

LAKE SUPERIOR STATE UNIVERSITY

SINGLE AUDIT ACT COMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2010

LAKE SUPERIOR STATE UNIVERSITY

SINGLE AUDIT ACT COMPLIANCE

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of Federal Awards	2-5
Note to Schedule of Expenditures of Federal Awards	6
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>	7-8
Independent Auditors' Report on Compliance with Requirements that Could have a Direct and Material Effect On Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	9-10
Schedule of Findings and Questioned Costs	11-12

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

October 20, 2010

Board of Trustees
Lake Superior State University
Sault Ste. Marie, Michigan**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* (the "University"), as of and for the year ended June 30, 2010, and have issued our report thereon dated October 20, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, 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.



LAKE SUPERIOR STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

Federal grantor/Pass through grantor/ Program title	CFDA Number	Award # or Pass - through Grant #	Award Amount
U.S. Department of Education			
Direct Programs:			
Supplemental Education Opportunity Grant 09-10	84.007	P007A092029	\$ 100,473
Federal Work Study 09-10	84.033	P033A092029	271,954
Federal Pell Grant Program 08-09	84.063	P063P080235	2,987,842
Federal Pell Grant Program 09-10	84.063	P063P090235	4,215,803
Academic Competitive Grants (ACG) 09-10	84.375	P375A090235	84,420
National Science and Mathematics Access to Retain Talent (SMART) 09-10	84.376	P376S090235	128,299
Teacher Education Assistance for College and Higher Education 09-10	84.379	P379T090235	55,000
William D. Ford Federal Direct Loan Program 08-09	84.268	P268K091388	12,305,467
William D. Ford Federal Direct Loan Program 09-10	84.268	P268K101388	29,470,000
Federal Perkins Loan Program	84.038	P038A092029	311,143
Upward Bound 07-08	84.047a	P047A070988-07	388,856
Upward Bound 08-09	84.047a	P047A070988-08	388,856
Upward Bound 09-10	84.047a	P047A070988-09	388,856
Upward Bound 10-11	84.047a	P047A070988-10	388,856
			1,555,424
Passed-through Michigan Department of Technology, Management and Budget:			
ARRA - State Fiscal Stabilization Funds	84.394a	70007	477,600
Passed-through Michigan Department of Education:			
Occupational Educational Services 08-09	84.048	093510/092132	82,097
Occupational Educational Services 09-10	84.048	103510/103290	60,687
Professional Development - Fast Track 08-09	84.048	093290/902932	1,000
Professional Development - Fast Track 09-10	84.048	1029441	1,105
Improving Teacher Quality 07-09	84.367	080290-0021	200,000
Passed-through EUP Intermediate School District:			
Technical Preparation-High School to College 08-09	84.243	93540	10,840
Technical Preparation-High School to College 09-10	84.243	93540	10,550
Passed-through Dickinson-Iron Intermediate School District:			
Michigan Mathematics & Science Teacher Leadership Collaborative 2007-09	84.366B	08410-MSPF2006:08-0000-013	15,000
Michigan Mathematics & Science Teacher Leadership Collaborative 2009-10	84.366B	08410-MSPF2006:08-0000-014	15,000
Math Science Partnership for Greater Proficiency in Science 2008-09	84.366B	MSPF2008	8,000
Passed-through Michigan Department of Labor and Economic Growth:			
Michigan GEAR UP/College Day Program 08-09	84.334S	07-00-05/83568	10,120
Michigan GEAR UP/College Day Program 09-10	84.334S	07-00-05/83568	10,120
Passed-through Michigan Campus Compact:			
GEAR UP College Access Showcase Experience Grant 2009-10	84.387A		20,000
CCRA College Access Showcase Experience Grant 2009-10	84.334S		20,000
CCRA College Access Showcase Experience Grant 2010-11	84.334S	SFACCA 10-2	20,000

Total U.S. Department of Education

Accrued (Deferred) at 07/01/09	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/10
\$ -	\$ 100,473	\$ -	\$ -	\$ -	\$ 100,473	\$ -
-	247,954	-	-	-	247,954	-
6,419	6,842	-	-	2,987,419	423	-
-	4,206,520	-	-	-	4,208,372	1,852
-	84,420	-	-	-	84,420	-
-	128,299	-	-	-	128,299	-
1,000	21,000	-	-	-	20,000	-
137,978	135,467	-	-	12,307,978	(2,511)	-
-	13,535,000	-	-	-	13,544,306	9,306
(2,678,906)	-	43,773	172,817	-	311,143	(2,584,353)
(2,533,509)	18,465,975	43,773	172,817	15,295,397	18,642,879	(2,573,195)
-	-	-	-	342,238	-	-
5,243	16,000	-	-	327,618	11,410	653
20,227	349,000	-	-	45,227	330,064	1,291
-	34,000	-	-	-	53,270	19,270
25,470	399,000	-	-	715,083	394,744	21,214
-	477,600	-	-	-	477,600	-
14,334	14,334	-	-	82,097	-	-
-	60,687	-	-	-	60,687	-
969	969	-	-	969	-	-
-	1,105	-	-	-	1,105	-
50,795	50,795	-	-	92,873	-	-
66,098	127,890	-	-	175,939	61,792	-
6,986	6,986	-	-	10,840	-	-
-	5,375	-	-	-	10,550	5,175
6,986	12,361	-	-	10,840	10,550	5,175
(7,460)	-	-	-	7,540	7,460	-
-	15,000	-	-	-	13,311	(1,689)
8,000	8,000	-	-	8,000	-	-
540	23,000	-	-	15,540	20,771	(1,689)
4,281	4,656	-	-	9,744	375	-
-	9,447	-	-	-	9,764	317
4,281	14,103	-	-	9,744	10,139	317
-	7,369	-	-	-	20,000	12,631
-	17,152	-	-	-	20,000	2,848
-	-	-	-	-	1,311	1,311
-	24,521	-	-	-	41,311	16,790
(2,430,134)	19,544,450	43,773	172,817	16,222,543	19,659,786	(2,531,388)

