

**LAKE SUPERIOR STATE UNIVERSITY  
FEDERAL AWARDS**

**SINGLE AUDIT REPORT**

**JUNE 30, 2004**

# LAKE SUPERIOR STATE UNIVERSITY

## SINGLE AUDIT REPORT

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**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

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

August 27, 2004

Board of Trustees  
Lake Superior State University

We have audited the financial statements of Lake Superior State University as of and for the year ended June 30, 2004 and have issued our report thereon dated August 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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### Internal Control over Financial Reporting

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

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lehmann Johnson".



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP

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

August 27, 2004

Board of Trustees  
Lake Superior State University

Compliance

We have audited the compliance of Lake Superior State 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 each of its major federal programs for the year ended June 30, 2004. Lake Superior State 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 Lake Superior State University's management. Our responsibility is to express an opinion on Lake Superior State 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 statements 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 Lake Superior State 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 Lake Superior State University's compliance with those requirements.

In our opinion Lake Superior State 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, 2004.

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### Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Lake Superior State University as of and for the year ended June 30, 2004 and have issued our report thereon dated August 27, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

**LAKE SUPERIOR STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/Pass through grantor/ Program title	Federal CFDA Number	Award # or Pass - through Grant #	Award Amount	Carryover	Accrued (Deferred) at 07/01/03	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/04
<b>U.S. Department of Education</b>											
Major direct programs:											
Student Financial Aid Cluster											
Supplemental Educational Opportunity Grant	84.007	P007A032029	103,892		\$ -	\$ 103,892	\$ -	\$ -	\$ 101,722	\$ 103,892	\$ -
William D. Ford Federal Direct Loan Program 02-03	84.268	P268K981388			69,818	77,081	-	-	7,698,310	7,263	-
William D. Ford Federal Direct Loan Program 03-04	84.268	P268K981388			-	8,579,647	-	-	-	8,610,373	30,726
Federal Work Study 03-04	84.033	P033A032029	271,954		-	271,954	-	-	-	271,954	-
Federal Perkins Loan Program	84.038	P038A032029	36,463		(2,463,561)	36,463	105,763	560,933	612,464	615,579	(2,551,141)
Federal Pell Grant Program 02-03	84.063	P063P020235	2,327,135		5,243	5,135	-	-	2,328,392	(108)	-
Federal Pell Grant Program 03-04	84.063	P063P030235	2,404,198	9,658	-	2,394,540	-	-	-	2,403,427	8,887
Nursing Student Loans	93.364	6339831N03	65,278		(444,789)	65,278	17,515	113,093	102,700	113,094	(527,581)
SUBTOTAL					(2,833,289)	11,533,990	123,278	674,026	10,843,588	12,125,474	(3,039,109)
Upward Bound 03/04	84.047a	P047A030828	377,530		24,099	327,530	-	-	74,099	303,431	-
Upward Bound 04/05	84.047a	P047A030828	377,530		-	60,000	-	-	-	119,547	59,547
SUBTOTAL			755,060		24,099	387,530	-	-	74,099	422,978	59,547
Nonmajor programs:											
Strengthening Institutions-Project Mgt	84.031a	P031A010202	141,828		877	53,200	-	-	47,353	54,733	2,410
Strengthening Institutions-Acad Progs/Stu Success	84.031a	P031A010202	921,344		9,091	281,300	-	-	366,316	282,198	9,989
SUBTOTAL			1,063,172		9,968	334,500	-	-	413,669	336,931	12,399
Directed Grant-Skill Trades	84.116z	P116Z020069	200,000		25,075	37,121	-	-	169,775	12,046	-
Child Care Access	84.335a	P335A990174	57,221		2,091	13,608	-	-	13,237	12,677	1,160
Nonmajor passed through Michigan Department of Education:											
Occupational Educational Equipment Grant 03-04	84.048	043510/402132	131,568		-	121,028	-	-	-	131,568	10,540
Voc Ed Prof Dev-Fast Track Robot/Vision	84.048	3290/5301-120	679		675	675	-	-	675	-	-
Voc Ed Prof Dev-Fast Track Automation	84.048	033290/402999	535		-	488	-	-	-	488	-
Voc Ed Prof Dev-Fast Track Prototyping	84.048	033290/4029100	297		-	234	-	-	-	234	-
Local Leadership 02-03	84.048	3250/5202-29	3,000		1,156	1,254	-	-	1,156	98	-
Local Leadership 03-04	84.048	043250/402532	3,000		-	51	-	-	-	51	-
SUBTOTAL					1,831	123,730	-	-	1,831	132,439	10,540
Nonmajor passed through EUP Intermediate School District:											
Tech Prep 2003	84.048		10,000		4,019	4,019	-	-	9,019	-	-
Tech Prep 03/04	84.243A		11,438		-	-	-	-	-	11,438	11,438
Summer Institute for Technology 03	84.048		15,000		-	15,000	-	-	-	15,000	-
Rudyard Robotics	84.287A		-		(230)	-	-	-	-	230	-
SUBTOTAL					3,789	19,019	-	-	9,019	26,668	11,438
<b>Total U.S. Department of Education</b>											
					(2,766,436)	12,449,498	123,278	674,026	11,525,218	13,069,213	(2,944,025)

