ 24,917,754	$ 44,037,754
2015	21,280,000	24,061,157	45,341,157
2016	22,130,000	23,174,073	45,304,073
2017	23,120,000	22,216,898	45,336,898
2018	24,040,000	21,183,285	45,223,285
2019-2023	133,740,000	87,750,839	221,490,839
2024-2028	112,025,000	55,365,985	167,390,985
2029-2033	85,270,000	32,458,575	117,728,575
2034-2038	84,425,000	8,402,948	92,827,948
Total	**$ 525,150,000**	**$ 299,531,514**	**$ 824,681,514**

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

Year Ended June 30	Minimum Lease Payments
2014	$ 448,393
2015	195,849
2016	194,020
2017	194,586
2018	194,768
2019-2023	969,908
2024-2028	966,832
2029-2032	768,674
Total minimum lease payments	**3,933,030**
Less amount representing interest	(926,079)
Net minimum lease payments	**$ 3,006,951**

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2013 and June 30, 2012 are $2,723,760 and $2,779,920 for buildings and $3,529,969 and $3,580,222 for equipment, respectively.

(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 2012 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2012, and June 30, 2011, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to post-employment health care (Note 8).

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

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

Defined Contribution Plan

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

The payroll for employees electing the alternative retirement program for the years ended June 30, 2013 and 2012, was approximately $54,832,000 and $50,374,000, respectively.

Combined Plans

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

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. OPERS also provides retirement, disability, survivor, and postretirement health care benefits to qualified members. The portion of employer contributions to OPERS allocated to health care for members in the Combined Plan was 6.05 percent from January 1 through December 31, 2012 (Note 8).

Retirement Plan Funding

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

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

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

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

Summary financial information for the foundation as of June 30, 2013, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 852,985	$ 116,115,163	$ 166,432,123	$ 283,400,271
Change in net assets for the year	957,797	199,871	5,869,073	7,026,741
Distributions to Miami University	19,672,471	0	0	19,672,471

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

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

Cash and Cash Equivalents - Cash and cash equivalents consists primarily of cash in banks, money market accounts, BlackRock Liquidity Federal Trust Fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. At June 30, 2013, approximately $450,000 of cash and cash equivalents was covered by federal depository insurance and the remainder was not insured, exposing it to custodial credit risk. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

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

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

Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis. Investment transactions occurring on or before June 30 that settle after such date are recorded as receivables or payables. Net dividend and interest income as well as gains/losses are allocated based on the number of shares owned.

Long-Term Investments

Investments held by the Foundation as of June 30 were:

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

The Foundation maintains a diversified investment portfolio for the Pooled Funds, intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The Foundation's investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The Foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of Foundation assets. As of June 30, 2013, the Foundation has made commitments to limited partnerships of approximately $27.4 million that have not yet been funded.

The 2013 dividend and interest income of $2,691,854, as reported in the Statement of Activities, is net of fees from external investment managers totaling $349,625. The 2012 dividend and interest income of $2,455,266, as reported in the Statement of Activities, is net of fees from external investment managers totaling $554,796.

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

Pledges Receivable - As of June 30, 2013, contributors to the Foundation have made unconditional pledges totaling $39,286,386 with 17 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using interest rates to a net present value of $36,338,299 at June 30, 2013. Discount rates ranged from 1.20 percent to 6.00 percent. Management has set up an allowance for uncollectible pledges of $3,533,277 at June 30, 2013. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time.

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

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.

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

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

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

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were $101,697 as of June 30, 2013 and $948,391 as of June 30, 2012. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

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

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

For the fourth year in a row, Miami ranks #1 among public universities for commitment to teaching undergraduates in Princeton Review's "The Best 378 Colleges-2014 Edition." Overall, Miami ranks just after Dartmouth and Princeton and ties with William and Mary.

(10) Commitments

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

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

(11) Risk Management

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

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of $2,748,400 and $2,872,200 is included in the accrued salaries and wages as of June 30, 2013 and 2012, respectively. The change in the total liability for actual and estimated claims is summarized below:

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

To reduce potential loss exposure, the University has established a reserve for health insurance stabilization of $7.5 million.

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Insurance Consortium. The commercial property program's loss limit is $1.0 billion and the general/auto liability loss limit is $50 million. The property insurance program has been in place for 18 years during which time Miami University has had one material loss above the insurance policy deductible of $350,000. The liability program has been in place for 13 years during which time Miami University has had three losses above the property pool deductible, which is $100,000. The current self-insured retention for the liability program is $1.0 million. The educator's legal liability loss limit is $30 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks. Over the past five years, settlement amounts related to insured risks have not exceeded the University's coverage amounts.

(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.

Trustees and Officers as of JUNE 30, 2013

Financial Services Staff

The 2013 financial report and investments report were prepared by the Miami University Controller's Office and the Treasury Services Office.

Dale C. Hinrichs
Associate Vice President for Finance and Controller

Sarah C. Persinger
Assistant Controller

Bruce A. Guiot
Chief Investment Officer and Associate Treasurer

Cynthia L. Ripberger
Senior 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

Miami University: Equal opportunity in education and employment.

Produced by University Communications and Marketing 0.4K1213

Miami University

Report to the Finance and Audit Committee
December 5, 2013

McGladrey

Assurance ▪ Tax ▪ Consulting

McGladrey

December 5, 2013

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, 2013. 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 about this report. We appreciate the opportunity to continue to be of service to Miami University.

McGladrey LLP

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated April 25, 2013.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement during our meeting on April 25, 2013.
Accounting Policies and 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. 60, *Reporting for Service Concessions Agreements*, GASB No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34,* GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB No 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The adoption of these standards had minimal impact to the University's financial statements. **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. **Management's 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 Significant Accounting Estimates".
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.

Area	Comments
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 with or the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any significant 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.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the University, including the representation letter provided to us by management, are attached as Exhibit A.

Miami University
Summary of Significant Accounting Estimates
Year Ended June 30, 2013

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 determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the University's June 30, 2013, financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
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 based upon our testing.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
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, 2013 and noted the amounts accrued are reasonable based on the policy.

Exhibit A—Significant 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, 2013

McGladrey LLP
1001 Lakeside Avenue, Suite 200
Cleveland, OH 44114

This representation letter is provided in connection with your audits of the basic financial statements of Miami University (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2013 and 2012 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

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:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 25, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related-party transactions, including those with the State of Ohio, the primary government having accountability for Miami University, and 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 in 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, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

McGladrey LLP
October 15, 2013
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8. The following have been properly recorded and/or disclosed in the financial statements:
   a. Net positions classifications.
   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. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
   g. Debt issue provisions.
   h. All leases and material amounts of rental obligations under long-term leases.
   i. The implementation 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;* and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* had no impact on the financial statements. The implementation of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* changed the presentation of the basic financial statements to a statement of net position format.
   j. The effect on the financial statements of *GASB Statement 65, Items Previously Reported as Assets and Liabilities; GASB No. 66, Technical Corrections – 2012 - An Amendment of GASB Statements No. 10 and No. 62; GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27, GASB No. 69, Government Combinations and Disposals of Government Operations, GASB No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees* which have been issued, but not yet required to have been adopted.
   k. Deposits and investment securities are properly classified in the category of custodial credit risk, interest rate, credit and concentration of credit risk.
   l. Deferred revenue.
   m. All assets and liabilities under the University's control.
   n. Intangible assets have been appropriately identified and recorded under GASB Statement No.51, *Accounting and Financial Reporting for Intangible Assets.*
   o. Compliance with bond indentures or other debt instruments.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
   a. The University has no significant amounts of idle property and equipment or property or equipment.
   b. The University has no plans or intentions to discontinue any significant operations, activities or programs.

10. 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.
    c. For self-insured employee medical costs and deferred compensation agreements attributable to employee services rendered through June 30, 2013 and 2012.
11. 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 Environmental Protection Agency 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. Agreements to repurchase assets previously sold.
    g. Liabilities which are subordinated in any way to any other actual or possible liabilities.
    h. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
    i. Direct derivative financial instruments.
    j. Special and/or extraordinary items.
    k. Uncertain tax positions.
    l. Arbitrage rebate liabilities.
    m. Impairment of capital assets.
    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 obligations.
    s. Actions taken by University management that violate the provisions of federal laws and state of Ohio laws and regulations, or 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.

12. 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 and/or GASB Statement No. 10.
13. 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.
14. 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.
15. The University has satisfactory title to all owned assets.
16. Net positions investment in capital assets; restricted; and unrestricted net positions are properly classified and, when applicable, approved.
17. Expenses have been appropriately classified in or allocated to functions and programs in the statements of revenue, expenses and changes in net position and allocations have been made on a reasonable basis.
18. Revenues are appropriately classified in the statements of revenues, expenses and changes in net position.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
20. 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.

Information Provided

21. We have provided you with:
    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
    b. Additional information that you have requested from us for the purpose of the audit;
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the Board of Trustees and the Finance and Audit Committee.
22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
23. We have no knowledge of allegations of fraud or suspected fraud, affecting the University's financial statements involving:
    a. Management.
    b. Employees who have significant roles in the internal control.
    c. Others where the fraud could have a material effect on the financial statements.
24. We have no knowledge of any allegations of fraud or suspected fraud affecting the University's financial statements received in communications from employees, former employees, analysts, regulators, or others.
25. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

26. We have disclosed to you the identity of the University's related parties and all the related-party relationships and transactions of which we are aware.
27. 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.
28. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
29. Tax exempt bonds issued have retained their tax-exempt status.
30. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. The University has complied, in all material respects with the 2013 Ohio Compliance Supplement.
32. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and the related notes.
33. We have complied with all debt covenants, including nonfinancial, included in all debt agreements.
34. 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, 2013 and we believe all applicable controls are in place as of June 30, 2013.
35. The University has outstanding commitments for future contractual obligations for capital expenditures of approximately $103.7 million at June 30, 2013.
36. 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.

Supplementary Information

37. 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 required supplementary information.
    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
    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.

Compliance Considerations

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.

McGladrey LLP
October 15, 2013
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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 all 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.

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:

43. We are responsible for complying, and we have complied, with the requirements of OMB Circular A-133.
44. 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.
45. 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.
46. We have prepared the schedule of expenditures of federal awards in accordance with 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, food commodities, 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.
47. 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.
48. 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.
49. There are no amounts of questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
50. We believe that we have complied with the direct and material compliance requirements.
51. 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.
52. We have provided you our interpretations of any compliance requirements that are subject to varying interpretations.

53. We have disclosed to you there are no 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.
54. 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.
55. We are responsible for taking corrective action on audit findings of the compliance audit.
56. There are no prior audit findings by federal awarding agencies and pass-through entities.
57. 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.
58. There is no known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report.
59. There are no changes in internal control over compliance or other factors that might significantly affect internal control have occurred subsequent to the date as of which compliance is audited.
60. 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.
61. We did participate in CFDA 17.235 – Senior Community Service Employment Program, CFDA 93.273 – Alcohol Research Programs, CFDA 93.052 – National Family Caregiver Support, Title III, Part E, and CFDA 19.009 – Academic Exchange Programs – Undergraduate Program which were not previously listed in the preliminary schedule of expenditures of federal awards.
62. 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.
63. 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 Circular A-133.
64. 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.
65. We have considered the results of subrecipient audits and have made any necessary adjustments to our own books and records.
66. We have charged costs to federal awards in accordance with applicable cost principles.
67. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings.
68. We will accurately complete the 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.
69. We have disclosed all contracts or other agreements with service organizations.
70. We have received no communications from service organizations relating to noncompliance at those organizations.

McGladrey LLP
October 15, 2013
Page 8

71. 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.

Miami University

Dr. David C. Hodge
President

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

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, 2013. 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 current audit, we were made aware that invoices relating to construction projects were not received from the contractor in a timely fashion, which resulted in post-closing entries required to reflect the activity in the financial results of the correct fiscal year. During the previous year-end audit, invoices related to construction projects were not processed in a timely fashion. We recommend that management continue to review the financial transaction processes 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
Management has addressed the previous year audit issues by implementing the appropriate internal controls so that invoices are processed in a timely manner. For the current year, the contractor did not submit the invoice in a timely fashion and the proper documentation was not submitted. Upon receiving the corrected invoice, it was processed in a timely fashion.

Although contractors are not required to submit invoices in a timely manner, in the future management will ask each contractor to submit invoices timely, especially during the year-end timeframe. Management will continue to review each invoice for proper documentation and will process them 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 5, 2013

The fall 2013 first-year enrollment of 3,650 on the Oxford campus surpassed the goal of 3,600 students. The academic quality of the incoming class improved substantially with average ACT scores increasing from 26.5 to 27.5 and the average grade point average increasing from 3.63 to 3.72. Non-resident first-year enrollment is 39.5 percent as compared to 38.5 percent for the fall 2012 class. Enrollments on the Hamilton and Middletown campuses decreased by 7.1 percent and 6.8 percent, respectively. Although the university was authorized to increase tuition by 2.0 percent, the university implemented a 1.5 percent tuition and fee increase for the Oxford campus resident and non-resident undergraduate students.

For fiscal year 2014, Miami's state appropriation is budgeted to increase by $0.6 million or 1.1 percent for the Oxford campus and $0.04 million or less than one percent for the Hamilton campus. The Middletown campus state share of instruction is scheduled to decrease by $0.3 million or 5.2 percent. In addition, the State has implemented the Ohio Higher Education Funding Commission formula recommendations which increases emphasis on graduating students, degree completions, and attracting out-of-state students to remain in Ohio for employment or continuing education.

Throughout fiscal year 2014, the University will be transitioning from a traditional incremental budget framework to a Responsibility Centered Management (RCM) approach. The RCM budget model stresses decentralized managerial framework that provides for unit-level accountability and encourages entrepreneurial activities in each division. The RCM model will be fully implemented with the beginning of fiscal year 2015.

The University's For Love and Honor capital campaign surpassed its $500 million goal during the fiscal year marking this as the most successful fund raising effort in University history. The funds from this campaign will provide new scholarships that will allow thousands of students access to a Miami education, faculty recruiting and retention opportunities, new chairs and professorships, and funds for capital improvements.

Respectfully submitted,

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, 2013

Fiscal Year 2013 Highlights

Miami's investment portfolios produced solid results for the fiscal year ended June 30, 2013. The combined university and foundation managed pool posted a gain of 11.20 percent, a notable improvement over the previous year's decline of 3.27 percent. Meanwhile, the non-endowment pool produced a return of 3.47 percent after earning 1.86 percent in the previous year.

Investment Pools

As of June 30, 2013, total investments held by Miami University and the Miami University Foundation approached $800 million, up from just shy of $700 million at the previous year-end. This increase is attributable to improved University operating cash flow, sound investment performance, and sustained giving levels.

The Miami University Foundation's investment committee provides governance oversight to one unified endowment investment pool for the University and Foundation, while the University maintains oversight of the non-endowment pool. The fiscal year-end asset values among the pools are as follows:

Pool	Type of Funds	Invested as of June 30, 2013
University non-endowment	Working capital and cash reserves to support operating activities	$349,486,000
University endowment & foundation	Funds donated to the university and the foundation to establish endowments in perpetuity	$416,658,000
Trusts, annuities, and separately invested assets	Gifts managed independently of the pooled funds	$ 25,124,000
Total Investments		**$791,268,000**

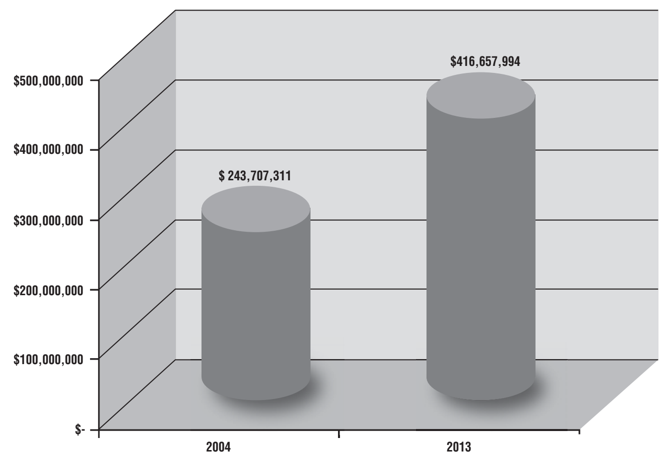
The university non-endowment pool holds the working capital and cash reserves that fund the university's operating activities. Its balance fluctuates significantly during the course of a year based on the university's cash flow cycle of receipts and expenditures. June 30 typically marks the low point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

The combined endowment pool invests endowed gifts from donors. The pool operates under the philosophy that the funds 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 well 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 managed separately from the endowment pool.

Over the last decade, the value of the combined endowment pools has increased by 71 percent through a combination of generous support from our donors and solid investment earnings. We appreciate the enduring generosity of our alumni and friends, along with the dedicated leadership of our investment committee, as we continue to navigate the extraordinary challenges present throughout the global capital markets.

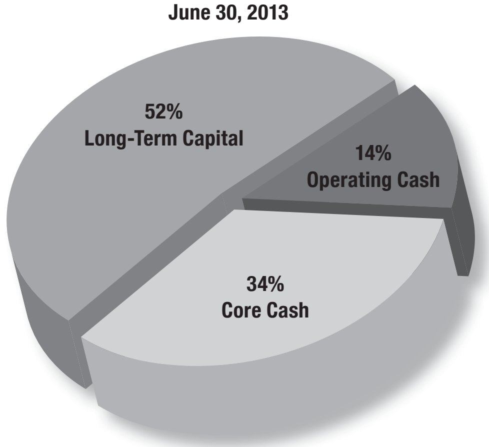
Combined Endowment Growth



Asset Allocation

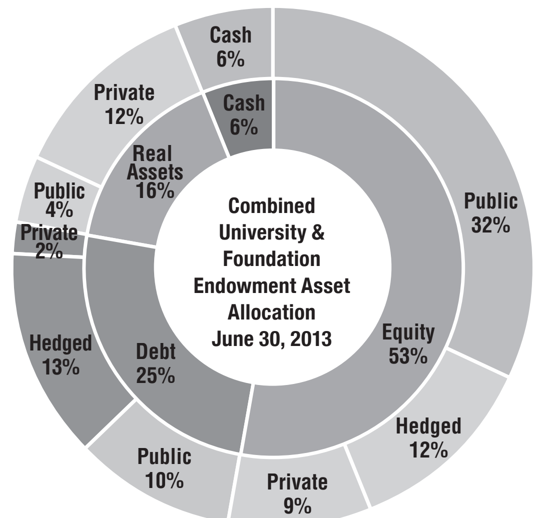
The non-endowment pool has three components. Operating cash represents the University's working capital and is invested in short-term cash equivalents, with a target balance of two to six months of average cash needs. Core cash represents short-term reserves and is invested in high quality short-term 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.

Miami University Non-Endowment Asset Allocation June 30, 2013



During the year, cash flow generation was again very strong due to sustained improvements in University operating efficiency. This growth in cash continues to present a major challenge, however, as short-term interest rates enter their fifth year near zero. Several rebalancing actions were taken during the year to reduce operating cash balances in order to increase the pool's earnings potential. The result was one new strategy in core cash, three new strategies in the long-term capital portion, and one liquidated absolute return manager. These moves shifted the allocations lower in operating cash (from 21 percent to 14 percent) and higher in the other two categories versus last year. The potential for increases in interest rates have prompted a bias toward absolute return strategies versus traditional bond strategies.

The endowment pool's primary 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.

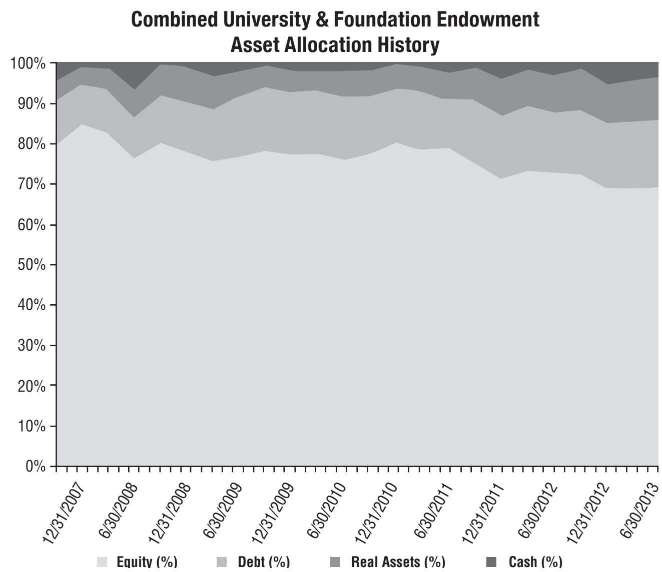


At fiscal year-end, total equity related strategies represented about 53 percent of the combined portfolio, down by about six percentage points during the year, but with the dollar amount nearly the same as last year. This decline represents reduced exposure to both hedged equity and public equity strategies.

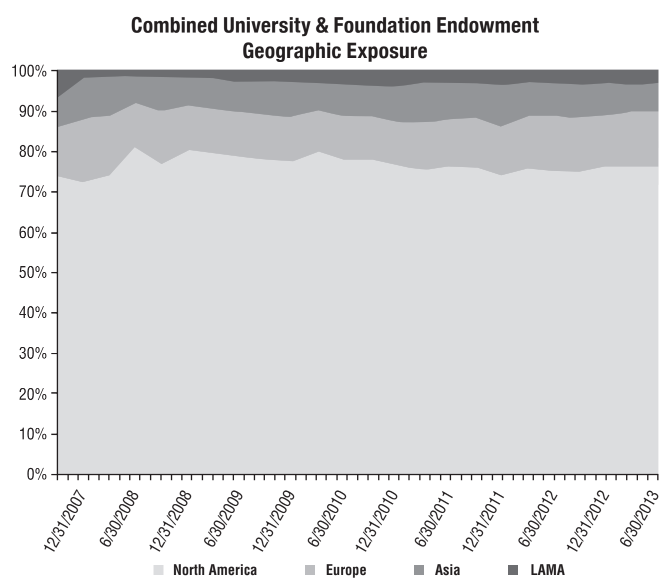
Change in Endowment Asset Allocation

	2013 vs. 2012	2013 vs. 2007
Equity	**-6%**	**-20%**
Public	-2%	-21%
Hedged	-3%	-3%
Private	-1%	4%
Debt	**3%**	**12%**
Public	0%	2%
Hedged	3%	9%
Private	0%	1%
Real Assets	**2%**	**11%**
Public	2%	1%
Private	0%	10%
Cash	**1%**	**-3%**

Elsewhere, hedged debt strategies increased by nearly three percentage points and public real assets exposure nearly doubled. The investment committee slightly adjusted the strategic asset allocation policy ranges by increasing the upper limits on public, hedged, and total debt exposure and lowering the minimums for public and total equity. Over the last few years, the asset allocation has evolved to reflect a shift away from the highly volatile public equity space and toward various credit and real asset strategies.



Another way we consider the endowment's asset allocation is through geographic diversity. The portfolio emphasizes managers that invest globally, usually allowing the manager to determine the best places in the world to allocate our capital. 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 endowment's exposure over the last few years by broad geographic region.

The third measure of the endowment's asset allocation is liquidity, or how quickly the exposure to a particular manager can be redeemed and turned into cash. Approximately 32% of the portfolio could be converted to cash within seven days, while about 23% is in various limited partnerships that are considered to be illiquid.

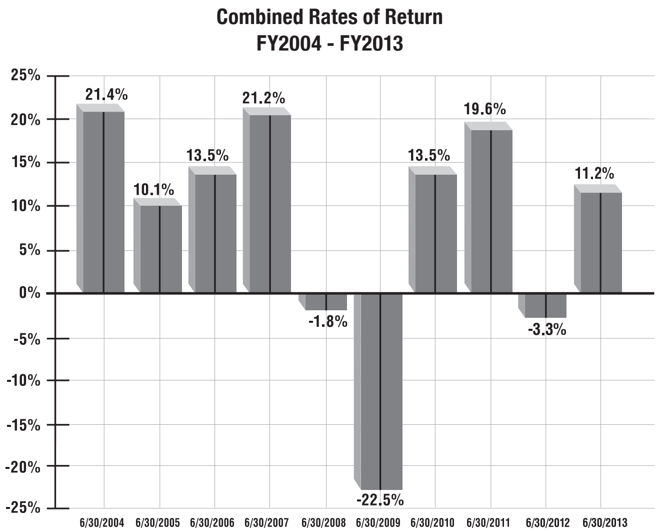
Miami treats each investment manager relationship like a partnership and, along with its external advisors, expends considerable effort on the due diligence process. The investment consultants focus on manager research, including back office due diligence, and conduct regular statistical reviews to examine 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 activities. 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 24 external managers, some with multiple mandates. During the year, new relationships were established with two global credit managers, a global public equity manger, and a global public real assets manager. Two long/short equity managers and a global long only equity manager were terminated. In addition, the exposure levels to several managers were adjusted.

Investment Returns

The university's non-endowment pool earned 3.47 percent for the fiscal year ended June 30, 2013. Annualized performance for the trailing ten years was 3.30 percent, providing annualized added return versus the 90-day Treasury bill over that period of 1.7 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 absolute return strategies in the long-term capital portion of the pool produced returns in excess of 11.3 percent for the year.

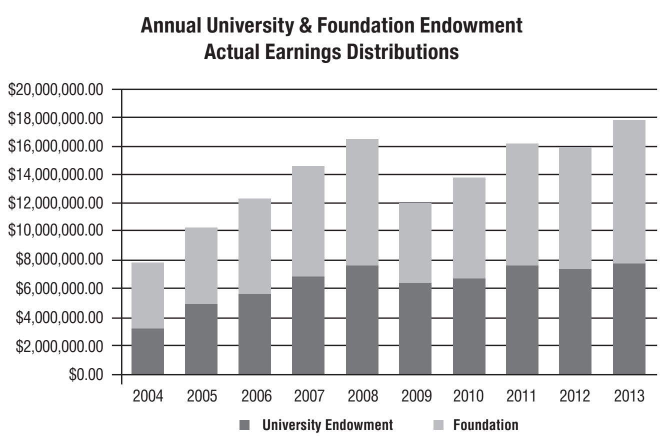
The endowment pools earned 11.20 percent for the fiscal year, rebounding from the negative return from the previous fiscal year. Three of the last four fiscal years and seven of the last ten have realized positive double digit returns. Annualized performance for the trailing ten years was 7.47 percent. All investment strategies reported positive returns for the year, with public real assets setting the pace with returns of nearly 35 percent.



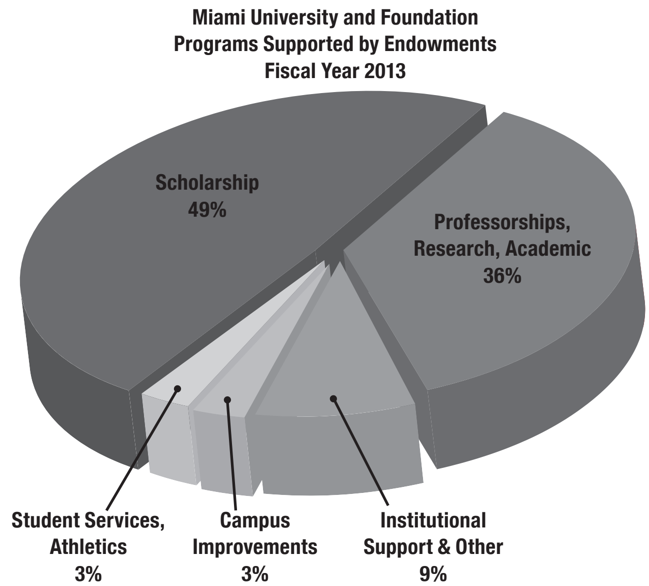
Program Support

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 the 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 under which spending distributions are calculated 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.



The combined distribution for fiscal year 2013 was about $17.8 million. This amount is nearly $2 million greater than the previous year, represents the largest distribution ever for Miami, and is more than double the amount distributed in 2004. Over the last ten years, the cumulative distributions have totaled over $136.7 million and have provided an important source of funding to help offset reductions in state support. The following chart shows the proportion of programs supported by the 2013 distributions.



The *For Love and Honor* capital campaign surpassed its $500 million goal during the fiscal year. This milestone represented the third goal of a campaign that was by far the most successful fund raising effort in Miami's history. This generous support has been transformational, allowing more students to receive scholarships, professors to receive support, and buildings to be built or renovated. Looking ahead, improved financial aid resources remain our primary fundraising priority. These impactful gifts provide the resources to enhance student recruitment, moderate tuition increases, and alleviate the effect of sustained lower state subsidies. As the campus community embarks on its strategic Miami 2020 plan, your continued commitment to Miami is appreciated and will continue to be vital to shaping Miami's vibrant future.

McGladrey

Independent Auditor's Report

President and Board of Trustees of Miami University
Oxford, Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Miami University as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9–14 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, 2013

Management's Discussion and Analysis JUNE 30, 2013 AND 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, 2013. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

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

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

- For the second consecutive year, the University implemented a 3.5 percent tuition and fee increase for resident undergraduate students and a 3.0 percent increase for non-resident undergraduate students on all three campuses.
- The fall 2012 first-year enrollment was 3,734 on the Oxford campus, which represented a 3.5 percent increase over the previous year and surpassed the goal of 3,600 students. Non-resident first-year enrollment was 38.5 percent as compared to 38 percent for the fall 2011 class. In addition, there was a 13.2 percent decrease in transfer students and regional campus relocation students, while international student enrollment remained relatively the same. The first-year class enrollment on the Hamilton and Middletown campuses decreased by 120 and 15 students, respectively.
- The investment portfolios produced solid results for the fiscal year. For the fourth consecutive year, operational investments experienced positive returns, recording earnings of 3.5 percent. These results were achieved in spite of another year of near zero short-term interest rates. The combined University and Foundation managed endowment pools reported positive returns of 11.2 percent. These positive returns are attributable to improved global capital markets. (For more details, see the Investment Report included in this report).
- For fiscal year 2013, the University increased salaries by 2.5 percent. This resulted in general fund salary expense on all three campuses increasing by $3.9 million to $167.8 million, which was $9.6 million below the adopted budget. Although a hiring freeze is not in affect, requests to add new positions or fill previously vacant positions are carefully scrutinized.
- Changes to employee health insurance benefits, resulted in a $5.6 million or 16 percent decrease in health insurance claim expense. These changes included a significant reduction in health care coverage for spouses, bidding and negotiating the medical and pharmacy contract, discontinuing the application of co-pays toward out-of-pocket maximums, and opening an employee on-site health clinic in order to reduce emergency room visits. Overall, general fund benefit expense was $12.4 million less than budget.
- In November 2012, an additional $116.1 million in general receipts revenue bonds were issued to fund planned capital projects (see the Capital Assets and Debt Administration section for more information).

Statements of Net Position

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

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

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

Fiscal Year 2013

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

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

Fiscal Year 2012

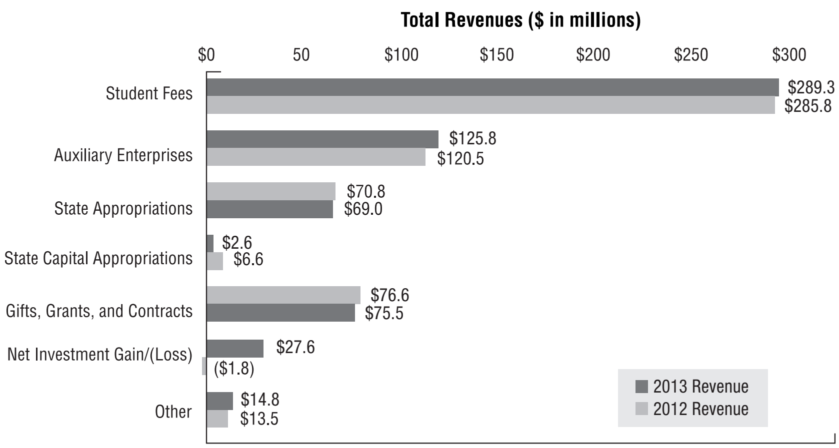
Total assets increased 12.2 percent or $155.1 million while total liabilities increased $115.6 million or 27.9 percent. The net increase in assets is primarily a result of the increase in cash and cash equivalents from unspent Series 2010 and 2011 general receipts revenue bond proceeds and non-depreciable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

Statements of Revenues, Expenses and Changes in Net Position

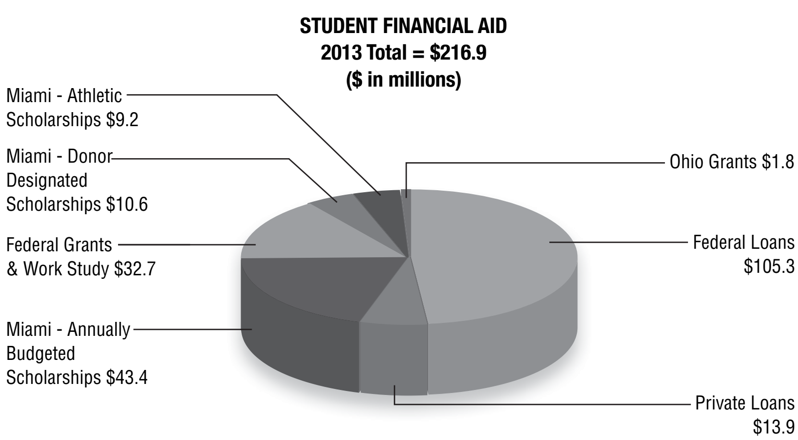
The statements of revenues, expenses, and changes in net position presents the University's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and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

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

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



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



The University continues to expand the merit scholarship packages for in-state and out-of-state students in order to recognize student achievement and to continue to make a high quality education more affordable for parents and students. In fiscal year 2013, Miami-funded financial aid increased by $5.1 million or 8.8 percent. In total, financial aid awards were $216.9 million.

Fiscal Year 2013

Operating revenues increased by 2.0 percent or $8.7 million in fiscal year 2013. This increase was the result of several factors including a 3.5 percent tuition and fee increase for resident undergraduate students, a 3.0 percent increase for non-resident undergraduate students on all three campuses, and a 3.5 percent increase in room and board rates.

Operating expenses decreased by 2.5 percent or $12.6 million. This decrease is a net result of a 16.0 percent decrease in health insurance claim expense, a 2.5 percent salary increase for all employees and absence of the one-time payments in fiscal year 2012 to outside consultants for operational reviews. In addition, operating expenses continue to be controlled through salary savings that are a direct result of the reduction in positions and number of vacant positions throughout the fiscal year.

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

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

Fiscal Year 2012

Operating revenues increased by $25.0 million primarily due to a 3.5 percent tuition and fee increase for resident undergraduate students, a 3.0 percent increase for non-resident undergraduate students on all three campuses, and a 3.5 percent increase in room and board rates. Operating expenses increased by $14.7 million primarily due to a 2.0 percent salary increase for all employees and the payments to outside consultants for operational reviews in the continuing effort to reduce operating costs.

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

Statements of Cash Flows

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

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

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

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

Capital Assets and Debt Administration

During fiscal year 2013, the University completed and capitalized several projects. These projects were funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2010A and 2010B Series General Receipts Revenue Bonds totaling $125 million, the 2011 Series General Receipts Revenue Bonds totaling $148.8 million, and the 2012 Series General Receipts Revenue Bonds totaling $116.1 million. Major projects capitalized in 2013 include renovation projects at the Steam Plant, Marcum Conference Center, Elliott and Stoddard Hall, Bishop Hall, and the Phillips Arts Center. See Note 4 for additional information concerning capital assets and accumulated depreciation.

On November 27, 2012, the University issued $116,065,000 in General Receipts Revenue Bonds. The proceeds are being used to provide continued funding for the multi-phase effort to renovate all campus student housing and dining facilities.

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

Economic Factors That Will Affect the Future

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

The University also continued work on the recommendations of the Strategic Priorities Task Force (SPTF) which were approved in 2011. Over a five year period, the recommendations are intended to produce approximately $10 million in new revenue and approximately $30 million in expense reductions through improved efficiencies, savings and reallocation of funds. New strategic priority revenues initiatives are included in the fiscal year 2014 operating budget totaling $8.1 million. The additional revenue will be realized through increased non-resident and transfer enrollment and increasing the number of tuition paying graduate students. Also included in the 2014 operating budget is a $7.1 million reduction in expenditures related to Strategic Priorities initiatives.

Throughout fiscal year 2014, the University will transition from its traditional incremental budget framework to Responsibility Center Management (RCM). The RCM budget module provides a decentralized managerial framework for internal budgeting and financial reporting that allows academic divisions a broad control over the amount of tuition revenue generated and the costs incurred from academic programs. The transition to RCM will be completed at the beginning of fiscal year 2015.

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

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

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

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

In Forbes magazine's 2013 list of "America's Top Colleges," Miami ranks 41st in the nation and 1st in Ohio among public universities.

