Miami University

Financial Statements for the Years Ended June 30, 2009 and 2008, and Single Audit Reports for the Year Ended June 30, 2009

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Miami University, Butler County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Miami University is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 22, 2010

This Page is Intentionally Left Blank.

MIAMI UNIVERSITY

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of Miami University (the "University"), a component unit of the State of Ohio, and Miami University Foundation, the University's discretely presented component unit, as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows where applicable for the years then ended. These financial statements are the responsibility of the management of the University. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the University, and its discretely presented component unit, as of June 30, 2009 and 2008, and their respective changes in net assets and their respective cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the financial statements, in 2009 the Miami University Foundation changed its method of accounting for net assets classification to conform to FASB Staff Position FAS No. 117-1, *Endowment of Not-for-Profit Organizations, Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* which adjusted the classification of net assets within the statement of activities for the change.

Management's Discussion and Analysis on pages 2-10 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of the University. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2009, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

October 12, 2009

Management's Discussion and Analysis
June 30, 2009

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Miami University for the year ended June 30, 2009. This discussion should be read in conjunction with the accompanying financial statements and footnotes.

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

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

Financial Highlights

Overall the university's financial position declined at June 30, 2009. Total assets declined slightly from \$1.079 to \$1.023 billion. Liabilities declined \$9.2 million and totaled \$315.0 million. Significant financial events during fiscal year 2009 were:

- For the second consecutive year, Miami held tuition constant for all Ohio students. In addition, state legislators continued to recognize the importance higher education plays in revitalizing Ohio's economy and increased state appropriations by 7.9 percent.
- The fall 2008 first-year class enrollment of 3,609 on the Oxford campus was 144 more students than the previous fall enrollment. The first-year class enrollment on the Hamilton and Middletown campuses increased by 114 and 19 students, respectively.
- Operational investments recorded a loss of 7.2 percent, extending the loss of 2.7 percent in the previous fiscal year. Cash and short term fixed income investments provided positive returns due to the significant drop in short term interest rates during the year, while longer term investments suffered losses along with the broad capital markets. A new investment strategy was deployed for the longer term investments during the year in an effort to significantly decrease volatility.
- Noncurrent investments declined from \$154.5 million to \$129.0 million as the endowment fund recorded a loss of 22.4 percent resulting from the global economic downturn. While these results are better than the broad global equity market indices, geographic and asset class diversification provided little protection during the December quarter when most investments became highly correlated. Strong positive returns for the endowment in the June quarter were insufficient to erase earlier losses. (For more details, see the Investment Report included in this report).

Statement of Net Assets

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

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

	2009	2008	2007
Assets			
Current assets	$ 180,459,483	$ 255,126,735	$ 306,501,279
Capital assets, net	707,105,908	663,178,774	603,807,719
Long term investments	129,022,677	154,456,387	172,155,937
Other assets	6,476,915	6,682,551	5,995,685
Total assets	**$ 1,023,064,983**	**$ 1,079,444,447**	**$ 1,088,460,620**
Liabilities			
Current liabilities	$ 71,899,267	$ 73,348,006	$ 70,326,531
Noncurrent liabilities	243,145,887	250,911,916	257,404,648
Total liabilities	**$ 315,045,154**	**$ 324,259,922**	**$ 327,731,179**
Net assets			
Invested in capital assets, net of related debt	$ 472,313,053	$ 454,613,643	$ 427,469,404
Restricted net assets – nonexpendable	67,047,116	84,428,812	88,015,596
Restricted net assets – expendable	39,917,025	54,821,384	40,433,301
Unrestricted net assets – allocated	123,912,138	154,818,276	198,898,760
Unrestricted net assets - unallocated	4,830,497	6,502,410	5,912,380

Total net assets	**$ 708,019,829**	**$ 755,184,525**	**$ 760,729,441**
Total liabilities and net assets	**$ 1,023,064,983**	**$ 1,079,444,447**	**$ 1,088,460,620**

Fiscal Year 2009

Total assets of the institution decreased 5.2 percent or $56.4 million in fiscal year 2009. The decrease in current and non-current assets was primarily a result of the decrease in investments. The $27.8 million or 21.6 percent decrease in current investments and the $25.4 million or 16.5 percent decrease in non-current investments was a result of the global downturn in the investment market. For more detailed information see the Investment Report included in this report. The $29.7 million decrease in cash and cash equivalents reflects the use of the remaining 2007 bond proceeds and an investment allocation related to a new equity manager. The $18.8 million decrease in current accounts receivable is primarily attributable to receiving the proceeds from the sales of investments which were outstanding as of June 30, 2008. The $43.9 million increase in net capital assets, which is a result of the renovation, rehabilitation or purchase of new capital assets offset by accumulated depreciation, is highlighted in the Capital Assets and Debt Administration section of this report.

Total liabilities of the institution decreased $9.2 million or 2.8 percent, which was primarily a result of the repayment of outstanding bonds, notes, and leases payable. In addition, accounts payable decreased by $5.1 million or 20.2 percent as a result of a reduction in outstanding invoices related to capital projects. Other current liabilities and other long-term liabilities remained relatively unchanged. Overall, net assets decreased by $47.2 million.

Fiscal Year 2008

Total assets decreased less than 1 percent or $9.0 million while total liabilities decreased by slightly more than 1 percent or $3.5 million. The net decrease in assets was primarily the result of the decrease in investments from a global downturn in the investment market and spending the 2007 bond proceeds on capital projects. This decline was offset by the $59.3 million increase in net capital assets from the capitalization of construction projects. The repayment of outstanding bonds, notes, and leases payable was the primary reason for the decrease in liabilities. Overall, net assets decreased by $5.5 million.

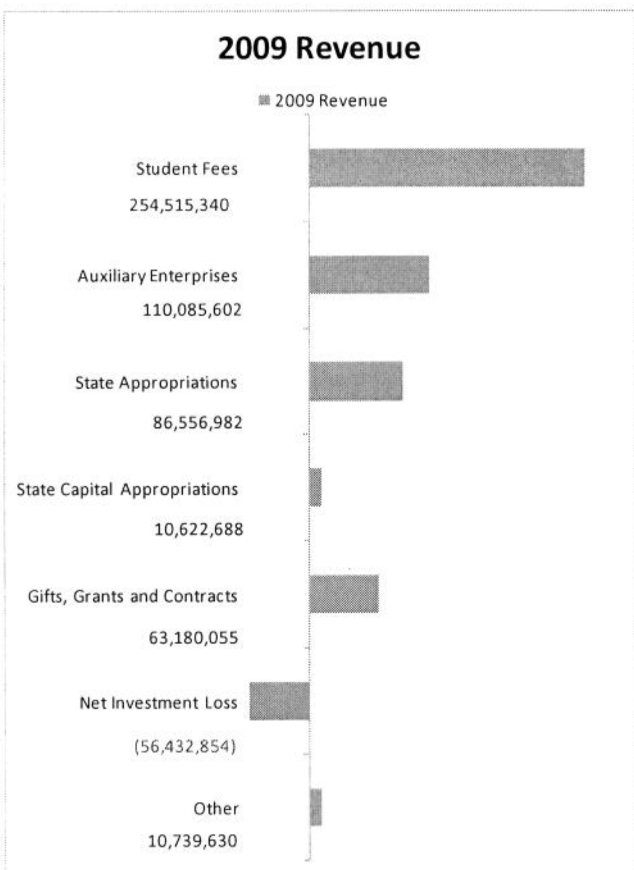
Statement of Revenues, Expenses and Changes in Net Assets

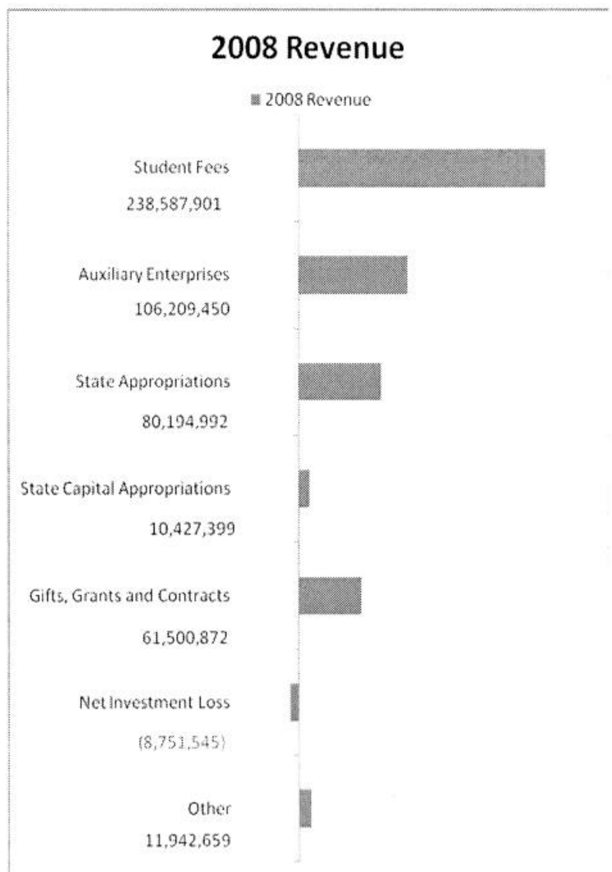
The Statement of Revenues, Expenses and Changes in Net Assets presents the university's results of operations for the fiscal year. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by providing goods and services to customers and constituencies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

In fiscal year 2009, total revenues of the institution from all sources were approximately $479 million, which represents a $20.8 million or 4.2 percent decrease. Approximately 82 percent of revenues were classified as operating and 13 percent were classified as non-operating revenues.

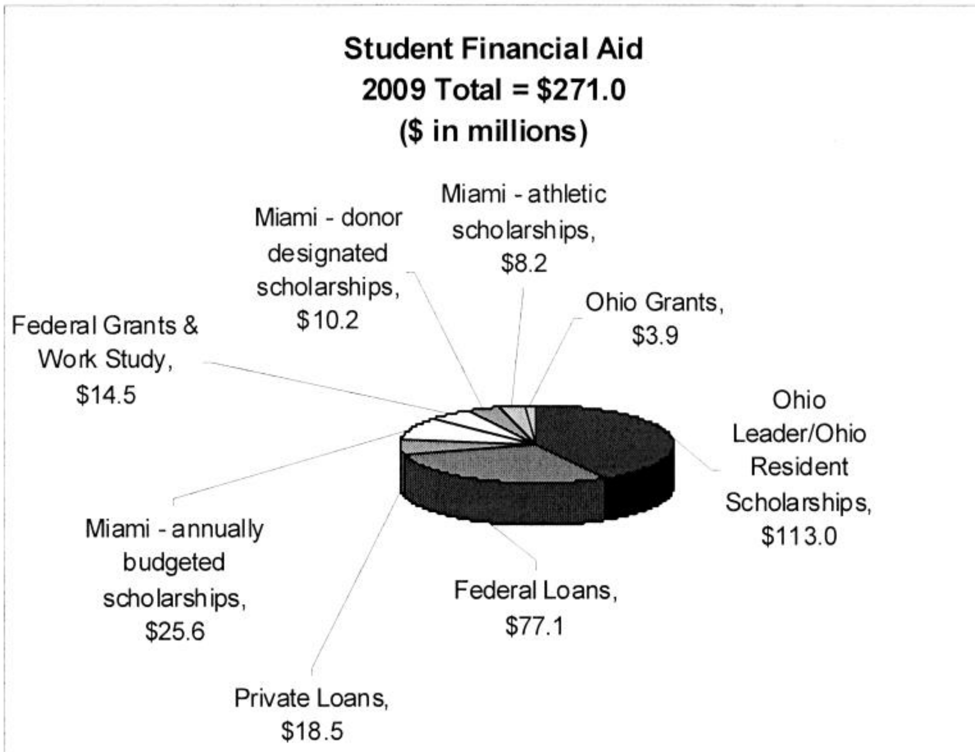
	2009	2008	2007
Operating revenues	$ 395,160,946	$ 374,996,233	$ 359,897,701
Non-operating revenues	63,978,590	108,526,406	158,626,884
Other revenues	20,127,907	16,589,089	36,961,439
Total revenues	**$ 479,267,443**	**$ 500,111,728**	**$ 555,486,024**
Operating expenses	(517,946,994)	(496,729,213)	(473,866,696)
Non-operating expenses	(8,485,145)	(8,927,431)	(7,527,550)
Total expenses	**(526,432,139)**	**(505,656,644)**	**(481,394,246)**
Increase/(decrease) in net assets	**$ (47,164,696)**	**$ (5,544,916)**	**$ 74,091,778**

The university has a diversified revenue base, as shown in the accompanying chart. Student tuition and fees make up the largest percentage of revenues at just over 50 percent, while auxiliary enterprises such as residence and dining halls, several student recreational facilities, and the bookstore account for the second highest amount. The state appropriations increased $6.4 million attributable to the 9.6 percent increase in the state support in instruction provided by the state of Ohio. Gifts, grants and contracts, and other income remained relatively unchanged from last fiscal year, while endowment and investment income decreased substantially due to factors that were previously discussed.





Miami continues to enhance its financial aid programs as part of the commitment to the goals of (1) making Miami University more accessible to a broad range of academically qualified students, (2) providing incentives for top Ohio students to stay in Ohio and study in areas crucial to Ohio's future, and (3) broadening the socioeconomic, academic and racial diversity of the student body. In fiscal year 2009, Miami funded financial aid, excluding Ohio Leader and Ohio Resident Scholarships, increased by $7.0 million or 18.9 percent. In total, financial aid awards were $271.0 million.



Fiscal Year 2009

Operating revenues increased by 5.4 percent or $20.2 million in fiscal year 2009. This increase was primarily a result of a 6 percent increase in out-of-state Oxford campus student tuition and a 4.6 percent increase in room and board rates. There was no increase in the in-state student tuition and fee at all three campuses. In addition, beginning in the fall of 2008, the university began phasing out the 2004 tuition and scholarship plan. The first-year Ohio students were billed for in-state tuition and did not receive an Ohio Leader or Ohio Resident scholarship. This change caused the decrease in tuition, fees and other student charges and the decrease in the Ohio Leader and Ohio Resident Scholarships.

The majority of the $44.1 million decrease in non-operating revenues and expenses is reflected in the decrease in net investment income and gifts, which decreased by $47.7 million and $7.3 million, respectively. The severe conditions of the global capital markets and overall economy led to these decreases. Increases in non-operating revenues included state appropriations which increased by $6.4 million or 8 percent and federal grants which increased by $2.8 million.

In other revenues, the increase in capital grants and gifts is an accumulation of gifts providing funding for several capital projects.

Operating expenses increased by 4.3 percent or $21.2 million. This increase was mainly due to a 2.75 percent average increase in employee salaries and increases in employee benefit costs such as health care insurance where actual claims rose 14.8 percent.

Fiscal Year 2008
Operating revenues increased by $15.1 million primarily due to a 6 percent increase in out-of-state Oxford campus student tuition and a 4.6 percent increase in room and board rates. The in-state student tuition and fee increase at all three campuses was zero percent. Operating expenses increased by $22.9 million primarily due to a 3.0 percent average increase in employee salaries, increases in employee benefit costs such as health care insurance, and increases in utility costs.

The overall decrease in non-operating revenues was attributable to a decrease in net investment income, a $5.2 million increase in state appropriations, and gifts which also increased by $5.2 million. Other revenues returned to normal amounts after unusually large gifts were recorded in 2007.

Statement of Cash Flows

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

	2009	2008	2007
Net cash used for operating activities	$ (91,829,343)	$ (87,607,695)	$ (78,246,302)
Net cash provided by noncapital financing activities	126,669,480	119,850,871	117,579,314
Net cash provided by/(used for) capital and related financing activities	(79,529,523)	(91,776,500)	23,006,221
Net cash provided by/(used for) investing activities	14,946,154	66,367,026	(23,510,471)
Net increase/(decrease) in cash	**$ (29,743,232)**	**$ 6,833,703**	**$ 38,828,762**
Cash and cash equivalents at beginning of year	66,943,690	60,109,987	21,281,225
Cash and cash equivalents at end of year	**$ 37,200,458**	**$ 66,943,690**	**$ 60,109,987**

The $29.7 million decrease in the fiscal year 2009 cash and cash equivalents balance relates primarily to the net decrease in the proceeds from the sale of investments.