Continued

LAKE SUPERIOR STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2010

Federal grantor/Pass through grantor/ Program title	CFDA Number	Award # or Pass - through Grant #	Award Amount
U.S. Department of Health and Human Services			
Direct Program:			
Nursing Student Loans	93.364	E4CHP14944	\$ 118,571
Total U.S. Department of Health and Human Services			
U.S. Department of Agriculture			
Passed-through Michigan Department of Education:			
Summer Food Program 06-10	10.559	17SFP02000	12,650
Total U.S. Department of Agriculture			
U.S. Department of Energy			
Passed-through Michigan Department of Labor and Economic Growth:			
Production & Use of Reed Canary Grass as Biomass Pellets 2008-09	81.041	PLA-09-36	15,600
Rebuild Michigan Community Partnership	81.119	PLA-08-49	8,607
Total U.S. Department of Energy			
RESEARCH AND DEVELOPMENT PROGRAMS			
U.S. Department of the Interior			
Direct Programs:			
Upper St. Mary's River Lake Sturgeon Genetics 2008	15.608	301818J201	5,000
Sea Lamprey Study 09-10	15.608	321459H024--301815J069	6,300
Sea Lamprey Study 10-11	15.608	30181AJ100	6,300
Passed-through Nation Fish and Wildlife Foundation:			
Conservation of Great Lakes Piping Plover	15.608	210-0074-017	150,000
Total U.S. Department of the Interior			
National Science Foundation			
Direct Programs:			
Combined Physical Property Measurements at Siple Dome 2009-10	47.078	ANT-0917509	35,491
Thermal Cycler and QPCR Instrument for UG Research in Molecular Biochemistry	47.078	DBI-0959425	45,000
Geoscience & Native American Culture: A field experience-NA HS Students 2009-12	47.078	GEO-0914688	198,761
Passed-through University of Wisconsin:			
NSF-UW Study Deformed Rock Lower Crust Australia	47.050	0440156-L521242	19,755
Total National Science Foundation			
U.S. Department of Health and Human Services			
Passed-through Pacific Institute for Research and Evaluation:			
Alcohol Education Research	93.891	0352.01.01	2,000
Total U.S. Department of Health and Human Services			
U.S. Environmental Protection Agency			
Direct Programs:			
5 SITE ALGAL 04/05	66.UKN	4C-W011-NAEX	45,275
GRO Undergraduate Fellowship 08-10	66.513	MA-91696401-0	5,000
Passed-through University of Cincinnati:			
Monitoring Photochemical Fate and Degradation of Cyanotoxins 08-10	66.509	L08-4500030180	45,000
Total U.S. Environmental Protection Agency			
TOTAL EXPENDITURES OF FEDERAL AWARDS			

See accompanying note to the Schedule of Expenditures of Federal Awards.

Accrued (Deferred) at 07/01/09	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/10
\$ (660,362)	\$ 4,613	\$ 15,384	\$ 114,406	\$ -	\$ 113,958	\$ (680,807)
(660,362)	4,613	15,384	114,406	-	113,958	(680,807)
-	12,650	-	-	8,977	12,650	-
-	12,650	-	-	8,977	12,650	-
1,660	1,660	-	-	11,070	-	-
1,615	1,977	-	-	4,064	362	-
3,275	3,637	-	-	15,134	362	-
4,991	4,991	-	-	4,991	-	-
-	6,300	-	-	-	6,300	-
-	-	-	-	-	6,070	6,070
-	-	-	-	-	15,450	15,450
4,991	11,291	-	-	4,991	27,820	21,520
6,487	16,194	-	-	12,692	9,941	234
-	-	-	-	-	45,000	45,000
-	5,612	-	-	-	29,470	23,858
(4)	1,126	-	-	12,304	1,130	-
6,483	22,932	-	-	24,996	85,541	69,092
(1,000)	1,000	-	-	-	1,035	(965)
(1,000)	1,000	-	-	-	1,035	(965)
(33,814)	-	-	-	2,654	33,814	-
(647)	2,506	-	-	1,847	3,153	-
7,196	30,000	-	-	22,196	22,804	-
(27,265)	32,506	-	-	26,697	59,771	-
\$ (3,104,012)	\$ 19,633,079	\$ 59,157	\$ 287,223	\$ 16,303,338	\$ 19,960,923	\$ (3,122,548)

LAKE SUPERIOR STATE UNIVERSITY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the University, whose financial statements are 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 University's 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 20, 2010

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, 2010, and have issued our report thereon dated October 20, 2010. 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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*.

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 THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

December 22, 2010

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 OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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.

LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS (CONCLUDED)

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
84.394a	State Fiscal Stabilization Funds

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes 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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