Assets

	Miami University		University Foundation	
	2013	2012	2013	2012
CURRENT ASSETS				
Cash and cash equivalents (includes bond proceeds of $224.5 million at FY 13 and $193.6 million at FY 12)	$ 284,944,363	$ 256,931,472	$ 27,353,886	$ 25,073,256
Investments	296,657,289	226,646,046	0	0
Accounts, pledges and notes receivable, net	40,231,976	38,532,756	12,849,308	15,690,294
Inventories	3,868,620	4,230,484	0	0
Prepaid expenses and deferred charges	4,488,333	3,337,393	0	0
Total current assets	**630,190,581**	**529,678,151**	**40,203,194**	**40,763,550**
NONCURRENT ASSETS				
Restricted cash and cash equivalents	0	0	597,912	1,424,934
Investments	163,672,938	155,941,906	408,011,774	378,373,130
Pledges and notes receivable, net	9,511,837	7,035,261	21,240,396	34,257,166
Nondepreciable capital assets	153,230,904	102,673,230	0	0
Depreciable capital assets, net	678,893,660	635,992,450	0	0
Total noncurrent assets	**1,005,309,339**	**901,642,847**	**429,850,082**	**414,055,230**
Total assets	**$ 1,635,499,920**	**$ 1,431,320,998**	**$ 470,053,276**	**$ 454,818,780**

Liabilities and Net Position

	Miami University 2013	Miami University 2012	University Foundation 2013	University Foundation 2012
CURRENT LIABILITIES				
Accounts payable	$ 41,810,461	$ 25,102,294	$ 14,095,399	$ 13,792,870
Accrued salaries and wages	14,825,571	17,594,648	0	0
Accrued compensated absences	1,604,876	1,504,057	0	0
Deferred revenue	8,020,623	9,811,295	0	0
Deposits	11,810,307	11,177,678	0	0
Long-term debt - current portion	20,842,684	20,206,990	0	0
Other current liabilities	0	0	540,160	533,205
Total current liabilities	**98,914,522**	**85,396,962**	**14,635,559**	**14,326,075**
NONCURRENT LIABILITIES				
Accrued compensated absences	14,561,171	14,302,889	0	0
Bonds payable	525,331,303	421,005,530	0	0
Capital leases payable	2,640,587	3,006,952	0	0
Federal Perkins loan program	6,429,868	6,429,149	0	0
Other noncurrent liabilities	0	0	172,017,446	164,119,175
Total noncurrent liabilities	**548,962,929**	**444,744,520**	**172,017,446**	**164,119,175**
Total liabilities	**647,877,451**	**530,141,482**	**186,653,005**	**178,445,250**
NET POSITION				
Investment in capital assets	497,890,122	482,596,938	0	0
Restricted:				
Nonexpendable	89,565,237	84,392,200	166,432,123	160,563,050
Expendable	68,160,201	63,999,857	116,115,163	115,915,292
Unrestricted	332,006,909	270,190,521	852,985	(104,812)
Total net position	**$ 987,622,469**	**$ 901,179,516**	**$ 283,400,271**	**$ 276,373,530**

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position JUNE 30, 2013 AND 2012

MIAMI UNIVERSITY

	Miami University		University Foundation	
	2013	2012	2013	2012
OPERATING REVENUES				
Tuition, fees, and other student charges	$ 356,215,310	$ 349,805,074	$ 0	$ 0
Less allowance for student scholarships	(66,944,417)	(64,025,371)	0	0
Net tuition, fees, and other student charges	289,270,893	285,779,703	0	0
Sales and services of auxiliary enterprises	130,854,800	125,734,751	0	0
Less allowance for student scholarships	(5,075,794)	(5,192,304)	0	0
Net sales and services of auxiliary enterprises	125,779,006	120,542,447	0	0
Federal contracts	14,395,007	14,421,397	0	0
Gifts	0	0	(1,295,923)	9,854,487
Sales and services of educational activities	2,163,226	2,462,329	0	0
Private contracts	2,379,107	2,451,073	0	0
State contracts	1,082,148	1,092,148	0	0
Local contracts	299,267	327,526	0	0
Other	9,001,897	8,556,764	0	0
Total operating revenues	**444,370,551**	**435,633,387**	**(1,295,923)**	**9,854,487**
OPERATING EXPENSES				
Education and General				
Instruction and departmental research	162,874,433	167,277,750	0	0
Separately budgeted research	15,206,678	16,653,175	0	0
Public service	1,975,070	1,282,434	0	0
Academic support	56,731,618	52,829,081	0	0
Student services	22,538,535	21,778,626	0	0
Institutional support	39,273,599	45,741,162	0	0
Operation and maintenance of plant	33,259,424	32,575,843	0	0
Scholarships and fellowships	21,644,139	26,202,688	0	0
Auxiliary enterprises	104,539,337	105,943,125	0	0
Depreciation	37,874,305	37,940,355	0	0
Other	3,667,208	3,944,575	0	0
Total operating expenses	**499,584,346**	**512,168,814**	**0**	**0**
Net operating (loss) gain	**(55,213,795)**	**(76,535,427)**	**(1,295,923)**	**9,854,487**
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	69,966,227	69,013,751	0	0
Gifts, including $19,672,471 in FY13 and $18,662,382 in FY12 from the University Foundation	24,618,328	18,731,475	0	0
Federal grants	24,418,522	27,104,370	0	0
Net investment income (loss), net of investment expense of $2,018,200 for the University and $2,788,198 for the Foundation in FY13 $2,055,980 for the University and $2,926,590 for the Foundation in FY12	27,639,731	(1,819,622)	21,510,509	(7,798,696)
State grants	1,194,978	1,036,961	0	0
Interest on debt	(20,429,656)	(17,368,471)	0	0
Payments to Miami University	0	0	(19,672,471)	(18,662,382)
Other non-operating revenues (expenses)	3,434,812	2,385,595	826,080	(177,141)
Net non-operating revenues (expenses)	**130,842,942**	**99,084,059**	**2,664,118**	**(26,638,219)**
Income (loss) before other revenues, expenses, and gains or losses	**75,629,147**	**22,548,632**	**1,368,195**	**(16,783,732)**
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
State capital appropriation	2,559,532	6,625,692	0	0
Capital grants and gifts	7,462,467	7,452,710	0	0
Additions to permanent endowments	791,807	2,874,015	5,658,546	10,175,844
Total other revenues, expenses, gains, or losses	**10,813,806**	**16,952,417**	**5,658,546**	**10,175,844**
CHANGE IN NET POSITION	**86,442,953**	**39,501,049**	**7,026,741**	**(6,607,888)**
Total net position at beginning of year	901,179,516	861,678,467	276,373,530	282,981,418
Total net position at end of year	**$ 987,622,469**	**$ 901,179,516**	**$ 283,400,271**	**$ 276,373,530**

See accompanying notes to financial statements.

Statements of Cash Flows JUNE 30, 2013 AND 2012

MIAMI UNIVERSITY

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees, and other student charges	$ 354,607,300	$ 344,975,889
Sales and services of auxiliary enterprises	130,864,960	126,108,977
Contracts	13,667,938	17,300,844
Other operating receipts	11,024,219	10,518,698
Payments for employee compensation and benefits	(311,740,283)	(312,179,364)
Payments to vendors for services and materials	(131,292,113)	(133,261,798)
Student scholarships	(92,828,014)	(90,412,558)
Loans issued to students and employees	(2,537,122)	(1,145,406)
Collection of loans from students and employees	2,551,710	1,442,609
Net cash flows used in operating activities	(25,681,405)	(36,652,109)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State share of instruction funds	72,335,673	71,383,197
Grants for noncapital purposes	25,613,500	28,141,331
Gifts	25,179,033	19,343,958
Net cash flows provided by noncapital financing activities	123,128,206	118,868,486
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriation	2,195,821	9,314,704
Grants for capital purposes	7,250,544	7,256,911
Other capital and related receipts	130,802	645,907
Proceeds from debt obligations	126,154,233	157,134,772
Payments to construct, renovate, or purchase capital assets	(113,758,411)	(58,400,237)
Principal paid on outstanding debt	(19,224,094)	(48,513,723)
Interest paid on outstanding debt	(22,733,175)	(18,687,170)
Net cash flows (used in) provided by capital and related financing activities	(19,984,280)	48,751,164
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	59,025,581	61,154,895
Purchases of investments	(117,297,550)	(86,294,138)
Endowment income	3,911,739	278,759
Other investment income	4,910,600	5,444,762
Net cash flows used in investing activities	(49,449,630)	(19,415,722)
Net increase in cash and cash equivalents	**28,012,891**	**111,551,819**
CASH AND CASH EQUIVALENTS		
Beginning	256,931,472	145,379,653
Ending	**$ 284,944,363**	**$ 256,931,472**
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES		
Operating loss	$ (55,213,795)	$ (76,535,427)
Adjustments to reconcile net operating loss to net cash (used in) operating activities:		
Depreciation expense	37,874,305	37,940,355
Net loss on disposal of capital assets	7,789	6,762
Accounts receivable bad debt adjustments	338,082	26,311
Adjustments to reconcile change in net position to net cash (used in) operating activities:		
Accounts receivable	(4,489,936)	(1,261,414)
Inventories	361,864	(319,311)
Prepaid expenses	(1,150,940)	(396,180)
Notes receivable	182,697	344,213
Accounts payable	(24,171)	1,159,543
Accrued salaries	(2,769,077)	2,457,493
Compensated absences	359,101	(728,532)
Deferred income and deposits	(1,158,043)	682,916
Federal Perkins loans	719	(28,838)
Net cash flows used in operating activities	**$ (25,681,405)**	**$ (36,652,109)**
Supplemental Disclosure of NonCash Information:		
Property and equipment included in accounts payable	$ 23,205,243	$ 7,797,675
Property and equipment acquired by gifts in kind	$ 211,924	$ 195,800

See 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 up to 17 members, including two student members and up to six non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate, and the national trustees are appointed by the voting members and can serve for no more than two consecutive three-year terms.

The Governmental Accounting Standards Boards (GASB) Statement No. 39 sets forth criteria to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University. The Miami University Foundation (the Foundation), which is a separate not-for-profit foundation, meets this criteria due to the significance of their operational or financial relationships with the University. Note 9 provides additional information on the Foundation. Certain disclosures concerning the Foundation are not included because it has been audited separately for the year ended June 30, 2013 and reports have been issued under separate cover.

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

Basis for Presentation

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

Recent Accounting Pronouncements

Effective July 1, 2012, the University adopted GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* This Standard provides guidance on accounting for service concession arrangements (SCAs) where a government transfers the right to operate a government asset to another entity in exchange for significant consideration from that entity. There has been no impact to the University financial statements due to the adoption of Statement No. 60.

Effective July 1, 2012, the University adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.* This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. There has been no impact to the University financial statements due to the adoption of Statement No. 61.

Effective July 1, 2012, the University adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) issued on or before November 30, 1989. There has been no impact to the University financial statements due to the adoption of Statement No. 62.

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

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

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

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

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

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

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The Statement is effective for periods beginning after June 15, 2013. The University feels this Statement will not have an impact on the financial statements.

Cash and Cash Equivalents

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

Investments

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

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

Inventories

Inventories are stated at the lower of first-in, first-out cost or net realizable value, except the Culinary Support Center inventories which are stated at the last price paid value.

Capital Assets

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

Deferred Revenue

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

Operating and Non-operating Revenue

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

Bond Premiums, Discounts and Issuance Costs

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

Compensated Absences

Full-time unclassified staff earn vacation at rates of 18 to 22 days per year, based on the term of their employment contract, with a maximum accrual of 52 days. Classified employees earn vacation at rates ranging from 0 to 25 days per year, based on years of service, with a maximum accrual equivalent to the amount earned in three years. Upon retirement, termination, or death, the employee is compensated at the final rate of pay for unused vacation up to a maximum of 40 days. Faculty accrue no vacation benefits.

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

Net Positions

Net positions are divided into three major categories. The first category, investment in capital assets, which does not include unspent bond proceeds, reports the institution's net equity in property, plant, and equipment. The second major category is restricted net position. This category contains assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted assets is available for investment purposes only. The expendable restricted assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the University. The third category is unrestricted net position and is separated into two types: allocated and unallocated. Allocated unrestricted assets are available to the institution, but are allocated for a specific purpose within the institution by University policy, management, or the governing board. The allocated unrestricted assets were $322,480,209 and $262,999,985 as of June 30, 2013 and 2012, respectively. Unallocated unrestricted assets are available to be used for any lawful purpose of the institution.

Tax Status

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

Estimates

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

Subsequent events

The University has evaluated events occurring between the end of our most recent fiscal year and October 15, 2013, the date the financial statements were issued.

Reclassifications

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

Kiplinger's Personal Finance magazine ranks Miami in the top 50 of the "100 Best Values in Public Colleges" list for 2013.

(2) Cash and Investments

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

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

Cash and cash equivalents

At year-end, the carrying amount of the University's cash and cash equivalents was approximately $284.9 million in 2013 and $256.9 million in 2012, respectively. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. STAR Ohio, a 2a7 – like pooled fund, is a state-wide fund managed by the State Treasurer of Ohio.

Approximately $0.8 million of cash and cash equivalents was covered by federal depository insurance; $244.7 million was covered by collateral held by third-party trustees pursuant to paragraph 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions; and the remainder was not collateralized or insured, leaving it exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the University may not be able to recover its deposits or collateral securities. The University maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution.

Investments

Investments held by the University at June 30, 2013 and 2012 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment management procedures establish guidelines for average credit quality ratings in the portfolios. Moody's Investors Service and Fitch Ratings have assigned AAA credit ratings to U.S. Treasury obligations. On August 6, 2011, Standard & Poor's lowered its credit rating on long-term U.S. Treasury related debt obligations from AAA to AA+.

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

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 23,439,070	$ 0	$ 23,439,070	$ 0	$ 0
U.S. Agency bonds	36,914,679	0	36,914,679	0	0
Strips	5,997,982	0	5,997,982	0	0
Government-backed bonds	32,425,977	0	32,425,977	0	0
Corporate bonds	25,994,035	0	0	25,994,035	0
Municipal bonds	3,092,471	0	0	3,092,471	0
International bonds	506,072	0	0	506,072	0
Common and preferred stocks	580,736	580,736	0	0	0
Commingled funds	331,081,241	268,899,244	6,482,094	44,518,726	11,181,177
Real estate and other	297,964	297,964	0	0	0
Total investments	**$ 460,330,227**	**$ 269,777,944**	**$105,259,802**	**$ 74,111,304**	**$ 11,181,177**

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**

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

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

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

Investment Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
U.S. Treasury bonds	$ 23,439,070	$ 2,996,659	$ 15,269,774	$ 5,172,637	$ 0
U.S. Agency bonds	36,914,679	7,928,518	28,431,481	554,680	0
Strips	5,997,982	1,999,430	3,579,810	0	418,742
Government-backed bonds	32,425,977	10,580	32,415,397	0	0
Corporate bonds	25,994,035	3,180,444	17,205,836	5,607,755	0
Municipal bonds	3,092,471	201,150	897,339	794,962	1,199,020
International bonds	506,072	0	0	506,072	0
Commingled bond funds	62,181,997	2,043,503	31,924,949	24,460,463	3,753,082
Total bonds	**$ 190,552,283**	**$ 18,360,284**	**$ 129,724,586**	**$ 37,096,569**	**$ 5,370,844**

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
Municipal bonds	3,814,187	253,978	1,008,681	2,551,528	0
International bonds	519,126	0	0	519,126	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**

All of the University's investments in publicly traded securities are subject to market risk. As a result, a significant downturn in the securities markets could adversely affect the market value of University assets. Investments include approximately $104.6 million and $88.0 million as of June 30, 2013 and 2012, respectively, managed by global managers, and such international investments are exposed to foreign currency risk. The University's investments that are exposed to concentration risk consist of securities issued by the U.S. Treasury and other agencies or instrumentalities of the U.S. government which represents 21.5% of investments. No other single issuer represents more than 5% of investments. Commingled bond funds held by the University include a wide range of investments, including hedge funds. The University's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

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

SmartMoney ranks Miami 11th nationally for return on (tuition) investment among both public and private universities, including the Ivy League schools.

Endowment funds

The Miami University Foundation (Foundation) manages the Foundation and University endowment and quasi-endowment funds in a single investment pool (Pooled Fund). The University investment is maintained as a separate fund on the financial system of the Foundation and receives a proportional share of the Pooled Fund's activity. The Foundation owns the assets of the Pooled Fund; the University has an interest in the Pooled Fund, which is considered an external investment pool to the University. The Foundation's Pooled Fund is not registered with the Securities and Exchange Commission as an investment company. The Foundation's Board of Directors appoints an Investment Committee, which is responsible for oversight of the Pooled Fund in accordance with Foundation policies. University investments include $162.9 million and $155.2 million managed by the Foundation as of June 30, 2013 and 2012, respectively. The fair value of the University's position in the Pooled Fund is based on the University's proportional share of the Pooled Fund, which is marked-to-market annually. Note 9 provides additional information on the Foundation and the Pooled Fund.

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

The University employs a total return policy which defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets. The University Board has approved an endowment spending policy whereby distributions in accordance with donor restrictions are calculated according to a formula which gives a 30% weight to market value and a 70% weight to inflation. Annually the University establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment assets to other funds. The authorized spending amount was $8,273,995 in 2013 and $8,146,975 in 2012. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $7,780,684 and $7,335,241 was distributed for expenditure for 2013 and 2012, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

(3) Accounts, Pledges and Notes Receivable

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

	2013	2012
Accounts Receivable		
Student receivables	$ 9,568,274	$ 10,413,722
University Foundation	13,877,445	13,626,854
State capital appropriations	2,838,217	2,474,506
Grants and contracts	5,018,615	4,435,739
Investment trade settlements	0	406,740
Other receivables	3,687,541	2,784,467
Total accounts receivable	**34,990,092**	**34,142,028**
Less allowances for doubtful accounts	(1,285,000)	(1,285,000)
Net accounts receivable	**$ 33,705,092**	**$ 32,857,028**
Pledges Receivable		
Pledges receivable	$ 7,332,898	$3,704,342
Less allowance for doubtful pledges	(481,770)	(365,179)
Net pledges receivable	**$ 6,851,128**	**$ 3,339,163**
Notes Receivable		
Federal loan programs	$ 7,388,865	$ 7,823,165
University loan programs	3,539,728	3,139,661
Total notes receivable	**10,928,593**	**10,962,826**
Less allowance for doubtful notes	(1,741,000)	(1,591,000)
Net notes receivable	**9,187,593**	**9,371,826**
Total	**$ 49,743,813**	**$ 45,568,017**

(4) Capital Assets

The capital assets and accumulated depreciation as of June 30, 2013 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	7,500,865	179,200	0	7,680,065
Construction in progress	90,331,089	122,526,570	72,148,096	140,709,563
Total nondepreciable capital assets	**102,673,230**	**122,705,770**	**72,148,096**	**153,230,904**
Land improvements	31,507,403	4,641,713	0	36,149,116
Buildings	801,431,642	59,005,191	0	860,436,833
Infrastructure	116,308,436	11,429,454	0	127,737,890
Machinery and equipment	114,294,851	3,754,634	5,949,735	112,099,750
Library books and publications	65,586,622	946,424	0	66,533,046
Vehicles	9,275,739	856,487	625,432	9,506,794
Intangible assets	16,796,760	149,401	0	16,946,161
Total depreciable capital assets	**1,155,201,453**	**80,783,304**	**6,575,167**	**1,229,409,590**
Total capital assets	**1,257,874,683**	**203,489,074**	**78,723,263**	**1,382,640,494**
Less accumulated depreciation:				
Buildings	335,413,801	23,225,727	0	358,639,528
Infrastructure	49,841,234	4,414,982	0	54,256,216
Land improvements	11,478,907	1,144,137	0	12,623,044
Machinery and equipment	60,484,649	5,427,345	5,949,735	59,962,259
Library books and publications	39,968,714	2,214,737	0	42,183,451
Vehicles	7,518,917	553,472	617,643	7,454,746
Intangible assets	14,502,781	893,905	0	15,396,686
Total accumulated depreciation	**519,209,003**	**37,874,305**	**6,567,378**	**550,515,930**
Total capital assets, net	**$ 738,665,680**	**$ 165,614,769**	**$ 72,155,885**	**$ 832,124,564**

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**

(5) Long-term Liabilities

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

Bonds and Leases Payable	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
Bonds payable	$ 427,505,000	$ 116,065,000	$ 18,420,000	$ 525,150,000	$ 19,120,000
Capital leases payable	3,811,046	0	804,095	3,006,951	366,364
Premiums, issue costs, loss on refunding	12,903,426	8,936,156	1,181,959	20,657,623	1,356,320
Total bonds and leases payable	**444,219,472**	**125,001,156**	**20,406,054**	**548,814,574**	**20,842,684**
Other Liabilities					
Compensated absences	15,806,946	7,933,241	7,574,140	16,166,047	1,604,876
Federal Perkins loans	6,429,149	305,432	304,713	6,429,868	0
Total other liabilities	**22,236,095**	**8,238,673**	**7,878,853**	**22,595,915**	**1,604,876**
Total	**$ 466,455,567**	**$133,239,829**	**$ 28,284,907**	**$ 571,410,489**	**$ 22,447,560**

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

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**

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

In the Fiske Guide to Colleges' list of the "best and most interesting colleges and universities" in the country for 2014, Miami is called "the honors public university in one of the nation's largest states."

(6) Indebtedness

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

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

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

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

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

During the year ended June 30, 2005, the University issued $98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the University defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was $9,890,000 and $11,305,000 as of June 30, 2013 and 2012, respectively.

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

The University incurred interest costs of $22,392,728 and $18,229,548 as of June 30, 2013 and 2012, respectively. For the year ended June 30, 2013, $1,963,072 of the interest cost was capitalized. For the year ended June 30, 2012, $861,077 of the interest cost was capitalized.

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

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

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

Year Ended June 30	Principal	Interest	Total
2014	$ 19,120,000	$ 24,917,754	$ 44,037,754
2015	21,280,000	24,061,157	45,341,157
2016	22,130,000	23,174,073	45,304,073
2017	23,120,000	22,216,898	45,336,898
2018	24,040,000	21,183,285	45,223,285
2019-2023	133,740,000	87,750,839	221,490,839
2024-2028	112,025,000	55,365,985	167,390,985
2029-2033	85,270,000	32,458,575	117,728,575
2034-2038	84,425,000	8,402,948	92,827,948
Total	**$ 525,150,000**	**$299,531,514**	**$ 824,681,514**

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

Year Ended June 30	Minimum Lease Payments
2014	$ 448,393
2015	195,849
2016	194,020
2017	194,586
2018	194,768
2019-2023	969,908
2024-2028	966,832
2029-2032	768,674
Total minimum lease payments	**3,933,030**
Less amount representing interest	(926,079)
Net minimum lease payments	**$ 3,006,951**

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2013 and June 30, 2012 are $2,723,760 and $2,779,920 for buildings and $3,529,969 and $3,580,222 for equipment, respectively.

(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 2012 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2012, and June 30, 2011, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to post-employment health care (Note 8).

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

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

Defined Contribution Plan

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

The payroll for employees electing the alternative retirement program for the years ended June 30, 2013 and 2012, was approximately $54,832,000 and $50,374,000, respectively.

Combined Plans

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

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. OPERS also provides retirement, disability, survivor, and postretirement health care benefits to qualified members. The portion of employer contributions to OPERS allocated to health care for members in the Combined Plan was 6.05 percent from January 1 through December 31, 2012 (Note 8).

Retirement Plan Funding

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

Employer Contribution

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

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

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

Summary financial information for the foundation as of June 30, 2013, the date of its most recent audited financial report, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at end of year	$ 852,985	$ 116,115,163	$ 166,432,123	$ 283,400,271
Change in net assets for the year	957,797	199,871	5,869,073	7,026,741
Distributions to Miami University	19,672,471	0	0	19,672,471

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

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

Cash and Cash Equivalents - Cash and cash equivalents consists primarily of cash in banks, money market accounts, BlackRock Liquidity Federal Trust Fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less. At June 30, 2013, approximately $450,000 of cash and cash equivalents was covered by federal depository insurance and the remainder was not insured, exposing it to custodial credit risk. The Foundation maintains active relationships with multiple cash equivalent accounts to reduce its exposure to custodial credit risk at any single institution. The carrying amounts of these items are a reasonable estimate of their fair value.

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

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

Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis. Investment transactions occurring on or before June 30 that settle after such date are recorded as receivables or payables. Net dividend and interest income as well as gains/losses are allocated based on the number of shares owned.

Long-Term Investments

Investments held by the Foundation as of June 30 were:

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

The Foundation maintains a diversified investment portfolio for the Pooled Funds, intended to reduce market risk, credit risk, and interest rate risk with a strategy designed to take advantage of market inefficiencies. The Foundation's investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of investment vehicles including separate accounts, limited partnerships, and commingled funds. The Foundation's investment portfolio includes publicly traded securities. As a result, a significant downturn in the securities markets could adversely affect the market value of Foundation assets. As of June 30, 2013, the Foundation has made commitments to limited partnerships of approximately $27.4 million that have not yet been funded.

The 2013 dividend and interest income of $2,691,854, as reported in the Statement of Activities, is net of fees from external investment managers totaling $349,625. The 2012 dividend and interest income of $2,455,266, as reported in the Statement of Activities, is net of fees from external investment managers totaling $554,796.

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

Pledges Receivable - As of June 30, 2013, contributors to the Foundation have made unconditional pledges totaling $39,286,386 with 17 pledges accounting for over 50 percent of that total. Net pledges receivable have been discounted using interest rates to a net present value of $36,338,299 at June 30, 2013. Discount rates ranged from 1.20 percent to 6.00 percent. Management has set up an allowance for uncollectible pledges of $3,533,277 at June 30, 2013. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time.

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

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.

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

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

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

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were $101,697 as of June 30, 2013 and $948,391 as of June 30, 2012. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

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

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

For the fourth year in a row, Miami ranks #1 among public universities for commitment to teaching undergraduates in Princeton Review's "The Best 378 Colleges-2014 Edition." Overall, Miami ranks just after Dartmouth and Princeton and ties with William and Mary.

(10) Commitments

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

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

(11) Risk Management

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

Health insurance claims are accrued based upon estimates of the claims liabilities. These estimates are based on past experience, current claims outstanding, and medical inflation trends. As a result, the actual claims experience may differ from the estimate. An estimate of claims incurred but not reported in the amount of $2,748,400 and $2,872,200 is included in the accrued salaries and wages as of June 30, 2013 and 2012, respectively. The change in the total liability for actual and estimated claims is summarized below:

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

To reduce potential loss exposure, the University has established a reserve for health insurance stabilization of $7.5 million.

The University participates in a consortium with all other Ohio state-assisted universities (excluding The Ohio State University) for the acquisition of commercial property and liability insurance. The name of the consortium is the IUC-Insurance Consortium. The commercial property program's loss limit is $1.0 billion and the general/auto liability loss limit is $50 million. The property insurance program has been in place for 18 years during which time Miami University has had one material loss above the insurance policy deductible of $350,000. The liability program has been in place for 13 years during which time Miami University has had three losses above the property pool deductible, which is $100,000. The current self-insured retention for the liability program is $1.0 million. The educator's legal liability loss limit is $30 million. The University also participates with the other consortium universities for the purchase of commercial insurance for other risks. Over the past five years, settlement amounts related to insured risks have not exceeded the University's coverage amounts.

(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.

Trustees and Officers as of JUNE 30, 2013

MIAMI UNIVERSITY

Miami University Board of Trustees

Date listed is expiration of term.

Sharon J. Mitchell, Chair
February 28, 2016

David H. Budig, Vice Chair
February 28, 2022

Mark E. Ridenour, Treasurer
February 28, 2020

Dennis A. Lieberman, Secretary
February 28, 2018

Jagdish K. Bhati
February 28, 2019

Donald L. Crain
February 28, 2015

Robert W. Shroder
February 28, 2021

Harry T. Wilks
February 28, 2017

Stephen P. Wilson
February 28, 2014

National Trustees (non-voting)

Sue J. Henry
June 30, 2014

C. Michael Armstrong
June 30, 2014

C. Michael Gooden
June 30, 2015

John Altman
June 30, 2016

Terry Hershey
June 30, 2014

Student Trustees (non-voting)

Arianne Wilt
February 28, 2014

Graham B. Bowling
February 28, 2015

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

Thomas W. Herbert
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 2013 financial report and investments report were prepared by the Miami University Controller's Office and the Treasury Services Office.

Dale C. Hinrichs
Associate Vice President for Finance and Controller

Sarah C. Persinger
Assistant Controller

Bruce A. Guiot
Chief Investment Officer and Associate Treasurer

Cynthia L. Ripberger
Senior 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

he Miami University Campaign For Love and Honor

University Advancement Report

Tom Herbert, JD

Vice President, University Advancement

The Miami University Campaign For Love and Honor

Development Expense

	FY12	FY13
Cost per dollar raised	15.5	14.3

Effect of New Metrics for DOs

he Miami University Campaign For Love and Honor

	FY13	FY14
Quarter 1 Asks		
Number	132	56
Value	$26,066,574	$18,707,700
Average Ask Size	$197,474	***$334,066***
Quarter 1 Closes		
Number	64	55
Value	$6,329,120	$13,700,000
Average Ask Size	$98,892	***$249,090***

Fundraising at a Glance

The Miami University Campaign For Love and Honor

	FY12	FY13
# FTE Dev Officers	24	24*
Total $ Raised	$39.3m	$41.0m
Avg $/Dev Officer	$1.64m	$1.71m

* Four Development Officers hired in second half of FY

Campaign Update – Total

he Miami University Campaign For Love and Honor

Gifts Booked as of Nov. 30, 2013:

$522.7 million

CY13 to date: $46.2 million

CY12 to date: $34.7 million

Campaign Gift Pyramid

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**	**$82,100,000**
	$5,000,000	15	$75,000,000	**10**	**$55,575,595**
	$2,000,000	20	$40,000,000	**15**	**$41,969,581**
Leadership Gifts	$1,000,000	55	$55,000,000	**61**	**$75,150,447**
	$500,000	65	$32,500,000	**53**	**$33,667,667**
Major Gifts	$100,000	400	$40,000,000	**420**	**$75,096,130**
	$50,000	450	$22,500,000	**365**	**$22,692,189**
	$25,000	800	$20,000,000	**703**	**$21,246,392**
Special Gifts	$10,000	1,500	$15,000,000	**1,568**	**$21,148,787**
Gifts Below	$10,000	many	$50,000,000	**many**	**$69,006,258**
Total			$500,000,000		**$522,653,047**

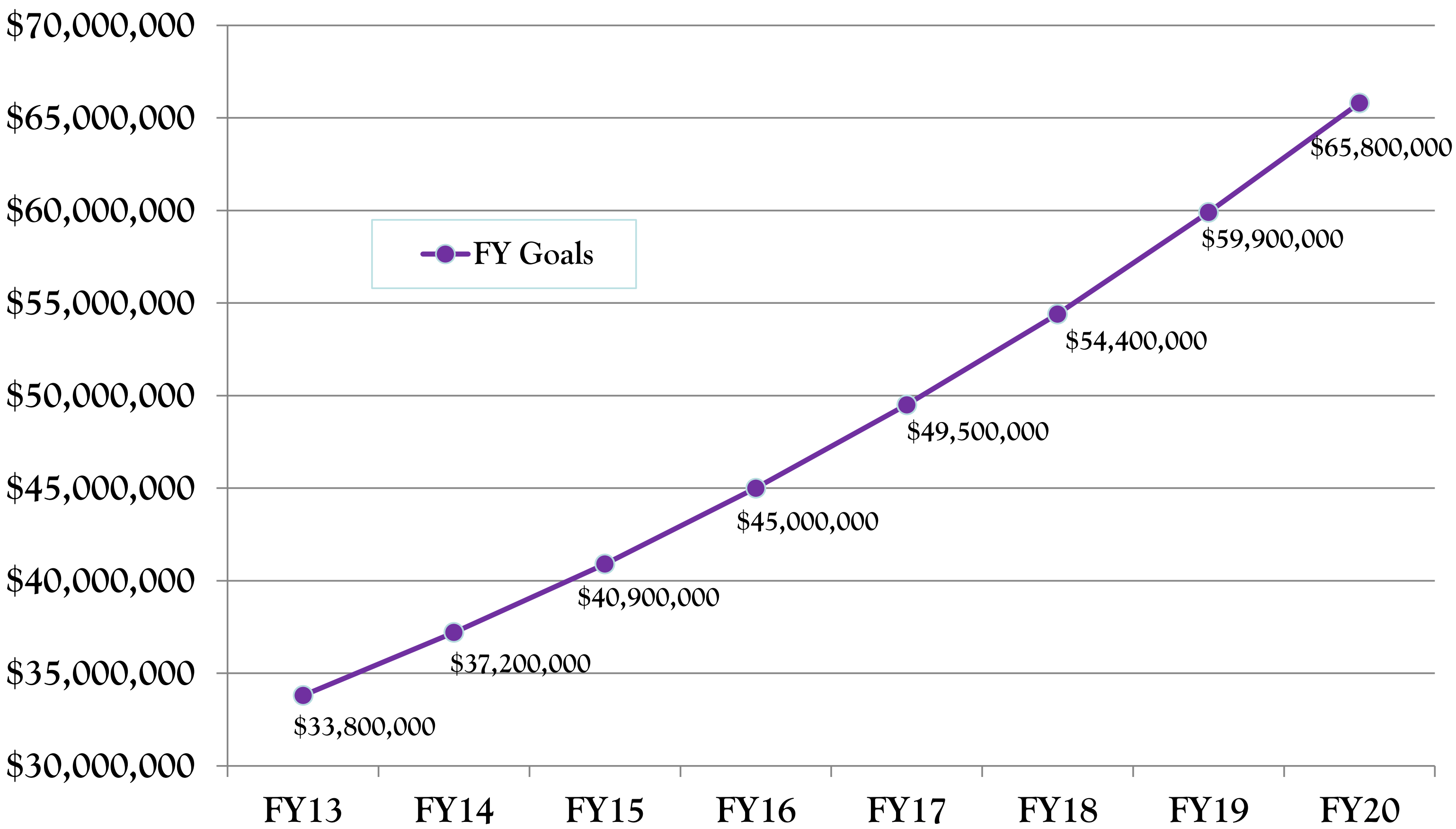
he Miami University Campaign For Love and Honor

Campaign Peer Comparison

	Goal	Raised	Dates
Miami	$500M	$522M	2002-2013
Akron	$1B	$881M	2000-2021
Ball State	$200M	$211M	2004-2011
BGSU	$120M	$146M	2002-2008
Buffalo	$250M	$292M	1998-2003
Cent Mich	$ 50M	$ 77M	2001-2006
East Mich	$ 50M	$ 51M	2006-2011
Kent State	$250M	$265M	2003-2012
UMass	$300M	$201M	2008-2015
Northern Ill	$150M	$162M	2000-2010
Ohio	$450M	$438M	2008-2015
Toledo	$100M	$106M	2002-2008
West Mich	$125M	$162M	1998-2003
Wm & Mary	$500M	$518M	2000-2007

Advancement's Post-Campaign Development Targets

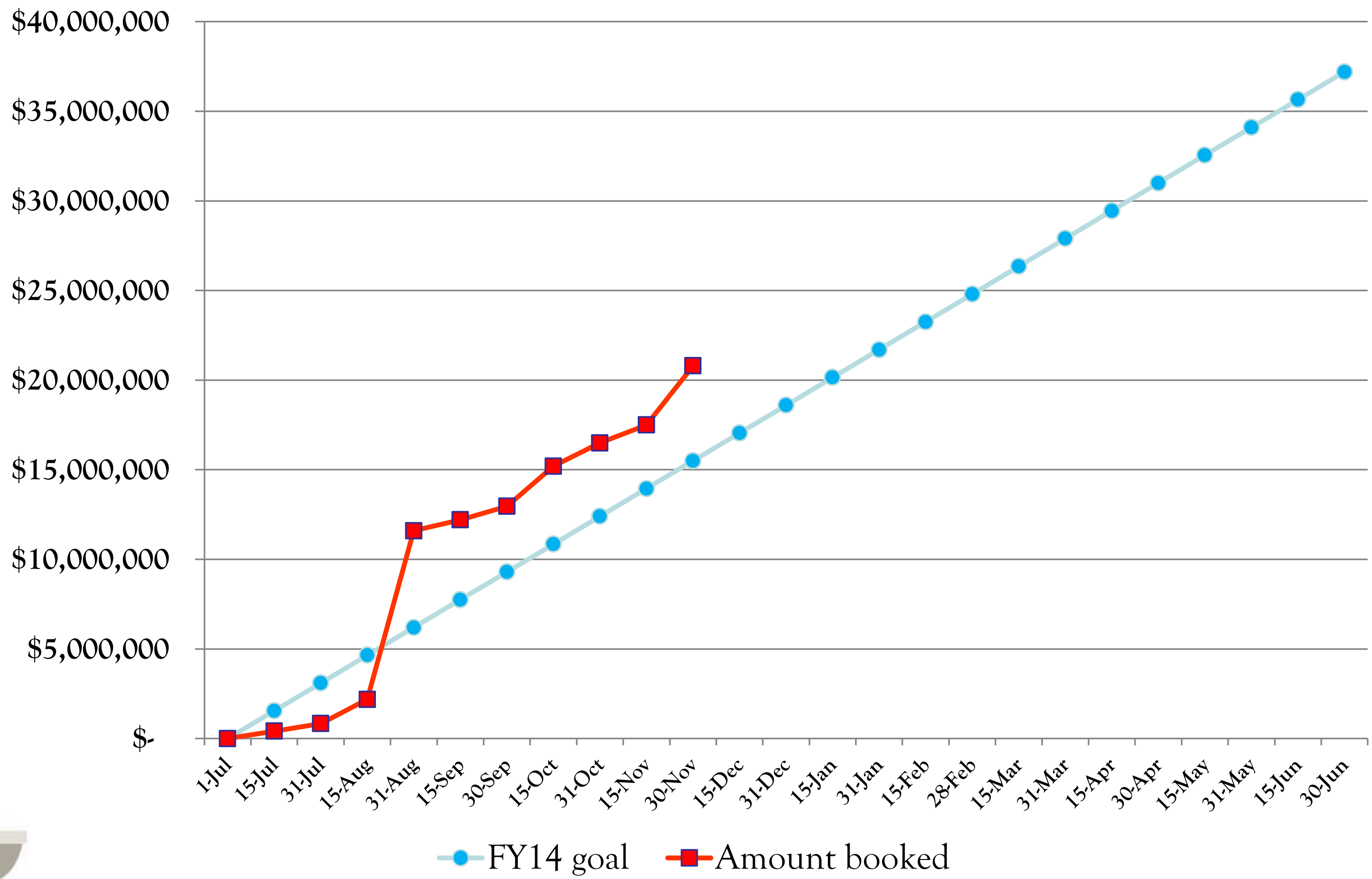
The Miami University Campaign For Love and Honor



* Based on Miami's 20/20 Plan

Progress Toward FY'14 Fundraising Goal

The Miami University Campaign For Love and Honor



Pending Scholarship Initiatives

he Miami University Campaign For Love and Honor

- **<u>Scholarship Match Program</u>**
  - ***New endowed recruitment scholarships***
  - ***Marketing material is close to completion***
  - ***Official "roll out" in January 2014***
  - ***Already closed approximately $1.4 million in gifts***

Scholarship Initiatives

he Miami University Campaign For Love and Honor

Scholarship Match Specifics

– Title: *Match the Promise*

- *$50K minimum gift payable over 4 years – <u>but awarded immediately</u>*
- *Miami match is 5% of the gift value each year for 8 years*
- *First 4 years the donor's gift grows without a distribution*
- *Example below: $100K gift , paid $25K per year over four years*

Scholarship Payment/Distribution	2014	2015	2016	2017	2018	2019	2020	2021
Donor Distribution	-0-	-0-	-0-	-0-	$5K	$5K	$5K	$5K
University Match	$5K	$5K	$5K	$5K	$5K	$5K	$5K	$5K

he Miami University Campaign For Love and Honor

Questions?

he Miami University Campaign For Love and Honor

Thank you!