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 2009, the university had several construction projects in progress and nearing completion. These projects are funded by a combination of bond proceeds, state capital appropriations, gifts, and local funding. The bond proceeds were generated from the 2005 Series General Receipts Revenue and Refunding Bonds totaling $98.5 million and the 2007 Series General Receipts Revenue Bonds totaling $83.2 million. Major projects funded from these two bond proceeds include construction of a new School of Business Administration building, the North Campus Parking Garage, and the Voice of America Learning Center as well as renovation projects at Presser and Warfield Halls and infrastructure projects including the steam boiler pollution controls and the western campus steam loop connections. See footnote 4 for additional information concerning capital assets and accumulated depreciation.

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

Economic Factors That Will Affect the Future

The international credit crisis and economic downturn impacted Miami, as well as other Ohio and national higher education institutions, in numerous ways. The effects can be seen in a slowed growth or decline in several of the university's primary revenue sources including the fall 2009 enrollment, state support for fiscal year 2010, investment income and related assets, and gifts from donors. The university has initiated a series of cost reduction measures including employee layoffs and retirement incentives, a hiring and salary freeze, and the sale or transfer of two operations. However, despite the economic downturn, the cost of utilities and health care continued to increase.

Revenues

Miami parents and students felt the impact of the economic downturn in higher unemployment, the tightening of the credit market, and the decrease in 529 college savings plans and other investments generally used to fund the cost of college. All of these factors combined to reduce the fall 2009 first-year enrollment to approximately 3,220 as compared to a typical class size of 3,450.

During the biennial budget development process, state legislators initially intended to maintain the tuition freeze for all in-state students at Ohio public institutions for fiscal year 2009. To offset this freeze, the Ohio leaders planned to increase the state support for higher education. However, a reduction in state revenue estimates resulted in a cut in the appropriation and authorization of a tuition increase.

Also, the Ohio College Opportunity Grant (OCOG), which provides aid to needy students in Ohio, was cut by more than 50 percent for fiscal year 2010 and beyond. In an effort to minimize the impact of these reductions on parents and students, the university is deferring the tuition increase for in-state students until the summer of 2010 and has funded the fall 2009 OCOG reduction with other institutional funds.

The university experienced a decline in donor contributions during 2009, consistent with other national educational institutions which reported declines averaging nine percent in 2008. The university's capital campaign commitments totaled $359.9 million as of August 2009 toward the goal of $500 million.

Expenditures
In response to the falling economy, the university has implemented several actions to reduce expenditures in fiscal year 2009 and beyond.

- In October 2008, the university increased the one-time budget cuts from $3 million to $5 million, implemented a hard hiring freeze for all non-faculty positions for the remainder of the fiscal year, reviewed previously-authorized faculty searches and cancelled a substantial number of them, and postponed several capital projects.

- In December, the university announced permanent budget cuts of 6.3 percent of the core budget or $22 million. Of this amount, $6.2 million was cut from centrally controlled units and the remaining $16 million was distributed across all divisions with emphasis placed on protecting the core educational priorities. As a result of this process, 284 positions were eliminated, including 117 employees who were laid off, and $4.6 million was cut from non-salary operating budgets.

- In January 2009, Miami offered a $10,000 retirement incentive to all eligible non-faculty employees up to 100 employees. 72 employees took advantage of this program and retired from the university prior to July 1, 2009.

- Finally, there were no salary increases for fiscal year 2010 resulting in budget savings of approximately $6.4 million.

National health care costs, which account for 45 percent of Miami's total staff benefit costs, continue to increase. During fiscal year 2009, Miami took several actions to control these costs including: (1) introduced a new high deductible health plan with a health savings account, which will provide an option for employees to take greater control over their health care costs, (2) offered smoking cessation courses for staff and families, (3) provided an employee wellness and fitness program, and (4) continued to require employees to pay a portion of their health insurance costs. In fiscal year 2010, Miami performed a dependent eligibility audit resulting in nearly 100 dependents being removed from the benefit plans. Also, the university is proposing to increase the premium contributions for employees earning over $130,000, establish in-network deductibles, and increase co-pays for prescriptions and specialist visits in fiscal year 2010.

Finally, two other noteworthy items occurred in fiscal year 2009 that will affect the future. First, on March 4, 2009, the university sold the redLantern software system to a private corporation. This software package contained the university developed degree audit and the course applicability system software packages. In addition, on March 1, 2009, the university turned over the operation of its WMUB radio station to Cincinnati Public Radio, Inc.

Beginning in June 2009, it appears the global financial markets are stabilizing. However, the national unemployment rate remains high and the State of Ohio financial outlook appears volatile. In response to today's financial environment, the university has undertaken several initiatives aimed at attracting and retaining the best and brightest students. These include a brand analysis, improvements to the university's website, and a review of the financial aid packaging and campus tours. These initiatives are intended to build on the university's very strong undergraduate reputation, but keeping in context how family decisions have been affected by the worldwide financial crisis.

The university is continuing its extensive review of the core operating budgets for all three campuses to align departmental budgets with the university's strategic goals. To this end, the university has scheduled a reduction in permanent operating funds of $5.0 million in fiscal year 2010 and another $5.0 million in 2011, resulting in a 7 percent cut to the core budget amounts. Through the student-centered initiatives, strategic budget cuts, and sound long range financial plans, the university's financial position should remain strong.

Miami University
Statement of Net Assets
June 30, 2009 and 2008

	Miami University		University Foundation	
	2009	2008	2009	2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 37,200,458	$ 66,943,690	$ 8,145,476	$ 22,620,754
Investments (includes $0.4 million at June 30, 2008 of bond proceeds)	101,173,457	129,013,743	0	0
Accounts, pledges and notes receivable, net	35,604,160	54,441,254	12,880,398	14,297,564
Inventories	4,546,473	3,846,020	0	0
Prepaid expenses and deferred charges	1,934,935	882,028	0	0
Total current assets	180,459,483	255,126,735	21,025,874	36,918,318
NONCURRENT ASSETS				
Restricted cash and cash equivalents	0	0	924,131	2,827,575
Investments	129,022,677	154,456,387	184,233,112	221,802,381
Pledges and notes receivable, net	6,476,915	6,682,551	37,054,962	40,847,033
Nondepreciable capital assets	102,856,414	125,494,314		
Depreciable capital assets, net	604,249,494	537,684,460	0	0
Total noncurrent assets	842,605,500	824,317,712	222,212,205	265,476,989
Total assets	**$ 1,023,064,983**	**$ 1,079,444,447**	**$ 243,238,079**	**$ 302,395,307**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ 20,121,601	$ 25,213,819	$ 6,500,691	$ 9,805,041
Accrued salaries and wages	17,110,411	15,473,424	0	0
Accrued compensated absences	1,124,779	1,056,190	0	0
Deferred revenue	13,104,216	14,761,703	0	0
Deposits	9,180,292	9,122,633	0	0
Long term debt - current portion	11,257,968	7,720,237	0	0
Other current liabilities	0	0	630,778	710,002
Total current liabilities	71,899,267	73,348,006	7,131,469	10,515,043
NONCURRENT LIABILITIES				
Accrued compensated absences	15,199,913	14,671,003	0	0
Bonds payable	216,819,892	227,119,536	0	0
Note payable	1,806,579	1,875,593	0	0
Capital leases payable	2,849,336	715,758	0	0
Federal Perkins loan program	6,470,167	6,530,026	0	0
Other noncurrent liabilities	0	0	6,062,534	6,301,265
Total noncurrent liabilities	243,145,887	250,911,916	6,062,534	6,301,265
Total liabilities	315,045,154	324,259,922	13,194,003	16,816,308
NET ASSETS				
Invested in capital assets, net of related debt	472,313,053	454,613,643	0	0
Restricted net assets			0	
Nonexpendable	67,047,116	84,428,812	138,886,423	178,980,438
Expendable	39,917,025	54,821,384	100,456,126	103,248,353
Unrestricted net assets	128,742,635	161,320,686	(9,298,473)	3,350,208
Total net assets	708,019,829	755,184,525	230,044,076	285,578,999
Total liabilities and net assets	**$ 1,023,064,983**	**$ 1,079,444,447**	**$ 243,238,079**	**$ 302,395,307**

See accompanying notes to financial statements.

Miami University
Statement of Revenues, Expenses, and Changes in Net Assets
Year ended June 30, 2009 and 2008

	Miami University		University Foundation	
	2009	2008	2009	2008
OPERATING REVENUES				
Tuition, fees, and other student charges	$ 411,631,347	$ 417,331,012	$ 0	$ 0
Less Ohio Leader and Ohio Resident Scholarships	(112,952,750)	(144,411,255)	0	0
Less allowance for student scholarships	(44,163,257)	(34,331,856)	0	0
Net tuition, fees, and other student charges	254,515,340	238,587,901	0	0
Sales and services of auxiliary enterprises	113,872,533	109,823,967	0	0
Less allowance for student scholarships	(3,786,931)	(3,614,517)	0	0
Net sales and services of auxiliary enterprises	110,085,602	106,209,450	0	0
Federal contracts	15,953,004	14,421,805	0	0
Gifts	0	0	1,086,616	10,033,861
Sales and services of educational activities	4,840,308	7,026,336	0	0
Private contracts	2,900,856	2,318,096	0	0
State contracts	1,974,336	1,916,340	0	0
Local contracts	370,870	263,970	0	0
Other	4,520,630	4,252,335	0	0
Total operating revenues	395,160,946	374,996,233	1,086,616	10,033,861
OPERATING EXPENSES				
Education and general:				
Instruction and departmental research	172,544,663	168,577,854	0	0
Separately budgeted research	17,587,776	14,231,398	0	0
Public service	2,946,700	3,110,307	0	0
Academic support	53,401,146	51,371,812	0	0
Student services	23,736,289	23,212,235	0	0
Institutional support	42,687,631	39,741,218	0	0
Operation and maintenance of plant	36,353,214	34,701,632	0	0
Scholarships and fellowships	16,824,023	13,874,404	0	0
Auxiliary enterprises	112,932,296	109,650,648	0	0
Depreciation	33,639,294	32,034,307	0	0
Other	5,293,962	6,223,398	0	0
Total operating expenses	517,946,994	496,729,213	0	0
Net operating gain (loss)	(122,786,048)	(121,732,980)	1,086,616	10,033,861
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	86,556,982	80,194,992	0	0
Gifts, including $10,750,859 in FY09 and $11,048,300 in FY08 from the University Foundation	14,741,071	21,991,705	0	0
Federal grants	14,500,218	11,674,077	0	0
Net investment income (loss), net of investment expense of $2,136,821 for University and $1,398,144 for the Foundation in FY09 $2,320,154 for University and $1,942,340 for the Foundation in FY08	(56,432,854)	(8,751,545)	(49,754,462)	(3,629,898)
State grants	3,234,481	2,753,189	0	0
Interest on debt	(8,395,112)	(8,787,243)	0	0
Payments to Miami University	0	0	(10,750,859)	(11,048,300)
Other non-operating revenues (expenses)	1,288,659	523,800	(3,319,288)	(554,844)
Net non-operating revenues (expenses)	55,493,445	99,598,975	(63,824,609)	(15,233,042)
Income (loss) before other revenues, expenses, and gains or losses	(67,292,603)	(22,134,005)	(62,737,993)	(5,199,181)
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
State capital appropriation	10,622,688	10,427,399	0	0
Capital grants and gifts	5,117,209	2,832,078	0	0
Additions to permanent endowments	4,388,010	3,329,612	7,203,070	13,792,107
Total other revenues, expenses, gains, or losses	20,127,907	16,589,089	7,203,070	13,792,107
INCREASE (DECREASE) IN NET ASSETS	**$ (47,164,696)**	**$ (5,544,916)**	**$ (55,534,923)**	**$ 8,592,926**
Net assets at beginning of year	755,184,525	760,729,441	285,578,999	276,986,073
Net assets at end of year	**$ 708,019,829**	**$ 755,184,525**	**$ 230,044,076**	**$ 285,578,999**

See accompanying notes to financial statements.

Miami University
Statement of Cash Flows
Year ended June 30, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees, and other student charges	$ 294,870,293	$ 274,898,885
Sales and services of auxiliary enterprises	113,270,962	110,014,304
Contracts	21,387,473	18,871,497
Other operating receipts	9,287,391	11,067,267
Payments for employee compensation and benefits	(333,322,308)	(319,052,259)
Payments to vendors for services and materials	(132,007,629)	(130,580,305)
Student scholarships	(64,774,211)	(51,820,777)
Loans issued to students and employees	(3,130,746)	(3,351,343)
Collection of loans from students and employees	2,589,432	2,345,037
Net cash used for operating activities	(91,829,343)	(87,607,694)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State share of instruction	86,556,982	80,194,992
Grants for noncapital purposes	17,734,699	14,427,266
Gifts	22,377,799	25,228,613
Net cash provided by noncapital financing activities	126,669,480	119,850,871
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriation	10,309,925	12,374,020
Grants for capital purposes	4,177,703	1,757,439
Other capital and related receipts	1,378,573	608,796
Payments to construct, renovate, or purchase capital assets	(76,214,917)	(85,945,078)
Principal paid on outstanding debt	(7,801,231)	(7,174,620)
Interest paid on outstanding debt	(11,379,576)	(13,397,057)
Net cash used for capital and related financing activities	(79,529,523)	(91,776,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	167,820,981	223,731,880
Purchases of investments	(158,210,274)	(168,782,311)
Endowment income	1,129,200	1,762,679
Other investment income	4,206,247	9,654,778
Net cash provided by investing activities	14,946,154	66,367,026
NET INCREASE (DECREASE) IN CASH	**$ (29,743,232)**	**$ 6,833,703**
Cash and cash equivalents at beginning of year	66,943,690	60,109,987
Cash and cash equivalents at end of year	**$ 37,200,458**	**$ 66,943,690**

See accompanying notes to financial statements.

Miami University
Statement of Cash Flows
Year ended June 30, 2009 and 2008

	2009	2008
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net Operating Loss, per Statement of Revenues, Expenses, and Changes in Net Assets	$ (122,786,048)	$ (121,732,980)
Adjustments to reconcile net operating loss to net cash used for operating activities:		
Depreciation expense	33,639,294	32,034,307
Net loss on disposal of capital assets	566,843	756,736
Accounts receivable bad debt adjustments	73,796	(301,791)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Accounts receivable	(1,838,633)	1,293,493
Inventories	(700,454)	353,246
Prepaid expenses	(1,052,908)	182,816
Notes receivable	(459,406)	(838,721)
Accounts payable	151,048	625,965
Accrued salaries	1,636,987	(1,483,013)
Compensated absences	597,499	1,152,891
Deferred income and deposits	(1,597,502)	394,617
Federal Perkins loans	(59,859)	(45,260)
Net cash used for operating activities	**$ (91,829,343)**	**$ (87,607,694)**
Supplemental disclosure of noncash information		
Equipment acquired under capital lease obligations	3,468,831	133,251
Property and equipment included in accounts payable	5,765,243	9,697,667
Property and equipment acquired by gifts in kind	939,507	1,074,640

See accompanying notes to financial statements.

Notes to Financial Statements
June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

Miami University (the university) is a land grant institution chartered by the State of Ohio in 1809 and governed by a Board of Trustees (the board). The board consists of 14 members, including two student members and three non-voting national trustees. Voting members are appointed one each year for nine-year terms by the governor with the advice and consent of the state senate. The two student non-voting members are appointed for two-year staggered terms by the governor with the advice and consent of the senate and the national trustees are appointed for three-year terms by the voting members.

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

Basis for Presentation

Effective July 1, 2008 the university adopted Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. There has been no impact to the university financial statements due to the adoption of Statement No. 49.

Effective July 1, 2008 the university adopted Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments.* This statement establishes consistent standards for the reporting of land and other real estate held as investments. It requires endowments to report their land and other real estate investments at fair value. There has been no impact to the university financial statements due to the adoption of Statement No. 52.

In June 2007, GASB issued Statement No. 51, *Accounting and Reporting for Intangible Assets.* This statement establishes standards for the capitalization, amortization and financial reporting of intangible assets. The statement is effective for periods beginning after June 15, 2009. The university has not yet determined the impact this statement will have on the financial statements.

In June 2008, GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The statement is effective for periods beginning after June 15, 2009. The university has not yet determined the impact this statement will have on the financial statements.

