

Lake Superior State University  
Schedule of Expenditures  
of Federal Award Programs  
in Accordance with OMB Circular A-133

*Year ended June 30, 2014*



Lake Superior State University

Schedule of Expenditures  
of Federal Award Programs  
in Accordance with OMB Circular A-133

Year ended June 30, 2014

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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*

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

We have audited, 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, the financial statements of Lake Superior State University (University), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Lake Superior State University's financial statements, and have issued our report thereon dated August 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lake Superior State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Superior State University's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Superior State University's internal control.

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 University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of our testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Andrews Hooper Paulik PLC*

Saginaw, Michigan  
August 26, 2014

Independent Auditors' Report on Compliance For Each Major Program;  
Report on Internal Control Over Compliance; and Report on the Schedule  
of Expenditures of Federal Awards Required by OMB Circular A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited Lake Superior State University's (University) compliance 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 the University's major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above.

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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the compliance 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, 2014.

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Lake Superior State University as of and for the year ended June 30, 2014 and have issued our report thereon dated August 26, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements 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 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Andrews Hooper Paulik PLC*

Saginaw, Michigan  
August 26, 2014

**LAKE SUPERIOR STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

| <b>Federal Grantor / Cluster / Program Title</b>                        | <b>CFDA<br/>Number</b> | <b>Passed<br/>Through</b> | <b>Pass-through /<br/>Grantor Number</b> | <b>Federal<br/>Expenditures</b> |
|---|------------------------|---------------------------|--|---------------------------------|
| <b>Student Financial Assistance Cluster</b>                             |                        |                           |  |                                 |
| <b>U.S. Department of Education:</b>                                    |                        |                           |  |                                 |
| Federal Work Study 13-14  | 84.033                 | Direct                    | P033A132029                              | \$ 250,557                      |
| Federal SEOG 13-14  | 84.007                 | Direct                    | P007A132029                              | 79,404                          |
| Federal Pell Grant Program 12-13  | 84.063                 | Direct                    | P063P120235                              | (693)                           |
| Federal PELL Grant 2013-14  | 84.063                 | Direct                    | P063P130235                              | 3,924,343                       |
| William D. Ford Federal Direct Loan Program 12-13                       | 84.268                 | Direct                    | P268K130235                              | 7,162                           |
| William D. Ford Federal Direct Loan Program 13-14                       | 84.268                 | Direct                    | P268K140235                              | 12,520,312                      |
| Federal Perkins Loan Program  | 84.038                 | Direct                    | P038A142029                              | 209,800                         |
| Teacher Education Assistance for College and Higher Education 13-14     | 84.379                 | Direct                    | P374T140235                              | 9,400                           |
| <b>U.S. Department of Health and Human Services</b>                     |                        |                           |  |                                 |
| Nursing Student Loans   | 93.364                 | Direct                    | E4CHP14944-02-01                         | 108,800                         |
| <b>Total Student Financial Assistance Cluster</b>                       |                        |                           |  | <b>17,109,085</b>               |
| <b>Other Direct Programs:</b>   |                        |                           |  |                                 |
| <b>U.S. Department of Education:</b>                                    |                        |                           |  |                                 |
| Upward Bound 12-13  | 84.047a                | Direct                    | P047A120842                              | 6,659                           |
| Upward Bound 13-14  | 84.047a                | Direct                    | P047A120842                              | 304,771                         |
| Upward Bound 14-15  | 84.047a                | Direct                    | P047A120842                              | 40,713                          |
| Title III SIP-TALK 13-14  | 84.031a                | Direct                    | P031A130060                              | 124,109                         |
| GEAR UP/KCP College Day 2012-13   | 84.334S                | MWDA                      | 11-00-05                                 | 4,706                           |
| GEAR UP/KCP College Day 2013-14   | 84.334S                | MWDA                      | 13-00-05                                 | 19,653                          |
| GEAR UP and College Positive Volunteerism Grant 2012-13                 | 84.334S                | MWDA                      | GU12-02                                  | 1,476                           |
| MCC/GEAR UP Volunteerism 2013-14  | 84.334S                | MWDA/MCC                  | GU13-02                                  | 11,562                          |
| CAP Leadership Grant 2012-13  | 84.048a                | MDE                       | 143670/1424321                           | 2,302                           |
| Occupational Educational Services 13-14                                 | 84.048a                | MDE                       | 143510/142132                            | 62,033                          |
| <b>US Department of Education Subtotal</b>                              |                        |                           |  | <b>577,986</b>                  |
| <b>Research and Development Cluster:</b>                                |                        |                           |  |                                 |
| <b>U.S. Department of Health and Human Services</b>                     |                        |                           |  |                                 |
| Develop Novel Fresh and Marine Water Toxin Detectors                    | 93.113                 | NIH                       | R01ES021968.01                           | 102,126                         |
| <b>U.S. Department of Agriculture</b>                                   |                        |                           |  |                                 |
| Disparities in Food Access and Food Security of Populations in Michigan | 10.310                 | UM                        | 2012-68004-20028                         | 45,530                          |
| CSREES Tribal College Research Grant Switchgrass Pelletization Study    | 10.227                 | BMCC                      | 2010-38424-21215-3                       | 14,317                          |
| CSREES Tribal College Research Grant Switchgrass Pelletization Study    | 10.227                 | BMCC                      | 2010-38424-21215-4                       | 1,719                           |
| <b>U.S. Department of Commerce</b>                                      |                        |                           |  |                                 |
| Little Rapids Habitat Restoration Monitoring Program                    | 11.463                 | NOAA/GLC                  |  | 19,155                          |
| Little Rapids Habitat Restoration Monitoring Program 2014-16            | 11.463                 | NOAA/GLC                  |  | 6,737                           |
| <b>U.S. Department of the Interior</b>                                  |                        |                           |  |                                 |
| Sea Lamprey Study 14-15   | 15.608                 | USFWS                     | F12AC00207-0005                          | 5,685                           |
| Conservation of Great Lakes Piping Plover                               | 15.608                 | NFWF                      | 210-0074-017                             | 673                             |
| Multifaceted Conservation of Great Lakes Piping Plover                  | 15.663                 | NFWF                      | 0501.11.027124                           | 48,895                          |
| NFWF (USFWS) Piping Plover 2014-15                                      | 15.663                 | NFWF                      | 0501.13.039075                           | 29,554                          |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.