MIAMI UNIVERSITY

Review of Residence Hall Master Plan

Finance & Audit Committee
December 5, 2013

MIAMI UNIVERSITY

History of Planning

- Initial Plan (developed by staff) in 2007
  - Construct 31 new residence halls and renovate 12
  - Cost: $880 million; 20 year bonds at 5% (no inflation)
  - Project time line – 15 years
  - Annual rate Increase – 5%
  - Operating shortfall - $280 million cumulative shortfall through 2027
  - Plan was not adopted with additional planning commencing in late 2008

MIAMI UNIVERSITY

History of Planning

- New Plan Commenced in 2008
  - Brailsford and Dunlavey contracted in 2008 to develop the plan
  - Consultant in conjunction with University evaluated multiple approaches before the current plan was accepted—new construction under various construction standards; public/private construction model; renovation
  - Plan presented in 2009 and initial projects approved
  - Construct four new buildings and renovate 32 existing buildings, including major repairs for several buildings at the outset of the plan (major repairs focused on buildings renovated late in the plan)
  - Cost $580 million ($680 million with inflation), 30 year bonds at 5%
  - Project timeline – 15 years
  - Operating shortfall – $0
  - Rate increases – 3.5%; rate adjusted to 2.0% or less beginning in FY 2013 which negatively affects the funding plan

MIAMI UNIVERSITY

History of Planning

- New Plan Commenced in 2008 (cont.)
  - Cost reductions—operating surplus needed to more than double at outset of plan
  - Net operations before debt in FY 2008 – $9.1 million; FY 2013 – $30.2 million
  - Project timeline – 15 years
  - Projects on budget; interest rate 3.8% with 50% of financing completed; duration shortened to 25 years for first three debt issuances ($335 million)

MIAMI UNIVERSITY

Projects Not Currently Financed

Hall	Year Constructed or Renovated	Project Cost (Millions) at Bid Date (Inflated)	(Inflated)
North Quad Infrastructure	N/A	$17.0	
Brandon	1959	$6.2	
Flower	1966	$11.0	
Hahne	1966	$10.6	
Hepburn	1964	$11.3	
Martin	1965	$17.6	
Clawson	1946	$12.4	
Ogden	1924	$13.4	
Bell Tower	1999	$5.9	
Swing	1924	$12.1	
Wells	1923	$9.7	
Hamilton	1940	$14.8	
Richard	1948	$16.4	$158.4
Porter	1956	$8.8	
Minnich	1962	$14.1	
Scott	1957	$15.7	
Dodds	1961	$9.8	
MacCracken	1957	$17.4	
Stanton	1961	$13.7	
Harris	1961	$13.6	
Morris	1969	$14.1	
Emerson	1969	$14.0	
Tappan	1970	$15.3	
Havighurst	1983	$12.0	$148.5
Total		$306.9	

MIAMI UNIVERSITY

Financing Options for Discussion

- Use tax-exempt debt to fully finance
  - Record low rates
  - Optimize working capital and investment income over long-term
  - Risk that an additional debt issuance will trigger ratings reduction
  - Reduces available debt capacity for other projects

MIAMI UNIVERSITY

Financing Options

- Shift all or part of financing to fundraising
  - Would lower financing requirements
  - Would lower the cost of room and board
  - Timing of receipts would not necessarily match project cash flow requirements
  - Gift capacity needed for scholarships, Phase II Student Center, academic facilities and endowed professorships, and ICA projects

MIAMI UNIVERSITY

Financing Options

- “Pay As You Go”
  - Over 35 years needed to complete plan
  - Rising energy and repair costs due to aging facilities may make it impossible to complete the plan
  - Risk of a catastrophic situation is greatly increased
  - Will eventually harm student recruitment

MIAMI UNIVERSITY

Financing Options

- Internally finance 50% of the remaining projects from working capital
  - Lowers amount of debt needed
  - Tax-exempt financing cost is below expected rate of return from investing funds thereby reducing investment income
  - Restricts other options for investing working capital for strategic initiatives
  - Negatively impacts financial ratios and may have a greater negative impact on debt rating than additional borrowing.

MIAMI UNIVERSITY

Financing Options

- Finance 50% through debt and “Pay as You Go” for the remaining projects
  - Capture historically low financing rates for an additional debt issuance
  - Complete most essential renovations over next four years
  - Would lower housing reserve in the event of occupancy decline
  - Would prevent expansion of bed capacity in response to increased demand

MIAMI UNIVERSITY

Recommendation

- Issue $150 million in additional tax-exempt bonds in next 12 months.
- Identify fundraising capacity for projects and use gifts to lower amount to be internally funded.
- Continue to improve financial performance to build sufficient reserves to fund remaining projects on a “pay as you go” basis.
- Target $300 million

- Debt Financing	$150 million
- Fundraising	TBD
- Housing and Dining Operations	Balance

MIAMI UNIVERSITY

				Preliminary & Unaudited		9/19/2013
Residence and Dining Halls						
Net Increase for Fiscal Year						
Fiscal Year 2013 - 2008						
	FY13	FY12	FY11	FY10	FY09	FY08
Revenues	$81,287,838	$78,756,210	$76,033,181	$73,504,118	$68,559,447	$65,089,633
Expenses:						
Salaries & Benefits	$19,143,162	$20,522,868	$21,083,130	$26,154,177	$29,185,462	$27,302,899
Operating Expenses and Food Purchases	$31,912,746	$32,959,940	$31,815,715	$26,335,723	$27,819,033	$28,691,374
Total Expenses	$51,055,908	$53,482,808	$52,898,845	$52,489,900	$57,004,495	$55,994,273
Net Income Before Debt Service and Transfers	$30,231,930	$25,273,402	$23,134,336	$21,014,218	$11,554,952	$9,095,360
Debt Service and Transfers:						
Debt Service	($19,882,993)	($11,906,810)	($5,816,005)	($3,760,628)	($3,796,186)	($3,805,400)
Capital Projects	($10,305,050)	($13,339,934)	($17,216,813)	($17,089,500)	($7,708,962)	($5,289,746)
Net Increase for fiscal year	$43,887	$26,658	$101,518	$164,090	$49,804	$214
Total All Fund Balances and Reserves	$51,780,699	$44,436,411	$36,052,128	$23,696,971	$12,419,095	$7,861,246

MIAMI UNIVERSITY

Questions?

Discussion of Options

APRIL 17, 2013 U.S. PUBLIC FINANCE

MOODY'S
INVESTORS SERVICE

CROSS SECTOR
RATING METHODOLOGY

Adjustments to US State and Local Government Reported Pension Data

Table of Contents:

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Introduction

This report describes our approach to adjusting pension assets and liabilities reported by US states and local governments for the purpose of our independent credit analysis.

Moody's will make four principal adjustments to as-reported pension plan data:

» Multiple-employer cost-sharing plan liabilities will be allocated to specific government employers based on proportionate shares of total plan contributions

» Accrued actuarial liabilities will be adjusted based on a high-grade long-term taxable bond index discount rate as of the date of valuation

» Asset smoothing will be replaced with reported market or fair value as of the actuarial reporting date

» The resulting adjusted net pension liability (i.e. adjusted liabilities less assets) will be amortized over 20 years using a level-dollar method to create a measure of annual burden related to the net pension liability.

These adjustments are part of our ongoing efforts to bring greater transparency and consistency to the analysis of pension liabilities, which have increased in size across the public sector in the past decade and driven credit rating downgrades and outlook changes for a number of states and local governments in recent years.

For details of the adjustments and sample calculations, please see Appendix A. This Appendix is now an integral part of the methodologies for rating general obligation bonds of US states and US local governments, which have been updated in connection with this report.

Impact of Pension Adjustments on Ratings

The application of the adjusted pension data in our ratings of state governments is discussed in "US States Rating Methodology" released simultaneously with this report. The incorporation of the pension adjustments into our updated methodology will have no immediate impact on state ratings.

Application of the adjusted pension data in our ratings of local governments will be made within the context of our methodology, "General Obligation Bonds Issued by US Local Governments". We expect that less than 2% of the total population of local general obligation (GO) and equivalent and related ratings will be placed under review for possible downgrade as a result of adopting the adjustments.. The affected ratings will be for those local governments whose adjusted pension obligations relative to their resources place them as significant outliers in their ratings categories.

The pension adjustments also apply to government entities in other US public finance sectors, such as public universities, public power and mass transit authorities. Pension obligations are typically not a driving rating factor in these sectors, either due to state government absorption of pension costs, low personnel levels, or other factors. However, any significant change in pension risk, such as a state government decision to offload funding responsibility onto an enterprise, will be assessed by using the same adjustments applied to state and local governments and monitored for impact on the enterprise's rating. The adjustments do not apply to the private non-profit sector, including hospitals and private higher education, which must meet uniform accounting standards set by the Financial Accounting Standards Board. Our adjustments to public sector pensions bring their measurement closer to that used in the private sector.

Rationale for Pension Adjustments

The purpose of the adjustments is to provide greater transparency and comparability of pension liability measures for use in our credit analysis of public sector entities. The adjustments create a balance sheet liability concept that is similar to that used in the private and not-for-profit sectors and comparable to measures of debt outstanding as of a specific point in time.

Moody's focus is the evaluation of credit risk of rated debt obligations. Because pensions represent material financial commitments that affect a government's financial risk profile, we have always incorporated pensions into our credit analysis where we have been aware of significant unfunded liabilities. As pension stress began to be a driving factor in a number of government rating downgrades over the past few years, we recognized a need to bring greater transparency and comparability to the pension measures used in our analysis. After two years of study, supplemented with an extensive centralized database collection and analysis effort, we believe the adjustments we are adopting provide us with improved pension measures that will be important and consistent inputs to our government credit analysis.

Our adjustments are not intended as a guide, standard or requirement for state or local governments to report or fund their obligations.

Adopted Adjustments Incorporate Market Feedback Following Comment Period

On July 2, 2012, we issued "Adjustments to US State and Local Government Reported Pension Data", a Request for Comment that laid out a proposed approach to modifying reported pension data for use in our credit analysis. The comment period ended on September 30, after which market feedback was digested and deliberated internally.[1]

In finalizing our approach, we have changed a number of elements of our original proposals. We decided to:

» Consider debt and pension liabilities separately;

» Modify our measurement of annual pension cost to include only amortization of adjusted net pension liabilities over a 20-year period, excluding the initially proposed adjustment to normal cost;

» Discount liabilities using the bond index rate as of the plan-specific valuation date rather than applying a single rate for all plans each year.

In the original Request for Comment, we proposed to:

» Allocate multiple-employer cost-sharing plan liabilities to specific government employers based on proportionate shares of total plan contributions;

» Adjust accrued actuarial liabilities based on a high-grade (rated Aa or higher) long-term bond index discount rate;

» Replace asset smoothing with reported current market or fair value of assets;

» Adjust annual pension contributions to reflect the foregoing changes and a common amortization period

» Combine debt and adjusted unfunded pension liabilities into a single metric to measure long-term liabilities

EXHIBIT 1

Proposed adjustments	Final adjustments
Combine debt and pension into one metric	Present and consider them separately
Allocate cost-sharing plans based on share of contributions	No change
Adjust annual contribution by adjusting normal cost and amortizing unfunded liability on level-dollar basis over 17-year amortization period	Replace with cost metric based only on amortization of Moody's adjusted net pension liability over a period of 20 years
Use current fair value of assets	No change
Discount pension liabilities using long-term bond index	No substantive change
Use common duration for liability adjustment	No change (unless/until disclosed)

[1] See Appendix C for a summary of feedback and our response.

Unchanged Elements of the Original Proposal

The following elements of our adjustments have not changed:

» **Allocation of multiple-employer cost-sharing plan liabilities.** As proposed, we will make estimated allocations among participating governments, based on information available regarding proportional plan contributions.

» **Market value of assets.** As proposed, we will retain the market or fair value method to measure assets.

» **Market-based discount rate.** As proposed, we will use a high-grade long-term taxable bond index rate to compute the present value of future benefits. This approach yields a point-in-time liability measure that promotes better comparability among governments for the purposes of balance sheet analysis. We will use the bond index rate posted as of the valuation date of each plan. This timing issue is a change from our original proposal and is discussed in the next section.

The bond index approach to the discount rate is a significant departure from the discount rate typically used in the public sector. In the public sector actuarial approach, the measurement focus is tied to an objective of developing a long-term funding strategy for the pension plan. The discount rate is set equal to the assumed long-term investment rate of return on plan assets and the resulting actuarial accrued liability is essentially a present value of expected future government contributions to the plan. In contrast, our approach estimates the present value of the stream of future benefit payments accrued by current employees, using current market interest rates as the guide to the current value of future cash flows.[2]

We recognize the value of the actuarial approach for governments, who are ultimately concerned with budgetary planning. However, we do not view it as appropriate for balance sheet analysis because it incorporates an element of market risk that increases with larger assumed investment returns. It also results in different present value estimates for otherwise identical projected future benefits because of differing assumptions about investment returns, hampering comparison among governments. For example, two governments with identical workforce characteristics and pension benefits may, under current accounting practices, systematically report different liabilities due solely to the difference in their discount rates. Since ordinal comparisons are critical to our ratings, this disparity has become a serious shortcoming from a credit analysis perspective.

Because interest rates are currently at an historic low, the market approach to measuring liabilities results in much larger current total liabilities than those reported using the conventional governmental approach. In conjunction with our use of market asset valuations, which currently fall below smoothed asset valuations that have not yet fully factored in the impacts of 2008-2009 equity declines, this leads Moody's adjusted net pension liabilities to be much greater than actuarial unfunded liabilities. The approach also introduces greater volatility into the measurement of the adjusted net pension liability. "US States Rating Methodology", released simultaneously with this report, explains how these issues are interpreted and addressed in our US state rating methodology, which reflects the differences between government and corporate credits.

2 This approach is similar to that used in corporate accounting to derive net pension liability. Because the accrued liabilities of most government pensions include projections of active employees' future salary increases, while corporate pension liabilities do not, our measure of government net pension liability will be more conservative.

» **Common duration**. As proposed, we will use a common duration of 13 years to implement our discount rate adjustment. We recognize that public pension plans have a wide range of durations and that the use of a common duration results in an imperfect adjustment. One of the new reporting requirements under the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* will be disclosure of the impact of a 1 percentage point change in the discount rate on liabilities. When that information is disclosed, we will use it to develop better plan-specific duration estimates.

Changes Made to the Original Proposal

Further internal analysis and review of market feedback led us to make changes to the following components of our original proposal:

» **Combined debt and pension metrics.** We will measure and evaluate debt and pensions separately to reflect a number of factors that differentiate pension liabilities from bonded debt. Most municipal market debt service payments are predictable, set contractually, and subject to default. Pension liabilities are estimates (including an element of future salary growth for current employees) and in many cases can be changed through policy action. Governmental pension contributions are generally not subject to default.

» **Adjusted annual pension costs.** We will not include adjusted normal cost as part of our annual cost metric, and will amortize adjusted net pension liabilities on a level dollar basis over a period of 20 years rather than the proposed 17 year period. The change to 20 years makes the amortization similar to a bond payment structure, as opposed to the average employee remaining service life concept on which the 17-year proposal was based. The resulting metric is a pro-forma measure of the potential annual cost of addressing prior service liabilities over a time period similar to that of bonded debt. This metric does not constitute a funding expectation or requirement by Moody's.

As initially proposed, our adjusted annual cost measure required computation of normal cost for each issuer. In many cases, actual normal costs are not reported and must be estimated from percentages set in actuarial valuations from previous years. This process was arduous, introduced errors into our data, and was impractical to apply to the local government sector, which consists of about 8,000 rated entities.

» **Align discount rate with valuation date**. We proposed using the three-month (May, June and July) average of the Citibank Pension Liability Index to discount the liabilities of all plans in a given year. Instead, we will use the index rates as of each valuation date to better align the valuation of liabilities with the valuation of the associated assets.

» **Nomenclature**. To reduce confusion regarding the meaning of our liability adjustments, we will implement a change in nomenclature. The difference between our adjusted liabilities and the market value of assets will be referred to as "Moody's adjusted net pension liability" rather than as adjusted unfunded liabilities. As we stated in our RFC, we are not suggesting that our adjusted pension figures be used as a guide, standard or requirement for a state or local government to fund these obligations. Instead, we are introducing these adjustments solely for the purpose of evaluating pension risk in the context of our credit ratings.

Appendix B provides a summary of state and local pension liabilities as of fiscal 2011 on a reported basis and as adjusted.

Interim Adjustments

We expect that some of our adjustments will serve in an interim capacity until new GASB 68 reporting guidelines are implemented. In addition to reporting the sensitivity of liabilities to changes in the discount rate (i.e. duration estimate), governments will be reporting pension expense, normal cost, their share of cost-sharing plan liabilities, and other details about their pension plans that may either substitute for adjustments we have made or allow us to increase the accuracy of our adjustments.

Implementation of Pension Adjustments for State and Local Governments

Application of Adjustments Explained in Methodology. The application of the adjusted pension data in our ratings of state governments is discussed in "US States Rating Methodology". The updated methodology includes a scorecard, within which Moody's adjusted net pension liability will account for 10% of a state's overall score as part of the debt category. The scoring of the pension factor is flexible and can accommodate analyst and rating committee views of qualitative considerations pertaining to a particular state's pension finances and management. As described in the methodology, the output of the scorecard is an indicator of approximate credit quality, but does not represent the final or actual state rating. Final ratings are determined in each case by a committee composed of experienced analysts.

Ratings Implications for States. The incorporation of the pension adjustments into our updated methodology will have no immediate impact on state ratings. Prior to developing our pension adjustments, we had a strong qualitative understanding of the pension-related credit pressures facing states. Since 2010, we have taken rating actions with respect to Connecticut, Illinois, Pennsylvania, New Jersey, Hawaii, Puerto Rico and Kentucky partly or primarily due to pension funding pressures. In the future, growth of Moody's adjusted net pension liabilities or adherence to unsustainable pension practices could put additional downward pressure on individual state ratings. Alternatively, future reductions in these liabilities could lead to upward pressure on ratings.

Adoption of Pension Adjustments for Local Governments. Application of the adjusted pension data in our ratings of local governments will be made within the context of our methodology, "General Obligation Bonds Issued by US Local Governments". This methodology does not include a scorecard, but does outline four broad "rating factors" with specific weightings for each factor. Evaluation of pension obligations is included within the Debt Profile factor, which has a baseline weighting of 10% in the methodology. All final ratings - and thus the effective weights applied to the rating factors in specific circumstances - are determined by a rating committee.

Rating Implications for Local Governments. With the implementation of this cross-sector methodology, less than 2% of the total population of general obligation (GO) and equivalent and related ratings will be placed under review for possible downgrade. As pensions are just one of many factors we consider in a rating, any downgrades resulting from the subsequent reviews are likely to be limited to two notches. The affected ratings will be for those local governments whose adjusted pension obligations relative to their resources place them as significant outliers in their current rating categories.

Publication of Moody's Pension Adjustments. We intend to publish our adjusted pension statistics for individual state governments and the largest local governments, as well as adjusted pension median statistics by rating category for our total rated local government population, on an annual basis. In addition, adjusted statistics for individual local governments will be incorporated in specific reports on such issuers, typically at the time of a new bond sale, rating or outlook change, or other occasion prompting a specific issuer report.

Status of Capital Projects Executive Summary
December 5, 2013

1. Projects completed:

Nine major projects were completed following the last report. These nine projects have total project revenues of $45,350,000. With these buildings being substantially complete, we expect to return approximately $1,470,000 representing 3% of total revenue. Ten projects under $500,000 were completed since the last report.

2. Projects added:

Nine major projects and 22 projects under $500,000 were added this reporting period. The Art Quad Electrical Modifications will continue our long-term plan to vacate the antiquated 4160-volt electrical distribution system. The Peabody Hall Renovations 2014 will replace HVAC equipment that has reached the end of its useful life and improve energy efficiency of the building. The Shriver Center Renovations – Phase 1 addresses space within the building that will be vacated upon the opening of the Armstrong Student Center. The project also addresses much needed infrastructure improvements within the building. The Center for Performing Arts HVAC/DDC Upgrades replaces mechanical equipment well beyond its useful life. This project is expected to substantially improve energy efficiency and the environmental control within the building. The Hayden Park Addition allows the baseball program to vacate Withrow Hall and move coaches' offices, locker rooms, and other support spaces to the existing complex. The HDRBS MEP Improvements – Summer 2014 project efficiently packages multiple small-scale mechanical, electrical, and plumbing (MEP) needs of 10 residence halls and two auxiliaries into one single prime summer project. The Hub Tunnel Top Replacement project continues our program of replacing aged and failing tunnel tops with an integral sidewalk with new. The Roof Replacements and Repairs 2014 project will replace low-sloped roofs on Hughes Hall, North Chiller Plant, and complete the roof replacement of Demske Culinary Support Center. Finally, the renovation of Shideler Hall has been added in planning. This nearly 50-year-old facility currently houses the Departments of Geography and Geology. The renovated space will address ADA accessibility issues, provide state-of-the-art classrooms, laboratories, energy efficient mechanical systems, and significantly improve the building's life safety systems.

3. Projects in progress:

Excitement is building as the Armstrong Student Center is nearing completion. The handsome entrance through the Shade Family Room is now fully visible from Spring Street. Finishing touches and punch list items are being addressed allowing occupancy for the building's support staff. Next door, Kreger Hall's addition is rising out of the ground. Inside the building, new interior framing is complete and mechanical systems are being installed. Our three Western Campus Residence Halls look dramatically different with windows, exterior sheathing, roofing, and masonry work beginning. The Western Dining Hall is nearing completion. The building's green roof is in-place and visible from the neighboring residence halls. Similarly, the Geothermal Energy Plant is operational and receiving much interest from the media and positive feedback from the community.

Respectfully submitted,

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

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Summary of Active Projects

	Number of Projects	Value
Under Construction	**13**	**$215,931,041**
In Design	**6**	**$109,629,000**
In Planning	**10**	**$135,455,090**
Projects Under $500,000	**58**	**$11,773,160**
Total	**87**	**$472,788,291**

New Projects Over $500,000

Art Quad Electrical Modifications	**Page 17, Item 1**
Center for Performing Arts HVAC/DDC Upgrades	**Page 21, Item 2**
Hayden Park Addition – Baseball Support Facility	**Page 22, Item 5**
HDRBS MEP Improvements – Summer 2014	**Page 23, Item 6**
Hub Tunnel Top Replacement	**Page 23, Item 7**
Peabody Hall Renovations 2014	**Page 18, Item 3**
Roof Replacements and Repairs 2014	**Page 24, Item 9**
Shideler Hall Renovation	**Page 24, Item 10**
Shriver Center Renovations – Phase 1	**Page 18, Item 4**

Projects Completed Since Last Report

Bishop Hall Renovation	**$7,900,000**
Campus Walks and Drives Upgrades 2013	**$2,500,000**
Etheridge Residence Hall	**$23,000,000**
MacCracken Quad Tunnel Top Replacement	**$1,430,000**
Morris-Emerson-Tappan (MET) Quad Site Improvements and Landscape	**$1,930,000**
Oxford Campus – Retro-commissioning	**$534,266**
Residence Hall Renovations Summer 2013	**$5,350,000**
Roof Replacement and Repairs 2013	**$1,840,000**
Yager Stadium Hot Water and Natural Gas Conversion	**$866,000**
Total	**$45,350,266**

Miami University
Physical Facilities Department
Status of Capital Projects Report

UNDER CONSTRUCTION
(Under Contract)

1. **Anderson and McFarland Halls Renovation:** (BOT Dec ’12)
Christian
This project will renovate student rooms in Anderson and McFarland Halls as well as provide additional study spaces as part of the Long Range Housing Master Plan. All mechanical, electrical, life safety, plumbing and lighting systems will be upgraded along with the site infrastructure.

Abatement, demolition, foundation waterproofing, and sub-surface drainage are complete at both buildings. Underground utility work is complete. Interior framing, insulating, plaster repair, mechanical piping, overhead mechanical, electrical, plumbing and fire protection rough-in is underway at both buildings.

Delivery Method: Design / Build

Project Cost	
Design and Administration	$2,088,800
Guaranteed Maximum Price	$17,111,200
Owner’s Contingency	$800,000
Total	$20,000,000

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

Contingency Balance: 85%
Construction Complete: 44%
Project Completion: July 2014

2. **Armstrong Student Center Audio/Visual Package:**
Russell
This project will provide a public information system and signage, information kiosks, room scheduling and display system, music distribution and paging, digital signage, a pavilion projection system and meeting room technology.

The project was awarded to SoundCom Systems. The systems are being installed in meeting spaces, food concepts, gathering and pedestrian traffic areas and will facilitate communications throughout the Armstrong Student Center. The Environmental Graphics portion of the project is almost complete. The graphics are used to identify spaces, direct traffic and describe the food concepts available. The project is progressing concurrently with the completion of Phase 1 of the Armstrong Student Center.

Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$29,000
Construction	$971,000
Contingency	$43,000
Total	$1,043,000

Funding Source	
Student Facilities CR&R	$1,043,000
Total	$1,043,000

Contingency Balance: 100%
Construction Complete: 65%
Project Completion: December 2013 (revised since last report – November 2013)

3. **Armstrong Student Center Furniture, Fixture & Equipment Package:**
Russell
This project will provide furniture, fixtures and equipment which include desks, chairs, bookcases, stools, lounge seating, booths, work stations, stage platform, and file cabinets.

The furniture has been delivered to the site and is being set into its final locations. The Shade Family Room furniture was delivered earlier to support the early opening of this space for Admission Office tours.

Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$47,785
Construction	$1,050,100
Contingency	$29,315
Total	$1,127,200

Funding Source	
Student Facilities CR&R	$1,127,200
Total	$1,127,200

Contingency Balance: 95%
Construction Complete: 90%
Project Completion: December 2013

Miami University
Physical Facilities Department
Status of Capital Projects Report

4. <u>Armstrong Student Center, Phase One:</u> (BOT Sep '11)

Russell

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.

Phase 1 is complete to the point that student organizations and HDRBS can begin setting up the spaces in preparation for the formal building dedication scheduled for February 7, 2014. "Punch list" construction activities are ongoing inside the building. Site work is substantially complete. A small portion of the landscaping plantings is scheduled to be complete in the spring. The Shade Family Room has been open for Admission Office tours. The space has been very well received by visitors and excitement is building for the time when the entire facility will be open to students.

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: 6%
Construction Complete: 99%
Project Completion: January 2014

Under Construction

5. <u>Goggin Ice Center – Steve Cady Arena Varsity Hockey Conditioning Center:</u> (BOT Sep ’13)
(Previous Report – In Design)
Morris
This project adds a 4800 square foot addition to the varsity hockey complex on the event level. The addition will house a sport-specific weight/work-out room, “cardio mezzanine,” shooting practice room, and a multi-use team film meeting room. Alterations to the existing 1600 square foot locker room and hall are also being made to improve the functionality of the space.

A Construction Manager at Risk has been selected to perform the work. The guaranteed maximum price has been finalized. Mobilization and site work has begun.

Delivery Method: Construction Manager at Risk

Project Cost	
Design and Administration	$308,680
Construction	$2,162,900
Contingency	$128,420
Total	$2,600,000

Funding Source	
Local	$1,400,000
Gifts	$1,200,000
Total	$2,600,000

Contingency Balance: 100%
Construction Complete: 1%
Project Completion: May 2014

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Miami University
Physical Facilities Department
Status of Capital Projects Report

6. <u>Kreger Hall Rehabilitation:</u> (BOT Sep '12)
Williams
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, an elevator and two code-compliant egress stairways, and a new handicap accessible entry off of Spring Street.

Concrete Masonry Unit (CMU) structural walls and floor slabs for the addition are nearing completion, with brick veneer to follow. Temporary heat is energized. Interior walls at all levels are framed. Door frames are being installed. Air Handlers are set and are being connected to the branch ductwork. Overhead utility rough-in has started on the lower level.

Delivery Method: CMR – Construction Manager at Risk

Project Cost	
Design and Administration	$2,050,380
Guaranteed Maximum Price	$16,065,620
Owner's Contingency	$684,000
Total	$18,800,000

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

Contingency Balance: 94%
Construction Complete: 20%
Project Completion: August 2014

Under Construction

7. Maplestreet Station – New Dining & Residence Hall:

McCarthy

This 500-seat dining facility has replaced Hamilton and Scott Dining Halls with a more efficient facility, meeting the dining needs of the residents in the Morris-Emerson-Tappan-Etheridge quad. Hamilton and Scott have been taken off-line for swing space during subsequent housing renovation projects as part of the Long Range Housing Master Plan. Maplestreet Station features seven restaurants with unique menus, design themes, and interior and exterior café seating.

The project has been completed. Final project close-out will follow resolution of open claims.

Delivery Method: Multiple Prime Contractors

Project Cost	
Design and Administration	$2,521,519
Guaranteed Maximum Price	$20,714,877
Owner's Contingency	$763,605
Total	$24,000,000

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

Contingency Balance: $0
Construction Complete: 100%
Project Completion: August 2013

8. Middletown Campus – Thesken Hall HVAC Upgrades:

Archibald

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 allowing improved temperature control in the spaces. Occupancy sensors will also be included to increase energy efficiency of the HVAC systems.

Final balancing and the completion of punch list items are underway. **This will be the last report.**

Delivery Method: Design / Build

Project Cost	
Design and Administration	$40,250
Guaranteed Maximum Price	$527,512
Owner's Contingency	$21,238
Total	$589,000

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

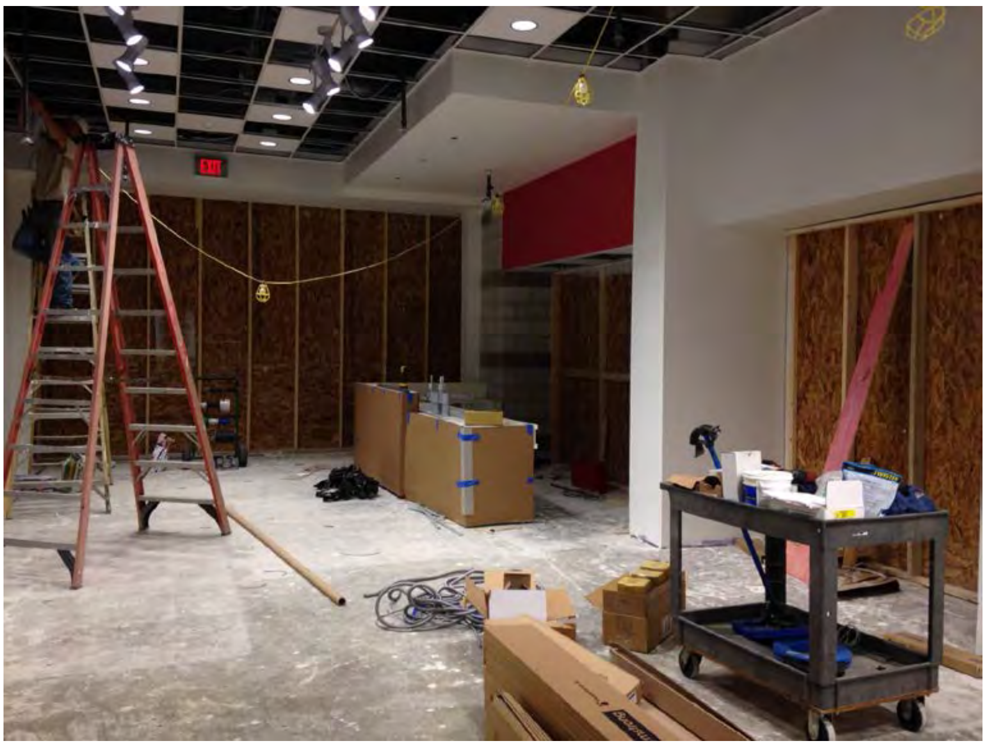
Contingency Balance: 75%
Construction Complete: 99%
Project Completion: September 2013

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

Christian

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 project is nearly complete with final painting, merchandising casework at the pro shop, and flooring in the new cardio suite being installed. Final balancing and punch list will follow. **This will be the last report.**



Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$296,500
Construction	$548,000
Contingency	$55,500
Total	$900,000

Funding Source	
Rec Sports CR&R	$900,000
Total	$900,000

Contingency Balance: 20%
Construction Complete: 95%
Project Completion: December 2013

10. <u>Robertson Hall Communications Replacement:</u>

Russell

The Robertson Hall building presently functions as one of two telecommunications 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.

Splicing of copper communication wiring continues by Robinson Communications Systems. Conveyance for the fiber optic network to the new location has been completed. The optical portion of the project was completed and tested by CTS Telecommunications. Final switch-over to the new telecommunications center of all the relocated systems will be completed before the end of the year.

Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$38,700
Guaranteed Maximum Price	$538,400
Contingency	$60,000
Total	$637,100

Funding Source	
Bond Series 2012	$42,100
Network Infrastructure CR&R	$520,000
Student Facilities CR&R	$75,000
Total	$637,100

*Note – GMP was incorrect in September report

Contingency Balance: 100%

Construction Complete: 95%

Project Completion: December 2013 (revised since last report – October 2013)

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Miami University
Physical Facilities Department
Status of Capital Projects Report

11. Western Campus Dining Hall: (BOT Jun '11)
McCarthy
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.

Permanent enclosure of the exterior envelope is complete, including the green roof system. Mechanical systems are connected to the Geothermal Energy Plant and operational. Exterior restoration including completion of site walls, final grading and installation of fall landscaping has occurred. The remaining landscape and planting work will occur in the spring. Interior finishes are 85% complete, including flooring, ceiling and wall surfaces. All kitchen equipment is on site and final connections are being made.

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 2011	$19,500,000
Total	$19,500,000

Contingency Balance: 50%
Construction Complete: 85%
Project Completion: January 2014

Under Construction

12. <u>Western Campus Residence Halls:</u> (BOT Apr '12)

Bell

This project will create three new residence halls with 720 beds on the north end of the Western Campus. The facilities were planned as part of the Long Range Housing Master Plan and will provide swing space for existing residence halls as they are renovated. These residence halls are being designed with a focus on the second year student experience.

All three buildings will be "dried in" by mid-December, allowing interior construction to advance unimpeded. This includes roofing sheathed and membrane installed, exterior walls sheathed and air barrier applied, and windows installed. Roof finish material and dormers will be complete this month. All three buildings are close in work sequence. Masonry has begun and will continue throughout the winter. Curtain wall is being installed with the exception of locations for material access to the interior. Interior framing is substantially complete with small areas left unframed for better access during system installation. System equipment is in place and distribution continues to be installed and inspected on each floor, one wing at a time. Drywall installation has begun.

Delivery Method: Design / Build

Project Cost	
Design and Administration	$7,710,789
Guaranteed Maximum Price	$54,039,211
Owner's Contingency	$2,500,000
Total	$64,250,000

Funding Source	
Bond Series 2010	$64,250,000
Total	$64,250,000

(No change to total budget; however, allocations were changed from previous report)

Contingency Balance: 92%
Construction Complete: 46%
Project Completion: July 2014

Miami University
Physical Facilities Department
Status of Capital Projects Report

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

The contractor has completed all installation work and is working on punch list items. The lower and upper ponds have been finish-graded and are filling with storm water. Commissioning of plant operation and working through the five different operational sequence modes continues.

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: 30%
Construction Complete: 95%
Project Completion: January 2014

Under Construction

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IN DESIGN
(Pre-Contract)

1. **<u>Art Quad Electrical Modifications:</u> (New Project This Report)**

Patterson

This project will provide a new 12.5 kv switch and upgrade of service cables to the Art Building, Center for Performing Arts, Hiestand Hall and Shriver Center, as well as a new unit substation for CPA and Shriver Center. The project is part of a long-term plan to vacate the antiquated 4160-volt electrical distribution system.

Delivery Method: Single Prime Contractor
Estimated Budget: $805,000
Estimated Start: March 2014
Estimated Completion: November 2014

Funding Source	
UEA CR&R	$405,000
Local	$400,000
Total	$805,000

2. **<u>East Quad Renovation:</u>** (BOT Feb '13)

Bell

This project will renovate Collins, Dennison, Dorsey, McBride and Symmes Residence Halls as well as Erickson Dining Hall and a portion of the North Chiller Plant at Billings Hall. In addition, the work will include related site utilities and infrastructure, landscaping and site improvements for the identified buildings. These renovations will be comprehensive upgrades of all buildings systems, addition of fire suppression, accessibility improvements, energy efficiency improvements, and new finishes throughout. This project will use the Design/Build project delivery method.

Construction documents for the residence halls are being prepared. Design development documents for the dining hall and renovations at Billings Hall will be completed this month. The design relocates the dining venue from Erickson Hall to Symmes Hall. Additional beds are also being identified in the design beyond what was expected in the Long Range Housing Master Plan.