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

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

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

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

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

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

Capital Assets
Land, buildings, and equipment are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. Land, collections of works of art and historical treasures are capitalized but not depreciated. Any collection that is not capitalized is charged to operations at the time of purchase. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings, 25 years for infrastructure, library books and land improvements, 20 years for improvements to buildings, and 5 to 7 years for equipment, vehicles and furniture. The university's capitalization threshold is the lower of 5 percent of the original building cost or $100,000 for building renovations and $1,200 for all other capitalized items. The threshold of $1,200 for all other capitalized items will be increased to $5,000 effective July 1, 2009.

Deferred Revenue

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

Operating and Non-operating Revenue

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

Compensated Absences

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

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

Net Assets

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, reports the institution's net equity in property, plant and equipment. The second major category is restricted net assets. This category contains net assets that are owned by the institution, but the use or purpose of the funds is restricted by an external source or entity. The corpus of the nonexpendable restricted net assets is available for investment purposes only. The expendable restricted net assets may be expended by the institution, but must be spent only for the purpose as determined by a donor or external entity. The income generated from the nonexpendable restricted investments and the expendable restricted funds may be used for student loans, scholarships and fellowships, instruction, research, and other needs to support the operation of the university. The third category is unrestricted net assets and is separated into two types; allocated and unallocated. Allocated unrestricted net assets are available to the institution, but are allocated for a specific purpose within the institution by university policy, management or the governing board. The allocated unrestricted net assets were $ 123,912,138 and $154,818,276, as of June 30, 2009 and 2008, respectively. Unallocated unrestricted net assets are available to be used for any lawful purpose of the institution.

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

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

Reclassifications
Certain items in the 2008 financial statements have been reclassed to conform to the 2009 presentation.

(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 \$37.2 million. Cash and cash equivalents consists primarily of cash in banks, money market accounts and the State Treasury Reserve of Ohio (STAR Ohio) that include short-term, highly liquid investments readily convertible to cash, with an original maturity of three months or less.

Approximately \$1,000,000 of cash and cash equivalents was covered by federal depository insurance, \$18,294,266 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, 2009 and 2008 are presented below, categorized by investment type and credit quality rating. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university's investment management procedures establish guidelines for average credit quality ratings in the portfolios.

The investments as of June 30, 2009, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 4,019,267	$ 0	$ 4,019,267	$ 0	$ 0
U.S. Agency bonds	10,435,983	0	10,435,983	0	0
Strips	1,800,980	0	1,800,980	0	0
Mortgage-backed bonds	4,779,671	0	4,779,671	0	0
Corporate bonds	15,910,184	0	0	15,910,184	0
Municipal bonds	2,156,047	0	0	2,156,047	0
Common and preferred stocks	54,006,451	54,006,451	0	0	0
Commingled funds	117,687,193	70,508,052	22,713,605	19,254,571	5,210,965
Limited partnerships	19,072,026	19,072,026	0	0	0
Real estate and other	328,332	328,332	0	0	0
Total investments	**$ 230,196,134**	**$ 143,914,861**	**$ 43,749,506**	**$ 37,320,802**	**$ 5,210,965**

The investments as of June 30, 2008, are summarized as follows:

Investment Type	Fair Value	Not Rated	AAA	AA, A, and BBB	Below BBB
U.S. Treasury bonds	$ 4,238,473	$ 0	$ 4,238,473	$ 0	$ 0
U.S. Agency bonds	8,601,783	0	8,601,783	0	0
Strips	1,961,417	0	1,961,417	0	0
Mortgage-backed bonds	6,099,493	0	6,099,493	0	0
Corporate bonds	10,412,463	0	1,311,010	9,101,453	0
Municipal bonds	1,455,509	0	0	1,455,509	0
Common and preferred stocks	93,594,863	93,594,863	0	0	0
Commingled funds	136,202,217	87,298,910	33,046,802	14,737,123	1,119,382
Limited partnerships	20,403,511	20,403,511	0	0	0
Real estate and other	500,401	500,401	0	0	0
Total investments	**$ 283,470,130**	**$ 201,797,685**	**$ 55,258,978**	**$ 25,294,085**	**$ 1,119,382**

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.

In September and October, 2008, Commonfund, and its trustee notified the university of liquidity restrictions on its Short Term and Intermediate Term Funds. The university believes that while this event impacted liquidity, it has not impacted valuation of the two funds. At June 30, 2009 approximately 85% of the Short Term Fund has been recovered. As of July 1, 2009 Common Fund has lifted the liquidity restrictions on the Intermediate Fund.

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, 2009, 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	$ 4,019,267	$ 410,080	$ 2,662,951	$ 946,236	$ 0
U.S. Agency bonds	10,435,983	2,201,759	6,559,340	1,674,884	0
Strips	1,800,980	0	1,328,590	348,962	123,428
Mortgage-backed bonds	4,779,671	0	3,921,014	858,657	0
Corporate bonds	15,910,184	607,708	12,526,865	2,775,611	0
Municipal bonds	2,156,047	669,573	623,338	863,136	0
Commingled bond funds	47,179,140	2,454,053	23,846,759	12,949,849	7,928,479
Total Bonds	**$ 86,281,272**	**$ 6,343,173**	**$ 51,468,857**	**$ 20,417,335**	**$ 8,051,907**

Bond investments by length of maturity as of June 30, 2008, 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	$ 4,238,473	$ 1,424,150	$ 1,736,075	$ 1,078,248	$ 0
U.S. Agency bonds	8,601,783	1,611,610	5,900,195	1,089,978	0
Strips	1,961,417	0	1,174,508	396,503	390,406
Mortgage-backed bonds	6,099,493	0	1,140,265	4,959,228	0
Corporate bonds	10,412,463	922,125	6,762,970	2,727,368	0
Municipal bonds	1,455,509	0	809,790	645,719	0
Commingled bond funds	48,903,307	1,009,236	10,581,392	37,312,679	0
Total Bonds	**$ 81,672,445**	**$ 4,967,121**	**$ 28,105,195**	**$ 48,209,723**	**$ 390,406**

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 $49.7 million managed by international and global equity managers, and such international investments are exposed to foreign currency risk. Exposure to concentration risk is not significant since no single issuer, except the United States Treasury, represents more than 5% of investments.

Fair values were determined based on prices of established securities markets, with the exception of some hedge funds and alternative investments whose fair values were provided by the funds' managements. Alternative investments generally represent investments that are less liquid than publicly-traded securities and include private equity, investments in real assets and other strategies. Hedge funds may include, but are not limited to, long and short investments in domestic and international equity securities, distressed securities, fixed income securities, currencies, commodities, options, futures, and other derivatives. Many of these securities are intended to reduce market risk, credit risk, and interest rate risk. As of June 30, 2009, the university has made commitments to limited partnerships totaling $30.5 million that have not yet been funded.

Endowment Funds

Effective June 1, 2009, the state of Ohio adopted legislation that incorporates the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides new statutory rules for the management and investment of endowment funds. The statutory guidelines relate to prudent management, investment, and expenditure of donor-restricted endowment funds held by charitable organizations, specifying factors for fiduciaries to consider prior to making a decision to appropriate from or accumulate into an organization's endowment funds.

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.

Annually the university establishes a spending formula that defines the total amount of dividends, interest and realized gains to be distributed from the endowment investment pool to other funds. The authorized spending amount was $7,334,500 in 2009 and $7,857,068 in 2008. In accordance with donors' stipulations, a portion of the earnings was returned to endowment principal and the balance of $6,131,220 and $7,557,356 was distributed for expenditure for 2009 and 2008, respectively. Donor restricted endowments with insufficient accumulated earnings did not make a current year distribution.

(3) Accounts Receivable

The accounts, pledges and notes receivable as of June 30, 2009 and 2008, are summarized as follows:

	2009	2008
Accounts Receivable		
Student receivables	$ 8,542,356	$ 7,235,909
University Foundation	6,445,577	9,711,411
State capital appropriations	4,939,516	4,626,753
Grants and contracts	5,576,311	5,479,514
Investment trade settlements	3,495,049	21,923,712
Other receivables	1,908,216	1,530,350
Total accounts receivable	30,907,025	$ 50,507,649
Less allowance for doubtful accounts	(750,000)	(750,000)
Net accounts receivable	**$ 30,157,025**	**$ 49,757,649**
Pledges Receivable		
Pledges receivable	$ 2,211,055	$ 2,098,401
Less allowance for doubtful pledges	(405,764)	(389,280)
Net pledges receivable	**$ 1,805,291**	**$ 1,709,121**
Notes Receivable		
Federal loan programs	$ 8,229,980	$ 7,916,322
University loan programs	3,129,779	2,981,713
Total notes receivable	$ 11,359,759	$ 10,898,035
Less allowance for doubtful notes	(1,241,000)	(1,241,000)
Net notes receivable	**$ 10,118,759**	**$ 9,657,035**
Total	**$ 42,081,075**	**$61,123,805**

(4) Capital Assets

The capital assets and accumulated depreciation as of June 30, 2009, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 4,650,176	$ 191,100	$ 0	$ 4,841,276
Infrastructure	95,682,028	13,999,298	0	109,681,326
Buildings	619,693,164	71,048,735	0	690,741,899
Land improvements	22,292,562	3,210,612	0	25,503,174
Machinery and equipment	153,132,569	10,412,320	3,444,859	160,100,030
Library books and publications	59,452,335	1,654,561	0	61,106,896
Vehicles	8,759,485	445,645	160,044	9,045,086
Construction in progress	115,033,531	61,597,974	84,865,474	91,766,031
Works of art & historical treasures	5,810,607	438,500	0	6,249,107
Total capital assets	**$1,084,506,457**	**$ 162,998,745**	**$ 88,470,377**	**$ 1,159,034,825**
Less Accumulated Depreciation				
Infrastructure	33,166,594	3,935,531	0	37,102,125
Buildings	254,311,928	18,190,476	0	272,502,404
Land improvements	7,822,571	787,856	0	8,610,427
Machinery and equipment	88,499,216	8,043,748	2,889,319	93,653,645
Library books and publications	31,253,515	2,141,922	0	33,395,437
Vehicles	6,273,859	539,761	148,741	6,664,879
Total accumulated depreciation	**$ 421,327,683**	**$ 33,639,294**	**$ 3,038,060**	**$ 451,928,917**
Capital assets, net	**$ 663,178,774**	**$129,359,451**	**$ 85,432,317**	**$ 707,105,908**

The capital assets and accumulated depreciation as of June 30, 2008, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 4,650,176	$ 0	$ 0	$ 4,650,176
Infrastructure	93,862,359	1,819,669	0	95,682,028
Buildings	595,696,930	24,779,557	783,323	619,693,164
Land improvements	21,329,819	962,743	0	22,292,562
Machinery and equipment	145,356,374	12,193,415	4,417,220	153,132,569
Library books and publications	57,959,739	1,492,596	0	59,452,335
Vehicles	8,304,231	815,561	360,307	8,759,485
Construction in progress	65,636,814	73,728,664	24,331,947	115,033,531
Works of art & historical treasures	5,108,767	701,840	0	5,810,607
Total capital assets	**$ 997,905,209**	**$ 116,494,045**	**$ 29,892,797**	**$ 1,084,506,457**
Less Accumulated Depreciation				
Infrastructure	29,534,166	3,632,428	0	33,166,594
Buildings	237,854,003	16,931,753	473,828	254,311,928
Land improvements	7,114,040	708,531	0	7,822,571
Machinery and equipment	84,497,678	8,017,698	4,016,160	88,499,216
Library books and publications	29,142,984	2,110,531	0	31,253,515
Vehicles	5,954,619	633,366	314,126	6,273,859
Total accumulated depreciation	**$ 394,097,490**	**$ 32,034,307**	**$ 4,804,114**	**$ 421,327,683**
Capital assets, net	**$ 603,807,719**	**$ 84,459,738**	**$ 25,088,683**	**$ 663,178,774**

(5) Long term Liabilities

The long term liabilities as of June 30, 2009, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Leases, and Notes Payable					
Bonds payable	$ 227,864,511	$ 0	$ 7,049,899	$ 220,814,612	$ 9,934,613
Capital leases payable	955,858	3,468,831	685,961	3,738,728	889,391
Notes payable	1,940,964	0	65,371	1,875,593	69,015
Premiums, issue costs, loss on refunding	6,669,791	0	364,949	6,304,842	364,949
Total bonds, leases, and notes payable	**$ 237,431,124**	**$ 3,468,831**	**$ 8,166,180**	**$ 232,733,775**	**$ 11,257,968**
Other Liabilities					
Compensated absences	15,727,193	7,606,104	7,008,605	16,324,692	1,124,779
Federal Perkins loans	6,530,026	189,282	249,141	6,470,167	0
Total other liabilities	**$ 22,257,219**	**$ 7,795,386**	**$ 7,257,746**	**$ 22,794,859**	**$ 1,124,779**
Total	**$ 259,688,343**	**$ 11,264,217**	**$ 15,423,926**	**$ 255,528,634**	**$ 12,382,747**

The long term liabilities as of June 30, 2008, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Leases, and Notes Payable					
Bonds payable	$ 234,763,169	$ 0	$ 6,898,658	$ 227,864,511	$ 7,049,899
Capital leases payable	1,036,650	133,251	214,043	955,858	240,100
Notes payable	2,002,882	0	61,918	1,940,964	65,371
Premiums, issue costs, loss on refunding	7,039,658	0	369,867	6,669,791	364,867
Total bonds, leases, and notes payable	**$ 244,842,359**	**$ 133,251**	**$ 7,544,486**	**$ 237,431,124**	**$ 7,720,237**
Other Liabilities					
Compensated absences	14,574,302	7,915,671	6,762,780	15,727,193	1,056,190
Federal Perkins loans	6,575,286	303,863	349,123	6,530,026	0
Total other liabilities	**$ 21,149,588**	**$ 8,291,534**	**$ 7,111,903**	**$ 22,257,219**	**$ 1,056,190**
Total	**$ 265,991,947**	**$ 8,352,785**	**$ 14,656,389**	**$ 259,688,343**	**$ 8,776,427**

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

(6) Indebtedness

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

There was no new debt issued by the university in the years ended June 30, 2009 or June 30, 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% to 5.25% and maturities from 2010 to 2026. The proceeds were used to fund capital asset additions.

The Series 2007 bonds were subject to federal arbitrage obligations. All of the proceeds from the Series 2007 bonds have been used with no liability in relation to the arbitrage obligations.

During the year ended June 30, 2005 the university issued $98,455,000 in General Receipts Revenue and Refunding Bonds with interest rates ranging from 3% to 5% and maturities from 2006 to 2025. The proceeds were used to refund a portion of the remaining Miami University General Receipts Bonds, Series 1998 and for the funding of additional capital assets. In 2005, the university defeased a portion of the Series 1998 bonds by placing some of the proceeds from the Series 2005 bonds into an escrow account to provide for all future debt service. The outstanding balance of defeased bonds was $13,965,000 and $13,975,000 as of June 30, 2009 and 2008, respectively.

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

The Series 1993 General Receipts Bonds were issued in the amount of $24,999,884 and the Series 1998 General Receipts Bonds were issued in the amount of $37,720,000.

The maturity dates, interest rates, and outstanding principal balances as of June 30, 2009, are as follows:

Bonds Payable	Maturity Dates	Interest Rates	Outstanding Debt
Series 2007 general receipts	2010 – 2027	3.25% - 5.25%	$ 83,210,000
Series 2005 general receipts	2010 – 2025	3.0% – 5.0%	86,580,000
Series 2003 general receipts	2010 – 2024	3.0% - 5.5%	49,135,000
Series 1998 general receipts	2010	4.2%	1,240,000
Series 1993 general receipts	2010	5.8%	649,613
Note Payable			
U.S. Department of Education	2010 – 2026	5.5%	1,875,593
Total Bonds and Notes Payable			**$ 222,690,206**
Bond premiums			(8,408,685)
Bond issuance costs			1,422,442
Deferred loss on refunding			681,401
Total Bonds and Notes Payable, net			**$ 216,385,364**

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

Year Ended June 30	Principal	Interest	Total
2010	$ 10,003,629	$ 10,818,126	$ 20,821,755
2011	11,357,863	9,435,992	20,793,855
2012	11,801,926	8,992,282	20,794,208
2013	12,731,215	8,506,837	21,238,052
2014	13,235,743	7,949,452	21,185,195
2015 – 2019	65,530,987	30,724,972	96,255,959
2020 – 2024	72,108,678	14,593,094	86,701,772
2025 – 2027	25,920,165	1,335,604	27,255,769
Total	**$ 222,690,206**	**$ 92,356,359**	**$ 315,046,565**

The university has $3,738,728 in capitalized lease obligations that have varying maturity dates through 2014 and carry implicit interest rates ranging from 3.28 percent to 17.16 percent. The scheduled maturities of these leases as of June 30, 2009, are:

Year Ended June 30	**Minimum Lease Payments**
2010	$ 1,060,389
2011	1,059,174
2012	987,072
2013	780,260
2014	255,361
Total minimum lease payments	$ 4,142,256
Less amount representing interest	(403,528)
Net minimum lease payments	**$ 3,738,728**

Buildings and computer equipment are financed with capital leases. The carrying amount related to these capital leases as of June 30, 2009 and June 30, 2008 are $1,567,084 and $1,653,537 for buildings and $3,995,934 and $527,102 for equipment.

