

**LAKE SUPERIOR STATE UNIVERSITY
FEDERAL AWARDS**

SINGLE AUDIT REPORT

JUNE 30, 2009

LAKE SUPERIOR STATE UNIVERSITY

SINGLE AUDIT REPORT

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|--------------------|
| Schedule of Expenditures of Federal Awards | 1-2 |
| Notes to Schedule of Expenditures of Federal Awards | 3 |
| 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 <i>Government Auditing Standards</i> | 4-5 |
| 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 | 6-7 |
| Schedule of Findings and Questioned Costs | 8-9 |

LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

| Federal Grantor/Pass through grantor/ Program title | Federal CFDA Number | Award # or Pass - through Grant # | Award Amount | Accrued (Deferred) at 07/01/08 | Receipts | Other Revenue Recognized | Transfers & Adjustments | Prior Year Expenditures | Current Year Expenditures | Accrued (Deferred) at 06/30/09 |
|---|---------------------|-----------------------------------|--------------|--------------------------------|------------|--------------------------|-------------------------|-------------------------|---------------------------|--------------------------------|
| <u>U.S. Department of Education:</u> | | | | | | | | | | |
| Direct Programs: | | | | | | | | | | |
| Supplemental Education Opportunity Grant 08-09 | 84.007 | P007A082029 | \$ 101,654 | \$ - | \$ 101,654 | \$ - | \$ - | \$ 109,909 | \$ 101,654 | \$ - |
| Federal Work Study 08-09 | 84.033 | P033A082029 | 271,954 | - | 271,954 | - | - | 271,954 | 271,954 | - |
| Federal Pell Grant Program 07-08 | 84.063 | P063P070235 | 2,320,822 | 3,855 | 11,822 | - | - | 2,312,855 | 7,967 | - |
| Federal Pell Grant Program 08-09 | 84.063 | P063P080235 | 2,987,842 | - | 2,981,000 | - | - | - | 2,987,419 | 6,419 |
| Academic Competitive Grants (ACG) 08-09 | 84.375 | P375A080235 | 96,320 | - | 96,320 | - | - | 84,133 | 96,320 | - |
| National Science And Mathematics Access To Retain Talent (SMART) 08-09 | 84.376 | P376S080235 | 61,234 | - | 61,234 | - | - | 68,000 | 61,234 | - |
| Teacher Education Assistance for College and Higher Education 08-09 | 84.379 | P379T090235 | 35,000 | - | 34,000 | - | - | - | 35,000 | 1,000 |
| William D. Ford Federal Direct Loan Program 07-08 | 84.268 | P268K080235 | 9,191,283 | 89,545 | 94,283 | - | - | 9,186,545 | 4,738 | - |
| William D. Ford Federal Direct Loan Program 08-09 | 84.268 | P268K090235 | 16,728,801 | - | 12,170,000 | - | - | - | 12,307,978 | 137,978 |
| Federal Perkins Loan Program | 84.038 | P038A082029 | 353,137 | (2,610,132) | - | 79,344 | 342,567 | 517,414 | 353,137 | (2,678,906) |
| SUBTOTAL | | | | (2,516,732) | 15,822,267 | 79,344 | 342,567 | 12,550,810 | 16,227,401 | (2,533,509) |
| Upward Bound 07-08 | 84.047a | P047A070988-07 | 388,856 | - | - | - | - | 342,238 | - | - |
| Upward Bound 08-09 | 84.047a | P047A070988-08 | 388,856 | 3,625 | 326,000 | - | - | 40,509 | 327,618 | 5,243 |