Delivery Method: Design / Build
Estimated Budget: $84,404,000
Estimated Start: May 2014
Estimated Completion: July 2015

Funding Source	
Bond Series 2012	$84,404,000
Total	$84,404,000

3. <u>Peabody Hall Renovations 2014:</u> (New Project This Report)
Rein
This project will replace the HVAC units in the resident rooms and the commons areas, replace the building chillers and associated equipment, renovate the Resident Apartment kitchen, paint student rooms and include controls improvements for both lighting and HVAC infrastructure.

The A/E firm is selected and the project is in the design development phase.

Delivery Method: Construction Manager at Risk
Estimated Budget: $1,900,000
Estimated Start: May 2014
Estimated Completion: August 2014

Funding Source	
Bond Series 2012	$1,200,000
Local	$700,000
Total	$1,900,000

4. <u>Shriver Center Renovations – Phase 1:</u> (New Project This Report)
Christian
As a result of many functions relocating to the new Armstrong Student Center, this project will initiate renovations of the Shriver Center. The first stage of design services will be to complete a comprehensive Program of Requirements and to perform Schematic Design for the entire building. The first construction phase will be confirmed during design, and is currently expected to consist of construction of vacated spaces on the third floor plus necessary mechanical, electrical, accessibility and elevator upgrades to support future phases. The Office of Disability Resources and the Rinella Learning Center, both of which will relocate from the Campus Avenue Building, will occupy the third floor.

Annette Miller Architects was selected as the A/E, and the Program of Requirements stage is underway.

Delivery Method: TBD
Estimated Budget: $4,650,000
Estimated Start: June 2014
Estimated Completion: January 2015

Funding Source	
Local	$3,000,000
Shriver CR&R	$750,000
HDRBS CR&R	$800,000
UEA CR&R	$100,000
Total	$4,650,000

5. <u>Western Campus Site Improvements and Landscape:</u> (Previous Report – In Planning)
Cirrito
This project will restore the grounds surrounding the new Western Campus Residence Halls and Dining Hall construction sites as part of the Long Range Housing Master Plan. Work will include storm water management, site grading, fire lane construction, pedestrian lighting, sidewalks, and landscaping.

Design development drawings are underway. The Construction Manager selection process is nearing completion.

Proposed Delivery Method:
Construction Manager at Risk
Proposed Budget: $4,870,000
Desired Start: March 2014
Desired Completion: November 2014

Funding Source	
Local	$2,805,000
Bond Series 2012	$2,065,000
Total	$4,870,000

6. <u>Yager - Indoor Sports Center:</u> (Previous Report – In Planning)
Morris
This project will construct a new permanent facility for indoor practices just north of Yager Stadium. The facility will contain a full size football field with end zones and side space. In addition, there will be mechanical and storage support spaces. Exact size is yet to be determined. The facility will likely be a combination of a prefabricated and traditional structure. The design of the facility will take into account a planned future addition to the north stands at Yager Stadium.

The A/E has been selected. Programming, scope and budget verification is underway.

Proposed Delivery Method:
Construction Manager at Risk
Proposed Budget: $13,000,000
Desired Start: April 2014
Desired Completion: December 2014

Funding Source	
Gift	$13,000,000
Total	$13,000,000

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IN PLANNING
(Pre-A&E)

1. **Armstrong Student Center, Phase 2:** (BOT Apr '13)
Seibert / Russell
This project will complete the Armstrong Student Center via adaptive reuse of Culler Hall. The Physics Department will be moving to Kreger Hall in the fall of 2014 that will allow Phase 2 construction to commence. The project will renovate the interior of Culler Hall in a similar manner to the adaptive reuse of Gaskill and Rowan Halls. The project will also address needed rehabilitation to the core and shell of the building.

Schematic design is complete and budget verification is underway. It has been determined that Culler will be occupied by the Department of Geology and Department of Geography while Shideler Hall is being renovated. Selection of a construction manager at risk and design development will be temporarily postponed until March 2015. The delay will be used to verify Armstrong Student Center programmatic needs based on use patterns of the first phase.

Proposed Delivery Method:
Construction Manager at Risk
Proposed Budget: $21,500,000
Desired Start: August 2016
Desired Completion: December 2017

Funding Source	
TBD	$21,500,000
Total	$21,500,000

2. **Center for Performing Arts HVAC/DDC Upgrades: (New Project This Report)**
Archibald
This project addresses deferred maintenance in the Center for Performing Arts (CPA) HVAC system and aims to improve energy efficiency in the building. Several air handlers will be replaced and the HVAC system will be converted to VAV with reheat where applicable. Pneumatics will be changed to DDC controls and vacancy sensors will be added to classrooms and offices.

An RFQ for A/E services is being prepared.

Proposed Delivery Method:
TBD
Proposed Budget: $1,100,000
Desired Start: Summer 2014
Desired Completion: Winter 2014

Funding Source	
Local	$1,100,000
Total	$1,100,000

3. <u>Hamilton Campus – Knightsbridge Building Renovation:</u>
Bradley
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 underway 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

4. <u>Hamilton Campus – Phelps Hall HVAC VAV Conversion:</u>
Rein
This project replaces old pneumatic HVAC components with electronic controlled devices, replaces lighting with lower wattage fixtures, incorporates vacancy sensors into the room lighting and HVAC controls, installs new ceiling tiles and grid, and installs fire suppression sprinkling in both Phelps Hall and the connected Parrish Auditorium.

The project design is being completed with construction expected during the summer of 2014.

Proposed Delivery Method:
Single Prime Contractor
Proposed Budget: $955,090
Desired Start: May 2014
Desired Completion: August 2014

Funding Source	
State	$555,090
Local	$400,000
Total	$955,090

5. <u>Hayden Park Addition – Baseball Support Facility:</u> (New Project This Report)
Bell
This project will construct an addition to Hayden Park, along the third baseline of McKie Field. The facility will include offices for the coaches, a recruiting room, instructional and training spaces for players, locker rooms, an umpire room, and support spaces. This project will relocate some services currently in Withrow Court to the Hayden Park facility.

Proposed Delivery Method:
Construction Manager at Risk
Proposed Budget: $2,950,000
Desired Start: Spring 2014
Desired Completion: Spring 2015

Funding Source	
Gift	$2,950,000
Total	$2,950,000

6. **<u>HDRBS MEP Improvements – Summer 2014:</u> (New Project This Report)**
Archibald
This project includes multiple mechanical, electrical and plumbing upgrades to several residence halls and recreational facilities throughout campus. These projects will be combined into one package to be accomplished during the summer of 2014.

An RFP for A/E services has been issued.

Proposed Delivery Method:
Single Prime Contractor
Proposed Budget: $597,000
Desired Start: Spring 2014
Desired Completion: Summer 2014

Funding Source	
Local	$600,000
Total	$600,000

7. **<u>Hub Tunnel Top Replacement:</u> (New Project This Report)**
Morris
This project will replace the utility tunnel top pavements through the "Hub Quad" area, as well as the area in front of Kreger Hall to the Armstrong Student Center. Deteriorating sections of the tunnel built in 1938 and 1948 will be replaced.

The RFP is being prepared for A/E selection.

Proposed Delivery Method:
Single Prime Contractor
Proposed Budget: $1,500,000
Desired Start: May 2014
Desired Completion: August 2014

Funding Source	
Local	$1,500,000
Total	$1,500,000

8. **<u>North Quad Renovation:</u>** (BOT Sep '13)
Christian
This project will renovate Brandon, Flower, Hahne, and Hepburn Residence Halls as well as Martin Dining Hall and a portion of the North Chiller Plant at Billings Hall. In addition, the work will include related site utilities and infrastructure, landscaping and site improvements for the identified buildings. These renovations will be comprehensive upgrades of all buildings systems, addition of fire suppression, accessibility improvements, energy efficiency improvements, and new finishes throughout. This project will use the Design/Build project delivery method.

The RFP to advance the design and preconstruction services will be issued to prospective Design/Build firms on December 16, 2013. Proposals will be due January 9, 2014. Selection of a Design/Build firm is anticipated by the end of January 2014.

Proposed Delivery Method:
Design / Build
Proposed Budget: $83,000,000
Desired Start: May 2015
Desired Completion: July 2016

Funding Source	
Bond	$5,000,000
TBD	$78,000,000
Total	$83,000,000

9. Roof Replacements and Repairs 2014: (New Project This Report)
Bradley
This project will provide for the roof replacement and/or repair of three buildings on the Oxford Campus that are beyond their serviceable life: Hughes Hall, North Chiller Plant, and the Demske Culinary Support Center-Phase 2.

A Request for Qualifications (RFQ) was issued in November for professional services. A/E selection is in progress at this time. Contract for services is expected by the end of January. Anticipated construction will occur during the summer of 2014.

Proposed Delivery Method:
Single Prime Contractor
Proposed Budget: $1,100,000
Desired Start: May 2014
Desired Completion: September 2014

Funding Source	
HDRBS CR&R	$400,000
UEA CR&R	$200,000
University CR&R	$500,000
Total	$1,100,000

10. Shideler Hall Renovation: (New Project This Report)
McCarthy
The complete renovation of Shideler Hall for Geology and Geography will include hazardous material abatement, replacement of HVAC, plumbing, electric, technology and fire suppression systems with state-of-the-art energy efficient systems; reconfiguration of classrooms, laboratories, department and staff offices is planned, including a highly interactive GIS studio. Upgraded finishes will include casework, flooring, lighting, ceilings, etc. The work will improve circulation, egress and ADA accessibility. Exterior upgrades including brick tuck pointing, roofing and window replacements will occur.

An RPF for architectural services has been issued.

Proposed Delivery Method:
Construction Manager at Risk
Proposed Budget: $22,750,000
Desired Start: January 2015
Desired Completion: August 2016

Funding Source	
State	$22,750,000
Total	$22,750,000

Completed Projects

1. Bishop Hall Renovation:

Christian

As part of the Long Range Housing Master Plan, the space vacated by the Honors Program in Bishop Hall was reconfigured to serve as community space for the students. Upgrades to the HVAC, electrical, plumbing, and IT systems occurred throughout the building. The project significantly improved interior finishes and replaced furniture, fixtures and equipment.

Delivery Method: Single Prime Contractor

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

Project Expense	
Design and Administration	$625,000
Construction	$6,050,000
Contingency	$650,000
Total	$7,325,000

Est. Contingency Balance Returned: $0
Est. Contingency Returned Percent of Total: 0%
Est. Bid Savings / VE: $575,000
Est. Final Total: $575,000

2. Campus Walks and Drives Upgrades 2013:

Cirrito

This project involved the reconstruction of various hardscapes in highly visible locations throughout the Oxford Campus. (1) Bishop Woods Drive and parking area were transformed to a “Naked Street” per the University’s Circulation Master Plan, closing the drive to all vehicles except emergency, service and those with Handicap placards. Scored concrete pavement along with new lighting, specialty paving, and pedestrian amenities and landscaping was installed to further enhance this area for the increase in pedestrian traffic to the new student center. (2) Deteriorated pavements and walls at the Upham Hall terrace were repaired and reconstructed. Pavement work included the full replacement of slate in the Upham Hall archway and selective removal and replacement of bluestone pavement in the garden area. Flanking stairs and brick walls were repaired and/or replaced and the existing balustrade was reset and grouted. Improvements to drainage at the stairs and landscape enhancements in the garden area were also included. (3) The plaza flanking the quad entrance to King Library was reconstructed with specialty pavement, new lighting, and seating. (4) The west entry gates of Yager Stadium were enhanced through thoughtful repair and/or replacement of concrete and asphalt pavements. (5) Concrete sidewalks along the east side of Campus Avenue were removed and replaced, as were the asphalt service drives at McKee, Minnich and Stanton Halls.

Delivery Method: Single Prime Contractor

Project Revenue	
Design and Administration	$243,850
Construction	$2,056,150
Contingency	$200,000
Total	$2,500,000

Project Expense	
Design and Administration	$246,600
Construction	$1,977,500
Contingency	$175,000
Total	$2,399,100

Est. Contingency Balance Returned: $25,000
Est. Contingency Returned Percent of Total: 13%
Est. Bid Savings / VE: $75,900

Est. Total Funds Returned: $100,900

3. <u>Etheridge Residence Hall:</u>

McCarthy

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

Delivery Method: CMR – Construction Manager at Risk

Project Cost	
Design and Administration	$2,375,189
Guaranteed Maximum Price	$19,418,581
Owner's Contingency	$1,206,230
Total	$23,000,000

Project Expense	
Design and Administration	$2,375,189
Construction	$19,418,581
Contingency	$1,106,230
Total	$22,900,000

Est. Contingency Balance Returned: $100,000
Est. Contingency Returned Percent of Total: 8%
Est. Bid Savings / VE: $0
Est. Final Total: $100,000

4. <u>MacCracken Quad Tunnel Top Replacement:</u>

Morris

This project removed and replaced approximately 2,000 linear feet of tunnel top slab within the MacCracken Quad, serving as the pedestrian walkway and traffic bearing surface. The new structural slab was designed for emergency vehicle loads. The project involved some minor relocations of electrical conduit for lighting and temporary bracing of the walls. In addition, the area received storm water management improvements.

Delivery Method: Single Prime Contractor

Project Cost	
Design and Administration	$170,000
Guaranteed Maximum Price	$1,150,000
Owner's Contingency	$110,000
Total	$1,430,000

Project Expense	
Design and Administration	$161,543
Construction	$1,095,200
Contingency	$77,000
Total	$1,333,743

Est. Contingency Balance Returned: $33,000
Est. Contingency Returned Percent of Total: 30%
Est. Bid Savings / VE: $63,257
Est. Final Total: $96,257

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

Cirrito

This project included new construction and the reconstruction of existing hardscape and landscapes in the MET Quad area, in conjunction with the completion of Etheridge Hall and Maplestreet Station. Elements of the new construction included the installation of hardscapes and landscapes surrounding Maplestreet Station and the development of a new lawn area (Maplestreet Field) between Etheridge Hall and the Center for Performing Arts for informal recreational activities. Reconstruction activities included quad entry patios to Morris, Tappan, and Emerson Halls, and the sunken patio on the north side of Tappan Hall. Other improvements included the replacement and reconfiguration of concrete walks and service drives, the construction of a bikeway along Patterson Avenue, lighting, lawn irrigation systems, storm water management, building foundation plantings and emergency vehicle access to existing residence halls.

Delivery Method: Single Prime Contractor

Project Revenue	
Design and Administration	$220,000
Construction	$1,585,000
Contingency	$125,000
Total	$1,930,000

Project Expense	
Design and Administration	$218,000
Construction	$1,584,000
Contingency	$110,000
Total	$1,912,000

*Note – Project revenue was adjusted down $220,000 from $2,150,000 as previously reported. This funding is accomplishing the storm water pond in front of Presser under a separate small project.

Est. Contingency Balance Returned: $15,000
Est. Contingency Returned Percent of Total: 12%
Est. Bid Savings / VE: $3,000
Est. Final Total: $18,000

6. Oxford Campus - Retro-commissioning:

Hammerle

This project involved a retro-commission of all of the HVAC systems in six buildings on the Oxford Campus—Benton/Garland/Engineering, Goggin Ice Center, Hiestand Hall, Hughes Hall, Pearson Hall, and the Psychology Building—as an initiative to reduce campus energy consumption in preparation to meet Ohio's HB251 mandate.

Delivery Method: Performance Contract

Project Revenue	
Design and Administration	$5,121
Construction	$512,070
Contingency	$17,075
Total	$534,266

Project Expense	
Design and Administration	$5,121
Construction	$473,063
Contingency	$17,075
Total	$495,259

Contingency Balance Returned: $17,075
Contingency Returned Percent of Total: 100%
Bid Savings / VE: $21,932
Final Total: $39,007

7. Residence Halls Renovations Summer 2013:

Morris

This project provided various upgrades to systems and finishes to increase life safety, functionality, energy efficiency, and appearance in eight residence halls: Dodds, Emerson, Havighurst, McKee, Morris, Porter, Tappan, and Thomson Halls. The residence halls were more than a decade from receiving Long Range Housing Master Plan renovations and needed operational, maintenance and cosmetic improvements at this time. All work was accomplished during the 2013 summer break.

Delivery Method: Construction Manager at Risk

Project Revenue	
Design and Administration	$550,000
Construction	$4,400,000
Contingency	$400,000
Total	$5,350,000

Project Expense	
Design and Administration	$531,962
Construction	$4,398,000
Contingency	$355,044
Total	$5,285,006

Est. Contingency Balance Returned: $44,956
Est. Contingency Returned Percent of Total: 11%
Est. Bid Savings / VE: $20,038
Est. Final Total: $64,994

8. Roof Replacement and Repairs 2013:

Bradley

This project replaced the roofs of three buildings on the Oxford Campus: Cole Service Building, Demske Culinary Support Center, and Peabody Hall. Demske Culinary Support roof was partially replaced. The second and final phase will occur in the summer of 2014.

Delivery Method: Single Prime Contractor

Project Revenue	
Design and Administration	$145,000
Construction	$1,541,000
Contingency	$154,000
Total	$1,840,000

Project Expense	
Design and Administration	$145,000
Construction	$1,306,563
Contingency	$34,350
Total	$1,485,913

Est. Contingency Balance Returned: $119,650
Est. Contingency Returned Percent of Total: 78%
Bid Savings / VE: $234,437
Est. Final Total: $354,087

9. <u>Yager Stadium Hot Water and Natural Gas Conversion:</u>

Rein

This project removed Yager Stadium from the campus steam system and replaced the heat source with natural gas and electric in response to a study commissioned to determine a reduction in energy requirements and result in the lowest life-cycle cost. The project replaced and converted steam supplied heat loads to hot water supplied from high efficiency, natural gas fired heating and domestic hot water boilers, replaced steam heated dryers with high efficiency gas dryers and replaced steam heated concession kettles with electric kettles. The mechanical room equipment was replaced and the laundry reconfigured. The project will result in a significant net energy savings.

Delivery Method: Single Prime Contractor

Project Revenue	
Design and Administration	$57,576
Construction	$736,634
Contingency	$71,790
Total	$866,000

Project Expense	
Design and Administration	$57,576
Construction	$616,634
Contingency	$71,790
Total	$746,000

Contingency Balance Returned: $0
Contingency Returned Percent of Total: 0%
Bid Savings / VE: $120,000
Final Total: $120,000

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Projects Between $50,000 and $500,000

Project	Budget
Alexander Dining Hall Demolition	$499,000
Alumni Hall Room B3 and B4 Renovation	$87,300
Bachelor Hall Clinic Rehabilitation – Rooms 9, 63-78	$55,000
Campus Avenue Building Lobby and Auditorium Technology Improvements	$230,000
Center for Performing Arts - Emergency Generator Replacement	$95,000
Central Campus Utility Upgrade	$450,000
Classroom Chair Replacement (17 classrooms)	$189,685
Culinary Support Center (CSC) - Emergency Generator	$402,485
Door Access, Phase 2	$450,000
E & G Buildings – Relamping	$350,000
E & G Building Summer Painting 2013 – Building Exteriors	$107,000
E & G Building VAV Box Occupancy Sensor Installation	$150,000
Emergency Phone Tower Installation – Phase I	$183,000
Engineering Quad Landscape Improvements	$200,000
Formal Gardens Pond Reconstruction	$139,100
Hamilton Campus – Mosler Emergency Generator	$96,835
Hamilton Campus – North Hall Fiber Installation	$77,400
Hamilton Campus – Phelps Hall ADA Ramp	$111,206
Hamilton Campus – Retro-commissioning	$126,243
Hamilton Campus – Select Window and Door Replacement	$238,100
Hamilton Campus – University Hall Pedestrian Circulation Improvements	$125,000
Harrison Hall – Janus Space Renovation	$80,000
Health Service Center – Student Counseling Center	$97,710
Heritage Commons – Tallawanda – Interior Apartment Paint	$72,950
HDRBS – Interior/Exterior Painting Projects	$134,200
HDRBS – Residence Hall Signage	$260,000
Hoyt Hall Fire Alarm Replacement	$300,000
Hughes C-Wing HVAC Improvements	$400,000
Hughes Hall – Liquid Helium Recovery System	$495,000
Hughes Hall Still Replacement	$160,000
Irvin Drive Relocation	$200,000
King Library – Main Floor Carpet – Phase 1	$50,000
Marcum Conference Center – Creston Lighting Upgrade	$85,000
Marcum Conference Center – East Wing Restroom Renovation	$65,500
Miami Inn Water Cooled HVAC Unit Solution/Replacements	$92,500
Middletown Campus – Retro-commissioning	$122,070
Middletown Campus – SWORD Building Lighting Upgrade	$58,000
Middletown Campus – Verity Lodge HVAC Improvements Phase One	$215,800
Minnich Hall – Refinish Built-ins	$56,000
Murstein – Climer Room Renovations	$50,000
Murstein, Glos & Advancement Services - Electrical Modifications	$198,500
Murstein – Landscape and Hardscape Improvements	$80,000
Parking Garage Lighting Retrofit	$100,000

Pearson Hall – Heat Recovery Chiller	$155,000
Pearson Hall Labs – AV Upgrades	$398,022
Presser Hall Stormwater Pond	$262,250
Recreational Sports Center – Partial Roof Repairs & Replacement	$451,128
Robertson Hall Building Demolition	$158,000
South Chiller Plant Cooling Tower Rebuild	$325,000
Student Recreation Grounds Rehabilitation	$370,000
Student Recreation Utility Improvements	$302,000
Thomson Hall Roof Replacement	$470,000
Upham Hall Greenhouse Deconstruction	$336,100
Utility Group Network Reconfiguration	$150,000
Western Campus Electrical Modifications Phase II	$100,000
Western Residence Halls Volleyball Court Relocation	$86,500
Yager Stadium – Cradle of Coaches Plaza – John Harbaugh Statue	$158,166
Yager Stadium West Stands Repair – Phase 3	$315,410

Projects Closed Between $50,000 and $500,000

Project	Original Budget	Returned Funds
Airport Pavement Crack Repair and Sealing 2012	$257,650	$218,866
Bachelor Hall – Elevator Renovations	$340,000	$56,000
Bachelor Hall – Fire Alarm Upgrade	$300,000	$145,247
Campus Irrigation - Benton-Psychology	$310,000	$40,740
Campus Irrigation – Farmer-Marcum	$200,000	$32,830
Cole Service Building - Boiler Replacement	$245,000	$23,190
Hamilton Campus – Rentschler Hall Water Distribution Piping Replacement	$250,000	$9,945
Heritage Commons - Landscape and Turf Replacement	$50,000	$2,478
Middletown Campus – Johnston Hall Boiler #2 Replacement	$400,405	$163,433
Shriver Center - Select HVAC Replacement	$360,000	$1,929

Glossary of Terms

<u>Design Build (D/B)</u> – is a project delivery method in which the design and construction services are contracted by a single entity and delivered within a Guaranteed Maximum Price (GMP). Design Build relies on a single point of responsibility contract and is used to minimize risks for the project owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. This method will typically be used on projects with less complexity and have demanding completion schedules.

<u>Construction Manager at Risk (CMR)</u> – is a delivery method which entails a commitment by the construction manager to deliver the project within a Guaranteed Maximum Price (GMP). The owner contracts the architectural and engineering services to perform the design from concept through construction bid documents using the construction manager as a consultant. The construction manager acts as the equivalent of a general contractor during the construction phase. CMR arrangement eliminates a "Low Bid" construction project. This method will typically be used on projects with high complexity and demanding completion schedules.

<u>Single Prime Contracting</u> – is a project delivery method in which the owner contracts the architectural and engineering services to perform the design from concept through construction bid documents. The construction services are contracted separately, but through a single entity. Single Prime Contracting is beneficial on projects with specialized construction requiring more owner oversight or control. This method will typically be used on projects with high complexity and low schedule importance.

<u>Multiple Prime Contracting</u> – is a project delivery method historically allowed by the State of Ohio. The owner contracts the architectural and engineering services to perform the design from concept through construction bid documents. The construction services are divided into various trade specialties – each bid as a separate contract (general, plumbing, mechanical, electrical, sprinkler, etc.). The owner is responsible for managing the terms of each contract and coordinating the work between the multiple contractors.

<u>Guaranteed Maximum Price (GMP)</u> – is the negotiated contract for construction services when using D/B or CMR. The owner negotiates a reasonable maximum price for the project (or component of the project) to be delivered within the prescribed schedule. The D/B firm or CMR is responsible for delivering the project within the agreed upon GMP. This process eliminates bidding risks experienced by the owner, allows creative value engineering (VE) to manage the budget, and permits portions of the work to begin far earlier than traditional bidding of the entire project.

<u>Preconstruction Services</u> – are the development and design services provided by a D/B firm or CMR to the owner. These services are typically performed for an identified cost prior to the negotiation of a GMP. These services are also referred to as “Design and Administration.”

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December 2013
Finance and Audit

RESOLUTION R2014-13

WHEREAS, beginning in June 2001, Miami University leased certain property in the Demske Culinary Support Center Building on Wells Mill Drive to the Miami Employees Federal Credit Union and a copy of said lease is attached as Exhibit 1; and

WHEREAS, beginning in March 2002, Miami University leased certain property in the Demske Culinary Support Center Building on Wells Mill Drive to the American Classical League and a copy of said lease is attached as Exhibit 2; and

WHEREAS, as part of the University's residence hall renovation program, the University will convert the Burkhouse Staff Development Center in Symmes Hall to a dining facility displacing critical functions such as staff development offices, a training room and a computer lab used for staff training and testing. As a result, these essential functions must be relocated; and

WHEREAS, the leased premises in the Demske Culinary Support Center Building provide the most economical and suitable space for these functions; and

WHEREAS, the lease with the Miami Employees Federal Credit Union and the lease with the American Classical League may be terminated by a resolution of the University's Board of Trustees given the leased premises are needed to carry out the University's mission as a state-assisted institution of higher education.

NOW, THEREFORE, BE IT RESOLVED: that the Miami University Board of Trustees hereby determines the premises currently leased to the Miami Employees Federal Credit Union Credit and the American Classical League are needed by the University to carry out its mission as a state-assisted institution of higher education; and

BE IT FURTHER RESOLVED: that the Board of Trustees authorizes and directs the Vice President for Finance and Business Services and Treasurer to give notice and take all such actions which he determines to be reasonably appropriate to terminate said leases 12 months from the date of this Resolution.

Approved by the Board of Trustees
6 December, 2013

T. O. Pickerill II
Secretary to the Board of Trustees

MIAMI UNIVERSITY
OXFORD, OH • EST. 1809

BOARD OF TRUSTEES
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December 2013
Finance and Audit

RESOLUTION R2014-14

WHEREAS, the Indoor Sports Center involves construction of an indoor facility at the north end of Yager Stadium; and

WHEREAS, Miami University has received pledges and other financial commitments for the project totaling $12.375 million towards the $13 million dollar project; and

WHEREAS, additional pledges are anticipated prior to the construction of the facility but absent sufficient gifts, existing capital renewal funds will be used to fund the balance of the project; and

WHEREAS, relocating activities from Withrow Court to the Indoor Sports Center is essential to the closure of Withrow Court and avoiding major repairs estimated at $5 million and eventually the cost of a facility renewal estimated at an additional $15 million, and

WHEREAS, an Indoor Sports Center will not only provide enhanced practice alternatives for intercollegiate athletics programs year-round but will be available daily for intramural and club sports use and at non-peak times for community and youth athletic tournaments; and

WHEREAS, the receipt of proposals is planned for March 2014; and

WHEREAS, the Board of Trustees desires to award a contract to the most responsive and responsible construction manager at risk;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby authorizes the Vice President for Finance and Business Services and Treasurer, in accordance with all State guidelines, to proceed with the award of contract for the Indoor Sports Center project with a total project budget not to exceed $13,000,000.

Approved by the Board of Trustees
6 December, 2013

T. O. Pickerill II
Secretary to the Board of Trustees

Executive Summary
For the
Indoor Sports Center
December 6, 2013

This project is an indoor facility (roughly 400'x x 200') to be constructed at the north end of Yager Stadium located at the existing offensive team practice field. The facility will utilize a synthetic "field turf" playing surface similar to Yager Stadium permitting use by multiple varsity, club and recreational sports programs. It will also be situated to allow connectivity and infill between the north Yager Stadium stands and a proposed future Athlete Performance Center.

Project Component:	Budget:	Funding Source:
Est. Consulting Services:	$725,000	Gift Funds/Local Funds
Est. Construction:	$11,500,000	Gift Funds/Local Funds
Est. Furniture Fixtures, and Equipment:	$250,000	Gift Funds/Local Funds
Owner's Contingency:	$525,000	Gift Funds/Local Funds
Total:	$13,000,000	Gift Funds/Local Funds

Current funding for the project totals $12.376 million with the pledge payments and local funds scheduled over the next five years as follows:

		Foregone Financing Costs at 3.0%
Current Year	$3.145 million	N/A
FY 2015	2.020 million	$235,050
FY 2016	2.645 million	185,700
FY 2017	1.295 million	116,850
FY 2018	2.245 million	49,500
FY 2019	1.025 million	20,250
Total	$12.375 million	$607,350

It is recommended that the project be allowed to proceed without the remaining gifts identified and absent the finance costs. This project is important to maintaining competitive intercollegiate athletic programs but also to meeting the needs of club sports and intramural programs that serve all students. Additionally, by proceeding immediately, the project will lead to lower capital spending by an amount much greater than the project shortfall as described below.

In 2002 the university administration developed a facility master plan that called for the removal of Withrow Court. An evaluation of the facility at that time determined that the 1931 facility had reached the end of its useful life and was too expensive to preserve given it largely duplicates other campus facilities, and even a major renovation would not result in a facility that would provide for the needs of today's student athletes. Unfortunately, the University has been unable to relocate some functions in the building requiring it to continue to be operated. A recent evaluation identified that at least $5 million needs to be invested in the facility in the very near future to continue to operate it. An additional $15 million needs to be invested to sustain the facility into the future. For this reason, should the remaining fundraising not be accomplished, the unfunded portion will be funded through the annual renewal and replacement budget. The immediate shortfall of $625,000 is significantly less than the $5 million that otherwise would need to be invested in Withrow Court with the Indoor Sports Center better meeting the needs of today's student athletes.

For Withrow Court to be closed, it also is necessary for a new baseball locker room and office facility to be completed. Funding for this facility is complete, and it is expected that approval to proceed with this project will be requested at the February meeting. Similarly, this project will require that the cost of financing the remaining pledges be forgone.

While the need to proceed with the Indoor Sports Center is an extraordinary situation, the administration recognizes that the current practice of requiring all pledges to be secured along with any financing costs for a project to proceed will be the practice for future capital projects proposed by Intercollegiate Athletics.

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December 2013
Finance and Audit

RESOLUTION R2014-15

WHEREAS, each biennium Ohio's public colleges and universities are asked to submit a six-year Capital Improvements Request in accordance with capital funding guidelines provided by the Ohio Office of Budget and Management and the Ohio Board of Regents; and

WHEREAS, the recommended capital improvements align with Ohio's Higher Education Capital Funding Commission's guiding principles, the university's academic priorities and existing facility condition needs;

NOW, THEREFORE, BE IT RESOLVED: that the Board of Trustees hereby ratifies the December 2013 Capital Improvements Request.

BE IT FURTHER RESOLVED: that the Vice President for Finance and Business Services and Treasurer is hereby authorized to amend the 2015-2020 Capital Improvements Request as may be required to conform to changes in the allocation distribution made by the Ohio Office of Budget and Management and the Ohio Board of Regents.

Approved by the Board of Trustees
6 December, 2013

T. O. Pickerill II
Secretary to the Board of Trustees

Six-Year Capital Program Request
FY 2015 - FY 2020

Oxford Campus

	Project Amount
FY 2015 - FY 2016	
Shideler Hall Renovation	$22,750,000
Total	$22,750,000
FY 2017 - FY 2018	
Pearson Hall Renovation	$18,232,500
Hughes C Wing Laboratories Renovation	$7,125,500
Total	$25,358,000
FY 2019 - FY 2020	
Bachelor Hall Renovation	$27,950,000
Total	$27,950,000

Hamilton Campus

	Project Amount
FY 2015 - FY 2016	
Academic/Administrative Renovation Projects	$800,000
Mosler Hall Science Laboratory Renovations	
FY 2017 - FY 2018	
Academic/Administrative Renovation Projects	$1,000,000
Roof Replacements	
FY 2019 - FY 2020	
Academic/Administrative Renovation Projects	$1,400,000
Electrical System Replacements	

Middletown Campus

	Project Amount
FY 2015 - FY 2016	
Academic/Administrative Renovation Projects	$500,000
Gardner-Harvey Space IT & Electrical Upgrades	
FY 2017 - FY 2018	
Academic/Administrative Renovation Projects	$800,000
Electrical System Replacement Phase 1	
FY 2019 - FY 2020	
Academic/Administrative Renovation Projects	$700,000
Electrical System Replacement Phase 2	

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Approved by the Board of Trustees
6 December, 2013

T. O. Pickerill II
Secretary to the Board of Trustees

December 2013
Finance and Audit

RESOLUTION R2014-16

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, 2014, 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, 2014, 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, 2014 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, 2014.

MIAMI UNIVERSITY

SPENDING FORMULA DECISION POINTS
FISCAL YEAR 2014

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 - 2013 formulas used 4.5%.
   - Outcomes from this approach have been satisfactory.
   - **Recommended for FY 2014: 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 - 2013 formulas used the Consumer Price Index (CPI).
   - Calculation will be based on 3/31/2014 CPI value for prior 12 months.
   - **Recommended for FY 2014: 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.

Final Summary of Spending Distribution
Miami University and Foundation
June 30, 2013

Weighted Average Model

70 % of formula = prior year spending per unit increased by CPI of 1.47 %
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 3/31/2013	Market Value X 4.5%	Wtd Average 70% Inflation 30% Market
$ 0.066589	1.47%	$ 0.067568	$ 11,184,243		$ 243,099,960	$ 10,939,498	$ 11,110,819

MIAMI UNIVERSITY

Prior Year Distribution Per Share	CPI	Current Year Distribution Per Share	Inflation Component		Market Value at 3/31/2013	Market Value X 4.5%	Wtd Average 70% Inflation 30% Market
$ 0.047999	1.47%	$ 0.048705	$ 8,451,330		$ 174,671,381	$ 7,860,212	$ 8,273,995

DISTRIBUTION COMPARISON	**FOUNDATION**	**UNIVERSITY**	**TOTAL**
Calculated Distribution, June 30, 2012	$ 10,559,361	$ 8,146,975	$ 18,706,336
Calculated Distribution, June 30, 2013	$ 11,110,819	$ 8,273,995	$ 19,384,814
Actual Calculated Amount Distributed June 30, 2013*	$ 9,967,869	$ 7,745,456	$ 17,713,325
Realized Dividends & Interest Distributed from Underwater Funds	$ 10,706	$ 35,228	$ 45,934
Total Distributed June 30, 2013	$ 9,978,575	$ 7,780,684	$ 17,759,259

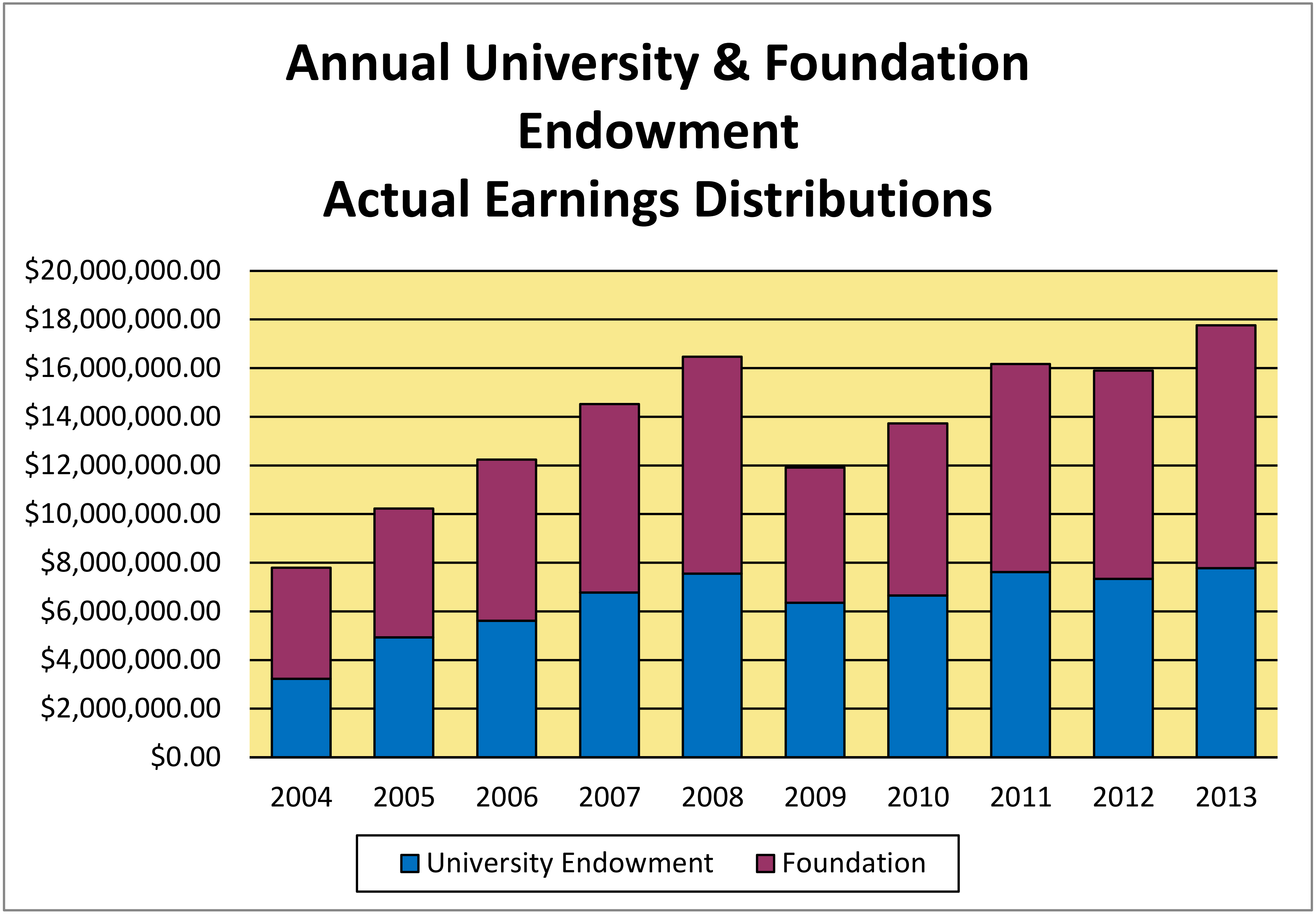
*Note: The difference between Calculated Distribution Amount and Actual Amount Distributed reflects partial distributions and reinvestments

Ten Year Spending Distribution History
Miami University and Foundation
June 30, 2013

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 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%	$ 6,357,962	$ 5,557,416	$ 11,915,378	3.81%	$ (5,408,433)
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)
FY 2013	$ 8,273,995	$ 11,110,819	$ 19,384,814	4.65%	$ 7,780,684	$ 9,978,575	$ 17,759,259	4.26%	$ (1,625,555)
Total	$ 70,523,654	$ 90,961,553	$ 161,485,207	4.61% (average)	$ 63,850,705	$ 72,874,271	$ 136,724,976	3.87% (average)	$ (24,760,231)
Change	68%	92%	81%		141%	119%	128%		

<u>Comments</u>

In FY2004 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.