(7) Retirement Plans

Substantially all non-student employees are covered by one of three retirement plans. The university faculty are 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 2008 were 10 percent for employees and 14 percent for employers. For the fiscal years ended June 30, 2008 and June 30, 2007, the Retirement Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund (Note 8).

During calendar year 2008, 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; 7.0 percent was used to fund pension obligations and 7.0 percent funded the retiree health care program (Note 8). Law enforcement employees that are a part of the OPERS law enforcement division contribute 10.1 percent of their salary to the plan. For these employees, the university was required to contribute 17.4 percent of covered payroll; 10.4 percent was used to fund pension obligations and 7.0 percent funded the retiree health care program (Note 8). Effective July 1, 2009 employers will contribute 17.63 percent of covered payroll for law enforcement employees. The contribution rate will remain at 14.0% for all other employees.

The payroll for employees covered by STRS Ohio for the years ended June 30, 2009 and 2008, were approximately $68,482,000 and $67,702,000, respectively. The payroll for employees covered by OPERS for the years ended June 30, 2009 and 2008, were approximately $95,880,000 and $93,251,000, 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 of Trustees has established the employer contribution as an amount equal to the amount which the university would have contributed to the respective state retirement system in which the employee would participate, less any amounts required to be remitted to the state retirement systems. 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, 2009 and 2008, were approximately $49,135,000 and $45,373,000, 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.

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
2009	$9,587,418	$13,480,250	$6,878,942
2008	9,478,262	13,003,935	6,329,724
2007	9,597,350	11,881,520	5,687,822

(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 (1.0 percent for STRS and 7.0 percent for OPERS) is allocated to fund the health care benefits.

The STRS Ohio health care plan is financed on a pay-as-you-go basis. The net health care costs paid by the plan were $288.9 million for the year ended June 30, 2008, the date of its most recent audited financial report. The plan's net assets available to fund future health care benefits totaled $3.7 billion as of June 30, 2008. At that date there were 126,506 eligible benefit recipients in the STRS Ohio plan.

OPERS health care benefits are advanced-funded on an actuarially determined basis. The amount of employer contributions actually made to fund post-employment benefits was $6.7 million. The actuarial value of the retirement system's net assets available for other post-employment benefits was $12.8 billion as of December 31, 2007. At that date the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.8 billion and $17.0 billion, respectively. The number of active contributing participants was 363,503 as of December 31, 2008.

(9) Related Organization

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

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

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

Summary financial information for the foundation as of June 30, 2009, the date of its most recent audited financial report, is as follows:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets at end of year	$ (9,298,473)	$ 100,456,126	$ 138,886,423	$ 230,044,076
Change in net assets for the year	(12,648,681)	(2,792,227)	(40,094,015)	(55,534,923)
Distributions to Miami University	10,750,859	0	0	10,750,859

Summary financial information for the foundation as of June 30, 2008:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets at end of year	$ 3,350,208	$ 103,248,353	$ 178,980,438	$ 285,578,999
Change in net assets for the year	(28,984)	(733,642)	9,355,552	8,592,926
Distributions to Miami University	11,048,300	0	0	11,048,300

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

(b) 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 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' managements. Some valuations are determined as of June 30, while the remaining valuations are determined as of March 31 and adjusted by cash receipts, cash disbursements, and securities distributions through June 30.

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

Effective July 1, 2008, the foundation adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. SFAS 157 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and requires expanded disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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

(c) Long-Term Investments

Investments held by the foundation as of June 30 were:

	2009		2008	
Investment Description	Cost	Fair Value	Cost	Fair Value
Domestic Public Equities	$ 25,621,100	$ 24,134,636	$ 41,054,271	$ 41,974,590
Global Public Equities	39,180,566	35,205,336	38,479,833	37,355,637
International Public Equities	8,801,774	8,854,290	8,801,774	14,049,753
Domestic Public Fixed Income	16,327,408	16,793,258	10,655,843	11,114,724
Hedge Funds	51,682,305	54,874,435	59,600,000	68,223,759
Private Investments	48,867,233	35,349,435	40,740,747	38,187,933
Split-Interest Funds	11,956,812	10,156,536	12,842,380	13,055,466
Subtotal	202,437,198	185,367,926	212,174,848	223,961,862
Less assets held for Miami University Paper Science & Engineering Foundation	(2,550,000)	(2,908,348)	(2,550,000)	(3,926,169)
Total	$199,887,198	$182,459,578	$209,624,848	$220,035,693

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, 2009, the foundation has made commitments to limited partnerships of approximately $39.9 million that have not yet been funded.

The 2009 dividend and interest income of $1,737,743, as reported in the Statement of Activities, is net of fees from external investment managers totaling $731,985. The 2008 dividend and interest income of $2,141,639 is reported net of fees from external investment managers totaling $853,737.

(d) Fair Value Measurements - The foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The adoption of SFAS 159 allows the foundation the irrevocable option to elect fair value for initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. Upon election of the fair value option in accordance with SFAS 159, subsequent changes in fair value are recorded as an adjustment to earnings.

(e) Pledges Receivable - As of June 30, 2009, contributors to the foundation have made unconditional pledges totaling $69,438,122 with 19 pledges accounting for over 50% of that total. Net pledges receivable have been discounted using current interest rates to a net present value of $63,471,235, which represents fair market value at June 30, 2009. Discount rates based on the U.S. Treasury yield curve three-year average ranged from 2.61% to 4.70% for 2009. Management has set up an allowance for uncollectible pledges of $14,086,071 at June 30, 2009. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified time.

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

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

(g) Endowment - Effective June 1, 2009, the state of Ohio adopted legislation that incorporates the provisions outlined in UPMIFA. UPMIFA provides new statutory rules for the management and investment of endowment funds. The statutory guidelines relate to prudent management, investment, and expenditure of donor-restricted endowment funds held by charitable organizations, specifying factors for fiduciaries to consider prior to making a decision to appropriate from or accumulate into an organization's endowment funds.

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 that are reported as unrestricted net assets until such time as the fair value equals or exceeds historical value; such deficiencies were $9,619,973 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

(h) Net Asset Classification – Resources of the foundation are classified for reporting purposes into net asset classes based on the existence or absence of donor-imposed restrictions and state law. Unrestricted net assets represent the portion of funds over which the foundation has discretionary control as there are no donor-imposed stipulations that expire with the passage of 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 of 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 transfers a portion of the income earned on related investments to the university for such purpose as specified by the donor.

In August 2008, the FASB issued FASB Staff Position (FSP) FAS No. 117-1, *Endowments for Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which is effective for fiscal years ending after December 15, 2008. FSP FAS 117-1 (FAS 117-1) provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management Institutional Funds Act (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. Ohio adopted UPMIFA effective June 1, 2009; as such, the foundation has adopted FAS 117-1 effective for the year ending June 30, 2009. UPMIFA also requires additional disclosures about endowments for both donor-restricted funds and internally designated funds for all organizations. The adoption of FAS 117-1 resulted in the reclassification $49,854,338 between unrestricted, temporarily and permanently restricted net assets to reflect permanently restricted and temporarily restricted net assets as required under FAS 117-1 and is reported in the statement of activities.

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

(10) Commitments

At June 30, 2009, the university is committed to future contractual obligations for capital expenditures of approximately $21.7 million. These commitments are being funded from the following sources:

Contractual Obligations	
Approved state appropriations not expended	$ 7,246,562
University funds	14,419,434
Total	**$ 21,665,996**

(11) Risk Management

The university's employee health insurance program is a self-insured plan. As of January 1, 2009 the administration of the plan was changed from Anthem Blue Cross/Blue Shield to Humana. Employees were offered two plan options, a choice of either the Traditional PPO Plan or the 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 $2,244,800 and $1,878,800 is included in the accrued salaries and wages as of June 30, 2009 and 2008, respectively. The change in the total liability for actual and estimated claims is summarized below:

	2009	**2008**
Liability at beginning of year	$ 2,543,956	$ 2,287,793
Claims incurred	34,077,638	29,443,476
Claims paid	(34,447,684)	(29,125,739)
Increase (decrease) in estimated claims incurred but not reported	366,000	(61,575)
Liability at end of year	**$ 2,539,910**	**$ 2,543,955**

To reduce potential loss exposure, the university has established a reserve for health insurance stabilization of $1.5 million.

The university participates in a consortium with other state-assisted universities for the acquisition of commercial property and casualty insurance. The commercial property loss limit is $1.0 billion and the general liability coverage is $50.0 million. The property insurance program has been in place for fourteen years. Miami has had one material loss above the pool deductible of $350,000, which was the result of Tropical Storm Ike in the fall of 2008. The deductible for individual schools is $100,000. The casualty program has been in place for ten years during which time Miami has had one loss above the pool deductible which was $250,000 at the time. The current pool deductible is $1.0 million and the deductible for individual schools is $100,000. The university also carries commercial insurance for other risks. Over the past five years, settlement amounts related to insured risks have not exceeded the university's coverage amounts.

(12) Contingencies

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

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

* * * * * *

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER			
U.S. Department of Education:			
Supplemental ED Opportunity Grant	84.007	P007A083315	$ 1,321,153
College Work Study Program	84.033	P033A073315	915,847
PELL Grant Program 08/09	84.063	P063P080342	11,093,433
Academic Competiveness Grant Program	84.375	P375A060342	455,748
National Science and Mathematics Access to Retain Talent (SMART) Grant	84.376	P376S060342	222,346
TEACH Grant Program	84.379	P379T090342	458,748
Total U.S. Department of Education			**14,467,275**
Total Student Financial Assistance Cluster			**14,467,275**
RESEARCH AND DEVELOPMENT CLUSTER			
U.S. Department of Agriculture:			
Effects of Polyphenolic Substances on Soil Organic Matter	10.2	58-1932-6-634	22,090
Effort of Landscape Structure on Invasion Dynamics of the Invasive Shrub Lonicera Maackii	10.206	2007-35320-18349	109,758
Factors that Contribute to the Production and Maintenance of Kirtland's Warbler Habitat in the Bahamas	10.652	06-CA11120101-010	4,590
Restoration of Blight-resistant American Chestnut Trees on Mine Land in Ohio	10.652	06-JV11242300-093	10,715
Host-Range Studies of Baculoviruses for Insect Control	10.961	58-3148-7-164	4,047
Total U.S. Department of Agriculture-Direct Programs			151,200
Pass-Through Programs From:			
Institute of Ecosystem Studies: Microbial Carbon and Nitrogen Cycle Process Response to Calcium Addition in a Northern Hardwood Forest	10.206	2956/200201015	27,029
University of Nevada-Reno: Research to Develop Indicators of Change for Lake Tahoe's Nearshore Fish Community	10.652	09-38	81,612
Total U.S. Department of Agriculture-Pass-Through Programs			108,641
Total U.S. Department of Agriculture			**259,841**
U.S. Department of Commerce:			
2008 Summer Undergraduate Research Fellowship Partnership in Physics	11.609	70NANB8H8091	2,191
2009 NIST SURF Program	11.609	70NANB9H9099	20,267
Total U.S. Department of Commerce-Direct Programs			22,458

See notes to financial statements.

(Continued)

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs From:			
Bowling Green State University: Economic Development in Local Government	11.303	06-66-05054-02	$ 12,107
OSURF: Knauss Fellowship - Karla Garcia	11.417	NA07OAR4170025	200
Total U.S. Department of Commerce-Pass-Through Programs			12,307
Total U.S. Department of Commerce			**34,765**
Department of Defense:			
Bioinformatic Analysus of Earthworm cDNA Sequence Data	12.XXX	--	3,000
High Throughput Screening of Biomimetic Metal-Organic Materials for Military Hydrogen-Storage Applications	12.XXX	N00164-07-P-1300	(429)
Multi-Channel Dual Frequency Radio Frequency Front End for Anti-Jamming Software GPS Receiver Research	12.XXX	FA9550-07-1-0551	223,000
Realistic Simulation of Environments of Unlimited Size in Immersive Virtual Environments	12.431	W911NF-08-1-0474	35,848
Very Large Immersive Virtual Environment for Multiple Users Based on Wireless Full Body Posture and Position Tracking	12.431	W911NF-05-1-0105	88
Advanced Adaptive UWB-OFDM Radar Imaging Sensor Network for Surveillance and Location	12.8	FA9550-07-1-0297	109,515
Development of Morphing Structures for Aircraft Using Shape Memory Polymers	12.8	FA9550-07-1-0323	2,510
Precise GPS Signal Tracking in Interference and Multipath Environment Using a Multi-Channel Software Receiver	12.8	FA9550-08-1-0071	129,660
Three-Frequency Based High Precision GPS Receiver Development for Navigation Applications	12.8	FA9550-07-1-0354	43,138
Total Department of Defense-Direct Programs			546,330

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs From:			
General Dynamics Information Technology, Inc.: LADAR EO GPS/INS Atomic Clock Navigation Demonstration (LEGAND) and Worldwide Accurate Sensor Positioning System (WASPS) Technical Support	12.XXX	F33601-02-F-A581	$ 15,300
OSURF: Collaborative Research and Development Program on Navigation and Time-Keeping with AFRL/RYRN	12.XXX	RF01130475	25,960
Radiance Technologies: The Impact of Free Trade and Neoliburial Economic Policies in the Windward Lesser Antilles	12.XXX	08S-0440	16,359
Wyle-UDRI: Image Processing - Considerations for Automatic Target Recognition	12.XXX	RSC07045	5,787
Tsui Consulting: Algorithms for Digital Wideband Receiver Design/Analysis for Electronic Attack - Phase 2	12.3	--	33,575
Tsui Consulting: Algorithms for Digital Wideband Receiver Design/Analysis for Electronic Attack - Phase I	12.3	--	10,800
Cincinnati Children's Hospital: Early Prediction of lupus Nephritis Using Advanced Proteomics	12.42	W81XWH-07-1-0322	4,975
University of Dayton:Integration of Platforms for Persistent Surveillance	12.8	FA8650-04-2-4201	3,707
Wyle Laboratories: Frequency-Dependent Nonlinear Amplifier Modeling	12.8	19041.OD.31-353S	(227)
Total Department of Defense-Pass-Through Programs			116,236
Total Department of Defense			**662,566**
National Security Agency:			
Conference on Ramsey Theory and Topological Algebra	12.901	H98230-08-1-0113	13,847
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-07-1-0105	98,833
Summer Undergraduate Mathematical Sciences Research Institute	12.901	H98230-09-1-0099	56,007
Total National Security Agency			**168,687**
U.S. Department of Interior:			
Operation of the NADP/NTN Precipitation Chemistry Station at Oxford, Ohio	15.808	02HQPR00076	4,462
Miocene Arrival of the Yellowstone Hotspot and Inception of Basin and Range Extension in Southern Oregon	15.81	G09AC00145	1,756
Total U.S. Department of Interior-Direct Programs			6,218