| Upward Bound 09-10 | 84.047a | P047A070988-09 | 388,856 | - | 25,000 | - | - | - | 45,227 | 20,227 |
| SUBTOTAL | | | | 3,625 | 351,000 | - | - | 382,747 | 372,845 | 25,470 |
| Programs passed through Michigan Department of Education: | | | | | | | | | | |
| Occupational Educational Services 07-08 | 84.048 | 073510/702133 | 90,064 | 15,402 | 15,402 | - | - | 90,064 | - | - |
| Occupational Educational Services 08-09 | 84.048 | 093510/092132 | 82,097 | - | 67,763 | - | - | - | 82,097 | 14,334 |
| Professional Development - Fast Track 07-08 | 84.048 | 073290/702933 | 1,000 | 1,000 | 1,000 | - | - | 1,000 | - | - |
| Professional Development - Fast Track 08-09 | 84.048 | 093290/902932 | 1,000 | - | - | - | - | - | 969 | 969 |
| Improving Teacher Quality 07-09 | 84.367 | 080290-0021 | 200,000 | 53,499 | 95,577 | - | - | 74,967 | 92,873 | 50,795 |
| SUBTOTAL | | | | 69,901 | 179,742 | - | - | 166,031 | 175,939 | 66,098 |
| Programs passed through EUP Intermediate School District: | | | | | | | | | | |
| Technical Preparation-High School to College 07-08 | 84.243 | 83540 | 12,269 | 5,742 | 5,742 | - | - | 9,393 | - | - |
| Technical Preparation-High School to College 08-09 | 84.243 | 93540 | 10,840 | - | 3,854 | - | - | - | 10,840 | 6,986 |
| SUBTOTAL | | | | 5,742 | 9,596 | - | - | 9,393 | 10,840 | 6,986 |
| Programs passed through Dickinson-Iron Intermediate School District: | | | | | | | | | | |
| Michigan Mathematics & Science Teacher Leadership Collaborative 2007-09 | 84.366B | | 15,000 | - | 15,000 | - | - | - | 7,540 | (7,460) |
| Math Science Partnership for Greater Proficiency in Science 2008-09 | 84.366B | | 8,000 | - | - | - | - | - | 8,000 | 8,000 |
| SUBTOTAL | | | | - | 15,000 | - | - | - | 15,540 | 540 |
| Programs passed through Michigan Department of Labor and Economic Growth | | | | | | | | | | |
| Michigan GEAR UP/College Day Program 06-07 | 84.334S | 07-00-05/83568 | 10,120 | - | - | - | - | (1,930) | - | - |
| Michigan GEAR UP/College Day Program 07-08 | 84.334S | 07-00-05/83568 | 10,120 | 3,762 | 6,847 | - | - | 6,377 | 3,085 | - |
| Michigan GEAR UP/College Day Program 08-09 | 84.334S | 07-00-05/83568 | 10,120 | - | 5,463 | - | - | - | 9,744 | 4,281 |
| SUBTOTAL | | | | 3,762 | 12,310 | - | - | 4,447 | 12,829 | 4,281 |
| <u>Total U.S. Department of Education</u> | | | | (2,433,702) | 16,389,915 | 79,344 | 342,567 | 13,113,428 | 16,815,394 | (2,430,134) |
| <u>U.S. Department of Health and Human Services</u> | | | | | | | | | | |
| Direct Programs: | | | | | | | | | | |
| Nursing Student Loans | 93.364 | 6339831N05 | 13,999 | (629,190) | 13,999 | 15,557 | 67,566 | 118,250 | 65,950 | (660,362) |
| Program passed through Pacific Institute for Research and Evaluation Alcohol Education Research | 93.891 | 0352.01.01 | 2,000 | - | 1,000 | - | - | - | - | (1,000) |
| <u>Total U.S. Department of Health and Human Services</u> | | | | (629,190) | 14,999 | 15,557 | 67,566 | 118,250 | 65,950 | (661,362) |

**LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

| Federal Grantor/Pass through grantor/ Program title | Federal CFDA Number | Award # or Pass - through Grant # | Award Amount | Accrued (Deferred) at 07/01/08 | Receipts | Other Revenue Recognized | Transfers & Adjustments | Prior Year Expenditures | Current Year Expenditures | Accrued (Deferred) at 06/30/09 |
|--|---------------------------|---|-----------------|--------------------------------------|---------------|-----------------------------|----------------------------|-------------------------------|---------------------------------|--------------------------------------|
| <u>U.S. Department of the Interior</u> | | | | | | | | | | |
| Direct Programs: | | | | | | | | | | |
| Upper St. Mary's River Lake Sturgeon Genetics 2008 | 15.608 | 301818J201 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,991 | \$ 4,991 |
| Sea Lamprey Study 08-09 | 15.608 | 321458H032--301815J069 | 6,300 | - | 6,300 | - | - | 6,300 | 6,300 | - |
| Total U.S. Department of the Interior | | | | - | 6,300 | - | - | 6,300 | 11,291 | 4,991 |
| <u>National Science Foundation</u> | | | | | | | | | | |
| Direct Programs: | | | | | | | | | | |
| Combined Physical Property Measurements at Siple Dome 2009-10 | 47.078 | ANT-0917509 | 35,491 | - | 6,205 | - | - | - | 12,692 | 6,487 |
| Programs passed through University of Wisconsin: NSF-UW Study Deformed Rock Lower Crust Australia | 47.050 | 0440156-L521242 | 19,755 | - | 12,308 | - | - | 5,629 | 12,304 | (4) |
| Total National Science Foundation | | | | - | 18,513 | - | - | 5,629 | 24,996 | 6,483 |
| <u>U.S. Department of Agriculture</u> | | | | | | | | | | |
| U.S. Fish and Wildlife Contracts: | | | | | | | | | | |
| Cormorant Diet Analysis 08-09 | 10.028 | AG-6395-P-09-0392 | 19,200 | - | 14,208 | - | - | 6,516 | 14,208 | - |
| Program passed through Michigan Department of Education: Summer Food Program 06-08 | 10.559 | 17SFP02000 | 11,306 | - | 11,306 | - | - | 8,977 | 11,306 | - |
| Total U.S. Department of Agriculture | | | | - | 25,514 | - | - | 15,493 | 25,514 | - |
| <u>U.S. Department of Energy</u> | | | | | | | | | | |
| Programs passed through Michigan Department of Labor and Economic Growth | | | | | | | | | | |
| Reed Canary Grass as a Bio-Pellet Fuel Source | 81.041 | PLA-07-48 | 6,915 | 1,393 | 2,511 | - | - | 5,590 | 1,118 | - |
| Production & Use of Reed Canary Grass as Biomass Pellets 2008-09 | 81.041 | PLA-09-36 | 15,600 | - | 9,410 | - | - | - | 11,070 | 1,660 |
| Rebuild Michigan Community Partnership | 81.119 | PLA-08-49 | 8,607 | - | 2,449 | - | - | - | 4,064 | 1,615 |
| Total U.S. Department of Energy | | | | 1,393 | 14,370 | - | - | 5,590 | 16,252 | 3,275 |
| <u>U.S. Environmental Protection Agency</u> | | | | | | | | | | |
| Direct Programs: | | | | | | | | | | |
| EPA-GLNPO 04/07 | 66.469 | GL-96538301-0 | 715,300 | 10,827 | 29,499 | - | - | 35,928 | 18,672 | - |
| 5 SITE ALGAL 04/05 | 66.469 | 4C-W011-NAEX | 45,275 | (36,468) | - | - | - | 3,543 | 2,654 | (33,814) |
| GRO Undergraduate Fellowship 08-10 | 66.513 | MA-91696401-0 | 5,000 | - | 2,500 | - | - | - | 1,853 | (647) |
| Program passed through University of Cincinnati: Monitoring Photochemical Fate and Degradation of Cyanotoxins 08-10 | 66.509 | L08-4500030180 | 45,000 | - | 15,000 | - | - | - | 22,196 | 7,196 |
| Total U.S. Environmental Protection Agency | | | | (25,641) | 46,999 | - | - | 39,471 | 45,375 | (27,265) |
| TOTAL FEDERAL AWARDS | | | | \$ (3,087,140) | \$ 16,516,610 | \$ 94,901 | \$ 410,133 | \$ 13,304,161 | \$ 17,004,772 | \$ (3,104,012) |

LAKE SUPERIOR STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the University and is presented on the 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 Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented or used in the preparation of the basic financial statements.

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**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***

October 12, 2009

Board of Trustees
Lake Superior State University
Sault Ste. Marie, Michigan

We have audited the financial statements of the business type-activities and the discretely presented component unit of *Lake Superior State University* (the "University"), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 12, 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 University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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.

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 the internal control that might be significant deficiencies or material weaknesses. Our report 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*.

This report is intended solely for the information and use of the Audit Committee, management, the Board of Trustees, others within the University, and 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.

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

**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**

November 9, 2009

Board of Trustees
Lake Superior State University
Sault Ste. Marie, Michigan

Compliance

We have audited the compliance of *Lake Superior State 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 each of 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 Nonprofit 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.

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 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 noncompliance 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and the discretely presented component unit of *Lake Superior State University*, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 12, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Audit Committee, management, the Board of Trustees, others within the University, and 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.



LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION 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 deficiencies identified
not considered to be material weaknesses? _____ yes X none reported

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 identified
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? _____ yes X no

LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009 (Continued)

SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|---|---|
| 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.364 | Student Financial Assistance Cluster |
| 84.047a | Upward Bound |
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$300,000</u> |
| Auditee qualified as low-risk auditee? | <u> X </u> yes <u> </u> no |

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS

None

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