Annual University & Foundation
Endowment
Actual Earnings Distributions
$20,000,000.00
$18,000,000.00
$16,000,000.00
$14,000,000.00
$12,000,000.00
$10,000,000.00
$8,000,000.00
$6,000,000.00
$4,000,000.00
$2,000,000.00
$0.00
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
University Endowment
Foundation

Miami University
Finance and Audit Committee
FY 2014 Forecasted Operating Results
Projections Based upon Activity through October 31, 2013

OXFORD

The projection for the Oxford General Fund based on performance through October is a surplus of approximately $7 million. Details of the specific items are highlighted below.

Revenues

The Oxford campus student fee revenues (instructional, general out-of-state, and other) are forecast to be approximately $3.1 million over the $282.3 million budget. Gross instructional revenue (including the out of state surcharge) are forecast to be $5.6 higher than budget and financial aid is forecast to be $2.5 million over budget. The projections include billing from fall semester. The forecast may change as the fiscal year progresses based on spring and summer term performance.

The forecast for the Oxford campus state appropriations is approximately $261,430 higher than budget. The original budget was based on Board of Regents' estimates of the state budget as it passed the Ohio House of Representatives. The state subsidy was modified later in the legislative process and the final subsidy calculations incorporated more up-to-date enrollments data. Further change may occur before the appropriation is approved by the Controlling Board.

Investment income booked through October 31, 2013 was approximately $512,000. 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 31, an unrealized gain of $8.8 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.

Other revenue categories are projected as budgeted.

Expenditures and Transfers

Employee salaries and staff benefits are projected to be under budget, due to unfilled and vacant positions. The healthcare expense is projected to end under budget by $959,006. Through the first four months of the fiscal year claims were lower than budgeted. High cost claims also remain below the prior years' experience. If this trend continues through the fiscal year it will have a favorable impact on the budgets of all three campuses. However, the healthcare expense is difficult to estimate due to the impact of high cost claims.

Savings in departmental support expenditures combined with the budget variance in salaries are projected to result in a $4.7 million transfer for departmental budgetary carry forward.

HAMILTON & MIDDLETOWN

The Hamilton campus student fee revenue (instructional, general and out-of-state) is estimated to be $1.1 million below budget. The instructional fee, out-of-state surcharge and general fee for the Middletown campus are forecast to be $500,000 below budget. Expenditures on both campuses are either at or below budget. The state subsidy for the Middletown campus is lower than budget. As noted above, the university budget was prepared based on the House of Representatives version of the state budget. The adopted state budget substantially altered the funding guarantee that was included in the House version of the budget resulting in the lower allocation. The state subsidy for the Hamilton campus is higher than budget. Overall, the General Fund for Hamilton is projected to end the fiscal year with a $254,701 surplus while the Middletown campus is projected to have an operating deficit of approximately $226,162. A favorable variance in the healthcare budget would more than offset the deficit.

VOICE OF AMERICA LEARNING CENTER

The Voice of America Learning Center (VOALC) is projected to end the fiscal year 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.

MIAMI UNIVERSITY
FY2014 Forecast
Oxford General Fund Only
As of October 31, 2013

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 293,782,715	$ 299,383,366	$ 5,600,651
Less Continuing & New Scholarships	$ 44,247,176	$ 46,714,189	$ 2,467,013
Net Instructional Fee & Out-of-State Surcharge	$ 249,535,539	$ 252,669,177	$ 3,133,638
General	$ 30,519,013	$ 30,519,013	$ -
Other Student Revenue	$ 2,235,001	$ 2,235,001	$ -
Tuition, Fees and Other Student Charges	*$ 282,289,553*	*$ 285,423,191*	*$ 3,133,638*
State Appropriations	$ 56,835,619	$ 57,097,049	$ 261,430
Investment Income	$ 4,325,000	$ 4,325,000	$ -
Other Revenue	$ 2,770,589	$ 2,770,589	$ -
Total Revenues	***$ 346,220,761***	***$ 349,615,829***	***$ 3,395,068***
EXPENDITURES:			
Salaries	$ 158,015,400	$ 154,397,000	$ 3,618,400
Benefits	$ 30,926,944	$ 29,844,501	$ 1,082,443
Healthcare Expense	$ 27,400,182	$ 26,441,176	$ 959,006
Graduate Assistant Fee Waivers	$ 23,049,516	$ 23,049,516	$ -
Utilities	$ 13,526,461	$ 13,271,490	$ 254,971
Scholarships, Fellowships & Std Fee Waivers	$ 20,592,540	$ 20,592,540	$ -
Departmental Support Expenditures	$ 25,472,041	$ 23,047,041	$ 2,425,000
Multi-year Expenditures	$ 5,671,742	$ 5,671,742	$ -
Total Expenditures	***$ 304,654,826***	***$ 296,315,006***	***$ 8,339,820***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ (28,131,684)	$ (28,131,684)	$ -
Capital, Renewal & Replacement	$ (5,480,000)	$ (5,480,000)	$ -
Unrestricted Allocated Funds	$ (5,703,523)	$ (5,703,523)	$ -
Debt Service	$ (575,332)	$ (575,332)	$ -
Support for VOALC (50%)	$ (1,241,417)	$ (1,241,417)	$ -
Other Miscellaneous Operational Transfers	$ (433,979)	$ (433,979)	$ -
Total Debt Service and Transfers	***$ (41,565,935)***	***$ (41,565,935)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ 11,734,888	$ 11,734,888
ADJUSTMENTS:			
Departmental Budgetary Savings	$ -	$ -	$ -
Departmental Budgetary Carryforward	$ -	$ (4,693,955)	$ (4,693,955)
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ 7,040,933***	***$ 7,040,933***

MIAMI UNIVERSITY
FY2014 Forecast
Hamilton General Fund Only
As of October 31, 2013

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 20,553,262	$ 19,453,262	$ (1,100,000)
Less Continuing & New Scholarships	$ 715,000	$ 715,000	$ -
Net Instructional Fee & Out-of-State Surcharge	$ 19,838,262	$ 18,738,262	$ (1,100,000)
General	$ 1,239,120	$ 1,200,000	$ (39,120)
Other Student Revenue	$ 237,000	$ 237,000	$ -
Tuition, Fees and Other Student Charges	*$ 21,314,382*	*$ 20,175,262*	*$ (1,139,120)*
State Appropriations	$ 7,554,379	$ 7,950,686	$ 396,307
Investment Income	$ 40,000	$ 40,000	$ -
Other Revenue	$ 127,700	$ 127,700	$ -
Total Revenues	***$ 29,036,461***	***$ 28,293,648***	***$ (742,813)***
EXPENDITURES:			
Salaries	$ 13,680,030	$ 12,880,000	$ 800,030
Benefits	$ 2,410,602	$ 2,217,754	$ 192,848
Healthcare Expense	$ 2,180,465	$ 2,006,028	$ 174,437
Graduate Assistant Fee Waivers	$ -	$ -	$ -
Utilities	$ 801,000	$ 801,000	$ -
Departmental Support Expenditures	$ 5,257,515	$ 5,257,515	$ -
Multi-year Expenditures	$ -	$ -	$ -
Total Expenditures	***$ 24,329,612***	***$ 23,162,297***	***$ 1,167,315***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ (506,198)	$ (506,198)	$ -
Capital, Renewal & Replacement	$ (1,253,953)	$ (1,253,953)	$ -
Unrestricted Allocated Funds	$ -	$ -	$ -
Debt Service	$ -	$ -	$ -
Support for VOALC (50%)	$ (287,667)	$ (287,667)	$ -
Other Miscellaneous Operational Transfers	$ (2,659,031)	$ (2,659,031)	$ -
Total Debt Service and Transfers	***$ (4,706,849)***	***$ (4,706,849)***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ 424,502	$ 424,502
ADJUSTMENTS:			
Departmental Budgetary Savings	$ -	$ -	$ -
Departmental Budgetary Carryforward	$ -	$ (169,801)	$ (169,801)
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ 254,701***	***$ 254,701***

MIAMI UNIVERSITY
FY2014 Forecast
Middletown General Fund Only
As of October 31, 2013

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ 10,847,219	$ 10,347,219	$ (500,000)
Less Continuing & New Scholarships	$ 630,000	$ 730,000	$ 100,000
Net Instructional Fee & Out-of-State Surcharge	$ 10,217,219	$ 9,617,219	$ (600,000)
General	$ 676,035	$ 660,000	$ (16,035)
Other Student Revenue	$ 130,600	$ 130,600	$ -
Tuition, Fees and Other Student Charges	*$ 11,023,854*	*$ 10,407,819*	*$ (616,035)*
State Appropriations	$ 5,542,785	$ 5,325,226	$ (217,559)
Investment Income	$ 26,000	$ 26,000	$ -
Other Revenue	$ 67,311	$ 67,311	$ -
Total Revenues	***$ 16,659,950***	***$ 15,826,356***	***$ (833,594)***
EXPENDITURES:			
Salaries	$ 10,393,400	$ 10,000,000	$ 393,400
Benefits	$ 1,900,974	$ 1,786,916	$ 114,058
Healthcare Expense	$ 1,682,888	$ 1,581,915	$ 100,973
Graduate Assistant Fee Waivers	$ -	$ -	$ -
Utilities	$ 593,500	$ 593,500	$ -
Departmental Support Expenditures	$ 4,053,721	$ 4,053,721	$ -
Multi-year Expenditures	$ -	$ -	$ -
Total Expenditures	***$ 18,624,483***	***$ 18,016,051***	***$ 608,432***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ (113,488)	$ (113,488)	$ -
Capital, Renewal & Replacement	$ -	$ -	$ -
Unrestricted Allocated Funds	$ -	$ -	$ -
Debt Service	$ (43,343)	$ (43,343)	$ -
Support for VOALC (50%)	$ (287,667)	$ (287,667)	$ -
Other Miscellaneous Operational Transfers	$ 2,409,031	$ 2,409,031	$ -
Total Debt Service and Transfers	***$ 1,964,533***	***$ 1,964,533***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ (225,162)	$ (225,162)
ADJUSTMENTS:			
Departmental Budgetary Savings	$ -	$ -	$ -
Departmental Budgetary Carryforward	$ -	$ -	$ -
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ (225,162)***	***$ (225,162)***

MIAMI UNIVERSITY
FY2014 Forecast
Voiceof America Learning Center General Fund Only
As of October 31, 2013

	Original Budget	End-of-Year Forecast	Budget to Forecast
REVENUES:			
Instructional & OOS Surcharge	$ -	$ -	$ -
Less Continuing & New Scholarships	$ -	$ -	$ -
Net Instructional Fee & Out-of-State Surcharge	$ -	$ -	$ -
General	$ -	$ -	$ -
Other Student Revenue	$ -	$ -	$ -
Tuition, Fees and Other Student Charges	*$ -*	*$ -*	*$ -*
State Appropriations	$ -	$ -	$ -
Investment Income	$ -	$ -	$ -
Other Revenue	$ 20,000	$ 20,000	$ -
Total Revenues	***$ 20,000***	***$ 20,000***	***$ -***
EXPENDITURES:			
Salaries	$ 218,760	$ 218,760	$ -
Benefits	$ 46,978	$ 46,978	$ -
Healthcare Expense	$ 41,620	$ 41,620	$ -
Graduate Assistant Fee Waivers	$ -	$ -	$ -
Utilities	$ 73,700	$ 73,700	$ -
Departmental Support Expenditures	$ 305,750	$ 305,750	$ -
Multi-year Expenditures	$ -	$ -	$ -
Total Expenditures	***$ 686,808***	***$ 686,808***	***$ -***
DEBT SERVICE AND TRANSFERS:			
General Fee	$ -	$ -	$ -
Capital, Renewal & Replacement	$ -	$ -	$ -
Unrestricted Allocated Funds	$ -	$ -	$ -
Debt Service	$ (483,858)	$ (483,858)	$ -
Support for VOALC (50%)	$ -	$ -	$ -
Other Miscellaneous Operational Transfers	$ 1,150,666	$ 1,150,666	$ -
Total Debt Service and Transfers	***$ 666,808***	***$ 666,808***	***$ -***
Net Revenues/(Expenditures) Before Adjustments	$ -	$ -	$ -
ADJUSTMENTS:			
Departmental Budgetary Savings	$ -	$ -	$ -
Departmental Budgetary Carryforward	$ -	$ -	$ -
Reserve for Investment Fluctuations	$ -	$ -	$ -
Reserve for Future Budgets	$ -	$ -	$ -
Net Increase/(Decrease) in Fund Balance	***$ -***	***$ -***	***$ -***

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2014 / FY2013 / FY2012

	Budget	Year-End Actuals		Thru Oct YTD Actuals			FY2014 Comparison	
	FY2014	FY2013	FY2012	FY2014	FY2013	FY2012	% of Budget	% Change from '13
College of Arts & Sciences								
Salary	$49,789,430	$46,952,076	$46,819,538	$12,660,520	$12,366,160	$12,243,044	25%	2%
Benefits	$27,879,367	$22,871,346	$25,882,566	$6,368,444	$6,081,812	$6,169,179	23%	5%
Departmental Support Expenses	$7,361,064	$3,983,660	$4,548,050	$1,458,357	$1,367,491	$1,371,434	20%	7%
Total Expenses	$85,029,861	$73,807,082	$77,250,154	$20,487,321	$19,815,463	$19,783,657	24%	3%
College of Education, Health, and Society								
Salary	$12,530,761	$11,598,400	$11,067,755	$3,268,017	$3,063,731	$2,908,427	26%	7%
Benefits	$6,940,492	$5,066,669	$5,399,251	$1,411,096	$1,258,625	$1,328,846	20%	12%
Scholarships & Fellowships	$0	$0	$0	$588	$0	$0	0%	0%
Departmental Support Expenses	$2,158,133	$1,592,367	$1,292,195	$368,192	$372,181	$250,762	17%	-1%
Total Expenses	$21,629,386	$18,257,436	$17,759,202	$5,047,893	$4,694,537	$4,488,035	23%	8%
College of Engineering and Computing								
Salary	$6,307,466	$6,313,828	$5,922,334	$1,856,638	$1,736,522	$1,650,291	29%	7%
Benefits	$3,004,276	$2,610,375	$2,710,084	$731,726	$691,451	$666,357	24%	6%
Departmental Support Expenses	$667,817	$812,864	$691,638	$313,753	$275,666	$222,658	47%	14%
Total Expenses	$9,979,559	$9,737,067	$9,324,055	$2,902,117	$2,703,639	$2,539,306	29%	7%
Farmer School of Business								
Salary	$16,959,410	$19,232,431	$17,804,072	$5,061,770	$5,070,125	$4,816,288	30%	0%
Benefits	$7,483,947	$6,930,789	$7,752,564	$1,853,852	$2,015,408	$2,119,628	25%	-8%
Departmental Support Expenses	$3,301,666	$2,067,815	$1,291,434	$646,331	$702,136	$479,582	20%	-8%
Total Expenses	$27,745,023	$28,231,035	$26,848,071	$7,561,953	$7,787,669	$7,415,498	27%	-3%
College of Creative Arts								
Salary	$9,133,592	$8,688,574	$8,458,992	$2,409,180	$2,284,167	$2,218,871	26%	5%
Benefits	$4,932,598	$4,046,501	$4,382,302	$1,032,746	$1,035,514	$996,559	21%	0%
Departmental Support Expenses	$1,235,050	$1,261,890	$1,056,980	$308,425	$515,378	$321,638	25%	-40%
Total Expenses	$15,301,240	$13,996,965	$13,898,274	$3,750,351	$3,835,059	$3,537,068	25%	-2%
Graduate School								
Salary	$2,071,286	$1,413,267	$1,356,165	$593,569	$497,087	$538,496	29%	19%
Benefits	$558,878	$458,385	$454,651	$190,328	$244,989	$250,515	34%	-22%
Scholarships & Fellowships	$15,371,806	$11,225,098	$14,901,376	$10,799,499	$8,852,429	$11,971,828	70%	22%
Departmental Support Expenses	$529,480	$213,173	$416,896	$111,099	$50,202	$146,844	21%	121%
Total Expenses	$18,531,450	$13,309,923	$17,129,089	$11,694,495	$9,644,707	$12,907,682	63%	21%
Other Provost Departments								
Salary	$15,001,579	$13,867,325	$11,940,157	$4,469,942	$4,214,625	$3,766,753	30%	6%
Benefits	$6,269,969	$4,748,247	$5,040,020	$1,761,932	$1,691,252	$1,544,726	28%	4%
Scholarships & Fellowships	$53,190,635	$51,248,738	$50,537,933	$27,633,029	$23,239,138	$24,955,255	52%	19%
Utilities	$0	$49,675	$30,721	$4,517	$8,139	$3,657	0%	-45%
Departmental Support Expenses	$8,583,905	$8,427,661	$7,329,449	$1,925,131	$3,966,898	$3,009,026	22%	-51%
Total Expenses	$83,046,088	$78,341,646	$74,878,280	$35,794,551	$33,120,052	$33,279,417	43%	8%
Total Provost Office								
Salary	$111,793,524	$108,065,901	$103,369,012	$30,319,636	$29,232,415	$28,142,170	27%	4%
Benefits	$57,069,527	$46,732,312	$51,621,438	$13,350,124	$19,019,051	$19,275,809	23%	-30%
Scholarships & Fellowships[1]	$68,562,441	$62,473,836	$65,439,309	$38,433,116	$26,091,567	$30,727,083	56%	47%
Utilities	$0	$49,675	$30,721	$4,517	$8,139	$3,657	0%	-45%
Departmental Support Expenses	$23,837,115	$18,359,430	$16,626,643	$5,131,288	$7,249,954	$5,801,944	22%	-29%
Total Expenses	$261,262,607	$235,681,154	$237,087,124	$87,238,681	$81,601,126	$83,950,664	33%	7%

MIAMI UNIVERSITY
Financial Analysis - by Operational Unit
FY2014 / FY2013 / FY2012

Physical Facilities									
Salary	$11,756,442	$11,250,533	$11,401,229	$3,749,284	$3,759,355	$3,666,548	32%	0%
Benefits	$4,665,220	$3,860,236	$4,691,604	$1,470,902	$1,506,810	$1,466,708	32%	-2%
Utilities	$13,271,490	$13,497,364	$13,852,200	$4,375,502	$4,718,094	$4,740,689	0%	-7%
Departmental Support Expenses	$930,346	$680,852	$359,954	$15,647	$62,993	($12,961)	2%	-75%
Total Expenses	$30,623,498	$29,288,985	$30,304,987	$9,611,335	$10,047,251	$9,860,984	31%	-4%
Other Finance & Business Services Departments								
Salary	$8,565,809	$7,315,377	$8,128,473	$2,509,245	$2,410,083	$2,636,432	29%	4%
Benefits	$3,757,269	$2,552,995	$3,474,344	$983,378	$977,592	$1,043,656	0%	1%
Departmental Support Expenses	$2,247,074	$1,953,199	$2,118,422	$784,330	$694,519	$533,297	35%	13%
Total Expenses	$14,570,152	$11,821,571	$13,721,240	$4,276,953	$4,082,194	$4,213,385	29%	5%
President								
Salary	$4,248,211	$3,344,745	$3,101,897	$1,196,009	$1,077,861	$938,824	28%	11%
Benefits	$1,644,721	$1,159,471	$1,238,174	$464,099	$428,735	$368,399	0%	8%
Departmental Support Expenses	$3,981,924	$4,297,354	$4,138,687	$1,840,393	$938,740	$1,261,136	46%	96%
Total Expenses	$9,874,856	$8,801,570	$8,478,758	$3,500,501	$2,445,335	$2,568,359	35%	43%
Student Affairs								
Salary	$5,677,051	$5,137,896	$5,002,912	$1,322,868	$1,666,058	$1,638,769	23%	-21%
Benefits	$3,179,401	$2,633,052	$2,835,979	$677,542	$720,265	$682,524	0%	-6%
Departmental Support Expenses	$281,998	($1,461,720)	($1,467,497)	($392,461)	($519,323)	($570,122)	-139%	-24%
Total Expenses	$9,138,450	$6,309,228	$6,371,394	$1,607,949	$1,867,000	$1,751,171	18%	-14%
University Advancement								
Salary	$4,185,222	$3,661,982	$3,467,546	$1,318,571	$1,139,204	$1,150,626	32%	16%
Benefits	$1,721,274	$1,331,876	$1,425,729	$517,523	$457,404	$453,024	0%	13%
Departmental Support Expenses	$442,767	$880,135	$736,688	$332,939	$209,888	$320,964	75%	59%
Total Expenses	$6,349,263	$5,873,993	$5,629,962	$2,169,033	$1,806,496	$1,924,614	34%	20%
Information Technology								
Salary	$8,225,965	$7,528,219	$7,961,078	$2,537,342	$2,712,592	$2,672,890	31%	-6%
Benefits	$3,331,514	$2,637,089	$3,141,746	$1,009,187	$1,100,286	$1,079,029	30%	-8%
Utilities	$0	$0	$0	$0		$0	0%	0%
Departmental Support Expenses	$3,321,493	$4,197,960	$5,118,704	$2,627,856	$2,417,016	$3,172,679	79%	9%
Total Expenses	$14,878,972	$14,363,268	$16,221,529	$6,174,385	$6,229,895	$6,924,598	41%	-1%
Centrally Budgeted Funds								
Salary	$0	$0	$369	$0	$0	$0	0%	0%
Benefits	$0	$5,651	$61,396	$1,131	$1,289	$1,476	0%	-12%
Departmental Support Expenses	$4,179,894	$1,456,500	$5,286,276	$715,325	$1,283,318	$932,584	17%	-44%
Total Expenses	$4,179,894	$1,462,151	$5,348,041	$716,456	$1,284,607	$934,060	17%	-44%
Grand Total								
Salary	$154,452,224	$146,304,653	$142,432,517	$42,952,955	$41,997,568	$40,846,259	28%	2%
Benefits	$75,368,926	$60,912,682	$68,490,409	$18,473,886	$24,211,432	$24,370,625	25%	-24%
Scholarships & Fellowships	$68,562,441	$62,473,836	$65,439,309	$38,433,116	$26,091,567	$30,727,083	56%	47%
Utilities	$13,271,490	$13,547,039	$13,882,921	$4,380,019	$4,726,233	$4,744,346	33%	-7%
Departmental Support Expenses	$39,222,611	$30,363,710	$32,917,876	$11,055,317	$12,337,105	$11,439,521	28%	-10%
Admin Service Charge	($7,647,432)	($7,323,609)	($7,254,687)	($3,186,432)	($2,760,526)	($2,382,284)	42%	15%
Multi Year Accounts	$5,671,742	$4,394,309	$4,635,538	$1,164,990	$1,401,953	$1,240,091	21%	-17%
Total Expenses	$348,902,002	$310,672,620	$320,543,884	$113,273,851	$108,005,332	$110,985,642	32%	5%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2014/FY2013/FY2012

	Original Budget	Year-end Actuals		Thru October YTD Actuals			2014	
	FY2014	FY2013	FY2012	FY2014	FY2013	FY2012	% of Budget	% Change from '13
Residence & Dining Halls								
Revenue	$ 87,286,296	$ 81,287,838	$ 78,756,211	$ 45,544,534	$ 43,776,655	$ 42,088,518	52%	4%
General Fee Support	$ -	$ -		$ -	$ -	$ -	0%	0%
Total Sources	*$ 87,286,296*	*$ 81,287,838*	*$ 78,756,211*	*$ 45,544,534*	*$ 43,776,655*	*$ 42,088,518*	52%	4%
Salary	$ 16,601,481	$ 14,990,150	$ 15,526,841	$ 4,700,050	$ 4,960,206	$ 4,908,734	28%	-5%
Benefits	$ 4,990,292	$ 4,153,013	$ 4,996,027	$ 1,575,377	$ 1,641,121	$ 1,664,425	32%	-4%
Utilites	$ 5,443,083	$ 5,373,101	$ 5,332,960	$ 1,609,487	$ 1,660,610	$ 1,618,073	30%	-3%
Charge Outs	$ (667,960)	$ (917,237)	$ (597,467)	$ (150,761)	$ (157,187)	$ (524,602)	23%	-4%
Operating Expenses	$ 30,115,704	$ 27,197,622	$ 28,001,156	$ 9,774,548	$ 10,242,619	$ 9,321,552	32%	-5%
Inventory Purchases	$ -	$ 372	$ -	$ 922	$ -	$ -	0%	0%
Debt Service	$ 21,655,752	$ 19,882,994	$ 11,906,810	$ 5,457,619	$ 4,331,202	$ 2,660,358	25%	0%
Total Uses	*$ 78,138,352*	*$ 70,680,014*	*$ 65,166,327*	*$ 22,967,242*	*$ 22,678,571*	*$ 19,648,540*	29%	1%
Net Transfers	$ (9,147,944)	$ (10,563,937)	$ (13,565,290)	$ (3,594,761)	$ (2,775,387)	$ (4,474,013)	39%	0%
Net Total	$ -	$ 43,887	$ 24,594	$ 18,982,531	$ 18,322,697	$ 17,965,965		4%
Shriver Center								
Revenue	$ 25,611,494	$ 29,353,849	$ 26,688,954	$ 11,105,518	$ 10,215,754	$ 10,633,469	0%	9%
General Fee Support	$ 855,000	$ 855,000	$ 855,000	$ 285,000	$ 285,000	$ 285,000	33%	0%
Total Sources	*$ 26,466,494*	*$ 30,208,849*	*$ 27,543,954*	*$ 11,390,518*	*$ 10,500,754*	*$ 10,918,469*	43%	8%
Salary	$ 5,088,749	$ 5,982,966	$ 5,953,406	$ 1,810,729	$ 1,891,276	$ 1,789,616	36%	-4%
Benefits	$ 1,213,762	$ 1,516,168	$ 1,719,730	$ 532,787	$ 554,964	$ 540,208	44%	-4%
Utilities	$ 491,777	$ 574,747	$ 558,722	$ 182,312	$ 188,720	$ 169,994	37%	-3%
Charge Outs	$ -	$ 724	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 3,202,230	$ 3,593,034	$ 2,087,064	$ 1,050,293	$ 678,765	$ 671,830	33%	55%
Inventory Purchases	$ 15,263,786	$ 16,889,533	$ 16,729,697	$ 6,372,858	$ 7,233,422	$ 6,101,332	42%	-12%
Debt Service	$ 57,760	$ 59,744	$ 54,466	$ 14,846	$ 15,192	$ 14,311	26%	0%
Total Uses	*$ 25,318,064*	*$ 28,616,916*	*$ 27,103,084*	*$ 9,963,825*	*$ 10,562,339*	*$ 9,287,291*	39%	-6%
Net Transfers	$ (1,148,430)	$ (1,559,069)	$ (421,110)	$ (382,810)	$ (235,565)	$ (84,299)	33%	0%
Net Total	$ -	$ 32,864	$ 19,760	$ 1,043,883	$ (297,150)	$ 1,546,879		-451%
Marcum Conference Center								
Revenue	$ 2,369,024	$ 2,113,101	$ 2,233,771	$ 838,025	$ 853,612	$ 826,555	35%	-2%
General Fee Support	$ -	$ -		$ -	$ -	$ -	0%	0%
Total Sources	*$ 2,369,024*	*$ 2,113,101*	*$ 2,233,771*	*$ 838,025*	*$ 853,612*	*$ 826,555*	35%	-2%
Salary	$ 1,231,007	$ 882,334	$ 853,932	$ 353,061	$ 281,352	$ 286,551	29%	25%
Benefits	$ 402,786	$ 257,955	$ 261,739	$ 119,522	$ 90,793	$ 85,269	30%	32%
Utilities	$ 192,956	$ 207,734	$ 248,069	$ 61,320	$ 79,224	$ 76,611	32%	-23%
Charge Outs	$ (25,000)	$ (128,599)	$ (76,000)	$ (8,333)	$ -	$ (25,333)	33%	0%
Operating Expenses	$ 729,772	$ 699,008	$ 714,418	$ 224,769	$ 242,148	$ 243,343	31%	-7%
Inventory Purchases	$ 10,500	$ (3,196)	$ 10,882	$ 144	$ 81	$ 955	1%	0%
Debt Service 3	$ 5,092	$ 4,944	$ 5,037	$ 1,278	$ 1,244	$ 1,338	25%	0%
Total Uses	*$ 2,547,113*	*$ 1,920,180*	*$ 2,018,078*	*$ 751,761*	*$ 694,842*	*$ 668,734*	30%	8%
Net Transfers	$ 178,089	$ (185,756)	$ (211,167)	$ -	$ (44,085)	$ (12,054)	0%	0%
Net Total	$ -	$ 7,165	$ 4,526	$ 86,264	$ 114,685	$ 145,767		-25%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2014/FY2013/FY2012

	Original Budget	Year-end Actuals		Thru October YTD Actuals			2014	
	FY2014	FY2013	FY2012	FY2014	FY2013	FY2012	% of Budget	% Change from '13
Intercollegiate Athletics								
Revenue	$ 5,173,212	$ 5,484,360	$ 5,073,460	$ 2,479,149	$ 2,579,034	$ 2,373,442	48%	-4%
General Fee Support	$ 16,195,046	$ 15,056,321	$ 14,549,844	$ 5,198,348	$ 4,842,108	$ 4,791,615	32%	0%
Designated Revenue	$ 537,139	$ 724,049		$ 179,462	$ -	$ -	33%	0%
Restricted Revenue	$ 1,345,353	$ 1,715,985		$ 330,857	$ -	$ -	25%	0%
Total Sources	*$ 23,250,750*	*$ 22,980,715*	*$ 19,623,304*	*$ 8,187,816*	*$ 7,421,142*	*$ 7,165,057*	35%	10%
Salary	$ 7,798,250	$ 7,049,960	$ 7,074,606	$ 2,544,655	$ 2,108,222	$ 2,236,008	33%	21%
Benefits	$ 2,540,537	$ 2,463,439	$ 2,672,226	$ 977,906	$ 817,591	$ 851,929	38%	20%
Utilities	$ -	$ 7,505	$ 4,641	$ 2,482	$ 717	$ 1,752	0%	0%
Charge Outs	$ -	$ (100,969)	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 12,411,776	$ 11,505,018	$ 11,894,577	$ 4,788,644	$ 5,901,231	$ 5,626,212	39%	-19%
Inventory Purchases	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Designated Expense	$ 537,139	$ 623,375		$ 149,527	$ -	$ -	28%	0%
Restricted Expense	$ 1,205,353	$ 1,704,366		$ 380,396	$ -	$ -	32%	0%
Total Uses	*$ 24,493,055*	*$ 23,252,694*	*$ 21,652,375*	*$ 8,843,610*	*$ 8,827,761*	*$ 8,715,901*	36%	0%
Net Transfers	$ 1,242,304	$ 438,675	$ 1,963,173	$ 609,460	$ 498,333	$ 202,826	49%	0%
Net Total	$ -	$ 166,695	$ (72,223)	$ (46,334)	$ (908,286)	$ (1,348,018)		-95%
Recreation Center								
Revenue	$ 2,419,175	$ 2,254,166	$ 2,227,133	$ 1,094,847	$ 859,081	$ 910,524	45%	27%
General Fee Support	$ 4,437,383	$ 4,587,383	$ 4,828,359	$ 1,500,467	$ 1,529,128	$ 1,609,453	34%	0%
Total Sources	*$ 6,856,558*	*$ 6,841,549*	*$ 7,055,492*	*$ 2,595,314*	*$ 2,388,209*	*$ 2,519,977*	38%	9%
Salary	$ 2,524,556	$ 2,465,767	$ 2,404,480	$ 816,194	$ 796,444	$ 779,651	32%	2%
Benefits	$ 680,811	$ 596,684	$ 649,337	$ 223,760	$ 222,152	$ 217,592	33%	1%
Utilities	$ 749,756	$ 764,772	$ 784,147	$ 266,009	$ 274,533	$ 279,012	35%	-3%
Charge Outs	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 1,074,002	$ 950,813	$ 894,179	$ 320,519	$ 313,905	$ 259,293	30%	2%
Inventory Purchases	$ 75,200	$ 59,420	$ 37,975	$ 32,938	$ 22,503	$ 19,243	44%	46%
Debt Service	$ 1,393,469	$ 1,352,953	$ 1,378,165	$ 349,771	$ 340,394	$ 366,035	25%	0%
Total Uses	*$ 6,497,794*	*$ 6,190,408*	*$ 6,148,282*	*$ 2,009,191*	*$ 1,969,931*	*$ 1,920,826*	31%	2%
Net Transfers	$ (358,764)	$ (636,878)	$ (899,339)	$ (131,589)	$ (84,229)	$ (119,413)	37%	0%
Net Total	$ -	$ 14,263	$ 7,871	$ 454,534	$ 334,049	$ 479,738		36%
Goggin Ice Arena								
Revenue	$ 3,163,500	$ 3,374,756	$ 3,835,673	$ 1,505,640	$ 1,474,445	$ 2,083,143	48%	2%
General Fee Support	$ 2,238,736	$ 2,291,935	$ 2,364,029	$ 746,245	$ 763,980	$ 788,010	33%	0%
Total Sources	*$ 5,402,236*	*$ 5,666,691*	*$ 6,199,702*	*$ 2,251,885*	*$ 2,238,425*	*$ 2,871,153*	42%	1%
Salary	$ 1,260,412	$ 1,189,238	$ 1,264,766	$ 405,338	$ 377,496	$ 481,615	32%	7%
Benefits	$ 424,846	$ 366,092	$ 404,072	$ 140,993	$ 130,020	$ 151,465	33%	8%
Utilities	$ 931,869	$ 933,161	$ 896,695	$ 403,551	$ 366,567	$ 345,850	43%	10%
Charge Outs	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 334,003	$ 321,449	$ 896,584	$ 101,372	$ 146,119	$ 586,156	30%	-31%
Inventory Purchases	$ 150,000	$ 176,629	$ 159,504	$ 96,349	$ 73,223	$ 18,398	64%	32%
Debt Service	$ 2,043,169	$ 2,048,987	$ 2,046,926	$ 519,238	$ 517,650	$ 520,227	25%	0%
Total Uses	*$ 5,144,299*	*$ 5,035,556*	*$ 5,668,547*	*$ 1,666,841*	*$ 1,611,075*	*$ 2,103,711*	32%	3%
Net Transfers	$ (257,937)	$ (616,003)	$ (518,059)	$ (107,473)	$ (95,367)	$ (108,347)	42%	0%
Net Total	$ -	$ 15,133	$ 13,096	$ 477,571	$ 531,983	$ 659,095		-10%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2014/FY2013/FY2012