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs From:			
National Fish and Wildlife Foundation: using Buffer Zones to Promote Amphibian Populations	15.608	--	$ 20,311
ASG-Chester Zoo-PARC: Effects of Sublethal Insecticide Exposure on Competition in Pond-Breeding Anurans: Do Contaminants lead to Competitive Exclusion?	15.808	08HQGR0138	1,377
Total U.S. Department of Interior-Pass-Through			21,688
Total U.S. Department of Interior			**27,906**
U.S. Department of Transportation:			
Pass-Through Programs From:			
Ohio Department of Public Safety: Traffic Safety Evaluation & Action Planning II	20.6	H45066	**568,694**
National Aeronautics and Space Administration:			
Pass-Through Programs From:			
Ames Research Center: Analysis of a Novel Sensory Mechanism in Root Phototropism	43.002	NCC2-1200	**207,680**
National Endowment for Humanities:			
Impact of Disability on America's Collective Memory of Franklin D. Roosevelt	45.16	FA-54260-08	25,200
The Ya'qubi Translation Project	45.161	RZ-50072-03	7,305
Total National Endowment for Humanities			**32,505**
National Science Foundation:			
Absoluteness and Choice	47.049	DMS-0801009	20,146
Acquisition of a MALDI-TOF/TOF MS Spectrometer	47.049	CHE-0839233	326,625
Algebraic K-Theory of Infinite Groups With Torsion	47.049	DMS-0805605	13,710
Banach space structures of non-commutative L P-spaces and non-commutative martingale inequalities	47.049	DMS-0456781	15,381
CAREER: From Biomimetic Reaction Platforms to Nanostructured Artificial Enzymes	47.049	CHE-0449634	10,963
Generation, Measurement, and Preservation of Entanglement Using Cavity QED	47.049	PHY-0555572	15,554
Investigating Membrane Proteins with Magnetic Resonance Spectroscopy	47.049	CHE-0645709	133,803
Materials World Network Collaborative: Semiconductor Nanowire Heterostructures	47.049	DMR-0806572	12,577
Maximal methods for small sets	47.049	DMS-0401603	979
MRI: Acquisition of a Pulsed EPR Spectrometer for Miami University	47.049	CHE-0722403	590,950
Natural Structures in Set Theory	47.049	DMS-0700983	33,980

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
National Science Foundation (Continued):			
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0553085	$ 13,106
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0653911	10,609
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0754200	40,756
Summer Undergraduate Mathematical Sciences Research Institute	47.049	DMS-0856158	8,397
Uniform Metal nanoparticle Arrays as Model Electrocatalysts: Unraveling Particle Structure-Reactivity Relationship	47.049	CHE-0616436	69,152
A Study on the Circulation and Structure of Metallic Ions in the Mid-Latitude Ionsphere	47.05	ATM-0633418	74,165
Collaborative Proposal: Miocene Paleoclimatic Reconstruction along the Andean Foreare	47.05	EAR-0609571	43,672
Collaborative Proposal: Radiocarbon Dating Minute Gastropod Shells	47.05	EAR-0614647	19,998
Collaborative Research: A Study of Deep Subdution Integrating Broadband Seismology and Mineral Physics	47.05	EAR-0552002	49,922
Collaborative Research: A Study of Transient Aseismic Slip and Non-Volcanic Tremor in Southern Mexico With Large APerture Seismic and GPS Arrays	47.05	EAR-0510812	48,899
Collaborative Research: CEDAR Daytime Potassium Doppler Lidar at Arecibo	47.05	ATM-0535459	4,552
Collaborative Research: Crystal Chemistry of U, Th and other Radionuclides in Apatite: Environmental and Geochemical Implications	47.05	EAR-0409435	(2,936)
Collaborative Research: Forearc Cracks and the Rupture Segments of Great Earthquakes, N. Chile and S. Peru	47.05	EAR-0738507	12,296
Collaborative Research: High-Precision Teleseismic Relocation and Temography for the M 9 and M 8.7 Sumatra Great Earthquake Sequences	47.05	EAR-0609535	956
Collaborative Research: Paleoaltimetry of the Tibetan Plateau	47.05	EAR-0609756	2,318
Collaborative Research: Resolving Structural Controls of Episodic Tremor and Slip Along the Length of Cascadia	47.05	EAR-0642765	60,803
Collaborative Research: Understanding the Causes of Continental Intraplate Tectonomagmatism: A Case Study from the Pacific Northwest	47.05	EAR-0506887	11,998
MRI: Acquisition of a High Resolution Analytical Transmission Electron Microscope for the Miami University Facility	47.05	EAR-0722807	240,000
Nanoscale Investigation of Microbial Role in Promoting the Smectite to Illite Transformation	47.05	EAR-0345307	2,066
Origin of Mantle heterogeneity in the Azores	47.05	EAR-0510598	110,018
Technician Support: Management of Thermal Ionization Mass Spectrometry and Isotope Geochemistry Labs	47.05	EAR-0622267	80,154

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
National Science Foundation (Continued):			
A Two-Tiered Approach for the Analysis and Evolution of High-Integrity Software Product Lines	47.07	CCG-0813886	$ 32,094
A role for neuron-founder cell interactions in patterning the Drosophila musculature	47.074	IOB-0517515	137,082
Arabidopsis Kleisin Proteins and Their Role in Meiosis and Chromosome Biology	47.074	MCB-0718191	112,165
Ballistospore Discharge: Adaptations Among Mushroom-forming Fungi	47.074	IOS-0743074	65,416
Collaborative Proposal: CPSF30 At The Convergence of RNA Processing, Cellulare Signaling and Development in Plants	47.074	IOS-0817829	34,345
Collaborative Research: Invasion of North Temperate Forest Soils by Exotic Earthworms	47.074	DEB-0739985	31,834
Effects of Sublethal Levels of Contamination on Competition Between Anurans and on Community Structure	47.074	DEB-0717088	59,761
Evaluations of URM:ASSURE:Achieve Success in Science through Undergraduate Research Experiences	47.074	DBI 0731634	4,536
Investigation of Genes and Complex Social Behavior Under Ecologically Relevant Conditions	47.074	IOS-0614015	185,358
IRCEB: Interactive Effects of UV Radiation and Temperature on Pelagic Foodwebs	47.074	DEB-0552283	74,859
Late Tertiary Climatic Changes and Evolutionary Success of Tribe Senecioneae (Astterceae): A Phylogenetic Approach	47.074	DEB-0542238	1,034
LTREB: Response of a reservoir ecosystem to declining nutrient and detritus subsidies	47.074	DEB-0235755	(4,829)
LTREB: Response of a Reservoir Ecosystem to Variable Subsidies of Nutrients and Detritus	47.074	DEB-0743192	181,672
Mechanisms of Rapid and Winter Cold-Hardening in Insects	47.074	IBN-0416720	110,275
Modulation of Hippocampal Systems During Classical Conditioning	47.074	IOB-0517575	87,216
MRI: Acquisition of a Confocal Microscope	47.074	DBI-0821211	4,350
Novel Roles of Urea in Amphibian Hibernation	47.074	IBN-0416750	18,922
Research Experiences for Undergraduates Site: Ecology in Human-Dominated Landscapes	47.074	DBI-0754991	93,639
Research Experiences for Undergraduates: Research in Human-Dominated Landscapes	47.074	DBI-0353915	24
RUI: Patterns of Biodiversity of Benthic Invertebrates in Chihuahuan Desert Springs	47.074	DEB-0717064	110,687
Shifts in wolf spider reproductive behavior under predation risk	47.074	IBN-0216947	(13)
URM: ASSURE - Achieving Success in Science through Undergraduate Research Experiences	47.074	DBI-0731634	71,513

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
National Science Foundation (Continued):			
Adapting Systems Factorial Technology to Model Selection: Applications to Perception and Classification	47.075	BCS-0544688	$ 30,753
Coordination in Small Groups: Matching and Mismatching	47.075	BCS-0744696	88,760
Decision Making Processes Under Stress	47.075	SES-0851990	16,888
Remapping the Indian Mediascape: News and Globalization in New Delhi	47.075	BCS-0753299	85,564
The Social-Behavioral Consequences of Perceptual Fluency: How Processing Ease Guides Intergroup Contact, Goal Pursuit and Behavioral Mimicry	47.075	BCS-0719694	83,594
The Social-Cognitive Origins of the Cross Race Effect	47.075	BCS-0642525	64,371
Building a SE2004 Community of SE Educators	47.076	DUE-0907883	2,266
Chemistry Education Research Doctoral Scholars Program	47.076	DRL-0733642	226,217
CHEMX: Assessing Cognitive Expectations for Learning Chemistry	47.076	DUE-0626027	(514)
Developing Leadership and innovation in engineering students through undergraduate courses in applied electromagnetics built upon novel educational concept	47.076	DUE-0632842	6,799
Developing Leadership and Innovation in Engineering Students Through Undergraduate Courses in Applied Electromagnetics Built Upon Novel Educational Concept	47.076	DUE-0632842	33,290
Evaluation and Assessment of Wild Research: A Whole-Zoo Exhibit and Inquiry Program	47.076	ESI0610409	21,042
Evaluation of Integrated Pedagogy to Promote Understanding of Nature of Science and Scientific Inquiry in a College Biology Laboratory	47.076	DUE0736786	13,482
Integrated Pedagogy to Promote Understanding of Nature of Science and Scientific Inquiry in a College Biology Laboratory	47.076	DUE0736786	57,234
Mapping the Dimensions of the Undergraduate Chemistry Laboratory: Faculty Perspectives on Curriculum, Pedagogy, and Assessment	47.076	DUE-0536776	18,210
The Missing Piece of the STEM Puzzle: The Role of Communion in Women's Career Decisions	47.076	HRD-0827606	43,785
Wild Research Grant	47.076	ESI-0610409	508,470
Collaborative Research: IPY-Plankton Dynamics in the McMurdo Dry Valley Lakes During the Transition to Polar Night	47.078	ANT0631659	40,730
Workshop: China-US Collaborative Research on Geomicrobiological Processes in Extreme Environments	47.079	OISE-0836450	30,288
Total National Science Foundation-Direct Programs			4,858,738

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs From:			
University of Cincinnati: Graduate and Undergraduate Collaboration with Australian National University for Plasmon Enhanced Nanowire Biosensors	47.041	AO8-4500028371	$ 680
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	37,966
OSURF: Ohio Consortium for Undergraduate Research - Research Experiences to Enhance Learning	47.049	CHE-05322560	54,729
Purdue University: Evaluation of the Center for Authentic Science Practice in Education	47.049	501-1756-01	41,997
Texas A&M: Structural Studies of Leg-153 (MARK Area)	47.05	USSSP 153-20816 & 20850	2,075
Michigan Technological University: The Software Communication Chautauqua Series	47.07	07014521	1,617
Cornell University: Long-Term Ecological Research at the Hubbard Brook Experiment Forest	47.074	46222-8722	64,519
University of Maine: Climate-Induced Shifts in Alpine Diatom Communities: Linking Neoecological and Paleoecological Approaches to Incorporate Responses to Trophic Forcing	47.074	DEB-0734277	94,130
University of Chicago: The Causal Mechanisms of Stereotype Threat	47.075	BEC-0516931	16,296
City Univ of New York: Mathematics Science Partnership in New York City	47.076	40560-00-01(A)-4	143,509
Cornell: Evaluation of Cornell University Fossil Finders	47.076	53051-8661	36,569
Louisiana State University: Structural Assessment and Monitoring from Measured Spectral Data Using Wireless Sensor Network	47.076	22715	4,167
OSURF:Evaluation of Beyond Penguins & Polar Bears: Literacy & IPY	47.076	DRL-0733024	35,914
OSURF:Evaluation of Middle Level Mathematics, Science & Career Pathways (MLP)	47.076	DUE-0840824	17,118
Purdue University:Evaluation of Purdue Center for Faculty Success	47.076	4101-27694	1,501
Sinclair Community College:Dayton Urban STEM Teacher Academy	47.076	DUE-08402428	171
Sinclair Community College:Faculty Development in Automotive Hybrid Vehicle Technology Summer Instiute II	47.076	--	1,199
Univ of Penn: Evaluation of the Univ of Pennsylvania Science Teacher Institute	47.076	5-4337 1-A	64,785
Total National Science Foundation-Pass-Through Programs			618,942
Total National Science Foundation			**5,477,680**

See notes to financial statements. (Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
U.S. Environmental Protection Agency:			
The Role of Human-Made Impoundments and Watershed Land Use on Carbon Cycling and Sequestration at Local and Regional Scales	66.514	F08E10744	$ 2,060
Effects of Eutrophication on Mercury Biomagnification in Stream Food Webs	66.XXX	EP08D000131	49,294
Phase II: Construction and Testing of Surface Corona Discharge-Catalytic Reactor for Oxidative Treatment of Waste Gas Emissions from the Pulp and Paper Industry	66.XXX	EP07C000147	17,801
Total U.S. Environmental Protection Agency-Direct Programs			69,155
Pass-Through Programs From:			
ITCorp: Research at the US EPA Test and Evaluation Facility-Base-Op	66.XXX	PEI-3810	1,365
MACTEC: Operation of the USEPA National Dry Deposition Network Station at MU	66.XXX	S68D98112-SITEOP-122	4,739
Shaw Environmental: Invertebrate Communities in Streams of SW Ohio	66.XXX	430153 OP	21,752
Shaw Environmental: Research at the EPA Testing and Evaluation Facility	66.XXX	EP-C-04-034	20,880
Total U.S. Environmental Protection Agency-Pass-Through Programs			48,736
Total U.S. Environmental Protection Agency			**117,891**
U.S. Department of Energy:			
A Biomimetic Approach to New Adsorptive Hydrogen Storage Materials	81.XXX	DE-FC36-07GO17033	32,969
Technetium and Iron Biogeochemistry in Suboxic Subsurface Environments with Emphasis on the Hanford Site	81.XXX	DE-FG02-07ER64369	63,725
Defect Chemistry Study of Nitrogen Doped ZnO Thin Films	81.049	DE-FG025-07ER46389	131,666
Identification of Molecular and Cellular Responses of Desulfovibrio vulgaris biofilms under Culture Conditions Relevant to Field Conditions for Bioreduction of Heavy Metals	81.049	DE-FG02-05ER64125	214,623
Magnetic Nanoscale Physics	81.049	DE-FG02-86ER45281	75,634
Total U.S. Department of Energy			**518,617**

See notes to financial statements.

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
U.S. Department of Education:			
Mademoiselle: The Biography of a Spirit in Equatorial Africa	84.019	P019A070052	$ 37,682
ESOL MIAMI	84.195	T195N070166	246,251
Total U.S. Department of Education-Direct Programs			283,933
Pass-Through Programs:			
NASDSE: Ohio's Shared Agenda Initiative-Mental Health, Schools, and Families Working Together	84.XXX	2008	8,176
Univ of Cincinnati: Developing a Corporate Feedback System for Use in Curricular Reform	84.116	P116B040276	12,378
University of Toledo: Project AHEAD	84.206	S206A040096	187,177
Northern Ill Univ: Web-based tutoring of argument comprehension and production skills	84.305	P.O. 69961	64,324
DHHS-ODE: Mental Health for School Success- SVPC/CSLS	84.324	EDU01-0000003716	50,158
Lehigh Univ.: Examination of Decisions Leading to External Restrictive Placements for ED Youth	84.324	541821-78001	121,773
OBOR: Sustaining Professional Development Through Web-Based Learning Communities	84.336	07-24	247,194
OBOR: Sustaining Professional Development Through Web-Based Learning Communities	84.336	07-24	3,988
OBOR: Sustaining Professional Development Through Web-Based Learning Communities	84.336	08-24	4,905
OBOR:Evaluation of iDiscovery: Substaining Professional Development Through Web-Based Learning Communities 07/08	84.336	06-28	(1,461)
ODE:E & A of MU PET Math FY09	84.336	CI667-OMSP-09-15	14,417
ODE:Evaluation of MU Partnership for Enhancing the Teaching of Math MU PET Math Kahle	84.336	C1667-OMAP-08-20	3,257
ODE:Evaluation of Southerwest Ohio Science Institutes, Grades 3-6- 09	84.336	C1667-OMAP-09-02	26,655
ODE:Evaluation of Southwest Ohio Science Institutes, Grades 3-6	84.336	599	(1,020)
ODE:Evaluation of the Ohio Mathematics & Science Partnership (OMSP) Program	84.336	C1667-OMAP-08-11	109,423
OU:Evaluation of Math and Science Coordinator Teams- MASCOT	84.336	UT15323	14,625
OU:Math and Science Coordinator Teams- MASCOT	84.336	UT15323	30,774
Cleveland State University: Reading First Center for Professional Development	84.357	SALZM14S	22,900
Cleveland State Univ:iDiscovery Facilitators for Partnering Success 08/09	84.366	---	26,418
ODE:Evaluation of the Ohio Mathematics and Science Partnership (OMSP) Program 09	84.366	C1667-OMAP-09-16	168,791