**LAKE SUPERIOR STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

| <b>Federal Grantor / Cluster / Program Title</b>                        | <b>CFDA<br/>Number</b> | <b>Passed<br/>Through</b> | <b>Pass-through /<br/>Grantor Number</b> | <b>Federal<br/>Expenditures</b> |
|---|------------------------|---------------------------|--|---------------------------------|
| <b>National Science Foundation</b>                                      |                        |                           |  |                                 |
| Continued Study of the Physical Properties of the WAIS Divide Deep Core | 47.078                 | Direct                    | ANT-1043313                              | \$ 26,361                       |
| Geoscience & Native American Culture: A field experience-NA HS Students | 47.050                 | Direct                    | GEO-0914688                              | 42,498                          |
| Oxidative Elimination of Cyanotoxins by Ferrates                        | 47.041                 | Direct                    | CBET-1235636                             | 13,069                          |
| Develop Novel Fresh and Marine Water Toxin Detectors                    | 47.050                 | Direct                    | OCE-1313558                              | 132,411                         |
| ZagApps: Mobile Device Application Laboratory                           | 47.076                 | Direct                    | DUE-1347325                              | 5,945                           |
| <b>U.S. Environmental Protection Agency</b>                             |                        |                           |  |                                 |
| Great Lakes Coastal Wetland Monitoring Project                          | 66.469                 | CMU/EPA                   | GLOOEOO612-0<br>/4C-W011-NAEX            | 32,408                          |
| <b>Total Research &amp; Development Cluster</b>                         |                        |                           |  | <b>527,082</b>                  |
| <b>U.S. Department of Agriculture</b>                                   |                        |                           |  |                                 |
| Summer Food Program 2011  | 10.559                 | MDE                       | 17SFP02000                               | 5,395                           |
| <b>Total U.S. Department of Agriculture</b>                             |                        |                           |  | <b>5,395</b>                    |
| <b>National Endowment for the Humanities</b>                            |                        |                           |  |                                 |
| MHC-NFH Literary Dialogue 13-14   | 45.129                 | MHC                       | 833H13                                   | 2,880                           |
| MHC-NEH Superior Book Festival 13-4                                     | 45.129                 | MHC                       | MHC GRANT Q025-13                        | 500                             |
| <b>Total National Endowment for the Humanities</b>                      |                        |                           |  | <b>3,380</b>                    |
| <b>U.S. Environmental Protection Agency</b>                             |                        |                           |  |                                 |
| EPA GRO Ug Fellowship 2013-14-Griffioen                                 | 66.513                 | Direct                    | MA-91753501-0                            | 12,067                          |
| EPA GRO Ug Fellowship 2013-14-Price                                     | 66.513                 | Direct                    | MA-9175980-1                             | 11,904                          |
| EPA GRO UG Fellowship 2013-14 Dutton                                    | 66.513                 | Direct                    | MA-9175950-1                             | 13,194                          |
| <b>Total U.S. Environmental Protection Agency</b>                       |                        |                           |  | <b>37,165</b>                   |
| <b>Total Expenditures of Federal Awards</b>                             |                        |                           |  | <b>\$ 18,260,093</b>            |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

# Lake Superior State University

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

### **1. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the University under programs of the federal government for the fiscal year ended June 30, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Because the Schedule presents only a selected portion of the operations of Lake Superior State University it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Lake Superior State University.

The University reporting entity is defined in Note 1 to the University's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the Schedule.