	Original Budget	Year-end Actuals		Thru October YTD Actuals			2014	
	FY2014	FY2013	FY2012	FY2014	FY2013	FY2012	% of Budget	% Change from '13
Parking and Transportation								
Revenue	$ 3,849,002	$ 3,744,839	$ 3,644,162	$ 1,960,643	$ 1,810,310	$ 1,823,019	51%	8%
General Fee Support	$ 200,000	$ 200,000	$ 200,000	$ 66,667	$ 66,667	$ 66,667	33%	0%
Total Sources	*$ 4,049,002*	*$ 3,944,839*	*$ 3,844,162*	*$ 2,027,310*	*$ 1,876,977*	*$ 1,889,686*	50%	8%
Salary	$ 439,082	$ 409,328	$ 492,962	$ 152,786	$ 129,165	$ 172,571	35%	18%
Benefits	$ 165,349	$ 127,144	$ 167,997	$ 59,105	$ 48,926	$ 66,963	36%	21%
Utilities	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Charge Outs	$ -	$ (16,518)	$ -	$ (5,451)	$ -	$ -	0%	
Operating Expenses	$ 1,839,750	$ 1,662,405	$ 1,787,023	$ 502,093	$ 305,350	$ 467,624	27%	64%
Inventory Purchases	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Debt Service	$ 1,715,992	$ 1,502,366	$ 1,504,384	$ 435,397	$ 380,067	$ 381,217	25%	0%
Total Uses	*$ 4,160,173*	*$ 3,684,724*	*$ 3,952,365*	*$ 1,143,930*	*$ 863,508*	*$ 1,088,375*	27%	32%
Net Transfers	$ 111,171	$ (259,773)	$ 111,074	$ (146,278)	$ (36,591)	$ (101,309)	-132%	0%
Net Total	$ -	$ 343	$ 2,870	$ 737,102	$ 976,878	$ 700,002		-25%
Telecommunications								
Revenue	$ 709,982	$ 809,310	$ 910,280	$ 327,377	$ 234,563	$ 286,504	46%	40%
General Fee Support	$ -	$ -		$ -	$ -	$ -	0%	0%
Total Sources	*$ 709,982*	*$ 809,310*	*$ 910,280*	*$ 327,377*	*$ 234,563*	*$ 286,504*	46%	40%
Salary	$ 58,710	$ 49,728	$ 56,509	$ 16,153	$ 13,296	$ 18,473	28%	21%
Benefits	$ 23,778	$ 10,241	$ 24,917	$ 5,737	$ 5,385	$ 7,389	24%	7%
Utilities	$ 564,000	$ 738,599	$ 757,442	$ 304,052	$ 145,380	$ 133,877	54%	109%
Charge Outs	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 34,074	$ 29,926	$ 40,483	$ 8,088	$ 7,469	$ 15,104	24%	8%
Inventory Purchases	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Total Uses	*$ 680,562*	*$ 828,493*	*$ 879,351*	*$ 334,030*	*$ 171,530*	*$ 174,843*	49%	95%
Net Transfers	$ (29,420)	$ (28,199)	$ (16,538)	$ (9,807)	$ (9,400)	$ (5,513)	33%	0%
Net Total	$ -	$ (47,382)	$ 14,390	$ (16,460)	$ 53,633	$ 106,148		-131%
Utility Enterprise								
Revenue	$ -	$ -		$ -	$ -	$ -	0%	0%
Total Sources	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	0%	0%
Salary	$ 1,360,714	$ 1,033,863	$ 1,113,120	$ 344,856	$ 320,772	$ 358,410	25%	8%
Benefits	$ 520,780	$ 360,958	$ 437,940	$ 139,271	$ 133,962	$ 143,364	27%	4%
Utilities	$ 12,829,940	$ 12,734,983	$ 11,996,477	$ 3,094,303	$ 3,208,995	$ 3,143,468	24%	-4%
Charge Outs	$ (23,928,697)	$ (24,395,392)	$ (23,337,911)	$ (7,772,672)	$ (8,479,331)	$ (8,035,451)	32%	-8%
Operating Expenses	$ 1,551,599	$ 1,317,045	$ 998,367	$ 548,371	$ 386,784	$ 443,690	35%	42%
Inventory Purchases	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Debt Service	$ 2,428,529	$ 2,457,707	$ 2,426,978	$ 620,690	$ 623,506	$ 623,913	26%	0%
Total Uses	*$ (5,237,135)*	*$ (6,490,836)*	*$ (6,365,029)*	*$ (3,025,181)*	*$ (3,805,312)*	*$ (3,322,606)*	58%	-21%
Net Transfers	$ (5,237,135)	$ (6,457,260)	$ (6,335,751)	$ (1,745,712)	$ (1,508,856)	$ (1,539,202)	33%	0%
Net Total	$ -	$ 33,576	$ 29,278	$ 1,279,469	$ (5,314,168)	$ (4,861,808)		9%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2014/FY2013/FY2012

	Original Budget	Year-end Actuals		Thru October YTD Actuals			2014	
	FY2014	FY2013	FY2012	FY2014	FY2013	FY2012	% of Budget	% Change from '13
Student Health Services								
Revenue	$ 1,844,673	$ 1,548,409	$ 1,843,575	$ 636,574	$ 248,286	$ 36,285	35%	156%
General Fee Support	$ 624,649	$ 752,469	$ 1,066,511	$ 208,216	$ 250,823	$ 266,628	33%	0%
Total Sources	*$ 2,469,322*	*$ 2,300,878*	*$ 2,910,086*	*$ 844,790*	*$ 499,109*	*$ 302,912*	34%	69%
Salary	$ 1,380,831	$ 1,287,326	$ 1,332,127	$ 346,867	$ 412,198	$ 300,481	25%	-16%
Benefits	$ 559,237	$ 433,343	$ 532,241	$ 139,720	$ 166,168	$ 120,192	25%	-16%
Utilities	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Charge Outs	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 445,843	$ 279,630	$ 277,625	$ 129,269	$ 102,173	$ 57,806	29%	27%
Inventory Purchases	$ -	$ 120,707	$ 131,512	$ 38,886	$ 35,859	$ 19,133	0%	8%
Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Total Uses	*$ 2,385,911*	*$ 2,121,007*	*$ 2,273,505*	*$ 654,742*	*$ 716,398*	*$ 497,611*	27%	-9%
Net Transfers	$ (83,411)	$ (75,155)	$ (584,585)	$ (27,804)	$ (25,052)	$ (146,146)	33%	0%
Net Total	$ -	$ 104,716	$ 51,996	$ 162,244	$ (242,341)	$ (340,845)		-
Armstrong - Student Affairs								
Revenue	$ 1,735,386	$ -	$ -	$ -	$ -	$ -	0%	100%
General Fee Support	$ -	$ -	$ -	$ -	$ -	$ -	0%	100%
Total Sources	*$ 1,735,386*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	0%	100%
Salary	$ 224,332	$ -	$ -	$ 4,417	$ -	$ -	2%	100%
Benefits	$ 59,525	$ -	$ -	$ 1,789	$ -	$ -	3%	100%
Utilities	$ 269,333	$ -	$ -	$ -	$ -	$ -	0%	100%
Charge Outs	$ -	$ -	$ -	$ -	$ -	$ -	0%	100%
Operating Expenses	$ 307,397	$ -	$ -	$ 6,575	$ -	$ -	2%	100%
Inventory Purchases	$ -	$ -	$ -	$ -	$ -	$ -	0%	100%
Debt Service	$ 553,481	$ -	$ -	$ -	$ -	$ -	0%	100%
Total Uses	*$ 1,414,068*	*$ -*	*$ -*	*$ 12,781*	*$ -*	*$ -*	0%	100%
Net Transfers	$ (321,318)	$ -	$ -	$ -	$ -	$ -	0%	100%
Net Total	$ -	$ -	$ -	$ (12,781)	$ -	$ -		100%
Other Auxiliary								
Revenue	$ 235,696	$ 209,120	$ 272,238	$ 48,535	$ 56,641	$ 90,405	21%	-14%
General Fee Support	$ 361,878	$ 2,835,318	$ 2,316,154	$ 679,042	$ 679,044	$ 559,463	0%	0%
Total Sources	*$ 597,574*	*$ 3,044,438*	*$ 2,588,392*	*$ 727,577*	*$ 735,685*	*$ 649,868*	122%	-1%
Salary	$ 67,333	$ 64,925	$ 64,728	$ 21,876	$ 21,834	$ 439,447	32%	0%
Benefits	$ 21,840	$ 20,302	$ 33,784	$ 7,304	$ 7,071	$ 173,996	33%	3%
Utilities	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Charge Outs	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
Operating Expenses	$ 205,472	$ 203,421	$ 209,227	$ 163,392	$ 82,982	$ 188,840	80%	97%
Inventory Purchases	$ -	$ -	$ -	$ -		$ -	0%	0%
Debt Service	$ 349,946	$ 344,998	$ 346,538	$ 88,891	$ 87,144	$ 88,071	25%	0%
Total Uses	*$ 644,591*	*$ 633,645*	*$ 654,277*	*$ 281,463*	*$ 199,031*	*$ 890,354*	44%	41%
Net Transfers	$ 47,017	$ (1,881,757)	$ (1,946,281)	$ (64,943)	$ (18,730)	$ (314,695)	-138%	0%
Net Total	$ -	$ 529,036	$ (12,166)	$ 381,171	$ 517,924	$ (555,181)		-26%

MIAMI UNIVERSITY
Financial Analysis - Auxiliary Units (Oxford Campus)
FY2014/FY2013/FY2012

	Original Budget	Year-end Actuals		Thru October YTD Actuals			2014	
	FY2014	FY2013	FY2012	FY2014	FY2013	FY2012	% of Budget	% Change from '13
Total Auxiliary								
Revenue	$ 134,397,440	$ 130,179,749	$ 126,132,255	$ 65,540,842	$ 62,108,381	$ 61,151,864	49%	6%
General Fee Support & Trfr In	$ 24,912,692	$ 26,578,426	$ 26,179,897	$ 8,683,985	$ 8,416,750	$ 8,366,836	35%	0%
Designated Revenue	$ 537,139	$ 724,049		$ 179,462	$ -	$ -	33%	0%
Restricted Revenue	$ 1,345,353	$ 1,715,985		$ 330,857	$ -	$ -	25%	0%
Total Sources	*$ 161,192,624*	*$ 159,198,209*	*$ 152,312,152*	*$ 74,735,146*	*$ 70,525,131*	*$ 69,518,699*	46%	6%
Salary	$ 38,035,457	$ 35,405,583	$ 36,137,477	$ 11,516,982	$ 11,312,261	$ 11,771,557	30%	2%
Benefits	$ 11,603,543	$ 10,305,338	$ 11,897,255	$ 3,923,271	$ 3,818,153	$ 4,022,792	34%	3%
Utilities	$ 21,472,714	$ 21,334,602	$ 20,581,565	$ 5,923,516	$ 5,924,746	$ 5,768,637	28%	0%
Expense Recovery	$ (23,928,697)	$ (24,395,392)	$ (23,337,911)	$ (7,772,672)	$ (8,479,331)	$ (8,035,451)	32%	-8%
Charge Outs	$ (692,960)	$ (1,045,112)	$ (673,467)	$ (164,545)	$ (157,187)	$ (549,935)	24%	5%
Operating Expenses	$ 52,251,622	$ 47,759,370	$ 47,801,187	$ 17,617,933	$ 18,409,545	$ 17,881,450	34%	-4%
Inventory Purchases	$ 15,499,486	$ 17,243,093	$ 17,069,570	$ 6,542,097	$ 7,365,088	$ 6,159,061	42%	-11%
Debt Service	$ 30,203,189	$ 27,654,692	$ 19,675,628	$ 7,487,730	$ 6,296,399	$ 4,655,470	25%	0%
Designated Expense	$ 537,139	$ 623,375		$ 149,527	$ -	$ -	28%	0%
Restricted Expense	$ 1,205,353	$ 1,704,366		$ 380,396	$ -	$ -	32%	0%
Total Uses	*$ 146,186,846*	*$ 136,472,802*	*$ 129,151,304*	*$ 45,591,454*	*$ 44,489,674*	*$ 41,673,580*	31%	2%
Transfers Out	$ (15,005,778)	$ (21,825,110)	$ (22,986,306)	$ (5,601,717)	$ (4,334,929)	$ (6,702,165)	20%	0%
Net Total	$ -	$ 900,297	$ 174,543	$ 23,541,975	$ 21,700,528	$ 21,142,954		8%

College of Professional Studies and Applied Science
New Initiative Enrollment and Revenue Summary

Enrollment (FTE)

	FY15	FY16	FY17	FY18	FY19
Criminal Justice	50	65	80	100	120
Health Information Technology	32	38	42	56	70
Commerce and Administration	-	50	100	149	199
Civic and Regional Development	20	39	60	81	101
Forensic Science and Investigation	18	32	39	44	48
Master's of Science in Nursing	-	-	15	31	35
Master's of Science in Criminal Justice	-	10	17	19	20
E-Learning	105	126	149	200	250
English Language Center	61	67	97	120	150
Total	**286**	**427**	**598**	**800**	**993**
UG residents	225	350	469	630	788
UG non-residents	61	67	97	120	150
GR residents	-	7	26	44	49
GR non-residents		3	6	6	7

Tuition Revenue

	FY15	FY16	FY17	FY18	FY19
Criminal Justice	$ 322,635	$ 426,031	$ 535,292	$ 666,274	$ 799,595
Health Information Technology	$ 206,487	$ 247,203	$ 268,918	$ 368,765	$ 468,166
Commerce and Administration	$ -	$ 328,728	$ 669,885	$ 1,017,018	$ 1,325,713
Civic and Regional Development	$ 134,345	$ 266,932	$ 415,516	$ 577,535	$ 701,484
Forensic Science and Investigation	$ 120,911	$ 217,387	$ 263,345	$ 302,239	$ 332,917
Master's of Science in Nursing	$ -	$ -	$ 201,117	$ 427,373	$ 488,231
Master's of Science in Criminal Justice	$ -	$ 162,575	$ 281,906	$ 314,607	$ 351,954
E-Learning	$ 608,088	$ 743,393	$ 893,136	$ 1,224,127	$ 1,560,848
English Language Center	$ 680,960	$ 749,056	$ 1,086,288	$ 1,344,000	$ 1,674,400
Total	**$ 2,073,426**	**$ 3,141,306**	**$ 4,615,403**	**$ 6,241,937**	**$ 7,703,308**

Miami University
Combined Campus - College of Professional Studies and Applied Sciences
Provost Five Year Budget Forecast

	Actual			Budget	Projection					
	FY11	FY12	FY13	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Revenue:										
Instructional, General and Non-Resident Charge	$ 31,558,662	$ 31,240,119	$ 30,256,723	$ 30,471,877	$ 28,871,877	$ 30,338,035	$ 30,672,745	$ 31,052,778	$ 31,443,406	$ 31,844,906
Scholarships and Waivers	$ 1,010,624	$ 1,109,389	$ 1,279,029	$ 1,345,000	$ 1,445,000	$ 1,371,900	$ 1,399,338	$ 1,413,331	$ 1,427,465	$ 1,441,739
Net Tuition Revenue	$ 30,548,038	$ 30,130,730	$ 28,977,694	$ 29,126,877	$ 27,426,877	$ 28,966,135	$ 29,273,407	$ 29,639,447	$ 30,015,941	$ 30,403,167
Cross Campus RCM Revenue				$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759
Other Student Fees	$ 439,850	$ 590,662	$ 689,065	$ 704,600	$ 704,600	$ 704,600	$ 704,600	$ 704,600	$ 704,600	$ 704,600
State Investment in Instruction	$ 14,949,305	$ 12,970,469	$ 12,898,361	$ 12,577,164	$ 12,755,912	$ 12,639,710	$ 12,639,710	$ 12,639,710	$ 12,639,710	$ 12,639,710
Other from State (PSEOP)	$ 567,997	$ 678,179	$ 809,603	$ 520,000	$ 520,000	$ 520,000	$ 520,000	$ 520,000	$ 520,000	$ 520,000
Other Revenue	$ 153,885	$ 340,048	$ 325,000	$ 261,011	$ 261,011	$ 261,011	$ 261,011	$ 261,011	$ 261,011	$ 261,011
Total Revenue	$ 46,659,075	$ 44,710,088	$ 43,699,723	$ 45,696,411	$ 44,175,159	$ 45,598,215	$ 45,905,487	$ 46,271,527	$ 46,648,021	$ 47,035,247
Expenditures:										
Salaries	$ 21,327,163	$ 21,213,792	$ 21,446,963	$ 24,073,430	$ 24,073,430	$ 24,624,997	$ 25,347,429	$ 26,036,254	$ 26,743,954	$ 27,471,051
Staff Benefits	$ 7,912,096	$ 6,636,252	$ 6,558,599	$ 8,174,929	$ 8,174,929	$ 8,429,571	$ 8,677,120	$ 8,913,050	$ 9,155,449	$ 9,404,496
Operating Exp. (ex. supplies, travel, student wages)	$ 5,598,995	$ 5,697,401	$ 7,067,410	$ 6,169,291	$ 6,169,291	$ 6,169,291	$ 6,169,291	$ 6,169,291	$ 6,169,291	$ 6,169,291
Utilities	$ 1,313,815	$ 1,100,714	$ 1,170,646	$ 1,394,500	$ 1,394,500	$ 1,422,390	$ 1,465,062	$ 1,509,014	$ 1,554,284	$ 1,600,912
Branch Campus Indirect Charge/Support Center Allocation	$ 3,061,323	$ 3,223,114	$ 3,197,077	$ 3,141,945	$ 3,141,945	$ 3,008,442	$ 3,031,872	$ 3,058,474	$ 3,085,818	$ 3,113,923
Total Expenditures	$ 39,213,392	$ 37,871,273	$ 39,440,695	$ 42,954,095	$ 42,954,095	$ 43,654,691	$ 44,690,773	$ 45,686,083	$ 46,708,797	$ 47,759,673
Transfers:										
Non-Mandatory	$ (4,152,045)	$ (5,289,069)	$ (2,034,603)	$ (2,698,973)	$ (2,698,973)	$ (1,395,000)	$ (1,395,000)	$ (1,595,000)	$ (1,695,000)	$ (1,695,000)
Mandatory (debt service)	$ -	$ -	$ -	$ (43,343)	$ (43,343)	$ (105,291)	$ (105,708)	$ (105,903)	$ (105,904)	$ (105,704)
Total Net Transfers:	$ (4,152,045)	$ (5,289,069)	$ (2,034,603)	$ (2,742,316)	$ (2,742,316)	$ (1,500,291)	$ (1,500,708)	$ (1,700,903)	$ (1,800,904)	$ (1,800,704)
Operating Surplus/(Deficit) before adjustments	$ 3,293,638	$ 1,549,746	$ 2,224,425	$ -	$ (1,521,252)	$ 443,233	$ (285,994)	$ (1,115,460)	$ (1,861,680)	$ (2,525,130)
Support for VOALC	$ (605,370)	$ -	$ -	$ -						
Departmental Carry Forward	$ (1,053,240)	$ (1,982,297)	$ (1,841,958)	$ -						
Reserve for Future Budgets	$ (1,630,000)	$ 510,000	$ -	$ -						
Net Increase/(Decrease) in Fund Balance	$ 5,028	$ 77,449	$ 382,467	$ -						

Miami University
Combined Campus - College of Professional Studies and Applied Sciences
Provost Five Year Budget Forecast

From New Program Detail: Revenue		$ 2,073,426	$ 3,141,306	$ 4,615,403	$ 6,241,937	$ 7,703,308
From New Program Detail: Expense	Total of below	$ 1,663,119	$ 1,732,097	$ 2,312,080	$ 3,125,347	$ 3,856,032
	Percentage of new program revenue for 4 year program financial aid	$ 62,203	$ 94,239	$ 138,462	$ 187,258	$ 231,099
		3%	3%	3%	3%	3%
	Percentage of new program revenue for instructional staff	$ 1,451,398	$ 1,413,588	$ 1,846,161	$ 2,496,775	$ 3,081,323
		70%	45%	40%	40%	40%
	Percentage of new program revenue for support center expense	$ 145,140	$ 219,891	$ 323,078	$ 436,936	$ 539,232
		7%	7%	7%	7%	7%
	Percentage of new subsidy for support center expense	$ 4,378	$ 4,378	$ 4,378	$ 4,378	$ 4,378
		7%	7%	7%	7%	7%
SUMMARY						
Surplus/(Deficit)		$ 853,540	$ 1,123,216	$ 1,187,863	$ 1,254,911	$ 1,322,146

Transfer Detail:	**FY11**	**FY12**	**FY13**	**FY14**		**FY15**	**FY16**	**FY17**	**FY18**	**FY19**
Mandatory Transfers - Debt Service	$ -	$ -	$ -	$ (43,343)	$ (43,343)	$ (105,291)	$ (105,708)	$ (105,903)	$ (105,904)	$ (105,704)
General Fee	(768,304)	(513,463)	(766,000)	(619,686)	(619,686)	(621,000)	(621,000)	(621,000)	(621,000)	(621,000)
Capital Projects	(3,259,644)	(3,442,366)	(2,367,000)	(1,253,953)	(1,253,953)	(200,000)	(200,000)	(400,000)	(500,000)	(500,000)
Unrestricted Allocated Fund	(14,135)	(530,365)	-	-	-	-	-	-	-	-
Support for VOA	-	(577,508)	(550,000)	(575,334)	(575,334)	(574,000)	(574,000)	(574,000)	(574,000)	(574,000)
Other Miscellaneous Operational Transfers	(109,962)	(225,367)	(25,000)	(250,000)	(250,000)	-	-	-	-	-
Total Transfers	(4,152,045)	(5,289,069)	(3,708,000)	(2,742,316)	(2,742,316)	(1,500,291)	(1,500,708)	(1,700,903)	(1,800,904)	(1,800,704)

Miami University

Combined Campus - College of Professional Studies and Applied Sciences

Budget Office Review and Plan Revisions of Five Year Regional Budget Forecast

	Actual			Budget	Projection					
	FY11	FY12	FY13	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Revenue:										
Instructional, General and Non-Resident Charge	$ 31,558,662	$ 31,240,119	$ 30,256,723	$ 30,808,877	$ 29,208,877	$ 29,700,905	$ 30,099,259	$ 30,502,898	$ 30,911,871	$ 31,326,224
Scholarships and Waivers	$ 1,010,624	$ 1,109,389	$ 1,279,029	$ 1,345,000	$ 1,445,000	$ 1,371,900	$ 1,399,338	$ 1,413,331	$ 1,427,465	$ 1,441,739
Net Tuition Revenue	$ 30,548,038	$ 30,130,730	$ 28,977,694	$ 29,463,877	$ 27,763,877	$ 28,329,005	$ 28,699,921	$ 29,089,567	$ 29,484,406	$ 29,884,485
Cross Campus RCM Revenue				$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759
Other Student Fees	$ 439,850	$ 590,662	$ 689,065	$ 367,600	$ 367,600	$ 367,600	$ 367,600	$ 367,600	$ 367,600	$ 367,600
State Investment in Instruction	$ 14,949,305	$ 12,970,469	$ 12,898,361	$ 12,577,164	$ 12,755,912	$ 12,639,710	$ 12,892,504	$ 13,150,354	$ 13,150,354	$ 13,413,361
Other from State (PSEOP)	$ 567,997	$ 678,179	$ 809,603	$ 520,000	$ 520,000	$ 520,000	$ 520,000	$ 520,000	$ 520,000	$ 520,000
Other Revenue	$ 153,885	$ 340,048	$ 325,000	$ 261,011	$ 261,011	$ 260,011	$ 260,011	$ 260,011	$ 260,011	$ 260,011
Total Revenue	$ 46,659,075	$ 44,710,088	$ 43,699,723	$ 45,696,411	$ 44,175,159	$ 44,623,085	$ 45,246,795	$ 45,894,291	$ 46,289,130	$ 46,952,216
Expenditures:										
Salaries	$ 21,327,163	$ 21,213,792	$ 21,446,963	$ 24,073,430	$ 24,073,430	$ 24,745,119	$ 25,487,472	$ 26,252,096	$ 27,039,659	$ 27,850,849
Staff Benefits	$ 7,912,096	$ 6,636,252	$ 6,558,599	$ 8,174,929	$ 8,174,929	$ 8,632,703	$ 8,914,978	$ 9,283,182	$ 9,667,439	$ 10,068,480
Operating Exp. (ex. supplies, travel, student wages)	$ 5,598,995	$ 5,697,401	$ 7,067,410	$ 6,169,291	$ 6,169,291	$ 6,292,677	$ 6,418,530	$ 6,546,901	$ 6,677,839	$ 6,811,396
Utilities	$ 1,313,815	$ 1,100,714	$ 1,170,646	$ 1,394,500	$ 1,394,500	$ 1,436,335	$ 1,479,425	$ 1,523,808	$ 1,569,522	$ 1,616,608
Branch Campus Indirect Charge/Support Center Allocation	$ 3,061,323	$ 3,223,114	$ 3,197,077	$ 3,141,945	$ 3,141,945	$ 2,963,843	$ 3,009,423	$ 3,055,728	$ 3,084,356	$ 3,131,771
Total Expenditures	$ 39,213,392	$ 37,871,273	$ 39,440,695	$ 42,954,095	$ 42,954,095	$ 44,070,677	$ 45,309,829	$ 46,661,714	$ 48,038,815	$ 49,479,103
Transfers:										
Non-Mandatory	$ (4,152,045)	$ (5,289,069)	$ (2,034,603)	$ (2,698,973)	$ (2,698,973)	$ (2,448,953)	$ (2,448,953)	$ (2,448,953)	$ (2,448,953)	$ (2,448,193)
Mandatory (debt service)	$ -	$ -	$ -	$ (43,343)	$ (43,343)	$ (105,291)	$ (105,708)	$ (105,903)	$ (105,904)	$ (105,704)
Total Net Transfers:	$ (4,152,045)	$ (5,289,069)	$ (2,034,603)	$ (2,742,316)	$ (2,742,316)	$ (2,554,244)	$ (2,554,661)	$ (2,554,856)	$ (2,554,857)	$ (2,553,897)
Operating Surplus/(Deficit) before adjustments	$ 3,293,638	$ 1,549,746	$ 2,224,425	$ -	$ (1,521,252)	$ (2,001,836)	$ (2,617,695)	$ (3,322,279)	$ (4,304,542)	$ (5,080,784)
Support for VOALC	$ (605,370)	$ -	$ -	$ -						
Departmental Carry Forward	$ (1,053,240)	$ (1,982,297)	$ (1,841,958)	$ -						
Reserve for Future Budgets	$ (1,630,000)	$ 510,000	$ -	$ -						
Net Increase/(Decrease) in Fund Balance	$ 5,028	$ 77,449	$ 382,467	$ -						

Miami University

Combined Campus - College of Professional Studies and Applied Sciences

Budget Office Review and Plan Revisions of Five Year Regional Budget Forecast

From New Program Detail: Revenue		2,073,426	3,141,306	4,615,403	6,241,937	7,703,308
From New Program Detail: Expense	Total of below	$ 1,663,119	$ 1,749,792	$ 2,347,825	$ 3,161,092	$ 3,910,188
	Percentage of new program revenue for 4 year program financial aid	$ 62,203	$ 94,239	$ 138,462	$ 187,258	$ 231,099
		3%	3%	3%	3%	3%
	Percentage of new program revenue for instructional staff	$ 1,451,398	$ 1,413,588	$ 1,846,161	$ 2,496,775	$ 3,081,323
		70.0%	45.0%	40.0%	40.0%	40.0%
	Percentage of new program revenue for support center expense	$ 145,140	$ 219,891	$ 323,078	$ 436,936	$ 539,232
		7%	7%	7%	7%	7%
	Percentage of new subsidy for support center expense	$4,378	$22,074	$40,123	$40,123	$58,534
		7%	7%	7%	7%	7%
SUMMARY						
Surplus/(Deficit)		$ (1,591,529)	$ (1,226,181)	$ (1,054,701)	$ (1,223,696)	$ (1,287,664)

Transfer Detail:	FY11	FY12	FY13	FY14		FY15	FY16	FY17	FY18	FY19
Mandatory Transfers - Debt Service	$ -	$ -	$ -	$ (43,343)	$ (43,343)	$ (105,291)	$ (105,708)	$ (105,903)	$ (105,904)	$ (105,704)
General Fee	(768,304)	(513,463)	(766,000)	(619,686)	(619,686)	(621,000)	(621,000)	(621,000)	(621,000)	(621,000)
Capital Projects	(3,259,644)	(3,442,366)	(2,367,000)	(1,253,953)	(1,253,953)	(1,253,953)	(1,253,953)	(1,253,953)	(1,253,953)	(1,253,193)
Unrestricted Allocated Fund	(14,135)	(530,365)	-	-	-	-	-	-	-	-
Support for VOA	-	(577,508)	(550,000)	(575,334)	(575,334)	(574,000)	(574,000)	(574,000)	(574,000)	(574,000)
Other Miscellaneous Operational Transfers	(109,962)	(225,367)	(25,000)	(250,000)	(250,000)	-	-	-	-	-
Total Transfers	(4,152,045)	(5,289,069)	(3,708,000)	(2,742,316)	(2,742,316)	(2,554,244)	(2,554,661)	(2,554,856)	(2,554,857)	(2,553,897)

Regional Campuses New Fall Enrollments by Student Type Fall 2008 Through Fall 2013						
Student Type	**Fall 2008**	**Fall 2009**	**Fall 2010**	**Fall 2011**	**Fall 2012**	**Fall 2013**
First Time	1,676	1,799	2,047	1,937	1,697	1,345
Relocated	94	109	85	46	26	37
Transfer	314	333	340	342	340	334
Other	207	286	379	346	423	544
Total	2,291	2,527	2,851	2,671	2,486	2,260

Business Session
Item 7b

Long Range Budget Plan - Baseline Plus Revenue Initiatives and Productivity
FY 2012 - FY 2023

	Input	FY 2014 Budget	FY14 Projection	FY2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Baseline Revenues												
Undergraduate Tuition		$ 294,056,529	$298,356,971	$304,398,318	$308,903,728	$312,177,865	$318,942,918	$325,327,212	$331,839,191	$338,481,410	$345,256,474	$352,167,038
Undergraduate Financial Aid		$ 64,839,716	$66,368,512	$71,302,505	$75,197,479	$78,759,848	$79,857,290	$80,976,681	$82,118,459	$83,283,074	$84,470,980	$85,682,645
Undergraduate Net Tuition Revenue		$ 229,216,813	$231,988,459	$233,095,814	$233,706,250	$233,418,017	$239,085,629	$244,350,531	$249,720,732	$255,198,336	$260,785,493	$266,484,393
Graduate Tuition		$ 32,480,201	$34,123,167	$34,805,631	$35,501,743	$36,211,778	$36,936,014	$37,674,734	$38,428,228	$39,196,793	$39,980,729	$40,780,344
Graduate Financial Aid		$ 23,049,516	$23,049,517	$23,510,507	$23,980,717	$24,460,332	$24,949,538	$25,448,529	$25,957,500	$26,476,650	$27,006,183	$27,546,306
Graduate Net Tuition Revenue		$ 9,430,685	$11,073,650	$11,295,123	$11,521,026	$11,751,446	$11,986,475	$12,226,205	$12,470,729	$12,720,143	$12,974,546	$13,234,037
Total Net Tuition Revenue		$ 238,647,498	$243,062,109	$244,390,937	$245,227,275	$245,169,463	$251,072,104	$256,576,736	$262,191,460	$267,918,480	$273,760,039	$279,718,430
State Support		$56,835,619	$57,097,046	$53,386,201	$54,460,229	$55,555,738	$55,555,738	$56,673,156	$57,812,923	$57,812,923	$58,975,486	$60,161,300
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		$2,770,589	$2,770,589	$2,853,707	$2,939,318	$3,027,497	$3,118,322	$3,211,872	$3,308,228	$3,407,475	$3,509,699	$3,614,990
Transfer In		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Baseline Revenues		**$ 302,578,706**	**$ 307,254,744**	**$ 304,955,845**	**$ 306,951,822**	**$ 308,077,698**	**$ 314,071,164**	**$ 320,786,764**	**$ 327,637,612**	**$ 333,463,878**	**$ 340,570,224**	**$ 347,819,720**
Adjustments to Revenue		$0	$0	$5,906,125	$9,449,693	$13,778,548	$16,993,204	$19,799,649	$21,646,414	$23,994,391	$25,900,887	$25,900,887
Adjusted Total Revenue		**$302,578,706**	**$307,254,744**	**$310,861,970**	**$316,401,516**	**$321,856,246**	**$331,064,368**	**$340,586,413**	**$349,284,026**	**$357,458,270**	**$366,471,112**	**$373,720,607**
Baseline Expenses												
Salaries		$157,659,400	$157,659,400	$162,755,862	$168,058,538	$173,532,894	$179,184,459	$185,018,938	$191,042,220	$197,260,381	$203,679,695	$210,306,633
Promotion & Tenure		$356,000	$356,000	$420,000	$432,600	$445,578	$458,945	$472,714	$486,895	$501,502	$516,547	$532,043
Benefits		$58,327,126	$58,327,126	$59,868,777	$62,742,432	$65,631,726	$68,740,810	$72,013,657	$75,464,500	$79,103,611	$82,942,226	$86,992,262
Utilities		$13,526,461	$13,526,461	$13,932,255	$14,338,049	$14,756,016	$15,186,158	$15,628,838	$16,084,423	$16,553,288	$17,035,821	$17,532,419
Non-Personnel Expenses		$31,143,783	$31,143,783	$31,766,659	$28,385,942	$29,013,661	$29,653,934	$30,307,013	$30,973,153	$31,652,616	$32,345,668	$33,052,582
Capital Expenses & Debt		$13,434,251	$13,434,251	$11,553,010	$11,540,288	$14,073,069	$14,036,752	$14,045,989	$13,739,386	$13,716,174	$13,710,178	$13,710,178
General Fee Allocation		$28,131,685	$28,131,685	$28,131,685	$27,711,685	$27,711,685	$27,711,685	$27,711,685	$27,711,685	$27,711,685	$27,711,685	$27,711,685
Total Baseline Expenses		**$302,578,706**	**$302,578,706**	**$308,428,248**	**$313,209,534**	**$325,164,629**	**$334,972,742**	**$345,198,834**	**$355,502,261**	**$366,499,257**	**$377,941,820**	**$389,837,803**
Adjustments to Expense		$0	$0	($3,873,280)	$793,515	($261,698)	($1,311,635)	($2,356,322)	($3,395,785)	($4,430,051)	($5,459,146)	($6,483,096)
Adjusted Total Expenses		**$302,578,706**	**$302,578,706**	**$304,554,968**	**$314,003,049**	**$324,902,931**	**$333,661,108**	**$342,842,512**	**$352,106,476**	**$362,069,206**	**$372,482,674**	**$383,354,707**
Surplus/Deficit		**($0)**	**$4,676,038**	**$6,307,002**	**$2,398,467**	**($3,046,685)**	**($2,596,740)**	**($2,256,099)**	**($2,822,450)**	**($4,610,937)**	**($6,011,562)**	**($9,634,099)**

	Input	FY 2014 Budget	FY14 Projection	FY2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Major Assumptions												
Revenues												
Undergraduate Enrollment		15,143	15,381	15,476	15,294	15,107	15,105	15,105	15,105	15,105	15,105	15,105
First Time Class Size		3,600	3,619	3,619	3,619	3,619	3,619	3,619	3,619	3,619	3,619	3,619
Residency Mix		40.00%	38.80%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Transfers		207	250	250	250	250	250	250	250	250	250	250
Residency Mix		35%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%
Relocates		204	231	231	231	231	231	231	231	231	231	231
Residency Mix		2%	4%	2%	2%	2%	2%	2%	2%	2%	2%	2%
ACE		63	109	109	109	109	109	109	109	109	109	109
Non Traditional		136	99	131	131	131	131	131	131	131	131	131
Instructional Fee Change												
Resident		1.53%		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		$ 11,442	$ 11,442	$ 11,671	$ 11,904	$ 12,142	$ 12,385	$ 12,633	$ 12,885	$ 13,143	$ 13,406	$ 13,674
Non-Resident		1.48%	1.48%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		$ 27,232.7	$ 27,233	$ 27,777	$ 28,333	$ 28,900	$ 29,478	$ 30,067	$ 30,668	$ 31,282	$ 31,907	$ 32,546
Scholarships		$ 64,839,716	$ 66,368,512	$ 71,302,505	$ 75,197,479	$ 78,759,848	$ 79,857,290	$ 80,976,681	$ 82,118,459	$ 83,283,074	$ 84,470,980	$ 85,682,645
General Fee		1.51%	1.51%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		$ 1,823.50	$ 1,823.50	$ 1,860	$ 1,897	$ 1,935	$ 1,974	$ 2,013	$ 2,054	$ 2,095	$ 2,137	$ 2,179
Other Student Charges		$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001	$ 2,235,001
		$ 2,506,758	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759	$ 2,506,759
Total Undergraduate Net Tuition		$ 229,240,141	$ 231,998,110	$ 233,047,743	$ 233,605,041	$ 233,418,017	$ 239,085,629	$ 244,350,531	$ 249,720,732	$ 255,198,336	$ 260,785,493	$ 266,484,393
Graduate Enrollment												
Fee Paying Resident		340	353	353	353	353	353	353	353	353	353	353
Fee Paying Non-resident		104	108	108	108	108	108	108	108	108	108	108
Funded Resident		336	348	348	348	348	348	348	348	348	348	348
Funded Non-resident		458	476	476	476	476	476	476	476	476	476	476
Instructional Fee Change		1.50%		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Resident Instructional Fee		$ 10,900	$ 10,900	$ 11,118	$ 11,341	$ 11,567	$ 11,799	$ 12,035	$ 12,275	$ 12,521	$ 12,771	$ 13,027
Non-resident Instructional Fee		$ 26,165	$ 26,165	$ 26,689	$ 27,223	$ 27,767	$ 28,322	$ 28,889	$ 29,467	$ 30,056	$ 30,657	$ 31,270
General Fee		$ 1,730	$ 1,730	$ 1,765	$ 1,800	$ 1,836	$ 1,873	$ 1,910	$ 1,949	$ 1,987	$ 2,027	$ 2,068
Scholarships		$ 23,049,516	$ 23,049,517	$ 23,510,507	$ 23,980,717	$ 24,460,332	$ 24,949,538	$ 25,448,529	$ 25,957,500	$ 26,476,650	$ 27,006,183	$ 27,546,306
Total Graduate Net Tuition		$ 9,430,685	$ 11,073,650	$ 11,295,123	$ 11,521,026	$ 11,751,446	$ 11,986,475	$ 12,226,205	$ 12,470,729	$ 12,720,143	$ 12,974,546	$ 13,234,037
Non-resident & Transfer Growth		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Revenue Growth												
Increase Proportion of non-resident enrollments		$0	$0	$1,136,117	$1,849,672	$2,966,317	$3,721,257	$4,576,043	$5,043,328	$6,323,485	$7,203,069	$7,203,069
Assumed Non-Residents for Incoming Class				40%	40%	41%	41%	42%	42%	43%	43%	43%
Grow fee paying graduate students		$0	$0	$1,748,603	$2,445,448	$3,024,891	$3,375,983	$3,744,499	$3,935,677	$4,116,198	$4,443,198	$4,443,198
Grow ACE Enrollments		$0	$0	$1,812,822	$3,224,375	$4,894,255	$5,946,151	$6,681,322	$7,096,261	$7,238,088	$7,382,747	$7,382,747
Top Program		$0	$0	$277,389	$429,780	$566,254	$655,820	$741,146	$837,378	$929,249	$1,032,512	$1,032,512
Grow Transfer Enrollment		$0	$0	$594,104	$850,964	$1,196,805	$1,475,595	$1,847,165	$2,149,270	$2,192,236	$2,236,034	$2,236,034
Improve retention and graduation		$0	$0	$337,090	$649,454	$1,130,026	$1,818,398	$2,209,474	$2,584,500	$3,195,135	$3,603,327	$3,603,327
Fully assess campus tuition		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue Growth		$0	$0	$5,906,125	$9,449,693	$13,778,548	$16,993,204	$19,799,649	$21,646,414	$23,994,391	$25,900,887	$25,900,887
		2%			2%	2%	0%	2%	2%	0%	2%	2%
State Support		$56,835,619	$57,097,046	$53,386,201	$54,460,229	$55,555,738	$55,555,738	$56,673,156	$57,812,923	$57,812,923	$58,975,486	$60,161,300
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%	$2,770,589	$2,770,589	$2,853,707	$2,939,318	$3,027,497	$3,118,322	$3,211,872	$3,308,228	$3,407,475	$3,509,699	$3,614,990