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs (Continued):			
Texas Education Agency-University of Texas: East Texas STEM Center Partnership	84.366	SC07-139081-02	$ 12,935
University of Texas: East Texas STEM Center Partnership	84.366	SC08-139089-04	20,562
Total U.S. Department of Education-Pass-Through Programs			1,148,349
Total U.S. Department of Education			**1,432,282**
U.S. Department of Health and Human Services:			
Promoting State-of-the-Art Management Practices at the State and Regional Level of the Aging Network	93.XXX	90OP0003/01	68,551
Quality Training for In-Home Workers	93.XXX	214-2008-M-25829	9,900
SporeRelease Mechanisms in Indoor Fungi	93.113	1R15ES016425-01	47,145
Use of an Amphibian Model to Evaluate the Effects of Contaminants on Development	93.113	1R15ESO16435-01	17,353
The Neural Substrates of Adaptive Jaw Movement	93.121	2 R15 DE012248-03A1	7,034
Neuro-glial Interactions during the Remodeling of Adult Innervation in Drosophila	93.242	1 R15 MH077720-01	42,251
Role and Mechanisms of Prolactin on HPA Axis Activation Following Stress	93.242	1R15MH083310-01A	7,829
Application of the THz Spectroscopy to Biological Systems	93.286	1 R15 EB006003-01	105,901
Evaluation of Health RICH: Health Risks, Information and Choices Phase II	93.333	2R25RR016301-4	15,789
Phase II HealthRICH Health Risks, Information and Choices	93.333	2R25RR016301-04	233,992
Analyses of a Dynein Heavy Chain Mutation in Tetrahymena	93.39	1 R15 GM59855-01	46,790
AtETHEL, A Model System to Understand the Metabolic Role of ETHE1	93.39	1R15GM076199	2,276
Cortical Mechanisms of Spatial Vision	93.39	1 R15 EY 13953-01	49,216
In vivo Functions of the Drosophila Fragile X Orthologue	93.39	1 R15 GM068468-01	100
Ribosome-binding and translation of leaderless mRNa	93.39	1 R15GM65120-01	70,828
Nuclear Organization During Adenovirus Infection	93.393	1R15 CA82111-01	49,605
ARRA Administrative Supplement to 1R15ES016425-01 / Spore Release Mechanisms in Indoor Fungi	93.701	3R15ES016425-01S1	4,393
ARRA Regulation of Neurotrophin Expression in the Periphery	93.701	2R15NS051206-02A1	79

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
U.S. Department of Health and Human Services (Continued):			
Role of OFQ/N in Regulating the Prolactin Response to Stress	93.847	1R15DK073073-01A2	$ 19,676
Polyphenol-protein antixidants in the GI environment	93.848	1 R15 DK069285-01A1	101,588
Regulation of neurotrophin expression in the periphery	93.853	1 R15 NS051206-01	69,613
Gliding Motility and Cytadherence in Mycoplasma Penetrans	93.855	1R15AI073994-01A1	69,342
Study of Iron Acquisition in Acinetobacter Baumannii	93.855	1RO1AI070174-01A1	190,232
Alkylammonium Formate Ionic Liquids as Mobile Phase Modifiers for Liquid Chromatography of Proteins	93.859	1 R15 GM074661-01A2	66,261
Chemistry of Reactive Intermediates Generated from Benzothiazole Derived Drug Candidates	93.859	1R15GM088751-01	192
EPR and Solid-State NMR Studies of Integral Membrane Proteins	93.859	R01 GM080542-01 A2	312,514
Probing Zn(II) Transport in E. Coli	93.859	1 RSA GM079411-01A1	22,537
Study of the Strength of CH-Y (Y=O,N) and XH-p (X=N,O,S) Interactions	93.859	1 R15 GM069441-01A2	30,468
The Role of a New Cleavage and Polyadenylation Specificity Factor (CPSF73-II)	93.859	1R15GM077192-01A1	61,058
Using intraspecific variation to study mating systems	93.859	1 R15 GM069409-01	8,416
Determination of IGFBP-3 and -4mRNA down-regulation by HB-EGF	93.865	1R15HD050299-01A2	59,445
Effects of a Systematic Categorization Program in TBI	93.865	1 R15 HD044554-01A1	11,968
Role of the Na, K-ATPase Alpha4 Isoform in Sperm Motility	93.865	1 R15 HD050283-01A1	36,878
Steroid Involvement in OFQ/N-Induced Prolactin Secretion	93.865	1 R15 HD046479-01A1	48,403
Gene Expression and Phenotypic Consequences of Laboratory Housing in Aging Rat	93.866	1R15AG029653-01A1	48,415
Impact of Monitoring Technology on Family Caregivers	93.866	1R21AG029224-01	136,336
Racial/Ethnic Disparities in Management of Diabetes	93.866	1 R15 AG025741-01A1	24,263
Signaling Pathways During Chick Retina Regeneration	93.867	1R01EY017319-01A2	246,555
The Role of Fibroblast Growth Factors in Lens Development	93.867	EY012995-06A1	380,194
Total U.S. Department of Health and Human Services-Direct Programs			2,723,386

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs:			
Boston College:Quality Management in Cash and Counseling: Year Three	93.XXX	5000916-1	$ 15,443
ATM Education: ATM Education (Abstinence Til Marriage) Evaluation	93.01	--	8,323
Catholic Charities of Central Florida:Think Smart Program Evaluation	93.01	--	25,139
DHHS- ATM (Abstinence 'Til Marriage) Education Evaluation	93.01	--	19,055
National Association of Area Agencies on Aging: Preparing the Aging Network for AoA's Choices for Independence Initiative	93.047	--	335,034
Massachusetts General Hospital:Mapping Genes for Neurocognitive Endophenotypes	93.242	R01-MH068498	145,746
ODMH: Enhance School Mental Health	93.243	TA-08-03-01-02	10,000
ODMH: Enhanced School Mental Health	93.243	TA-09-07-01-01	138,882
Children's Research Institute: A Genetic Model of Urogenital Development and Obstruction	93.849	CRI #356005	26,914
Rutgers University: Structural Genomics of Eukaryotic Domain Families	93.859	5 U54 GM074958-02	334,994
OBOR-OSURF: Establishing a Remote Instrument Control Capability in the Eminent Scholar Laboratory at Miami University	93.887	60014640	45,848
ODMH:Ohio Mental Health Network for School Success	93.958	130-CS-08-02	42
Total U.S. Department of Health and Human Services-Pass-Through Programs			1,105,420
Total U.S. Department of Health and Human Services			**3,828,806**
Department of Homeland Security:			
Pass-Through Programs From:			
Norwich University: Cyber Conflict Research Consortium Web*DECIDE	97.XXX	SA 2008-054	**208,161**
Total Research and Development Cluster			**13,546,081**

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
INSTRUCTIONAL			
Library of Congress:			
Pass-Through Programs From:			
Illinois State University: America's Journey: Using the "American Memory Project" to Meet Ohio Content Standards	42.XXX	11510-04-890009477	**$ 3,497**
National Endowment for the Arts:			
Pass-Through Programs From:			
Arts Midwest: The Big Read: Oxford Hears The Call of the Wild	45.024	36073	**16,000**
National Endowment for Humanities:			
Pass-Through Programs From:			
OHC: A People and Their Homeland: The Miami Tribe (Myaamia)	45.129	OHC-09-016	**4,379**
Institute of Museum and Library Services:			
The GREEN Teachers Institute: Museum Resources for Teachers	45.301	MA-02-07-0189-07	**26,446**
National Science Foundation:			
The Conference on Ramsey Theory and Topological Algebra	47.049	DMS-0808634	14,933
Computer Science, Engineering and Mathematics Scholarships	47.076	DUE-0422418	67,077
Science, Technology, Engineering, and Mathematics Scholarships to Recruit and Retain Undergraduate Chemistry and Biochemistry Majors	47.076	DUE-0728614	36,526
Total National Science Foundation			**118,536**
U.S. Department of Education:			
INTERGERO: Implementation of an Internat'l Interdisciplinary Program in Gerontology	84.116	P116J040039	15,651
Journey to Freedom: A History and Civics Summer Academy	84.215	U215D060005	168,862
Miami University CCampis Grant	84.334	P335A050375	82,418
Ohio Writing Project	84.928A	92-OH01	36,064
Total U.S. Department of Education-Direct Programs			302,995

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
Pass-Through Programs From:			
Fairfield City Schools: America's Journey: The Quest for Freedom 1492-1836	84.215	--	$ 130,681
Hamilton City Schools: The Beacon of Liberty 1492-1965	84.215	--	118,469
Princeton City Schools: America's Journey: Ever Growing Freedom	84.215	--	130,893
ODE: Southwest Ohio Science Institutes, Grades 3-6	84.33	CI667-OSCI-07-11	(24,886)
OBOR: Across the Curriculum Environment Science to Attain Ohio Elementary School Academic Content Standards and Achievement Test Outcomes	84.336	08-23	4,543
OBOR: Across the Curriculum Environmental Science to Attain Ohio Elementary School Academic Content Standards and Achievement Test Outcomes	84.336	06-29	(3,355)
OBOR: Across the Curriculum Environmental Science to Attain Ohio Elementary School Academic Content Standards and Achievement Test Outcomes	84.336	07-23	215,069
OBOR: iDiscovery: Sustaining Professional Development Through Web-Based Learning Communities	84.336	06-28	7,265
ODE: Miami University Partnership for Enhancing Teaching in Math	84.336	CI667-OMSP-07-20	5,539
ODE: Miami University Partnership for Enhancing the Teaching of Mathematics	84.336	C1667-OMAP-09-15	159,590
ODE: Southwest Ohio Science Institutes, Grades 3-6 (SOSI)	84.336	599	134,243
ODE:Southwest Ohio Science Institutes, Grades 3-6 FY09	84.366	C1667-OMAP-09-02	290,399
Ohio Board of Regent: Advancing Ohio's Physical Science Proficiency VI	84.367	07-26	188,719
Ohio Board of Regents: Advanving Ohio's Science Proficiency 2009-10	84.367	08-25	18,221
Total U.S. Department of Education-Pass-Through Programs			1,375,390
Total U.S. Department of Education			**1,678,385**
U.S. Department of Health and Human Services			
Pass-Through Programs From:			
NHLBI: Celebrating the Science of DNA	93.172	HHSN268200700233P	**18**
Total Instructional			**1,847,261**

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
PUBLIC SERVICE			
National Endowment for the Arts:			
Buck Rogers in the 25th Century: Selections from the Miami University Art Museum	45.024	07-7900-7018	$ 10,000
Pass-Through Programs:			
OAC-Arts Midwest: Performing Arts Series 2008-2009 Season	45.025	--	5,000
Ohio Arts Council: 2009 Africana Film Festival	45.025	090196	1,263
Total National Endowment for the Arts Pass-Through:			6,263
Total National Endowment for the Arts			**16,263**
National Endowment for the Humanities:			
Pass-Through Programs From:			
OHC: The Digitization of the Mississippi Freedom Summer Collection	45.129	OHC-09-040	**6,035**
Department of Homeland Security:			
Pass-Through Programs From:			
Ohio Department of Public Safety: Public Assistance Grant Program	83.XXX	DR-1805-OH	**181,186**
U.S. Department of of Education:			
Pass-Through Programs From:			
NASDSE: IDEA Partnership Technical Assistance	84.XXX	2007	31
ODE: Mental Health for School Success	84.027	062984-6B-PB-07	3,824
Total U.S. Department of Education			**3,855**

See notes to financial statements.

(Continued)

MIAMI UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grant/Pass-Through Grant/Program Title	CFDA	Program Number	Expenditures
U.S. Department of Health & Human Services:			
Drug Free Communities Support Program	93.276	1 H79 SP12988-01	$ 94,337
Pass-Through Programs:			
ODMH: Mental Health, Education & Family Collaboration	93.958	130-CS-08-01	1,906
ODMH: Ohio Mental Health Network for School Success (OMHNSS) - Mental Health, Education, and Family Collaboration	93.958	130-CS-08-03	7,750
CRP, Incorporated: 2008 Underage Drinking Prevention: Town Hall Meeting	93.959	--	133
ODADAS: Grant to Reduce High Risk Drinking at Institutions of Higher Education	93.959	99-8040-HEDUC-P-09-9726	22,611
ODADAS: ODADAS Community Grant	93.959	99-8040-CMMCO-P-09-0026	42,896
ODADAS: Oxford Coalition for a Healthy Community and MU High Risk Drinking Prevention Initiative	93.959	99-8040-CMIMCO-P-08-0026	530
ODADAS: Oxford Coalition for a Healthy Community and MU High Risk Drinking Prevention Initiative	93.959	99-8040-HEDUC-P-08-9726	(1,168)
Total U.S. Department of Health & Human Services-Pass-Through Programs			74,658
Total U.S. Department of Health & Human Services			**168,995**
Total Public Service			**376,334**
TOTAL FEDERAL EXPENDITURES			**$ 30,236,951**

See notes to financial statements.

(Concluded)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

1. BASIS OF ACCOUNTING

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

The dollar threshold used to distinguish between Type A and Type B Programs was $907,109.

2. PASS-THROUGH AWARDS

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

3. FEDERAL PERKINS LOAN PROGRAM

Outstanding loans at June 30, 2009, under the Federal Perkins Loan Program were $8,226,212. New Federal Perkins Loans of $1,103,536 were advanced to students in 2009. The University did not receive a federal capital contribution or make a matching contribution to the Federal Perkins Loan fund in 2009. Administrative and collection costs for the Federal Perkins Loan Program were $2,880,789 in 2009.

4. FEDERAL DIRECT STUDENT LOANS

While no amounts are listed in the schedule of expenditures of federal awards, the University also participates in the Federal Direct Student Loan Program, which includes subsidized and unsubsidized Federal Stafford Loans ("Stafford") and Federal PLUS Loans ("PLUS"). The dollar amounts are not listed in the schedule of expenditures of federal awards as the University is not the recipient of the funds. However, such programs are considered a component of student financial assistance at the University. New loans processed for students during the year ended June 30, 2009, were as follows:

Federal Direct Student Loan Program:	
Stafford:	
Subsidized	$ 29,347,351
Unsubsidized	26,356,814
PLUS	21,369,295

* * * * * *

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

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

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

We have audited the financial statements of Miami University (the "University") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 12, 2009, which includes an emphasis of matter paragraph related to the implementation of SFAS 117-1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated October 12, 2009.

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

Deloitte & Touche LLP

October 12, 2009

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

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

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

Compliance

We have audited the compliance of Miami University (the "University") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

The University's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the University's response and, accordingly, we express no opinion on it.

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

Deloitte & Touche LLP

October 12, 2009

MIAMI UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

Part I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified			
Internal control over financial reporting: Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?		Yes	X	N/A
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster Number
Various	Research and Development Cluster
Various	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$907,109			
Auditee qualified as low-risk auditee?	X	Yes		No

Part II—Financial Statements Findings

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

No matters are reportable.

Part III—Federal Award Findings and Questioned Costs

Finding 2009-1: Noncompliance with Procurement Requirements

Federal Program Information: Research and Development Cluster, CFDA 47.049, Mathematical and Physical Sciences

Criteria: Institutions of higher education shall use procurement procedures that conform to applicable Federal law and regulations and standards identified in OMB Circular A-110. Specifically, non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Condition: Our testing of the procurement and suspension debarment compliance requirement identified that in one instance, in a sample of 25, that the University did not have the appropriate wording (By the acceptance of the purchase order, I am certifying that I am not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from current transactions by a federal department or agency.) in place on the purchase order to ensure the University was not transacting with vendors that were on the Federal Suspension and Debarment list.

Effect: Potential impact of this condition is that the University transacts with entities that are on the Federal Suspension and Debarment List.

Cause: The wording is added to each PO individually by one employee upon process. As the process is manual, it allows for the element of human error, which is the reason for the identified error.

Recommendation: Management should enhance the control or monitoring of the purchase orders for grants, possibly through automation, to ensure transaction occur with appropriate vendors.

Views of responsible officials and planned corrective actions: For the short term, the Purchasing staff have been re-instructed on the procurement suspension and debarment compliance requirements for purchase orders. For the long term, the University has committed to purchase and implement procurement software and we will pursue an automated solution using this software

SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Finding 2008-1: Compilation of Schedule of Expenditures of Federal Awards

Federal Program Information: U.S. Housing and Urban Development – Facilities Construction Award – 14.246

Criteria: The auditee shall prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements. The SEFA shall provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Condition: In FY06 and FY07, Miami University incurred expenses totaling $497,050 related to the EDI-Special Project Grant N. B-04-SP-OH-0620. These expenses were classified under a capital project fund code in the general ledger and not under a federal award grant code. In the current year, this classification issue was identified and the University reclassified all the expenses to the appropriate federal award grant code before closing the project. There were no expenses incurred for this project for the year ended June 30, 2008.