**LAKE SUPERIOR STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/Pass through grantor/ Program title	Federal CFDA Number	Award # or Pass - through Grant #	Award Amount	Carryover	Accrued (Deferred) at 07/01/03	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/04
<b><u>U.S. Department of Health and Human Services</u></b>											
Nonmajor program passed through Michigan Department of Community Health:											
Medical Assistance Program	93.778	20040410	57,165		-	48,144	-	-	-	51,679	3,535
<b>Total U.S. Department of Health and Human Services</b>					-	48,144	-	-	-	51,679	3,535
<b><u>U.S. Department of the Interior</u></b>											
Nonmajor direct programs:											
Sea Lamprey Study 03/04	15.ffa	301812J074	5,800		-	5,800	-	-	-	5,800	-
Sea Lamprey Study 04/05	15.ffa	301812J074	5,800		-	-	-	-	-	1,020	1,020
USFWS Eagle Cooperative	15.fib	1448000397105499			(469)	-	-	-	-	180	(289)
<b>Total U.S. Department of the Interior</b>					(469)	5,800	-	-	-	7,000	731
<b><u>National Science Foundation</u></b>											
Nonmajor direct program:											
NSF DNA Sequencer	47.074	DBI-0116086	113,200		3,386	27,559	-	-	13,781	25,440	1,267
NSF Geoscience Curriculum Model	47.076	DUE-9952319	113,678		5,312	30,719	-	-	23,251	25,879	472
NSF First	47.076	DUE-9980685	124,745		4,137	5,600	-	-	20,861	-	(1,463)
NSF ICPMS	47.049	CHE-0116036	192,922		6,234	969	-	-	73,240	(5,265)	-
NSF Energy Lab	47.076	DUE-0126684	98,814		5,007	49,225	-	-	26,883	44,466	248
NSF HPLC 04-07	47.076	CHE-0342928	69,975		-	69,596	-	-	-	69,593	(3)
NSF CSEM Scholars Program	47.076	DUE-0094775	101,250		(5,155)	44,806	-	-	27,852	50,218	257
SUBTOTAL					18,921	228,474	-	-	185,868	210,331	778
Nonmajor program passed through UW:											
Geological Analysis of Western Idaho Shear Zone	47.050	L529830			842	-	-	-	9,090	(842)	-
<b>Total National Science Foundation</b>					19,763	228,474	-	-	194,958	209,489	778
<b><u>National Endowment for Humanites</u></b>											
Nonmajor program through Sault Schools:											
River of History Virtual Tours					-	-	-	-	8,750	-	-
<b>Total National Endowment for Humanites</b>					-	-	-	-	8,750	-	-
<b><u>U.S. Environmental Protection Agency</u></b>											
Nonmajor direct program:											
Riverine Mercury Input tests	45.165	NMJ-00001683	32,766		25,384	21,015	-	-	25,384	(4,369)	-
Les Cheneaux Islands-Surface Water Contamination	66.463	NE-97586701-0	5,000		1,004	1,004	-	-	5,000	-	-
Sediment Quality in St Mary's River	66.469	GL-97510101-0	5,000		12,968	55,303	-	-	17,256	66,286	23,951
Sediment Quality in St Mary's River	66.469	GL-96513301-0	86,285		-	1,053	-	-	-	3,512	2,459
SUBTOTAL					39,356	78,375	-	-	47,640	65,429	26,410



**LAKE SUPERIOR STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/Pass through grantor/ Program title	Federal CFDA Number	Award # or Pass - through Grant #	Award Amount	Carryover	Accrued (Deferred) at 07/01/03	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/04
Nonmajor program passed through UW: Inactivation of Algal Toxins	66.500	901B821 R82941301	14,900		1,018	9,120	-	-	6,024	7,324	(778)
<b><u>Total U.S. Environmental Protection Agency</u></b>					<u>40,374</u>	<u>87,495</u>	<u>-</u>	<u>-</u>	<u>53,664</u>	<u>72,753</u>	<u>25,632</u>
<b><u>U.S. Department of Justice</u></b>											
Nonmajor program passed through Michigan State Police, Emergency Management Division: Homeland Security	16.007		4,500		-	-	-	-	-	2,205	2,205
<b><u>Total U.S. Department of Justice</u></b>					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,205</u>	<u>2,205</u>
<b><u>TOTAL FEDERAL AWARDS</u></b>					<u>\$ (2,706,768)</u>	<u>\$ 12,819,411</u>	<u>\$ 123,278</u>	<u>\$ 674,026</u>	<u>\$ 11,782,590</u>	<u>\$ 13,412,339</u>	<u>\$ (2,911,144)</u>

Notes to Schedule of Federal Award Expenditures:

1) Includes interest collected and institution match

2) Total loans disbursed from available funds

3) Basis of presentation -

The schedule of expenditures of federal awards includes the federal grant activity of the University and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore some amounts presented in this schedule may differ from amounts presented or used in the preparation of the financial statements.

4) During the year ended June 30, 2004 the University passed through to subrecipient agencies \$ -0- in federal award funding.

**Lake Superior State University  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

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SECTION 1 - SUMMARY OF AUDITORS RESULTS:

***Financial Statements***

Type of Auditor's report issued:	Unqualified
Internal control over financial reporting: Material weakness identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs: Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) ?	No
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Identification of major programs:

<i>CFDA #</i>	<i>Name of Program</i>
84.007,84.033,84.038,84.063,84.268,93.364	Student financial aid cluster

Dollar threshold to distinguish  
between type A and type B programs: \$402,370

Auditee qualified as a low risk auditee? Yes

## SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings are reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs are reported.