	Input	FY 2014 Budget	FY14 Projection	FY2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Expenses												
Salaries		$158,015,400	$158,015,400	$162,755,862	$168,058,538	$173,532,894	$179,184,459	$185,018,938	$191,042,220	$197,260,381	$203,679,695	$210,306,633
Increment	3%			$4,740,462	$4,882,676	$5,041,756	$5,205,987	$5,375,534	$5,550,568	$5,731,267	$5,917,811	$6,110,391
Promotion & Tenure				$420,000	$432,600	$445,578	$458,945	$472,714	$486,895	$501,502	$516,547	$532,043
Benefits		$58,327,126	$ 58,327,126	$ 59,868,777	$ 62,742,432	$ 65,631,726	$ 68,740,810	$ 72,013,657	$ 75,464,500	$ 79,103,611	$ 82,942,226	$ 86,992,262
Health Care		$ 27,400,182	$ 27,400,182	$ 28,014,025	$ 29,932,037	$ 31,837,019	$ 33,932,262	$ 36,160,853	$ 38,536,111	$ 41,067,371	$ 43,764,899	$ 46,639,615
Health Care Trend	7%			$1,918,013	$1,904,982	$2,095,243	$2,228,591	$2,375,258	$2,531,260	$2,697,528	$2,874,716	$3,063,543
SPTF Health Care Savings				($800,000)								
Utilities		$13,526,461	$13,526,461	$13,932,255	$14,338,049	$14,756,016	$15,186,158	$15,628,838	$16,084,423	$16,553,288	$17,035,821	$17,532,419
Utilities Trend	3%			$405,794	$417,968	$430,141	$442,680	$455,585	$468,865	$482,533	$496,599	$511,075
SPTF Energy Savings				($431,260)								
Non-Personnel Expense		$31,143,783	$31,143,783	$31,766,659	$28,385,942	$29,013,661	$29,653,934	$30,307,013	$30,973,153	$31,652,616	$32,345,668	$33,052,582
Inflation	2%			$622,876	$695,333	$627,719	$640,273	$653,079	$666,140	$679,463	$693,052	$706,913
New Investments				$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
SPTF Reductions				($4,076,050)								
Productivity (0.5%)												
President				($49,127)	($98,009)	($146,647)	($195,041)	($243,193)	($291,104)	($338,776)	($386,209.78)	($433,406)
Provost				($871,629)	($1,738,900)	($2,601,835)	($3,460,455)	($4,314,782)	($5,164,837)	($6,010,642)	($6,852,218)	($7,689,587)
Finance & Business Services				($79,725)	($79,326)	($78,929)	($78,535)	($78,142)	($77,751)	($77,363)	($76,976)	($76,591)
IT Services				($74,023)	($147,676)	($220,960)	($293,878)	($366,432)	($438,622)	($510,452)	($581,923)	($653,036)
Student Affairs				($40,160)	($80,119)	($119,878)	($159,438)	($198,800)	($237,966)	($276,936)	($315,711)	($354,292)
Advancement				($31,306)	($62,455)	($93,449)	($124,288)	($154,972)	($185,504)	($215,882)	($246,109)	($276,184)
General Fee Allocation		$28,131,685	$28,131,685	$ 28,131,685	$ 27,711,685	$ 27,711,685	$ 27,711,685	$ 27,711,685	$ 27,711,685	$ 27,711,685	$ 27,711,685	$ 27,711,685
SPTF Reductions				($420,000)								
Capital Projects		$7,730,728	$7,730,728	$6,489,311	$6,489,311	$6,489,311	$6,489,311	$6,489,311	$6,489,311	$6,489,311	$6,489,311	$6,489,311
Debt Service		$5,703,523	$5,703,523	$5,063,699	$5,050,977	$7,583,758	$7,547,441	$7,556,678	$7,250,075	$7,226,863	$7,220,867	$7,220,867
		$0		($6,873,280)	($2,206,485)	($3,261,698)						
		$17,542,845		($6,873,280)	$4,666,795	($1,055,213)						

Fall Net Instructional Revenue Fall 2010 through Fall 2013

Cohort Term	Size	Percent Non Resident	Student Type	Gross Instructional Revenue	Financial Aid	Net Instructional Revenue	Financial Aid as a % of Gross Instructional Revenue
Fall 2010	4,353	29.8%	First Time, Transfer, Relo & ACE	$ 30,965,649	$ 5,767,165	$ 25,198,484	18.6%
Fall 2011	4,147	35.9%	First Time, Transfer, Relo & ACE	$ 33,681,955	$ 6,644,524	$ 27,037,431	19.7%
Fall 2012	4,261	36.7%	First Time, Transfer, Relo & ACE	$ 35,911,496	$ 7,085,102	$ 28,826,394	19.7%
Fall 2013	4,239	38.5%	First Time, Transfer, Relo & ACE	$ 37,384,140	$ 9,703,829	$ 27,680,311	26.0%

Cohort Term	Size	Percent Non Resident	Student Type	Gross Instructional Revenue	Financial Aid (Merit/Redhawk Only)	Net Instructional Revenue	Financial Aid as a % of Gross Instructional Revenue
Fall 2010	3,595	32.7%	First Time/Full Time (Includes zero ACE)	$ 27,145,760	$ 4,409,555	$ 22,736,205	16.2%
Fall 2011	3,616	38.1%	First Time/First Time (Includes 35 ACE)	$ 29,642,755	$ 5,306,097	$ 24,336,658	17.9%
Fall 2012	3,799	39.0%	First Time/First Time (Includes 65 ACE)	$ 32,373,502	$ 5,898,994	$ 26,474,508	18.2%
Fall 2013	3,753	40.8%	First Time/First Time (Includes 109 ACE)	$ 33,170,062	$ 8,269,744	$ 24,900,318	24.9%

To: Finance and Audit Committee

From: Barbara K. Jena, Director of Internal Audit and Consulting Services

Subject: **Internal Audit & Consulting Services -** November 2013 Report

Date: November 13, 2013

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 2014.

1. Annual plan and scope of internal audit activities

Attached (on page 2) is the IACS FY 2014 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 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 David Creamer and incorporates the Enterprise Risk Assessment. IT Services was the highest audit risk area and three IT audits are planned:

- Network Penetration Testing – plans are to outsource the testing to a qualified firm
- IT Equipment Inventory Control
- Payment Card Industry follow-up

2. Internal Audit issues

The report on pages 3 – 10 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, nine new issues have been added and twenty closed. No new high risk issues were added and three were closed. Two of the high risk issues closed relate to the Bursar's Office internal control improvements over cash advances and electronic checks used to add funds to student (MULaa) debit cards. The other high risk issue that was closed relates to the Marcum Conference Center's installation of PCI compliant software this summer. The remaining closed issues are summarized on pages 11 - 13.

Audit Issue Status

Risk Level	Open audit issues 5/31/2013	Added	Closed	Open audit issues 11/13/2013
High	8	0	3	5
Moderate	12	2	6	8
Low	40	7	11	36
Total	60	9	20	49

3. IACS staffing and budget

The department is staffed by the Director, two full-time Associate Auditors, and an Intern. IACS has a total budget for FY 2014 of $341 K. Personnel costs account for $304 K, or 89% of the budget. Costs are running slightly under budget as of October 31, 2013.

Attachments
Cc: David K. Creamer

Internal Audit and Consulting Services
FY 2014 Audit Plan

Reference to Audit Risk Analysis	Division	Audit Area	Audit Project	Status	July 1	Aug 2	Sept 3	Oct 4	Nov 5	Dec 6	Jan 7	Feb 8	Mar 9	Apr 10	May 11	June 12
	Finance & Bus. Svc.	IACS	Internal Audit Quality Self-Assessment with Independent Validation	Completed	■											
5	Finance & Bus. Svc.	Physical Facilities Dept.	Central Stores Inventory	Completed	■											
16	Finance & Bus. Svc.	HDRBS	Culinary Support Center Inventory	Completed	■											
2	Finance & Bus. Svc.	Human Resources	Processing Salary and Wage Updates follow-Up	Completed	■	■										
40	Finance & Bus. Svc.	HDRBS	Bookstore Inventory	Completed	■	■										
3	Finance & Bus. Svc.	Physical Facilities Dept.	Construction Project - Laws Hall Rehabilitation	Completed	■	■	■									
1C	IT Services	IT Services	Payment Card Industry (PCI) follow-up	In process	■	■		■								
16	Finance & Bus. Svc.	HDRBS	LEAN Project - Dining Services cash receipting	Completed	■	■	■	■	■	■						
4; 6; 19	Academic Affairs	SFA and Regional Campuses	Scholarship Awarding follow-up audit & loan default rate review	Completed	■	■	■									
28	University-wide	Purchasing	MasterCard audits	Completed	■	■	■									
14	Finance & Bus. Svc.	General Accounting	Donor Stewardship - follow-up audit	In process	■	■		■								
24	Finance & Bus. Svc.	HDRBS	Marcum follow-up audit	In process	■		■	■								
22; 32	Finance & Bus. Svc.	Bursar/Accounts Payable	Cash Advances - follow-up audit FY14	In process	■			■			■			■		
47	Finance & Bus. Svc.	HDRBS	Rec Sports Center/HDRBS Business Office follow-Up	Completed		■	■									
1N; 1Q	IT Services	University-wide	IT Equipment Inventory Control	In process		■	■	■	■							
1A-AE; 1N	IT Services	IT Services	Network Penetration Testing	In process		■	■	■	■							
20	Finance & Bus. Svc.	Police	Clery Act Crime Statistics - CY12 agreed upon procedures	Completed			■									
17	Student Affairs	OESCR	Sexual Assault Notification - agreed upon procedures	In process			■	■								
24; 45	Finance & Bus. Svc.	HDRBS	LEAN Project - Catering	In process			■	■								
48	Academic Affairs	Arts and Science	Speech and Hearing Clinic audit	In process			■	■	■							
14	Finance & Bus. Svc.	General Accounting	MULaa Debit Cards follow-up	Completed				■								
31	Academic Affairs	VOALC	Voice of America Learning Center follow-up audit	Completed				■								
22	Academic Affairs	Bursar's Office	MULaa (debit account) Investigaton follow-up audit	Completed				■								
36	Academic Affairs	MUDEC	MUDEC follow-up audit	In process				■	■							
6	Academic Affairs	Student Financial Assistance	LEAN Receipt Mapping FAMU follow-up	Completed					■							
7	Student Affairs	Health Services Center	Student Health Services - follow-up audit	In process						■						
3	Finance & Bus. Svc.	Physical Facilities Dept.	Construction Project - Kreger Hall	Scheduled						■	■					
32	Finance & Bus. Svc.	Accounts Payable	Travel Module	Scheduled						■	■	■				
15	Intercollegiate Athletics	Intercollegiate Athletics	Football attendance - agreed upon procedures	Scheduled								■				
4	Academic Affairs	Middletown Campus	Middletown Business Office	Scheduled								■	■	■		
11;12;13;23;34	Academic Affairs	Deans	Expense Account Audits	Scheduled								■	■	■		
50	University Advancement	WCAA	Western College Alumnae Association financial audit	Scheduled									■			
43	Finance & Bus. Svc.	Police	Parking Garage Cash Handling Audit - follow-up	Scheduled									■			
8	Finance & Bus. Svc.	Treasury Services	Bank Deposits and Debit Cards	Scheduled											■	■
21	Academic Affairs	Registrar	Grade Changes	Scheduled											■	■
9	University Advancement	Advancement Services	Gift Processing	Scheduled											■	■
44	Finance & Bus. Svc.	Auxiliaries	Physical Inventory Audits	Scheduled												■
	University-wide	University-wide	Enterprise Risk Assessment	On-going	■	■	■	■	■	■	■	■	■	■	■	■
	University-wide	University-wide	Enterprise Risk Management - Compliance	On-going	■	■	■	■	■	■	■	■	■	■	■	■
	University-wide	University-wide	EthicsPoint Reporting System with General Counsel	On-going	■	■	■	■	■	■	■	■	■	■	■	■
40	Finance & Bus. Svc.	HDRBS	LEAN Project - Bookstore Inventory	In process	■	■	■	■	■	■	■	■	■	■	■	■

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
07.1 - 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 another follow-up audit summer 2013 and extended testing after two exceptions were noted. After a third exception arose, the ISO agreed to scrub all requirements to identify any other issues and provide documentation of compliance for each requirement. The ISO provided summary information to IACS in 10/2013 which will be reviewed. Also, Marcum deployed a PCI compliant application (Opera) during summer 2013 but plans to use the non-PCI compliant application to access reservation and billing information through 12/31/2013. The software used in the airport has been updated to a version which is not yet certified as PCI compliant. The vendor believes certification will occur by 12/31/13.
21.1 - 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	in a 11/2013 update, management stated, "During FY13, the MULaa variances between CSGold and Banner fluctuated between a low of ($71K) and a high of $65K. The Assistant Controller believes the variances are caused by timing differences between the two systems and will work to implement a campus-wide reconciliation cut-off. In addition, using the robust reporting in the new CSGold system, General Accounting is planning to isolate the various incoming cash flow streams for MULaa (e.g., value transfer stations, meal plan transfers, and CashNet deposits) in order to reconcile each source individually and to identify in greater detail the cause for the differences. The Controller has accepted IACS' offer to help resolve this issue and to automate this reconciliation."
40.1 - 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 11/2013, management reported that Customer Services completed the first round of audits for the entire university and any non-approved transactions or other pcard policy violations have been reported to the cardholder and approver. The new release of the software was installed in October 2013. As part of this upgrade, the system now sends each approver an email every Monday notifying them of all charges that are pending their approval. In addition, Customer Services is beginning the audit of the FY13 pcard transactions. IACS will perform a follow-up in FY14 to review the new weekly process for notifying approvers of charges pending their review.
40.5 - 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 11/2013, management reported that Customer Support completed the first round of audits for the entire university and pcard policy violations were reported to cardholders and approvers . In addition, Customer Services is beginning the audit of the FY13 pcard transactions. Any pcard policy compliance issues will be documented and shared with the cardholder and approver. IACS will perform another follow-up in FY14 to determine if there is a process in place to track violations of policy and follow-up based on the number of instances.
62.3a - Audit of Cash Advances 12/2012	12/14/2012	High	Finance & Business Services	Periodic statements should be issued asking for the funds to be either returned or adequately accounted for. Policy should be enforced for failures to comply with requirements by having the non-documented amount or unreturned amount submitted to Payroll for inclusion as additional income on the employee W-2 form.	Dale C. Hinrichs, Associate VP for Finance & Controller	In a 11/2013 update, management stated, "All travel cash advances are now being processed and monitored through the Banner Travel Module, while human research subject advances are still processed through Buyway. All outstanding cash advances are reviewed monthly and the responsible person receives an overdue statement via email from the Accounts Payable Office for any overdue cash advances." IACS will perform another follow-up review in FY14 to verify that appropriate action has been taken to close this issue.
30.1 - 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	In a 11/2014 update, management reported that Customer Support is in the process of developing training videos and setting up additional training sessions in order to train the entire university community on the Banner Travel module. The training is scheduled to be completed by March 2014. IACS scheduled an audit of the new Travel Module in FY14.
32.2 - 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	In a 11/2014 update, management reported that at the close of FY13, there were 12 restricted accounts with deficit balances that averaged approximately $12,000. This information was shared with senior management and the financial manager of each account is being contacted to fund the deficit. IACS scheduled a follow-up review in FY14.

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
39.2 - 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 11/2013, 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 has been trained in site creation and deployment. The eMarket Policies and Procedures document and CashNet request form have been updated and posted on the Bursar's website. Management is meeting wth CashNet in 11/2013 to review the current vendor's internet payment solutions. If not acceptable, an RFP will be issued. Given that the current process still takes approximately 60 days, comment remains open.
53.2 - 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	In a 11/2013 update, management stated, "With the completion of the yearend cycle, the General Accounting staff will begin working with the Physical Facilities and Housing, Dining, Recreation and Business Services departments to assess the ability for their current systems to provide financial inventory accounting adjustments on a monthly basis. This is a goal for this office for FY14 and beyond."
63.2 - Audit of Salary and Wage Updates 1/2013	1/14/2013	Moderate	Finance & Business Services	It is recommended that procedures prohibit employees from inputting their own salary increments.	Carol Hauser, Senior Director Human Resources and Janet Cox, Assistant Provost Personnel & Director	HR concurred and communicated with the PEC in FY13; however, this information did not flow down to all departments as found in a follow-up audit performed after the process was completed for the FY14 increments. Nine employees input their own FY14 increments in Salary Planner. The salaries for each of the nine employees was later confirmed. IACS met with both HR and Academic Personnel in 8/14 and plans are to highlight that individuals should not input their own salary increments during future training and in annual instruction memos. IACS will perform another follow-up review after the process has been completed for the FY15 increments to confirm that adequate communication has taken place to resolve this issue.
64.1 - Locally Administered Construction Audit – Laws Hall	10/16/2013	Moderate	Finance & Business Services	IACS recommends that the contractor payment process be reviewed to ensure payment of contractor payment requests by the State within thirty days of the Architect/Engineer's signature. Automated workflow tools could be considered to reduce time spent forwarding documents between points of approval and reduce the risk of misplacing documents.	John Seibert, Director of Planning, Architecture, & Engineering	The Director of Planning, Architecture, & Engineering (PAE) agrees with IACS's assessment that automated / online workflow tools be used to oversee and expedite process. PAE will investigate and evaluate various automated workflow tools. A plan to implement such a tool will be determined by February 2014.
64.2 - Locally Administered Construction Audit – Laws Hall	10/16/2013	Moderate	Finance & Business Services	IACS recommends that the University establish a procedure to submit reports to the equal opportunity division (EEO) of the department of administrative services (DAS) within thirty days of the University's grant or denial of the waiver. The report should include an evaluation of the bidder's or contractor's specific efforts to comply with the requirements and the University's decision as to waivers granted. The EEO of the DAS could be contacted to determine if there is a preferred format.	John Seibert, Director of Planning, Architecture, & Engineering	The Director of Planning, Architecture, & Engineering (PAE) agrees with IACS's recommendation. PAE will collaborate with the Purchasing Office to support the recommendation.
66.3a - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Moderate	Finance & Business Services	It is recommended that Marcum strengthen internal controls associated with accounts receivables by collaborating with the Business Office to: a. Ensure that the Auxiliary Business Office has all information required to bill customers and that customers are invoiced monthly.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "All account contact information has been updated with our transition to Opera and Transfers to City Ledger are regularly emailed to the business office. The business office has started to save copies of monthly statements so that invoicing can be tracked. This issue remains open and must be reviewed again by IACS." IACS is in the process of a follow-up review at 11/2013.
23.2 - Audit of Student Health Services -1/2010	1/26/2010	Low	Student Affairs	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.	Scott Walter, Assistant VP for Student Affairs and Dale C. Hinrichs, Associate VP for Finance & Controller	IACS performed a third follow-up audit 5/2013 and determined that the coding has been corrected for the Bursar interface and this first part of the recommendation was closed. In a 11/2013 update, management stated that General Accounting attempted to reconcile Pyramed and the Banner GL at yearend; however, there was a $19.8K unreconciled difference at 6/30/2013. Working with the staff from Student Health Services, the FY14 reports from the Pyramed system have been validated and reconciled, and will now be used to reconcile to the Banner GL on a monthly basis. IACS has another follow-up audit in process.

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
42.1 - 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. IACS scheduled a MUDEC follow-up audit in FY2014 to verify appropriate action has been taken to close this issue.
42.2 - 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. IACS scheduled a MUDEC follow-up audit in FY2014 to verify appropriate action has been taken to close this issue.
42.3 - 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. IACS scheduled a MUDEC follow-up audit in FY2014 to verify appropriate action has been taken to close this issue.
42.4 - 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. IACS scheduled a MUDEC follow-up audit in FY2014 to verify appropriate action has been taken to close this issue.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
42.5 - 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 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. IACS followed up 11/2013 and learned that MUDEC is being credited for Mulaa transactions other than printing. IT Services is working to resolve the printing issue.
42.6 - 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. IACS scheduled a MUDEC follow-up audit in FY2014 to verify appropriate action has been taken to close this issue.
54.2 - 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	IACS performed a follow-up review 7/2013. Inventory shrinkage remains a risk as the warehouse can still be accessed at night via card swipe with no method of determining the exact number and types of goods removed. Management reported in 10/2013 that "Planner/Schedulers were hired in July but no significant change has been seen in the after-hours access to the store room. This new process is just getting "up-to-speed" and we expect to see changes very soon. Management is reviewing inventory adjustments directly from the TMA database regularly. Cycle counts are not currently being performed once per month because we have lost our Stores Manager and are short staffed at this time. We will resume this process when the position is filled." IACS will perform another follow-up in 6/2014.
55.1 - 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 analyzing inventory turnover on a regular basis and taking action as appropriate.	Sarah Thacker, Mgr Textbook Sales & Rentals	IACS performed a follow-up audit in conjunction with the Bookstore's reporting of physical inventory for FY13 yearend. There is still a risk of excess inventory holding costs and lost revenue through obsolescence or inadequately stocked inventory. Turnover analysis and other tools, such as economic order quantity (EOQ) and revenue per square foot (productivity) can assist the Bookstore with reducing inventory levels and increasing sales. IACS questioned management in 11/2013 to get a better understanding of their current procedures.
56.1 - Receipt Processing Audit- Rec Sports Center/HDRBS Business Office 9/2012	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.	Judy Vest, Auxiliary Business Office Manager	IACS completed a follow-up review in 10/2013 and determined that this remains an open issue. Instances were noted where contract payments were not processed by the RSC through the Point of Sale system; rather, they were entirely processed by the Auxiliary Business Office Manager resulting in a lack of separation of duties. The Auxiliary Business Office Manager submitted an update saying that the majority of contract payments are processed at the point of sale; however, when a check is received in the Business Office, duties are now segregated. Another follow-up will be scheduled to verify controls are now in place.
56.3 - Receipt Processing Audit- Rec Sports Center/HDRBS Business Office 9/2012	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	As of October 2013, this recommendation has not been completed due to current software (Class) limitations. Management reported that a RFP is being developed for software replacement and they are exploring if this process can be automated.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
62.3b - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	Determine if large workshop advances and workshop debit cards could be reduced by the University sending payments directly to vendors. The amount of cash advance should be justified and minimized early in the workshop approval process.	Dale C. Hinrichs, Associate VP for Finance & Controller	In a 11/2013 update, management stated, "The Accounts Payable Office continues to work with Lifelong Learning to reduce the number of cash advances and replace them with a Declining Balance card when appropriate. Some countries do not have a sufficient credit card processing network to accommodate pcards." IACS will perform a follow-up review in FY14 to verify that appropriate action has been taken to close this issue.
62.3c - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	It is noted that there is a duplication of efforts between Lifelong Learning's workshop tracking spreadsheet and Customer Support's tracking spreadsheet. It is recommended that efforts continue to combine this data in a shared directory.	Dale C. Hinrichs, Associate VP for Finance & Controller	In a 11/2013 update, management stated, "Life Long Learning & Accounts Payable are currently sharing a spreadsheet to monitor the status of workshops." IACS will perform a follow-up review in FY14 to verify that appropriate action has been taken to close this issue.
62.3d - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	Review of the receipts is a time consuming process that should be done once by the Controller's Office. Currently, it is performed both by Customer Support and General Accounting. It is recommended that Customer Support complete or verify the account number during their review of the spreadsheet to eliminate the need for General Accounting to identify it.	Dale C. Hinrichs, Associate VP for Finance & Controller	In a 11/2013 update, management stated, "The General Accounting Office no longer reviews receipts. Lifelong Learning organizes the workshop receipts before forwarding them on to Accounts Payable where they are reviewed for appropriateness and compliance. Once reviewed, the traveler is notified if any funds need to returned or are able to be reimbursed. Every week, an email is sent to the traveler until funds are returned. After 3 weeks, the unreimbursed amount is sent to Payroll who adds it to the travelers taxable income." IACS will perform a follow-up review in FY14 to verify that appropriate action has been taken to close this issue.
66.2a - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	Differences between Marcum's INNfinity ledger balances for accounts receivable should be resolved. It is recommended that Marcum management: a. Provide additional training for night auditors to balance their audits correctly.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "All Opera ledgers are in balance and night auditors have the necessary reports to balance ledgers and each day's business. Night auditors are instructed to notify the Director by email during the shift where descrepencies are found so they may be investigated the next business day. I believe this issue to be resolved." IACS is in the process of a follow-up review at 11/2013.
66.2b - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	Differences between Marcum's INNfinity ledger balances for accounts receivable should be resolved. It is recommended that Marcum management: b. Provide ongoing oversight to ensure any differences between the "ending" and "actual" balances in INNfinity are investigated, resolved, and explanations are reasonable.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "The Opera system does not use "ending" and "actual" balances on ledgers. The system identifies discrepencies on each Trial balance report. To ensure the system is accurate, the night auditors compare reports to the Trial Balance and are instructed to notify the Director. The director also verifies ledger balances weekly. I believe this issue to be resolved." IACS is in the process of a follow-up review at 11/2013.
66.2c - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	Differences between Marcum's INNfinity ledger balances for accounts receivable should be resolved. It is recommended that Marcum management: c. Ensure ending receivable balances are substantiated by customer account and submitted to General Accounting at fiscal year end.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Receivable balances are sent to General Accounting monthly as of 9/30/13 to substantiate customer accounts. Comparison of Banner A/R to Opera A/R continues with investigation into differences." IACS is in the process of a follow-up review at 11/2013.
66.3b - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls associated with accounts receivables by collaborating with the Business Office to: b. Establish procedures to charge internal customers timely.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Procedures are in place bt we continue refining how to get all hosting documents in a timely manner. The document is included with the contract and wording has been added to the contract email to direct customers to complete the form and return it with the contract. This issue must be reviewed again by IACS." IACS is in the process of a follow-up review at 11/2013.
66.3c - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls associated with accounts receivables by collaborating with the Business Office to: c. Ensure accounts receivable are written-off INNfinity as they are sent to collections.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Receivables are written off Opera as they are sent to collections. I believe this issue is resolved." IACS is in the process of a follow-up review at 11/2013.
66.4a - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls over cash handling by having management implement the following: a. Process all receipts through Marcum's point of sale system to adequately separate Conference Services cash receipting and cash accounting, as well as reduce the risk of intentional or unintentional errors.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "All receipts are processed through Opera, including Conference Services and the chapels. I believe this issue is resolved." IACS is in the process of a follow-up review at 11/2013.

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Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
66.4b - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls over cash handling by having management implement the following: b. Use automated cash report balancing forms for front desk cashiers and bartenders. This form should be incorporated into Marcum's point of sale system. Ensure tavern sales are verifiable by properly accounting for tips.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Proper use of the automated forms has required additional training with some staff members but I think everyone understands the forms now. The credit card tip process is operational again after issues with register procedures, so tips can now be accounted for and paid out. This issue will need to be reviewed by IACS." IACS is in the process of a follow-up review at 11/2013.
66.4c - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls over cash handling by having management implement the following: c. Account for sales tax by reclassifying the type of revenue to tax exempt as appropriate when removing sales tax for customers.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Customer accounts identified as taxable are re-classified as tax-exempt in opera. I believe this issue is resolved." IACS is in the process of a follow-up review at 11/2013.
66.4d - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls over cash handling by having management implement the following: d. Review and approve voids and refunds.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Voids, refunds and adjustments are reviewed by the Director for each audit. Anything unrecognized is investigated. I believe this issue is resolved." IACS is in the process of a follow-up review at 11/2013.
66.4e - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls over cash handling by having management implement the following: e. Immediately record portable bar sales to accurately document and account for cash sales.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Cash registers are used for cash bars and a sales report is in each deposit. I believe this issue to be resolved." IACS is in the process of a follow-up review at 11/2013.
66.4f - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum strengthen internal controls over cash handling by having management implement the following: f. Deposit overages into an overage/shortage account, rather than as revenue, using a Marcum index code with account number 271404. In addition, review the nature, extent, and resolution of overages and shortages.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Overages/shortages are investigated by deposit date (as close to daily as possible) and resolutions documented on a deposit spreadsheet shared between the Director and the business Office. I believe this issue to be resolved." IACS is in the process of a follow-up review at 11/2013.
66.5 - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	Change funds should be kept to a minimum and balanced at least weekly. It is recommended that Marcum keep change funds to a minimum by eliminating the $4300 fund and paying vendors for alcohol by check or if accepted, by credit card. Accounts Payable has agreed to process requisitions for such checks promptly with the understanding that Marcum would not release the check until the goods specified on the invoice are received from the vendor. The shortage should be charged to a shortage expense account and the remaining balance should be returned to the Bursar's Office crediting both to Marcum's $4300 change fund 200160 - 605025. Change funds should be balanced each day there is activity in or out of the fund and at least weekly.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "All vendor payents are now by check or electronic fund transfer. Cash fund is balanced weekly. I believe this issue to be resolved." IACS is in the process of a follow-up review at 11/2013.
66.6a - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum improve operational efficiency and effectiveness by implementing the items listed below. Management agreed to explore additional items noted during the audit with estimated costs avoided of $4.4K for a total of $11K. a. Prepare deposits so receipts are only counted at the point of receipt and during deposit preparation. The Marcum could potentially avoid $4.8K (191 hours) in costs by eliminating extra counts in the cash handling process.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "Receipts are reconciled by Night Audit and the deposit is prepared by the Business Office. I believe this issue is resolved." IACS is in the process of a follow-up review at 11/2013.
66.6b - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum improve operational efficiency and effectiveness by implementing the items listed below. Management agreed to explore additional items noted during the audit with estimated costs avoided of $4.4K for a total of $11K. b. Store system reports and contracts electronically when possible. Eliminating unrequired printing would reduce costs at Marcum by an estimated $1.1K	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "System reports and contracts are stored electronically when possible, including the night audit reports. I believe this issue to be resolved." IACS is in the process of a follow-up review at 11/2013.

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
66.6c - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	Low	Finance & Business Services	It is recommended that Marcum improve operational efficiency and effectiveness by implementing the items listed below. Management agreed to explore additional items noted during the audit with estimated costs avoided of $4.4K for a total of $11K. c. Explore depositing revenues based on a business day's actual receipts (cash basis). By eliminating the additional steps to record Marcum's revenue and performing a monthly reconciliation, General Accounting may achieve approximately $0.9K in cost avoidance.	Amy Poppel, Director of Conferences	In a 11/2013 update, management stated, "We looked into this issue and given the volume of business, a cash-basis year-end accrual would cause some bills to need to debit cash while others would need to debit AR. This would make it very difficult to track given the volume and difficult to pinpoint where issues arise. Given that, we feel the current methodology is the most efficient." IACS is in the process of a follow-up review at 11/2013.
83.1a - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended Parking Services strengthen internal controls over cash handling by having management: a. Physically secure change funds by storing cash in a safe with the combination known to a minimum number of full-time employees.	George A. MacDonald, Assistant Director Parking and Transportation Services	In a 11/2013 update, management stated, "Complete: Safe combination was changed on 6/21/2013. Only three full-time employees have the combination to the safe. And all change funds are kept in locked safe." IACS has a follow-up audit scheduled in FY14.
83.1b - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended Parking Services strengthen internal controls over cash handling by having management: b. Document the location of all change funds and perform quarterly unannounced cash counts to reconcile total funds with the Banner ledger balances. These counts should also occur whenever there is turnover in staff.	George A. MacDonald, Assistant Director Parking and Transportation Services	In a 11/2013 update, management stated, "Complete/Ongoing: Unannounced cash counts are being carried out quarterly. Some cash funds and codes have been eliminated and appropriate ones created. We are presently working with IT Services to improve the process by separating operations of each parking garage by account code." IACS has a follow-up audit scheduled in FY14.
83.1c - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended Parking Services strengthen internal controls over cash handling by having management: c. Ensure deposits are made on a timely basis in compliance with the Ohio Revised Code and the Departmental Cash Handling Policy. This will also improve cash flow and reduce the risk of loss.	George A. MacDonald, Assistant Director Parking and Transportation Services	In a 11/2013 update, management stated, "Complete: Deposits are being made on a daily basis to the Bursars Office or next business day if cash transactions are happening on weekends." IACS has a follow-up audit scheduled in FY14.
83.1d - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended Parking Services strengthen internal controls over cash handling by having management: d. Document and update procedures as changes occur to properly account for sales, provide documentation for refunds, and prepare deposits.	George A. MacDonald, Assistant Director Parking and Transportation Services	n a 11/2013 update, management stated, "Complete/Ongoing: Cash handling/reconciliation/event parking/deposits processes are documented. Deposits are made on Deposit Transmittal Form and Mulaa transactions are being verified through documentation. Credit card deposits are being verified through documentationt. Event parking is verified by documentation. Discrepancy, over/under situation that may occur are documented." IACS has a follow-up audit scheduled in FY14.
83.1e - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended Parking Services strengthen internal controls over cash handling by having management: e. Have an independent person verify the Bursar receipt matches each deposit transmittal.	George A. MacDonald, Assistant Director Parking and Transportation Services	1/2013 update, management stated, "Complete: One of three customer service representatives receive a daily deposit receipt which verifies that the amount on the deposit form." IACS has a follow-up audit scheduled in FY14.
83.1f - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended Parking Services strengthen internal controls over cash handling by having management: f. Retain and file deposits in an orderly manner with supporting documentation for four years	George A. MacDonald, Assistant Director Parking and Transportation Services	In a 11/2013 update, management stated, "Complete: We now make one deposit each day. This will eliminate the need and time for multiple deposits from each point of sale location. File deposits are retained in order by date and held for four years." IACS has a follow-up audit scheduled in FY14.

Open Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
83.2 - Parking Garage Cash Handling	6/17/2013	Low	Finance & Business Services	It is recommended management regularly review reports for reasonableness to detect whether vehicles exit without customer payment. Days when gates are legitimately kept lifted due to server issues, machine malfunctions, or special circumstances should be documented to explain variances between inbound and outbound traffic.	George A. MacDonald, Assistant Director Parking and Transportation Services	In a 11/2013 update, management stated, "Complete: Parking Services runs a bi-weekly Entry/Exit report to verify actual counts and following each instance of event parking. Discrepancies are documented, explained and immediately when applicable." IACS has a follow-up audit scheduled in FY14.

Closed Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
36.1 - 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. Internal controls need improvement. The University's response needs to be more timely and comprehensive. The following actions are recommended as soon as possible: 3. The Bursar should immediately charge back the MULaa card for any available funds to cover the NSFs. 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.	Kriss Cassano, Bursar	3. IACS performed another follow-up review 11/2013 and verified that the Bursar's Office implemented a process to charge back/recover Mulaa cards for returned payments of $100 or more upon notification. Comment closed 11/11/13. 8. IACS performed a follow-up review 11/2013 and verified that a process is now in place to reduce the risk associated with larger electronic check payments. E-check payments greater than $500 are now held for 3 business days which is the average number of days that it takes for notification of non-sufficient funds. Comment closed 11/11/13.
62.2a - Audit of Cash Advances 12/2012	12/14/2012	High	Finance & Business Services	Periodic statements should be issued asking for the funds to be either returned or adequately accounted for. Policy should be enforced for failures to comply with requirements by having the non-documented amount or unreturned amount submitted to Payroll for inclusion as additional income on the employee W-2 form. Outstanding advances should be monitored to resolve those having a negative balance (meaning excessive funds were returned or the balance should be applied to another advance).	Kriss Cassano, Bursar	IACS performed two follow-up reviews. In 3/2013, IACS noted that the process improved as the Cashier's Office sent out statements appropriately to people with overdue advances in February and March. For unreturned cash advances, the Cashier's Office also communicated with Payroll for tax purposes and with General Accounting to charge the departments or organizations. In 11/13, IACS noted that the Bursar's Office has no outstanding cash advances as the process has been transferred to the Accounts Payable department. Minor amounts with an overpaid balance were resolved and the remaining cash balance was to be deposited to close the fund. Comment closed 11/10/2013.
66.1a - Receipts Processing Audit - The Marcum, Conference Services, and the Auxiliary Business Office	3/6/2013	High	Finance & Business Services	It is recommended Marcum comply with the Credit Card Security Policies and Procedures as follows: a. Purchase and install PCI compliant software as soon as possible.	Amy Poppel, Director of Conferences	Micros Opera is installed and in use for all business activities at Marcum, including payments for the chapels and summer conference groups. Comment closed 11/11/13.
32.1 - 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	IACS performed a follow-up review and verified that University Advancement has a process in place to routinely obtain records of a spending plan for all expendable fund balances which exceed 15% of the related endowment balance. In addition, University Advancement increases awareness of the Policy on Restricted Gift Funds among fund managers by sending each manager an email attaching the policy. The Associate Director of Stewardship/Compliance Officer reviews highlights of the policy during annual meetings with each gift fund manager. Comment closed 8/16/2013.
33.1 - 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 and Brandi Lee, Coordinator of Financial Aid, Middletown Campus	IACS performed a follow-up and it appears controls are now in place to verify the continued eligibility of scholarship recipients. Comment closed 10/14/2013.
33.2 - 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	IACS performed a follow-up and it appears controls are now in place. The Director of Student Financial Assistance (SFA) reviews monthly reports to identify funds with excessive unspent distributions. SFA works with departments and fund managers to assist them with selecting and nominating scholarship recipients. SFA also works with University Advancement to research funds with restrictive criteria and determine whether the criteria can be expanded to allow awarding of unspent balances. Departmental funds with unspent balances exceeding $1000 are escalated to the Deans and Provost in a report each fall and spring. Comment closed 10/14/2013.