Effect: These expenses should have been reported in the prior years' SEFA as expenditures were incurred and reported to the Federal Agency as part of the grant agreement reporting requirements.

Cause: The reconciliation and recording of expenditures related to grant agreements between the subsidiary records (including grant agreements) and general ledger was not performed on a periodic basis.

Recommendation: Management should monitor the costs incurred on the projects to ensure expenses are recorded appropriately. Also reconciliation of the grant records to the SEFA and General Ledger should be performed on a periodic basis.

Current Year Status: Grant closed in the prior year; no current year impact. Management monitors costs incurred on the projects and reconciles the grant records to the SEFA and General Ledger at least annually.

Miami University

Independent Accountants' Report on
Agreed-Upon Procedures Performed on the
Intercollegiate Athletics Department as
Required by NCAA Constitution 6.2.3.1
for the Year Ended June 30, 2009

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

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

We have performed the procedures enumerated below, which were agreed to by Miami University (the "University") to the accounting records and internal control of the Intercollegiate Athletics Department of the University for the year ended June 30, 2009, solely to assist the University in complying with the National Collegiate Athletic Association ("NCAA") Constitution 6.2.3.1. Such agreed-upon procedures constitute the minimum agreed-upon procedures specified by the 2009 NCAA Agreed-Upon Procedures Guidelines. The University's management is responsible for the University's compliance with these guidelines. Specifically, the University's management is responsible for the enclosed Statement of Revenues and Expenses of the Intercollegiate Athletics Department (the "Statement") and the Statement's compliance with those requirements (See Exhibit A). Management is also responsible for maintaining effective internal control over the University's Intercollegiate Athletics Department (the "Department") and its financial reporting. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are as follows:

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

1. We obtained the Statement for the year ended June 30, 2009, as prepared by management and attached to this report. We recalculated the addition of the amounts on the Statement and compared the amounts on each line on the Statement to the corresponding amounts on the reconciliation prepared by management between the University's general ledger and the amounts on the Statement. We also compared the general ledger amounts on management's reconciliation to the University's general ledger and recalculated the totals presented in the Statement. No exceptions were found as a result of these recalculations and comparisons, except for one discrepancy identified under number 5.

2. We compared the classifications in the Statement to the defined classification in the NCAA Constitution section 6.2.3.1. No exceptions were found as a result of this comparison.

3. We compared a random sample of transactions, comprising operating revenue receipts and expenses obtained from the operating revenues and expenses supporting schedules to supporting documentation, comprising invoices and deposit receipts provided by the University. No exceptions were found as a result of these comparisons, except for discrepancies identified under numbers 5 and 13.

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

Agreed-Upon Procedures Related to Revenues:

5. *Ticket Sales* — We selected, on a random test basis, one athletic event from a list of athletic events held during the year ended June 30, 2009 provided by management. We recalculated cash receipts based upon tickets sold, complimentary tickets provided and unsold tickets and compared such, on a random test basis, to attendance figures from the ticket system. We compared the amount per ticket sales report to the amount recorded in the University's general ledger and the NCAA statement and re-calculated totals. No exceptions were found as a result of this recalculation and comparison, except for a $52,617 unreconciled difference between the ticket sales report and general ledger.

   Management has communicated that under the guidance of the Director of Ticket Operations, athletic ticket revenue will be reconciled after each respective season. Instead of waiting to reconcile at the end of each fiscal year, football, hockey and basketball revenue will be reconciled at the end of each respective sport season. This will reduce the volume of transactions to be reviewed and should eliminate discrepancies. In addition, management has subsequently reconciled this account to a difference of $1,315 between the ticket sales report and the general ledger.

6. *Student Fees* — We compared student fees reported in the Statement for the year ended June 30, 2009 to student enrollment information. We obtained an understanding of the University's methodology for allocating student fees to intercollegiate athletics department and recalculated the totals. No exceptions were found as a result of these recalculations and comparisons.

7. *Guarantees* — We obtained from management a listing of the guarantee contests during the year ended June 30, 2009 and reviewed sixteen contractual agreements provided by management pertaining to revenues derived from guaranteed contests and compared the related revenues to the University's general ledger. No exceptions were found as a result of these comparisons.

8. *Contributions* — We obtained a listing of the general ledger accounts comprising contributions revenue related to intercollegiate athletics provided by management. We compared the listing of contributions revenue from the general ledger detail for the year ended June 30, 2009 to a listing of affiliated and outside organizations, agencies and groups of individuals obtained from management to identify any individual contributions from any affiliated or outside organizations, agencies, or group of individuals that constitute more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2009. As indicated at Note 3 to the Statement of Revenues and Expenses, we identified one individual contribution that comprised more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2009.

9. *Direct State or Other Governmental Support* — We compared the direct state and other governmental support recorded by the University during the year ended June 30, 2009 with institutional authorizations and deposit receipts on a random test basis and recalculated totals as part of Miami University financial statement audit. No exceptions were found as a result of these recalculations and comparisons.

10. *Direct Institutional Support* — We obtained from management a listing of all direct institutional support provided by the University during the year ended June 30, 2009, selected and compared, on a random test basis, one direct institutional revenue recorded with institutional authorizations and approved fund transfer requests and recalculated totals. No exceptions were found as a result of these recalculations and comparisons.

11. *Indirect Facilities and Administrative Support* — We obtained from management a listing of all indirect facilities and administration support provided by the University during the year ended June 30, 2009, and selected and agreed, on a random test basis, one indirect facilities and administration support with institutional authorizations and invoice payments on behalf of the athletic department and recalculated totals. No exceptions were found as a result of these recalculations and comparisons.

12. *NCAA/Conference Distributions Including all Tournaments* — We obtained from management a listing of all NCAA and conference distributions and selected, on a random test basis, one receipt provided by management related to NCAA and conference distributions during the year ended June 30, 2009 and compared the related revenues to the University's general ledger. No exceptions were found as a result of this comparison.

13. *Broadcast, Television, Radio and Internet Rights* — We obtained from management an agreement related to television broadcast during the year ended June 30, 2009, and compared the agreement amount to the amount recorded in the University's general ledger and the NCAA statement. We noted based on our review of the check received that, due to the timing of the broadcast revenue received from the Mid American Conference, the amount recorded ($10,000) in this revenue category related to fiscal year 2008, not fiscal year 2009, overstating the fiscal year 2009 revenue amount by $10,000.

    Management has communicated that the timing of the broadcast revenue from the MAC (Mid-American Conference) is such that the amount to be received from the MAC may not be known until after the year end cut off. If the amount is known, the actual amount will be accrued. If it is not known, an estimate will be accrued. In recent years, the University has not received verification from the MAC that a payment was going to be received and did not have enough information to make an estimate, therefore nothing was accrued.

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

15. *Royalties, Licensing, Advertisement and Sponsorships* — We obtained from management a listing of all royalties, licensing, advertisements and sponsorship revenue and selected, on a random test basis, one agreement provided by management related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2009 and compared the related revenues to the University's general ledger. No exceptions were found as a result of these comparisons.

16. *Sports Camp Revenues* — We obtained and read agreements related to institutional sports camps during the period ended June 30, 2009. We obtained schedules of camp participants and selected, on a random test basis, one participant cash receipt and agreed the related revenues to the University's general ledger and recalculated totals. No exceptions were found as a result of these comparisons and recalculations.

17. *Endowment and Investment Income* — We compared the allocations of the endowment and investment income from the Athletics department records to the calculations performed by the Treasury Services office. We obtained the Treasury Services office's allocation calculations for the period ended June 30, 2009, recalculated the allocation, and agreed the amount to the University's general ledger. No exceptions were found as a result of these comparisons and recalculations.

18. *Other* — We obtained from management a listing of all other revenue earned during the year ended June 30, 2009, and selected, on a random test basis, one other revenue amount from among these categories and compared each revenue amount selected to supporting documentation provided by management, which included a copy of a deposit ticket and check. No exceptions were found as a result of these comparisons and recalculations.

Agreed-Upon Procedures Related to Expenses:

19. *Athletic Student Aid* — We selected, on a random test basis, twenty five students from the listing of athletic student aid recipients during the year ended June 30, 2009 provided by management and compared total University aid allocated from the related aid award letter to the student's account and recalculated totals. No exceptions were found as a result of this comparison.

20. *Guarantees* — We obtained from management a listing of the guarantee contests during the year ended June 30, 2009 and agreed ten contractual agreements provided by management to expenses recorded by the University from guaranteed contests. We compared the related expenses to the University's general ledger. No exceptions were found as a result of these comparisons.

21. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* — We obtained a listing of coaches employed by the University during the year ended June 30, 2009 from management. We selected, on a random basis, three coaches' contracts from this listing, including football, and men's and women's basketball coaches. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the Statement during the reporting period. We obtained and read W-2's or 1099's for each selection. We compared and agreed W-2's or 1099's to the related coaching salaries, benefits, and bonuses paid by the University during the year ended June 30, 2009 and recalculated totals. We noted no exceptions as a result of recalculations and comparisons.

22. *Coaching Other Compensation and Benefits Paid by a Third Party* — We noted, through inquiry of management, that the University's Athletics Department did not incur any coaching salaries, benefits, and bonuses paid by a third-party for the year ended June 30, 2009.

23. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities* — We obtained a listing of support and administration staff employed by the University during the year ended June 30, 2009, and selected, on a random test basis, three support staff/administrative personnel employed by the University during the reporting period. We obtained and read W-2's or 1099's for each selection. We compared and agreed related W-2's or 1099's to the related support staff/administrative salaries, benefits, and bonuses paid by the University during the year ended June 30, 2009 and recalculated totals. We noted no exceptions as a result of recalculations.

24. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by Third Parties* — We noted, through inquiry of management, that the University's Athletics Department did not incur any support staff/administrative other compensation and benefits paid by a third-party for the year ended June 30, 2009.

25. *Severance Payments* — We noted, through inquiry of management, that the University's Athletics Department did not incur any severance expenses for the year ended June 30, 2009.

26. *Recruiting* — We obtained and documented an understanding of the University's written recruiting expense policies and compared these policies to NCAA related policies. We obtained supporting documentation, which included a copy of the invoice and check, or credit card receipt, for one recruiting expense and compared and agreed the related expenses to the University's policies for the year ended June 30, 2009. No exceptions were found as a result of these comparisons.

27. *Team Travel* — We obtained an understanding of the University's Athletics department team travel expense policies and compared and agreed these policies to the NCAA-related policies. We obtained supporting documentation, which included a copy of the invoice and check, or credit card receipt, for one individual trip and compared and agreed the related expenses to the University's policies for the year ended June 30, 2009. No exceptions were found as a result of these comparisons.

28. *Indirect Facilities and Administrative Support* — We obtained an understanding of the University's methodology for allocating indirect facilities costs to different departments during the year ended June 30, 2009 and selected, on a random test basis, one payment made by University for the departmental expenditures. We summed the indirect facilities support and indirect institutional support totals reported by the University in the NCAA statement. No exceptions were found as a result of these comparisons and recalculations.

29. *Equipment, Uniforms, and Supplies; Game Expenses; Fund Raising, Marketing, and Promotion; Sports Camps; Direct Facilities Maintenance and Rental; Spirit Groups; Medical Expenses and Medical Insurance; Memberships and Dues; Other Operating Expenses* — We selected, on a random test basis, nine operating expense amounts from among these categories and compared each expense amount selected to supporting documentation provided by management, which included a copy of an invoice and check. No exceptions were found as a result of these comparisons.

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

The management of the University is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

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

Our procedures and findings were as follows:

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

    - Standards of conduct and ethics for the Department have been established and are enforced by the following governing bodies:

        - Miami University
        - National Collegiate Athletic Association
        - Mid-American Conference

    - A staff handbook and student-athlete handbook that outline policies and procedures are available on the University's website.

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

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

31. We selected, on a random test basis, twenty-five travel advances for team travel for the year ended June 30, 2009 from the University's listing of all travel advances that were approved and distributed. For the travel advances selected, we compared the disbursed amount and requestor to the corresponding information on the underlying expense receipts and authorization forms provided by management. We noted a total of $244 was owed to three (3) coaches by the Bursar's Office, and a total of $86 was due to the Bursar's Office by two (2) coaches.

    Management has communicated that the athletic department has followed up on the open items and the amounts owed to the department are being repaid and amounts owed to individuals are being processed for payment by the Bursar.

32. We inquired of appropriate Department personnel as to the controls over cash received from ticket sales and other miscellaneous receipts (parking, sports camps, etc.). We noted that ROTC assists Athletic Department with selling parking tickets at football and basketball home games. We selected, on a test basis, two reconciliations of parking tickets sold and parking collections that are actually returned to Athletic Department and compared the amount collected with the amount deposited. We noted no exceptions as a result of these comparisons.

33. We selected, on a random test basis, twenty five students from the listing of athletic student aid recipients during the year ended June 30, 2009 provided by management and compared the authorization noted on the student aid forms to the University requirements. No exceptions were found as a result of these comparisons except for one control exception in the approval process of athletic aid distribution. We noted no exceptions as a result of these comparisons.

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

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

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

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

35. We obtained written representations from management that to the best of their knowledge and belief all revenues and expenses related to the Department have been properly summarized on the Statement for the year ended June 30, 2009.

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

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

    The NCAA Agreed-Upon Procedures, outlining the procedures to be performed by an independent accountant regarding an institution's compliance under NCAA Bylaw 6.2.3.1, appear to indicate a required disclosure in the accountant's report of certain capital expenditures activity related to intercollegiate athletics-related assets. However, those procedures do not define the term intercollegiate athletics-related assets or the type of disclosures required when such assets are identified. The University does not currently disaggregate athletics-related assets from other University owned assets.

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

We were not engaged to, and did not, perform an examination of the University's system of internal controls over financial reporting, the objective of which would be the expression of an opinion on the suitability of design of internal controls over financial reporting of the University as of June 30, 2009. Accordingly, we do not express such an opinion. We also were not engaged to examine and report on the operating effectiveness of the University's internal control over financial reporting as of June 30, 2009, and, accordingly, we express no opinion on its operating effectiveness. Had we performed additional procedures, or had we made an examination of the system of internal controls over financial reporting, other matters might have come to our attention that would have been reported to you. This report only relates to the procedures specified above and does not extend to the financial statements of the University or its Intercollegiate Athletics Department taken as a whole.

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

Deloitte & Touche LLP

December 18, 2009

MIAMI UNIVERSITY

EXHIBIT A

INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

	Men's Basketball	Men's Football	Women's Basketball	Other Sports	Non-Program Specific	2009 Total
REVENUES:						
Ticket sales	$ 174,523	$ 477,872	$ 11,314	$ 514,461		$ 1,178,170
Student fees	698,831	3,407,275	1,081,508	6,510,990	$ 2,190,666	13,889,270
Guarantees	145,000	475,000	12,000	6,000		638,000
Contributions	56,177	57,517	23,730	320,727	582,811	1,040,962
Direct state or other government support				85	3,784	3,869
Direct institutional support	89,238	818,470	123,808	2,007,466	875,542	3,914,524
Indirect facilities and administrative support					61,748	61,748
NCAA/conference distributions including all tournament revenues	123,933			39,667	730,943	894,543
Broadcast, television, radio and internet rights		10,000				10,000
Program sales, concessions, novelty sales and parking	23,564	98,018		14,514	49,314	185,410
Royalties, licensing, advertisements and sponsorships					421,684	421,684
Sports camp revenues				5,570	907,929	913,499
Endowment and investment income	12,760	215,089		104,777	422,785	755,411
Other revenues	19,233	18,499	13,627	80,307	275,695	407,361
Total revenue	1,343,259	5,577,740	1,265,987	9,604,564	6,522,901	24,314,451
EXPENSES:						
Athletics student aid	372,416	2,678,669	414,336	4,297,372	252,583	8,015,376
Guarantees	20,000	230,000	2,000	83,717		335,717
Coaching salaries, benefits, and bonuses paid by the university and related entities	507,346	1,324,501	401,404	2,477,487		4,710,737
Support-staff/administrative salaries, benefits, and bonuses paid by the university and related entities	74,603	259,956	139,961	150,929	3,599,798	4,225,248
Recruiting	57,084	241,461	36,098	216,843	88,479	639,965
Team travel	92,995	181,015	107,022	1,149,323	203,712	1,734,067
Equipment, uniforms and supplies	45,940	119,906	29,313	358,130	288,807	842,096
Game expenses	62,000	192,113	55,673	221,799	94,227	625,812
Fund raising, marketing and promotion	3,238	8,225	4,809	11,009	206,692	233,973
Sports camp expenses					964,373	964,373
Direct facilities, maintenance and rental	19,837	98,986	12,069	69,287	68,729	268,908
Spirit groups					39,171	39,171
Indirect facilities and administrative support					61,748	61,748
Medical expenses and medical insurance	11,592	36,349	9,377	102,645	31,490	191,453
Memberships and dues	2,663	526	780	7,723	272,217	283,909
Other operating expenses	73,545	206,033	53,145	458,299	854,652	1,645,674
Total expenses	1,343,259	5,577,740	1,265,987	9,604,563	7,026,679	24,818,227
EXCESS / (DEFICIT) OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ (503,777)	$ (503,777)

1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Miami University (the "Statement") has been prepared in accordance with the 1996 Financial Audit Guidelines established by the National Collegiate Athletic Association, as amended, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Department of Miami University (the "Department") for the year ended June 30, 2009 on the accrual basis. Revenues are recorded when earned. Expenses are recorded in the period in which the related liability is incurred. Because the Statement presents only a selected portion of the activities of Miami University (the "University"), it is not intended to and does not present the financial position, changes in net assets or revenues and expenses for the year then ended for the University as a whole.