### **2. Major Programs and Clusters**

As defined in OMB Circular A-133, Student Financial Assistance programs, Trio, and Research and Development programs are considered to be clusters of programs and, accordingly, have been classified as one program for testing purposes. The Student Financial Assistance Cluster, Trio Cluster (Upward Bound), and Research and Development Cluster have been defined as major programs. In determining major programs, the entire Student Financial Assistance cluster was removed due to the large loan and loan guarantee funds within the cluster.

# Lake Superior State University

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

### 3. Pass-Through Entities

The University receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

| <b>Pass-through<br/>Agency<br/>Abbreviation</b> | <b>Pass-through Agency Name</b>                          |
|---|--|
| BMCC  | Bay Mills Community College                              |
| CMU   | Central Michigan University                              |
| MCC   | Michigan Campus Compact                                  |
| MDCH  | Michigan Department of Community Health                  |
| MDE   | Michigan Department of Education                         |
| MDLEG   | Michigan Department of Labor and Economic Growth         |
| MDNR  | Michigan Department of Natural Resources and Environment |
| MHC   | Michigan Humanities Council                              |
| NIH   | National Institutes of Health                            |
| NFWF  | National Fish and Wildlife Foundation                    |
| NOAA  | National Oceanic and Atmospheric Administration          |
| UM  | University of Michigan                                   |
| USFWS   | United States Fish and Wildlife Service                  |

### 4. Subrecipient Awards

The University administers certain federal awards programs through subrecipients. These subrecipients are not considered part of the University's reporting entity. Included in the Schedule of Expenditures of Federal Awards are the following awards to Texas A&A University as a subrecipient:

| <b>CFDA<br/>Number</b> | <b>Program Title</b>                                 | <b>Amount</b> |
|------------------------|--|---------------|
| 93.113                 | Develop Novel Fresh and Marine Water Toxin Detectors | \$ 72,522     |
| 47.050                 | Develop Novel Fresh and Marine Water Toxin Detectors | 92,210        |
|                        | Total amounts awarded to subrecipient                | \$164,732     |

# Lake Superior State University

## Schedule of Findings and Questioned Costs

Year ended June 30, 2014

### Section I – Summary of Independent Auditors’ Results

**Financial Statements**

|  |                   |     |       |                 |
|--|-------------------|-----|-------|-----------------|
| Type of auditors’ report issued:   | <u>Unmodified</u> |     |       |                 |
| Internal control over financial reporting:   |                   |     |       |                 |
| Material weakness(es) identified?  | _____             | Yes | _____ | X No            |
| Significant deficiencies identified that are not considered to be material weakness(es)? | _____             | Yes | _____ | X None Reported |
| Noncompliance material to financial statements noted?                                    | _____             | Yes | _____ | X No            |

**Federal Awards**

|   |                   |     |       |                 |
|---|-------------------|-----|-------|-----------------|
| Internal control over major program:  |                   |     |       |                 |
| Material weakness(es) identified?   | _____             | Yes | _____ | X No            |
| Significant deficiencies identified that are not considered to be material weakness(es)?                          | _____             | Yes | _____ | X None Reported |
| Type of auditors’ report issued on compliance for major program:  | <u>Unmodified</u> |     |       |                 |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | _____             | Yes | _____ | X No            |

Identification of major programs:

| <u>Federal Grantor/Program Name</u>          | <u>Federal Catalog or Grantor Number</u>                  |
|--|---|
| <b>Student Financial Assistance Cluster</b>  |   |
| U.S. Department of Education                 | 84.007; 84.033; 84.038; 84.063;<br>84.268; 84.379; 93.364 |
| <b>TRIO Cluster</b>                          |   |
| U.S. Department of Education                 | 84.047A   |
| <b>Research and Development Cluster</b>      |   |
| U.S. Department of Health and Human Services | 93.113  |
| U.S. Department of Agriculture               | 10.310; 10.227  |
| U.S. Department of Commerce                  | 11.463  |
| U.S. Department of the Interior              | 15.608; 15.663  |
| National Science Foundation                  | 47.078; 47.050; 47.041; 47.060                            |
| U.S. Environmental Protection Agency         | 66.469  |

**TRIO Cluster**

|                              |         |
|------------------------------|---------|
| U.S. Department of Education | 84.047A |
|------------------------------|---------|

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

|  |       |   |     |       |    |
|--|-------|---|-----|-------|----|
| Auditee qualified as low-risk auditee? | _____ | X | Yes | _____ | No |
|--|-------|---|-----|-------|----|

Lake Superior State University

Schedule of Findings and Questioned Costs (continued)

Section II – Findings Relating to the Financial Statements Reported in Accordance with  
*Government Auditing Standards*

None.

Section III – Findings and Questioned Costs Relating to Federal Awards

None

Lake Superior State University  
Summary Schedule of Prior Audit Findings  
Year ended June 30, 2014

No matters were reported.