Closed Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
40.2 - 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	Although compliance still appears to be a problem with 26 of the 108 (24%) not having their January 2013 statement or receipts uploaded, management states that this appears to be a compliance issue and not an unidentified technical issue. Uploading errors are identified and resolved daily by Customer Support contacting cardholders who did not upload the documents correctly. Customer Support performs departmental audits including tests of the availability of documentation to address compliance concerns. Given that uploading errors are now recognized daily, this issue has been closed.
62.2b - Audit of Cash Advances 12/2012	12/14/2012	Moderate	Finance & Business Services	To address the issue of inconsistent wording, documents should be updated to consistently state the requirements of when advances must be settled and the consequences of not doing so.	Kriss Cassano, Bursar	IACS performed two follow-up reviews. In 3/2013, the Cashier's Office reported that documents had been updated to consistently state the requirements of when advances must be settled and the consequences of not doing so. In 11/2013, IACS noted that the Bursar's website has been updated to state that travel advances are now managed by Accounts Payable. Comment closed 11/10/2013.
62.2c - Audit of Cash Advances 12/2012	12/14/2012	Moderate	Finance & Business Services	Enforce the policy limiting cash advances to only one outstanding per person at a time.	Kriss Cassano, Bursar	In 11/13, IACS noted that the Bursar's Office has no outstanding cash advances as the process has been transferred to the Accounts Payable department. Accounts Payable's new Travel Module policy limits cash advances to only one outstanding per person at a time. Comment closed 11/10/2013.
26.3 - 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	Michael Pratt, Regional Dean and Associate Provost; Brett Couch, Director of Admin Services.	IACS performed another follow-up review and learned that VOALC has changed their policy to now require prepayment for rentals. This change effectively eliminates VOALC accounts receivable balances. General Accounting is working with VOALC to update procedures to accurately book deferred revenue at yearend. Comment closed 11/7/2013.
46.1 - 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	The Director of Student Financial Assistance concurred. 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 checks the form for tax purposes and the document flows to the Bursar's Office to charge the department and apply the funds to the student's account. SFA believes strongly that they will need to continue to partner with Accounts Payable for some of the review, as IRS regulations are a consideration. In addition, SFA works closely with Advancement to limit future donor designations for cash awards/prizes. Given that MU is no longer writing checks to itself for financial aid awarded by departments, this comment was closed 11/5/2013.
53.1 - 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	IACS performed a follow-up review 7/2013. Management met with Cbord (DCSC's inventory control system) and reported that the system cannot value inventory using the first in, first out (FIFO) method as directed by General Accounting. The DCSC inventory is based on last price paid. Assuming high inventory turnover and given that many DCSC goods have their prices locked in for the year, the inventory valuation difference is likely immaterial. IACS discussed the inventory valuation information with the Associate VP for Finance & Controller and the Assistant Controller, who plan to adjust the note to the FY 2013 financial statements to more appropriately reflect DCSC's inventory valuation method. As such, this issue was closed 7/16/2013.
54.1 - 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	IACS performed a follow-up review 7/2013. Items priced at $1 or less are now expensed rather than included in inventory. All inventory items (not expensed) now have a markup of 7% added at the time the item is sold (to a work order or counter sale) to cover the cost of items being expensed. Comment closed 7/12/2013.

Closed Internal Audit Issues

Audit Name And Date	Date Opened	Risk Level	Division	Recommendation	Responsible Person	Management Response and Status
55.2 - 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.	Sarah Thacker, Interim Director of the Miami University Bookstore	IACS performed a follow-up audit in conjunction with the Bookstore's reporting of physical inventory for FY13 yearend. IACS tested twelve payments to Bookstore vendors from September 2012 to June 2013; the Bookstore split PVs in six. A Bookstore Accounting Associate stated the Bookstore has a limit of six invoices per payment voucher to reduce the likelihood of human error during entry into Banner. IACS discussed this issue with the Senior Manager of Accounts Payable, who granted an exception to this rule for the Bookstore's process as she intends to review the payment process as part of a Lean project in early 2014. Given that management has granted an exception and the risk of poor purchasing decisions is addressed in comment 55.1 concerning inventory analysis, this recommendation was closed 8/21/13.
56.2 - Receipt Processing Audit- Rec Sports Center/HDRBS Business Office 9/2012	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	IACS completed a follow-up review in 10/2013 and determined that the RSC has improved compliance with the Credit Card Security Policies and Procedures by implementing the three recommendations. Comment closed 10/25/13.
56.4 - Receipt Processing Audit- Rec Sports Center/HDRBS Business Office 9/2012	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	The Auxiliary Business Office (HDRBS Business Office) is booking their deposits in Banner and has explored uploading the deposit information into Banner. There is no upload form for the Banner screen to post deposit information. Comment closed 10/24/13.
62.1a - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	Rather than a representative of the ICA Business Office, ICA travelers should return their own unused cash advances. The traveler should obtain a receipt for funds returned and submit it with the expense report for approval.	Josh Fenton, Senior Associate Athletic Director Admin. & Finance	The recommendation has been implemented with ICA travelers now responsible for returning their own unused cash advances and submitting receipts with their expense reports. The ICA Business Office does not touch returned cash now. Comment closed 7/17/2013.
62.1b - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	The review of expense reports by the ICA Business Office should be reduced from two reviewers to one review; errors now identified by the Administrative Assistant should be caught by the new Travel Module System or the approver.	Josh Fenton, Senior Associate Athletic Director Admin. & Finance	With the implementation of the travel module, the ICA Business Office's routine expense report approval process has been reduced from two to one reviewer. Comment Closed 7/17/2013.
62.1c - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	Travel credit cards with spending limits should be issued in lieu of cash advances to ICA coaches whenever possible.	Josh Fenton, Senior Associate Athletic Director Admin. & Finance	Travel credit cards with spending limits were issued to ICA coaches and are used in lieu of cash advances. The plan is to replace all remaining Bursar cash advances for ICA with a debit card process. Comment closed 7/17/2013.
62.1d - Audit of Cash Advances 12/2012	12/14/2012	Low	Finance & Business Services	The combination to the safe should be changed when there is a turnover in staff knowing the combination.	Josh Fenton, Senior Associate Athletic Director Admin. & Finance	The combination to the safe was changed in 12/2012 and a process is in place to do so whenever there is turnover in staff knowing the combination. Comment closed 7/17/2013.

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Forward Twelve Month Agenda

Agenda Item	April Spring Meeting	June End of Year Meeting	September Beginning of Year Meeting	December Fall Meeting	February Winter 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			
• Annual Campaign Update	x				
• Health Benefit Strategic Indicators		x		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			
• Regional Campuses Budget Plan					x
• Update the 10-Year Budget Plan--Enrollment Changes and Productivity Expectations					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

(over)

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Forward Twelve Month Agenda					
Agenda Item	April Spring Meeting	June End of Year Meeting	September Beginning of Year Meeting	December Fall Meeting	February Winter Meeting
Investment Agenda:					
• Approval of Endowment Spending Formula				x	
• Semi-Annual Review of Investment Performance	x		x		
• Non-Endowment Return Objectives	x				
Facilities Agenda:					
• Approval of Six-Year Capital Plan (every other year)				x	
• Facilities Condition Report					x
• Annual Report of Gift-Funded Projects			x		
• Status of Capital Projects	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
• Financial Ratios				x	x
• Lean Project Summary	x	x	x	x	x

REPORT ON CASH AND INVESTMENTS
Finance and Audit Committee
Miami University
December 5, 2013

Non-Endowment Fund

For the first fiscal quarter ending September 30, 2013, the non-endowment fund returned an estimated 1.11%. The performance for the past twelve months was an estimated 2.53%. 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 over $132 million at quarter-end, even after transferring $16.3 million from operating cash to the long term capital pool near the end of the quarter. This transfer made additions to seven existing funds. Additional transfers away from cash are anticipated, though with caution as bond markets anticipate an eventual rise in interest rates.

Current Funds	**Fair Value**	**% of Portfolio**
Operating Cash:		
Short-term Investments*	$132,579,381	29.3%
Core Cash:		
Intermediate-term Investments	$117,362,900	25.9%
Long-Term Capital:		
Fixed Income Investments	*$103,091,788*	*22.8%*
Absolute Return	*$ 99,643,739*	*22.0%*
Total long-term Capital	$202,735,527	44.8%
Total Current Fund Investments	**$452,677,808**	**100.0%**

*includes bank account balances not included on performance report

Endowment Fund

The endowment fund returned an estimated +3.79% for the first fiscal quarter ending September 30, 2013. The performance for the last twelve months was an estimated +10.43%. A summary of performance is attached.

The Miami University Foundation Investment Committee met on September 23rd & 24th, and again on November 7th. Over the course of these two meetings, the committee approved the following changes:

- Adjustments in the global public equity portion of the portfolio through the purchase of $18 million each in new managers Harris Associates' Oakmark Global Fund and William Blair's Global Leaders Fund. These investments are funded by a reduction of $12 million in Aberdeen Global Equity and a liquidation of the position in MSCI ACWI i-Shares.

- Adjustments in the global debt portion of the portfolio in order to reduce interest rate risk through the reduction of $15,000,000 from Commonfund High Quality Bond Fund. The proceeds will be reallocated to existing managers Beach Point Loan Fund ($5 million) and Strategic Value Partners ($5 million), with the remaining $5 million to be held in cash for future opportunities.

Bond Project Funds

The pace of construction activity continued to increase coming out of the summer. Approximately $38 million in draws were made during the quarter. As of September 30, 2013, the balances were as follows:

Plant Funds

Series 2010 Bond Project Fund	$ 14,174,135
Series 2011 Bond Project Fund	$ 67,538,109
Series 2012 Bond Project Fund	$105,267,376
Total Plant Funds	**$186,979,620**

Attachments

Non-endowment Performance Summary as of 9/30/2013

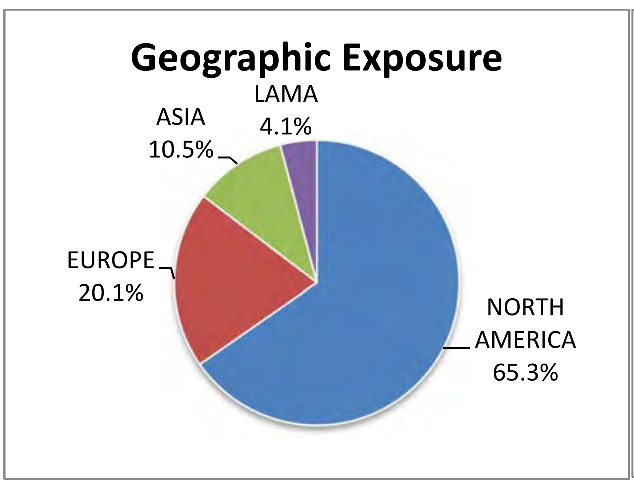
MUF Treasurer's Report as of 9/30/2013

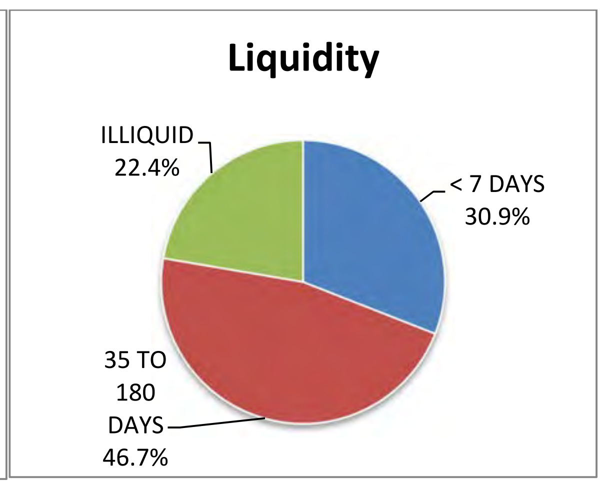
MIAMI UNIVERSITY FOUNDATION
TREASURER'S REPORT
September 30, 2013

The September 30, 2013 market value for the Miami University Foundation totaled $420,004,094. The following chart summarizes the Foundation's asset classes and investment strategies compared with the target ranges.

Type of Investment	Miami U. Foundation	Percent of Total	Strategic Range
Equity	**$233,721,966**	**55.65%**	**50%-85%**
Public Equity	$142,110,166	33.84%	25%-60%
Hedged Equity	$ 53,966,720	12.85%	10%-30%
Private/Venture Equity	$ 37,645,080	8.96%	5%-20%
Debt	**$ 104,461,122**	**24.87%**	**10%-35%**
Public Debt	$ 39,579,035	9.42%	5%-15%
Hedged Debt	$ 56,713,853	13.50%	5%-20%
Private Debt	$ 8,168,234	1.94%	0%-10%
Real Assets	**$ 70,333,864**	**16.75%**	**5%-20%**
Public Real Assets	$ 20,065,809	4.78%	0%-10%
Private Real Assets	$ 50,268,055	11.97%	0%-10%
Cash	**$ 11,487,142**	**2.74%**	**0%-10%**
Total	**$ 420,004,094**	**100.00%**	

- Some funds have been classified into more than one category.





During the first quarter of fiscal year 2014, the value of the combined endowment investment pool increased from $416.7 million to $420.0 million. Draws were made in July for the Foundation's annual distribution in the amounts of $10,151,017, along with the annual administrative fee assessment of $3,778,704. New cash gifts to the Miami University and the Miami University Foundation endowments totaled nearly $1.1 million during the first fiscal quarter.

The investment committee met in September in Chicago for its annual retreat. The committee approved a plan to alter the composition of its global public equity manager lineup. The plan includes a partial redemption from Aberdeen, the fund's largest weighting, and a full liquidation of the MSCI ACWI iShares. With the proceeds of approximately $36 million, two new global public equity mangers, Harris Associates and William Blair, were added. The next committee meeting is scheduled for November 7th in Oxford.

For the September quarter, the Foundation reported a total return of +3.79%. Returns for the quarter were a function of continued strong global public equity markets, supported by solid results in various credit strategies. Private real asset strategies, reporting on a quarter lag, were a detractor for the quarter.

The tables on the following pages report each underlying manager's returns for multiple time periods, including the first fiscal quarter and last twelve months.

Respectfully submitted,

Mark Sullivan
Treasurer

Miami University Foundation
As of September 30, 2013

	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 Foundation Total Fund	420,004.1	100.00	3.79	3.79	10.45	7.76	5.68	4.37	7.32	6.42	01/01/1997
Miami Foundation Custom Index	-	0.00	5.91	5.91	10.68	8.55	6.62	4.84	7.80	7.32	10/01/2001
CPI + 5.0%			1.73	1.73	6.26	7.37	6.34	7.11	7.48	7.42	01/01/1997
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	5.79	01/01/1997
Russ 3000 Index			6.35	6.35	21.63	16.77	10.58	6.08	8.11	7.26	01/01/1997
Public Equity Composite	142,110.2	33.84	6.61	6.61	12.48	7.77	6.66	3.77	7.23	5.48	01/01/1997
Total Fund ex-Illiquids Composite	322,504.3	76.79	4.20	4.20	10.82	6.88	6.69	4.44	7.18	6.27	01/01/1997
Alternatives/Hedge Composite	210,487.1	50.12	2.75	2.75	10.86	8.55	5.11	4.97	8.15	7.74	01/01/1997
Public Fixed Income Composite	39,579.0	9.42	0.90	0.90	2.88	5.04	8.17	6.54	5.95	6.14	01/01/1997
Equities											
Public Equity Composite	***142,110.2***	***33.84***	***6.61***	***6.61***	***12.48***	***7.77***	***6.66***	***3.77***	***7.23***	***5.48***	***01/01/1997***
Aberdeen	37,395.4	8.90	6.63	6.63	13.44	11.02	8.91	-	-	5.48	08/01/2008
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	4.27	
MSCI ACWI ETF	25,520.2	6.08	9.18	9.18	18.10	-	-	-	-	20.07	07/01/2012
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	20.16	
Lateef	16,160.9	3.85	10.77	10.77	19.80	16.82	12.15	-	-	5.84	11/01/2007
Russ 3000 Index			6.35	6.35	21.63	16.77	10.58	6.08	8.11	4.18	
Virtus Global Opps	26,259.9	6.25	4.93	4.93	12.34	-	-	-	-	14.93	11/01/2011
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	14.06	
Virtus Emerging Opportunities	9,968.1	2.37	-1.23	-1.23	-2.30	-	-	-	-	2.59	09/01/2011
MSCI EM (net)			5.76	5.76	0.96	-0.34	7.22	5.93	12.80	0.40	

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

Graystone Consulting℠

Miami University Foundation
As of September 30, 2013

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Lone Pine	4,116.7	0.98	9.30	9.30	7.43	-	-	-	-	-0.60	07/01/2011
MSCI EM (net)			5.76	5.76	0.96	-0.34	7.22	5.93	12.80	-3.91	
Barings World Equity	22,689.0	5.40	6.14	6.14	-	-	-	-	-	13.49	12/01/2012
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	17.06	
Fixed Income											
Public Fixed Income Composite	***39,579.0***	***9.42***	***0.90***	***0.90***	***2.88***	***5.04***	***8.17***	***6.54***	***5.95***	***6.14***	***01/01/1997***
BC Agg Bond Index			0.57	0.57	-1.68	2.86	5.41	5.12	4.59	5.79	01/01/1997
Commonfund High Qual. Bond	17,344.9	4.13	0.40	0.40	-0.65	3.72	7.47	6.06	5.35	6.29	11/01/2000
BC Agg Bond Index			0.57	0.57	-1.68	2.86	5.41	5.12	4.59	5.56	11/01/2000
Templeton Global Tot. Return	17,006.4	4.05	1.20	1.20	5.31	5.99	-	-	-	6.35	11/01/2010
BC Multiverse Index	-	0.00	2.82	2.82	-2.22	4.00	6.37	6.04	5.59	3.65	11/01/2010
Beach Point Loan Fund	5,227.7	1.24	1.68	1.68	-	-	-	-	-	4.55	01/01/2013
Credit Suisse Leveraged Loan	-	0.00	1.40	1.40	5.83	6.25	7.36	4.60	5.10	4.26	01/01/2013
Hedge Funds											
Hedge Fund Composite	***112,987.3***	***26.90***	***3.00***	***3.00***	***12.36***	***6.57***	***7.58***	***5.96***	***6.60***	***5.70***	***01/01/2002***
HFRI Fund of Funds			2.13	2.13	6.94	2.61	2.02	1.67	3.43	3.64	01/01/2002
Hedged Debt Composite	***65,123.6***	***15.51***	***3.14***	***3.14***	***14.64***	***9.39***	***13.09***	***8.74***	***-***	***8.79***	***07/01/2006***
HFRI Event Driven			3.24	3.24	12.76	6.36	6.94	5.11	7.32	5.05	07/01/2006
Beach Point Total Return	11,383.0	2.71	2.87	2.87	12.29	-	-	-	-	13.12	08/01/2012
ML High Yield			2.27	2.27	7.03	8.83	13.22	8.50	8.63	8.35	08/01/2012

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Miami University Foundation
As of September 30, 2013

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Canyon	24,022.3	5.72	3.13	3.13	15.25	9.37	12.77	8.76	-	8.84	07/01/2006
HFRI Event Driven			3.24	3.24	12.76	6.36	6.94	5.11	7.32	5.05	07/01/2006
ML High Yield			2.27	2.27	7.03	8.83	13.22	8.50	8.63	8.79	07/01/2006
Evanston Weatherlow	21,088.9	5.02	3.14	3.14	11.84	5.24	5.36	5.84	-	6.52	04/01/2004
HFRI Fund of Funds			2.13	2.13	6.94	2.61	2.02	1.67	3.43	2.88	04/01/2004
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	6.44	04/01/2004
BC Agg Bond Index			0.57	0.57	-1.68	2.86	5.41	5.12	4.59	4.52	04/01/2004
Golden Tree	24,222.9	5.77	3.38	3.38	14.67	9.65	13.57	8.91	-	8.94	07/01/2006
HFRI Event Driven			3.24	3.24	12.76	6.36	6.94	5.11	7.32	5.05	07/01/2006
ML High Yield			2.27	2.27	7.03	8.83	13.22	8.50	8.63	8.79	07/01/2006
SVP Restructuring Fund	5,495.4	1.31	2.67	2.67	-	-	-	-	-	9.91	02/01/2013
HFRI Dist Restructur			2.51	2.51	13.75	7.42	7.36	5.04	7.82	6.95	02/01/2013
ML High Yield			2.27	2.27	7.03	8.83	13.22	8.50	8.63	2.38	02/01/2013
Hedged Equity Composite	***47,863.8***	***11.40***	***2.82***	***2.82***	***9.82***	***4.38***	***4.18***	***4.11***	***5.25***	***4.56***	***01/01/2002***
HFRI Eq Hed (Tot)			4.11	4.11	11.19	4.64	5.24	3.37	5.42	5.28	01/01/2002
Sandler	10,385.0	2.47	1.95	1.95	4.05	-	-	-	-	2.23	04/01/2012
HFRI Eq Hed (Tot)			4.11	4.11	11.19	4.64	5.24	3.37	5.42	6.37	04/01/2012
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	12.18	04/01/2012

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Graystone Consulting℠

Miami University Foundation
As of September 30, 2013

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Standard Pacific	10,519.0	2.50	2.69	2.69	8.95	-	-	-	-	0.91	04/01/2012
HFRI Eq Hed (Tot)			4.11	4.11	11.19	4.64	5.24	3.37	5.42	6.37	04/01/2012
MSCI AC World Net			7.92	7.92	17.76	10.22	7.71	3.98	7.86	12.18	04/01/2012
Starboard Value & Opportunity	5,870.9	1.40	3.46	3.46	13.89	-	-	-	-	11.30	04/01/2012
HFRI Event Driven			3.24	3.24	12.76	6.36	6.94	5.11	7.32	8.60	04/01/2012
Russ 2000 Index			10.21	10.21	30.05	18.28	11.15	7.23	9.64	20.40	04/01/2012

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Graystone Consulting℠

Miami University Foundation
As of September 30, 2013

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Private Programs											
Private Programs Composite	***97,499.8***	***23.21***	***2.46***	***2.46***	***9.30***	***11.75***	***0.81***	***3.52***	***8.69***	***10.20***	***01/01/1997***
Private Programs - Private Equity											
Private Equity Composite	***37,414.7***	***8.91***	***5.56***	***5.56***	***13.08***	***15.38***	***6.83***	***9.96***	***13.30***	***11.44***	***01/01/1997***
Commonfund Int'l Private Equity	620.3	0.15	0.73	0.73	-28.35	-4.95	-4.35	1.38	7.97	5.14	01/01/1997
Cambridge Priv Eq (1Q Lag)	-	0.00	2.99	2.99	16.27	15.61	7.84	10.78	15.17	13.25	01/01/1997
Commonfund Private Equity	1,566.1	0.37	3.14	3.14	13.81	12.12	5.90	9.21	12.34	10.21	01/01/1997
Cambridge Priv Eq (1Q Lag)	-	0.00	2.99	2.99	16.27	15.61	7.84	10.78	15.17	13.25	01/01/1997
Commonfund Venture	1,267.2	0.30	0.32	0.32	-0.34	7.41	2.52	6.13	10.80	13.24	01/01/1997
Cambridge Vent. Eq. (1Q Lag)	-	0.00	4.30	4.30	8.82	13.37	5.18	7.36	8.05	12.72	01/01/1997
Goldman Sachs Private Equity	13,507.6	3.22	3.22	3.22	14.32	14.37	4.80	7.06	-	2.56	03/01/2006
Cambridge Priv Eq (1Q Lag)	-	0.00	2.99	2.99	16.27	15.61	7.84	10.78	15.17	12.30	03/01/2006
Hamilton Lane	17,535.8	4.18	8.93	8.93	17.73	21.03	16.15	-	-	13.65	03/01/2008
Cambridge Priv Eq (1Q Lag)	-	0.00	2.99	2.99	16.27	15.61	7.84	10.78	15.17	7.70	03/01/2008
Pomona	2,917.7	0.69	2.18	2.18	2.73	9.11	2.10	6.76	-	2.78	10/01/2005
Cambridge Priv Eq (1Q Lag)	-	0.00	2.99	2.99	16.27	15.61	7.84	10.78	15.17	12.59	10/01/2005

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Graystone Consulting℠

Miami University Foundation

As of September 30, 2013

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Private Distressed Debt											
Distressed Debt Composite	***10,532.5***	***2.51***	***3.81***	***3.81***	***16.98***	***10.17***	***4.24***	***3.45***	***8.05***	***9.00***	***02/01/2001***
Commonfund Dist. Debt	4,825.4	1.15	2.45	2.45	16.19	8.47	3.03	2.67	7.49	8.55	02/01/2001
HFRI Dist. Sec. (1Q Lag)	-	0.00	2.54	2.54	14.93	7.56	5.05	4.92	8.13	8.85	02/01/2001
Goldman Sachs Distressed Debt	5,707.1	1.36	5.01	5.01	17.24	11.54	6.05	-	-	3.45	07/01/2008
HFRI Dist. Sec. (1Q Lag)	-	0.00	2.54	2.54	14.93	7.56	5.05	4.92	8.13	5.03	07/01/2008
Real Assets											
Total Real Assets Composite	***69,618.4***	***16.58***	***0.90***	***0.90***	***9.36***	***10.48***	***-1.67***	***2.22***	***10.61***	***13.82***	***01/01/1997***
Private Real Assets											
Private Real Assets Composite	***49,552.6***	***11.80***	***-0.07***	***-0.07***	***4.97***	***8.24***	***-1.86***	***2.83***	***11.30***	***14.25***	***01/01/1997***
Commonfund Energy	273.7	0.07	-1.44	-1.44	25.31	19.69	2.44	12.76	23.54	21.81	01/01/1997
S&P 500 Energy (1Q Lag)	-	0.00	-0.36	-0.36	17.59	18.17	-0.28	6.72	13.70	11.28	01/01/1997
Commonfund Realty	24.7	0.01	-11.85	-11.85	44.44	6543.63	-38.79	-	-	-33.12	10/01/2007
Russell NCREIF (1Q Lag)	-	0.00	2.87	2.87	10.73	13.14	2.79	5.65	8.59	3.83	10/01/2007
Commonfund Natural Resources	14,681.1	3.50	-0.33	-0.33	8.58	14.41	5.02	10.57	6.60	6.54	09/01/2003
S&P 500 Energy (1Q Lag)	-	0.00	-0.36	-0.36	17.59	18.17	-0.28	6.72	13.70	13.46	09/01/2003
Goldman Sachs Conc. Energy	7,580.9	1.80	-2.06	-2.06	-6.92	4.26	2.35	-	-	1.83	05/01/2008
S&P 500 Energy (1Q Lag)	-	0.00	-0.36	-0.36	17.59	18.17	-0.28	6.72	13.70	3.51	05/01/2008

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Graystone Consulting℠

Miami University Foundation
As of September 30, 2013

	Allocation		Performance(%)								
	Market Value ($000)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Metropolitan	3,656.4	0.87	1.01	1.01	8.76	8.12	-12.55	-10.85	-	-10.73	09/01/2006
Russell NCREIF (1Q Lag)	-	0.00	2.87	2.87	10.73	13.14	2.79	5.65	8.59	6.17	09/01/2006
Penn Square	12,449.7	2.96	1.36	1.36	8.09	10.91	-5.07	-	-	-6.74	02/01/2008
Russell NCREIF (1Q Lag)	-	0.00	2.87	2.87	10.73	13.14	2.79	5.65	8.59	3.42	02/01/2008
Timbervest	10,886.1	2.59	-0.12	-0.12	3.86	-0.16	0.79	-	-	2.41	06/01/2007
NCREIF Timberland (1Q Lag)	-	0.00	0.93	0.93	9.35	3.59	2.05	5.81	8.19	5.25	06/01/2007
Public Real Assets											
Public Real Assets Composite	***20,065.8***	***4.78***	***3.38***	***3.38***	***26.25***	***-***	***-***	***-***	***-***	***25.96***	***11/01/2011***
Eagle Income Appreciation	13,805.4	3.29	2.45	2.45	26.07	-	-	-	-	25.87	11/01/2011
AlerianMLP			-0.73	-0.73	17.04	16.48	22.55	15.54	15.75	16.49	11/01/2011
RS Natural Resources	6,260.4	1.49	5.74	5.74	-	-	-	-	-	0.79	06/01/2013
SP Natural Resource			8.64	8.64	7.25	8.33	4.84	6.07	12.55	4.49	06/01/2013
Cash											
Cash	7,762.0	1.85	0.00	0.00	0.04	-	-	-	-	0.04	07/01/2011
90-Day TB			0.01	0.01	0.06	0.07	0.10	1.04	1.58	0.06	07/01/2011

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Enrollment Management Update

Board of Trustees
December 5, 2013

Michael S. Kabbaz
Associate Vice President for Enrollment Management
Office of Enrollment Management

MIAMI UNIVERSITY

2014 Enrollment Goals

First-year Objectives:

- 3600 first-year target
- Maintain quality
- Increase selectivity
- Increase non-resident enrollment
  - Non-resident domestic
  - International
- Increase ethnic/racial diversity

Other Enrollment Objectives:

- Increase transfer enrollment
- Increase ACE Program enrollment
- Expand TOP Program

MIAMI UNIVERSITY
Office of Enrollment Management

Fall 2014 – Application Status by Academic Division

Academic Division	2013	2014	% Change
College of Arts and Science	3,452	4,516	31%
Farmer School of Business	2,719	3,547	30%
College of Education, Health & Society	1,034	1,150	11%
College of Engineering and Computing	908	1,337	47%
College of Creative Arts	314	350	11%
Total	**8,427**	**10,900**	**29%**

Note: Data are as of 11/12/2013

MIAMI UNIVERSITY
Office of Enrollment Management

Fall 2014 – Application Type

Application Type	2013	2014	% Change
Early Decision	668	598	-10%
Early Action	6,459	8,657	34%
Regular Decision	1,213	1,396	15%
International	87	249	186%
Total	8,427	10,900	29%

Note: Data are as of 11/12/2013; Early Decision deadline is 11/15/2013.

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

2014 Key Recruitment Initiatives

First-year recruitment initiatives:
- Expand targeted travel (Ohio and out-of-state)
- Expand visits (on- and off-campus)
- Enhance visit experience
- Implement prospect management
- Expand Early Decision
- Increase yield efforts and expand divisional involvement

High-ability recruitment initiatives:
- Revamp marketing and recruitment efforts
- Leverage Honors admission
- Expand University Academic Scholars and enrollment
- Better target financial aid to middle high-ability band
- Implement the Summer Scholars Program

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

University Academic Scholars Program (UASP)

Current Designations

- Creative Arts Scholars
- Engineering Scholars
- Farmer School of Business Scholars
- Law and Public Policy Scholars
- Premedical Scholars
  Sustainability Scholars
- Education, Heath & Society Leadership Scholars

Fall 2014 Expansion

- Computing Scholars
- Global Studies Scholars
- Humanities Scholars
- Scholars in Writing for the Media
- Social Justice Scholars
- World Languages and Cultures Scholars

Note: Expected Fall 2014 UASP enrollment will exceed 200 first-year students.

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

2014 Key Recruitment Initiatives (cont'd)

International recruitment initiatives:

- Expand targeted travel
- Leverage China and India site-based representatives
- Expand recruitment and outreach (targeted name buys, translation of materials into 10 languages, virtual fairs, telerecruiting, geo-targeted advertising, etc.)
- Enhance Miami faculty engagement
- Expand relationships (sponsoring organizations, oversees counselors, ELS language centers, etc.)
- Work with Global Initiatives to expand partnerships
- Leverage limited scholarship dollars (non-China)

MIAMI UNIVERSITY
Office of Enrollment Management

2014 Key Recruitment Initiatives (cont'd)

Outreach and Diversity recruitment initiatives:

- Expand outreach and recruitment activities with urban schools
- Expand targeted outreach to high-ability diverse students
- Enhance and increase on-campus programming
- Increase community-based organization engagement on and off-campus
- Increase Bridges program from 3 to 4 programs
- Selectively target Miami Access Initiative
- Further engage the campus community

MIAMI UNIVERSITY
Office of Enrollment Management

2014 Key Recruitment Initiatives (cont'd)

Transfer recruitment initiatives:

- Expand articulation agreements
  - Target on-campus marketing
  - Extensive on-site recruitment
  - Miami on-campus programming
- Target top in-state and out of state feeder community colleges
- Expand marketing and communication efforts
- Purchase high-ability transfer names
- Target scholarship dollars

MIAMI UNIVERSITY
OFFICE OF ENROLLMENT MANAGEMENT

Questions?

MIAMI UNIVERSITY
Office of Enrollment Management

Dashboard Report - Miami University

Description	2009	2010	2011	2012	2013 (Annualized)
Total Claims	$40,207,412	$37,348,945	$41,106,166	$37,092,126	$33,136,414
Less: Coins, Co-Pays & Deductibles	$5,360,174	$4,840,215	$5,273,073	$4,919,308	$5,230,626
Less: Employee Premium	$2,943,745	$2,833,043	$2,775,423	$3,912,384	$4,942,332
Net Cost	$31,903,493	$29,675,687	$33,057,670	$28,260,434	$22,963,456
Member Type					
Total # of Members	8,120	7,699	7,546	7,431	6,830
Benefit Eligibile Employees (including COBRA) AVG	3,481	3,336	3,160	3,074	3,026
Cost per Employee (Full)	$11,551	$11,196	$13,008	$12,065	$10,949
Cost per Covered Lives (Full)	$4,952	$4,851	$5,447	$4,991	$4,851
Cost per Employee (Net)	$9,165	$8,896	$10,461	$9,192	$7,588
Cost per Covered Life (Net)	$3,929	$3,854	$4,381	$3,803	$3,362
Employee Share of Premium	7.32%	7.59%	6.75%	10.55%	14.92%
Employee Total Contribution	20.65%	20.54%	19.58%	23.81%	30.70%
Total Claims Trend	12.61%	-7.11%	10.06%	-9.77%	-10.66%
Net Cost Trend	12.61%	-6.98%	11.40%	-14.51%	-18.74%
Employee Trend (Full)	22.31%	-3.07%	16.18%	-7.25%	-9.24%
Covered Lives Trend (Full)	16.05%	-2.04%	12.29%	-8.36%	-2.81%
Employee Trend (Net)	23.05%	-2.94%	17.59%	-12.13%	-17.45%
Covered Life Trend (Net)	16.74%	-1.91%	13.67%	-13.20%	-11.60%
Total Rx Spend (including Specialty)					
PMPY	$776.63	$816.37	$839.09	$996.11	$892.94
PEPY	$1,811.62	$1,884.06	$2,003.73	$2,337.67	$2,018.44
Specialty Rx PMPY	$38.18	$152.28	$159.84	$200.16	$200.28
Specialty Rx PEPY	$89.05	$351.44	$381.70	$483.84	$452.10
					Year to Date
Major Claims over $50,000	$10,176,723	$10,508,199	$13,159,917	$8,951,453	$3,931,561
Major Claims Lives	91	89	90	86	36
Major Claims: % Covered Lives	1.12%	1.16%	1.19%	1.16%	0.5%
Major Claims: % Net Cost	31.90%	35.41%	39.81%	31.67%	34.2%
Major Claims over $500,000	$776,086.84	$503,979.40	$4,259,982.10	$1,184,519.63	$0
Major Claims Lives	1	1	3	1	0
Major Claims: % Covered Lives	0.01%	0.01%	0.04%	0.01%	0.0%
Major Claims: % Net Cost	2.43%	1.70%	12.89%	4.19%	0.0%
Medical Claims Per Member				9.5	5.5
Total $ Per Medical Claim				$283	$282
Medical $ per Member				$2,676	$1,541
Rx $ per Member				$720	$341
Total $ per Member				$3,396	$1,882
Unclassified/Faculty Raise Pool (FY)					

This annual dashboard is prepared by Mercer using data provided by Miami University and Humana. While Mercer reviews the data provided for reasonableness and consistency, we cannot verify its accuracy.

Lean Project Update
as of 10/31/2013

MU-Lean Project Status Totals					Completed Projects			
Division	Active	Completed	Future	Total	Cost Avoidance	Cost Reduction	Revenue Generated	Total
Finance and Business Services	78	185	58	321	$4,614,516	$3,100,432	$2,027,595	$9,742,543
Procurement Realized*					$4,296,905	$1,169,799	$281,918	$5,748,622
Intercollegiate Athletics	2	0	0	2	$0	$0	$0	$0
Advancement	0	3	4	7	$11,000	$133,000	$0	$144,000
Enrollment	6	0	0	6	$0	$0	$0	$0
Information Technology Services	6	0	11	17	$0	$0	$0	$0
Provost	1	0	0	1	$0	$0	$0	$0
Lean Project Total - MU	93	188	73	354	$8,922,421	$4,403,231	$2,309,513	$15,635,165

MU-Lean Project Changes since 8-29-13 report					Newly Completed Projects since 8-29-13 report			
Division	Newly Active	Newly Completed	Newly Future	New Total	New Cost Avoidance	New Cost Reduction	New Revenue Generated	New Total
Finance and Business Services	26	36	8	70	$606,380	$95,150	$200,000	$901,530
Procurement Realized*					$794,570	$199,850	$55,000	$1,049,420
Intercollegiate Athletics	0	0	0	0	$0	$0	$0	$0
Advancement	0	1	4	5	$0	$0	$0	$0
Enrollment	2	0	0	2	$0	$0	$0	$0
Information Technology Services	0	0	0	0	$0	$0	$0	$0
Provost	0	0	0	0	$0	$0	$0	$0
Lean Project Total - MU	28	37	12	77	$1,400,950	$295,000	$255,000	$1,950,950

* Procurement totals are realized results from July 1, 2012- June 30, 2013. Procurement realized charges are July, August and September 2013 figures.

Note: This report only represents changes for a 2 month period