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

2. OTHER SPORTS

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

3. CONTRIBUTIONS

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

There was one contribution made that comprised more than 10% of the total contributions revenue related to intercollegiate athletics for the year ended June 30, 2009. The contribution was $215,000 received from the Terrizzi Venture Capital Fund.

4. OTHER FORMS OF COMPENSATION

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

5. PROPERTY, PLANT, AND EQUIPMENT

Land, buildings, and equipment are recorded at cost at date of acquisition or market value at date of donation in the case of gifts. Land and collections of works of art and historical treasures are capitalized but not depreciated. Any collection that is not capitalized is charged to operations at the time of purchase. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 50 years for buildings, 25 years for infrastructure, library books, and land improvements, 20 years for improvements to buildings, and 5 to 7 years for equipment, vehicles, and furniture. The University's capitalization threshold is the lower of 5 percent of the original building cost or $100,000 for building renovations and $1,200 for all other capitalized items. The University does not segregate athletics-related assets from other assets held by the University and therefore depreciation expense is not reflected in the statement of revenues and expenditures.

* * * * * *

WMUB Radio

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

Financial Statements as of and for the Eight Month Period Ended February 28, 2009 and Years Ended June 30, 2008 and 2007 and Independent Auditors' Report

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") as of and for the eight month period ended February 28, 2009 and as of and for the years ended June 30, 2008, and 2007. These financial statements are the responsibility of the management of the Station. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of Miami University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Miami University as of February 28, 2009, June 30, 2008, and 2007, the changes in its financial position, or its cash flows for the eight month period ended February 28, 2009 and the years ended June 30, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Station, as of February 28, 2009, June 30, 2008, and 2007, and the respective changes in financial position and cash flows thereof for the eight month period ended February 28, 2009 and the years ended June 30, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, Miami University has reached an operational agreement with Cincinnati Public Radio (CPR). As a result of the Agreement, CPR assumed the day-to-day operational responsibility for the programming of WMUB radio Station as of March 1, 2009.

Management's Discussion and Analysis on pages 2–5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The supplementary information is the responsibility of the Station's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 17, 2009 on our consideration of the Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

July 17, 2009

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2009 AND
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

Introduction

The following discussion and analysis provides an overview of the financial position and activities of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") for the eight month period ended February 28, 2009 and for the years ended June 30, 2008, and 2007. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion have been prepared by and are the responsibility of Station management.

Using the Financial Statements

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

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

Financial Highlights

Eight Month Period Ending February 28, 2009

The Station's financial position reflected the unusual situation of preparing for shutdown as Miami University turned over operation of the station to Cincinnati Public Radio on March 1, 2009. The eight-month period ended then with total assets of $845,049. Local revenue sources were based on only 6 months of active fundraising (June-December, 2008) instead of the spring campaigns that would be part of a normal year. WMUB staff positions were eliminated as of June 30, 2009.

Fiscal Year 2008

Overall, the Station's financial position remained relatively strong at June 30, 2008, with total assets of $817,563 (down from 2007). In local sources, revenue from Membership and Underwriting both increased, because of additional explanatory and fundraising letters to members, and continuity in the underwriting representative position. These local increases partially offset a third year of declines in Miami University support.

Fiscal Year 2007

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

Statement of Net Assets

The Statement of Net Assets presents the assets and net assets as of the eight month period ended February 28, 2009 and as of the years ended June 30, 2008, and 2007. Net assets are one indicator of the overall strength of the Station. Also, the overall increase or decrease in total net assets indicates whether the financial strength of the Station is improving or declining. Miami University maintains cash accounts that support the operations of the Station. All of the Station's receipts and disbursements are reflected in these accounts, as the Station does not maintain its own separate account. As a result, the Station has net accounts receivable or payable from Miami University. The net accounts receivable are measured at a point in time using current values. Capital assets are recorded at historical cost less an allowance for depreciation.

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

Assets	**2/28/2009**	**2008**	**2007**
Current assets	$ 566,593	$ 526,722	$ 505,022
Capital assets—net	278,456	290,841	340,848
Total assets	$ 845,049	$ 817,563	$ 845,870
Liabilities			
Accounts payable	$ 85,483	$ -	$ -
Net Assets			
Invested in capital assets	$ 278,456	$ 290,841	$ 340,848
Unrestricted net assets	481,110	526,722	505,022
Total net assets	759,566	817,563	845,870
Total liabilities and net assets	$ 845,049	$ 817,563	$ 845,870

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the Station's results of operations for the eight month period ended February 28, 2009 and the years ended June 30, 2008 and 2007. The revenues and expenses are generally reported as either operating or nonoperating. Operating revenue is generated by grants from the Corporation for Public Broadcasting and the State of Ohio. Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Station. Nonoperating revenues are received without an exchange for goods and services. Nonoperating revenues include an appropriation of donated facilities, administrative support from its licensee, Miami University, membership revenue, and contributions from area businesses (program underwriting).

	2/28/2009	**2008**	**2007**
Operating revenues	$ 84,679	$ 270,748	$ 339,582
Nonoperating revenues	852,931	1,488,878	1,377,959
Total revenues	$ 937,610	$ 1,759,626	$ 1,717,541
Operating Expenses	$ 995,607	$ 1,787,933	$ 1,730,859
Total Expenses	$ 995,607	$ 1,787,933	$ 1,730,859
Increase (decrease) in net assets	$ (57,997)	$ (28,307)	$ (13,318)

Statement of Cash Flows

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

	2/28/2009	2008	2007
Net cash used for operating activities	$ (584,015)	$ (1,114,373)	$ (999,373)
Net cash provided by noncapital activities	637,577	1,136,073	1,042,133
Net cash used for capital and related financing	(18,911)	-	-
Net increase (decrease) in cash equivalents	34,651	21,700	42,760
Cash equivalents at beginning of year	526,722	505,022	462,262
Cash equivalents at end of year	$ 561,373	$ 526,722	$ 505,022

Economic Factors That Will Affect the Future

The future of WMUB is determined by an agreement concluded between Miami University and Cincinnati Public Radio (CPR) whereby CPR assumed operation of WMUB on March 1, 2009. Accordingly, this report covers only the 8 months of fiscal year 2009 that were actively managed by Miami University (July 1, 2008-February 28, 2009).

Tolliver C. Callison, III
General Manager, WMUB

WMUB RADIO

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

STATEMENTS OF NET ASSETS
FEBRUARY 28, 2009 AND JUNE 30, 2008 AND 2007

	2/28/2009	2008	2007
ASSETS			
CURRENT ASSETS—			
Net accounts receivable from Miami University	$ 566,593	$ 526,722	$ 505,022
NONCURRENT ASSETS—			
Capital assets, net of $764,621, $814,167 and $767,877 in accumulated depreciation at 2/28/2009, 2008, and 2007, respectively	278,456	290,841	340,848
TOTAL ASSETS	$ 845,049	$ 817,563	$ 845,870
LIABILITIES			
ACCOUNTS PAYABLE	$ 85,483	$ -	$ -
NET ASSETS			
INVESTED IN CAPITAL ASSETS	$ 278,456	$ 290,841	$ 340,848
UNRESTRICTED NET ASSETS	481,110	526,722	505,022
TOTAL NET ASSETS	759,566	817,563	845,870
TOTAL LIABILITIES AND NET ASSETS	$ 845,049	$ 817,563	$ 845,870

See notes to financial statements.

WMUB RADIO

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2009 AND FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2/28/2009	2008	2007
OPERATING REVENUES:			
Corporation for Public Broadcasting Grant	$ 61,059	$ 153,900	$ 157,271
In-kind contributions—Ohio Educational Telecommunications		82,754	147,250
Ohio Educational Telecommunications ("OET") Grant	23,620	34,094	35,061
Total operating revenues	84,679	270,748	339,582
OPERATING EXPENSES:			
Program services:			
Programming and production	383,714	786,239	831,052
Broadcasting	78,627	140,422	94,452
Program information	20,627	73,728	57,069
Total program services	482,968	1,000,389	982,573
Supporting services:			
Administrative support	216,076	352,805	335,826
Management and general	184,179	270,931	252,822
Fund raising	55,672	73,559	64,325
Underwriting	26,138	40,242	39,235
Depreciation	30,574	50,007	56,078
Total supporting services	512,639	787,544	748,286
Total operating expenses	995,607	1,787,933	1,730,859
NET OPERATING LOSS	(910,928)	(1,517,185)	(1,391,277)
NONOPERATING REVENUES:			
Appropriation from Miami University	395,270	725,875	652,732
Donated facilities and administrative support	216,076	352,805	335,826
Membership revenue	117,026	291,518	282,121
Major donors	34,207		
Business and underwriting support	83,151	101,827	82,657
Net revenue from special fund raising activity	690	1,783	232
Foundations and nonprofits	4,186	11,023	12,292
Passive income		2,160	263
Other	2,325	1,887	11,836
Total nonoperating revenues	852,931	1,488,878	1,377,959
INCREASE (DECREASE) IN NET ASSETS	(57,997)	(28,307)	(13,318)
NET ASSETS—Beginning of period	817,563	845,870	859,188
NET ASSETS—End of period	$ 759,566	$ 817,563	$ 845,870

See notes to financial statements.

WMUB RADIO

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

STATEMENTS OF CASH FLOWS
FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2009 AND FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2/28/2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Corporation for Public Broadcasting Grant	$ 146,542	$ 153,900	$ 157,271
Receipts from Ohio Educational Telecommunications Grant	23,620	34,094	35,061
Payments for programming and production	(388,934)	(703,485)	(683,802)
Payments for broadcasting	(78,627)	(140,422)	(94,452)
Payments for program information	(20,627)	(73,728)	(57,069)
Payments for management and general	(184,179)	(270,931)	(252,822)
Payments for fund raising	(55,672)	(73,559)	(64,325)
Payments for underwriting	(26,138)	(40,242)	(39,235)
Net cash used for operating activities	(584,015)	(1,114,373)	(999,373)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Appropriation from Miami University	395,270	725,875	652,732
Membership revenue	117,026	291,518	282,121
Major donors	34,207		
Business and underwriting support	83,151	101,827	82,657
Foundations and nonprofits	4,186	11,023	12,292
Net revenue from special fundraising activities	690	1,783	232
Passive income	-	2,160	263
Other	3,047	1,887	11,836
Net cash provided by noncapital financing activities	637,577	1,136,073	1,042,133
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES—			
Payments to purchase capital assets	(18,911)	-	-
Net cash used for capital and related financing activities	(18,911)	-	-
NET INCREASE IN CASH EQUIVALENTS	34,651	21,700	42,760
CASH EQUIVALENTS:			
Beginning of period	526,722	505,022	462,262
End of period	$ 561,373	$ 526,722	$ 505,022
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Net operating loss per statements of revenues, expenses and changes in net assets	$ (916,148)	$ (1,517,185)	$ (1,391,277)
Adjustments to reconcile net operating loss to net cash used for operating activities:			
Depreciation expense	30,574	50,007	56,078
Accounts receivable	85,483		
Donated facilities and administrative support	216,076	352,805	335,826
NET CASH USED FOR OPERATING ACTIVITIES	$ (584,015)	$ (1,114,373)	$ (999,373)

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2009 AND FOR THE YEARS ENDED JUNE 30, 2008 AND2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — WMUB Radio (the "Station") is owned and operated by Miami University (the "University"), a governmental institution of higher education. The license for the Station is issued by the Federal Communications Commission to the President and Board of Trustees of the University. The Station was administered as a division of University Communications through February 27, 2009. Effective March 1, 2009 the station will be operated by Cincinnati Public Radio, Inc. (See note 5).

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

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

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

Net Assets — Net assets are classified into three major categories. The first category, invested in capital assets, reports the Station's net equity in property, plant and equipment. The second major category is restricted net assets. This category contains net assets that are owned by the station, but the use or purpose of the funds is restricted by an external source or entity. The Station does not have any restricted net assets. The third category is unrestricted net assets, which are available to be used for any lawful purpose of the Station.

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

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

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

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

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

2. CAPITAL ASSETS

The capital assets and accumulated depreciation as of February 28, 2009 and June 30, 2008 and 2007 are summarized as follows:

	2009			
	July 1, 2008 Beginning Balance	Additions	Retirements	Feb 28, 2009 Ending Balance
Capital assets:				
Building, antenna and tower	$ 330,386	$ -	$ -	$ 330,386
Studio and broadcast equipment	774,622	18,911	(80,120)	713,413
Total capital assets	1,105,008	18,911	(80,120)	1,043,799
Less: accumulated depreciation	814,167	30,574	(79,398)	765,343
Capital assets—net	$ 290,841	$ (11,663)	$ (722)	$ 278,456

	2008			
	July 1, 2007 Beginning Balance	Additions	Retirements	June 30, 2008 Ending Balance
Capital assets:				
Building, antenna and tower	$ 330,386	$ -	$ -	$ 330,386
Studio and broadcast equipment	778,339		(3,717)	774,622
Total capital assets	1,108,725	-	(3,717)	1,105,008
Less: accumulated depreciation	767,877	50,007	(3,717)	814,167
Capital assets—net	$ 340,848	$ (50,007)	$ -	$ 290,841

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

3. INCOME TAXES

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

4. ACCOUNTS PAYABLE

The accounts payable amount of $85,483 represents the amount owed to Cincinnati Public Radio for the grant received from Corporation for Public Broadcasting prorated on a monthly basis.

5. STATION'S OPERATIONAL CHANGES

As of February 27, 2009, an Operating Agreement (Agreement) became effective between Cincinnati Public Radio, Inc (CPR) and Miami University. As a result of the Agreement, CPR assumed the day-to-day operational responsibility for the programming of WMUB radio station as of March 1, 2009, including, but not limited to, (1) producing or otherwise obtaining for broadcast by the Station news, public service and/or entertainment programming, (2) assisting with fund raising efforts and (3) assisting the University with compliance under the Communications Act of 1934 and the FCC Rules and Regulations.

Under this agreement WMUB will join WGUC FM and WVXU FM, which are owned by CPR. With this alliance, WMUB will maintain its emphasis on news and information offerings on 88.5 FM as well as offer opportunities for student development.

This agreement shall be in effect for an Initial Term of five years with CPR having the right to extend the agreement an Additional Term of five years.

During the Initial Term and Additional Term, CPR will reimburse Miami University for Miami University's costs and expenses associated with operating the WMUB station, including, but not limited to, any legal and accounting expenses. Miami University will remain responsible for the operation of the station in conformance with all applicable FCC rules and policies.

Under the Operating Agreement Miami University retains ownership of the WMUB license. An Option to Purchase has been made between Miami University and CPR where CPR has an option to purchase the WMUB license for fair market value at any time during the term of the Operating Agreement. Miami University retains title to all physical assets of WMUB and is paying all remaining salaries and termination costs of the WMUB employees. Miami University paid all internal legal fees and evenly divided the cost of external legal fees with CPR.

* * * * * *

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647
www.deloitte.com

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

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

We have audited the financial statements of WMUB Radio, a noncommercial public radio station owned and operated by Miami University, (the "Station") as of and for the eight month period ended February 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Station's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Station's financial statements that is more than inconsequential will not be prevented or detected by the Station's internal control.

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

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

Compliance and Other Matters

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

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

Deloitte & Touche LLP

July 17, 2009

MIAMI UNIVERSITY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 4, 2010