

Lake Superior State University

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

Year Ended June 30, 2015

Lake Superior State University

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

Year Ended June 30, 2015

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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) and its discretely presented component unit, Lake Superior State Foundation, as of and for the year ended June 30, 2015, 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 November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions 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 the 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 Pavlik PLC

Saginaw, Michigan
November 23, 2015

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, 2015. The University's major federal programs are identified in the summary of independent auditors' 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.

Auditors' 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 types of 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, 2015.

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, 2015 and have issued our report thereon dated November 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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
November 23, 2015

Lake Superior State University

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

Federal Grantor/Cluster/Program Title	CFDA Number	Passed Through	Pass-through/ Grantor Number	Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education:				
Federal Work Study 14-15	84.033	Direct	P033A142029	\$ 293,351
Federal SEOG 14-15	84.007	Direct	P007A142029	82,074
Federal PELL Grant 2013-14	84.063	Direct	P063P130235	1
Federal PELL Grant 2014-15	84.063	Direct	P063P140235	3,988,913
William D. Ford Federal Direct Loan Program 13-14	84.268	Direct	P268K140235	(3,511)
William D. Ford Federal Direct Loan Program 14-15	84.268	Direct	P268K150235	11,464,041
Federal Perkins Loan Program	84.038	Direct	P038A142029	370,380
Teacher Education Assistance for College and Higher Education 14-15	84.379	Direct	P374T150235	11,173
U.S. Department of Health and Human Services:				
Nursing Student Loans	93.364	Direct	E4CHP26136	105,550
Total Student Financial Assistance Cluster				<u>16,311,972</u>
Other Direct Programs				
U.S. Department of Education:				
Upward Bound 2012-13	84.047a	Direct	P047A120842	930
Upward Bound 2013-14	84.047a	Direct	P047A120842	19,519
Upward Bound 2014-15	84.047a	Direct	P047A120842	348,143
Upward Bound 2015-16	84.047a	Direct	P047A120842	77,479
Title III SIP-TALK 2013-14	84.031a	Direct	P031A130060	136,812
Title III SIP-TALK 2014-15	84.031a	Direct	P031A140060	266,927
GEAR UP/KCP College Day 2013-14	84.334S	MWDA	13-00-05	4,285
GEAR UP/KCP College Day 2014-15	84.334S	MWDA	14-00-05	33,426
MCC/GEAR UP and College Positive Volunteerism 2013-14	84.334S	MWDA/MCC	GU13-02	3,438
MCC/GEAR UP and College Positive Volunteerism 2014-15	84.334S	MWDA/MCC	GU14-02	10,334
Occupational Educational Services 2014-15	84.048a	MDE	153510/152132	78,011
U.S. Department of Education Subtotal				<u>979,304</u>
Research and Development Cluster				
U.S. Department of Health and Human Services:				
Develop Novel Fresh and Marine Water Toxin Detectors	93.113	NIH	R01ES021968.01	2,312
U.S. Department of Agriculture:				
Disparities in Food Access & Food Security of Populations in Michigan	10.310	UM	2012-68004-20028	13,354
Disparities in Food Access & Food Security of Populations in Michigan	10.310	UM	2012-68004-20028	17,129
CSREES Tribal College Research Grant Switchgrass Pelletization Study	10.227	BMCC	2010-38424-21215-4	(102)
U.S. Department of Commerce:				
Little Rapids Habitat Restoration Monitoring Program 2014-16	11.463	NOAA/GLC	GLC-3230-3	12,251

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, 2015

Federal Grantor/Cluster/Program Title	CFDA Number	Passed Through	Pass-through/ Grantor Number	Federal Expenditures
Research and Development Cluster (continued)				
U.S. Department of the Interior:				
Sea Lamprey Study 13-14	15.608	Direct	F12AC00207-0005	\$ 159
Sea Lamprey Study 14-15	15.608	Direct	F12AC00207-0005	656
Sea Lamprey Study 15-16	15.662	Direct	F15AC00220	2,201
Multifaceted Conservation of Great Lakes Piping Plover	15.663	NFWF	0501.11.027124	1,456
NFWF (USFWS) Piping Plover 2014-15	15.663	NFWF	0501.13.039075	78,071
Fish Migration and Health in Tributaries to Whitefish Bay	15.024	BMIC/BIA		27,982
National Science Foundation:				
Geoscience & Native American Culture: a field experience- NA HS Students	47.050	Direct	GEO-0914688	10,468
Oxidative Elimination of Cyanotoxins by Ferrates	47.041	Direct	CBET-1235636	9,169
Develop Novel Fresh and Marine Water Toxin Detectors	47.050	Direct	OCE-1313558	94,888
ZagApps: Mobile Device Application Laboratory	47.076	Direct	DUE-1347325	3,254
U.S. Environmental Protection Agency:				
Eurasian Watermilfoil Biocontrol Pilot: Mycoleptodiscus Terrestris	15.662	MDEQ/EPA	2015-0101	10,570
Controlling Wetlands Invaders-Energy Development	66.469	LUC/EPA	514545-LSSU	3,324
Great Lakes Coastal Wetland Monitoring Project	66.469	CMU/EPA	GLOOE00612-0/4C- W011-NAEX	39,005
Total Research and Development Cluster				<u>326,147</u>
U.S. Department of Agriculture				
Summer Food Program	10.559	MDE	17SFP02000	9,720
Total U.S. Department of Agriculture				<u>9,720</u>
National Endowment for the Humanities				
MHC-NEH Superior Book Festival 2014-5	45.129	MHC	Q025-14	2,800
Total National Endowment for the Humanities				<u>2,800</u>
U.S. Environmental Protection Agency				
EPA GRO Ug Fellowship 2013-15 Price	66.513	Direct	MA-9175980-1	14,772
EPA GRO Ug Fellowship 2014-16 Dunn	66.513	Direct	MA-9175950-1	13,049
EPA GRO UG Fellowship 2013-15 Dutton	66.513	Direct	MA-9175950-1	13,652
Total U.S. Environmental Protection Agency				<u>41,473</u>
Total Expenditures of Federal Awards				<u><u>\$ 17,671,416</u></u>

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, 2015

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the University under programs of the federal government for the fiscal year ended June 30, 2015. Expenditures reported on the SEFA 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 SEFA 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 the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements.

Because the SEFA presents only a selected portion of the operations of the 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 SEFA.

2. Major Programs and Clusters

As defined in OMB Circular A-133, Student Financial Assistance programs, Trio, Strengthening Institutions, 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), Strengthening Institutions (Title III), 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, 2015

3. Pass-Through Entities

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

Pass-through Agency Abbreviation	Pass-through Agency Name
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 SEFA are the following awards to Texas A&A University as a subrecipient:

CFDA Number	Program Title	Amount
15.663	NFWF (USFWS) Piping Plover 2014-15	\$ 27,591
47.050	Develop Novel Fresh and Marine Water Toxin Detectors	77,612
	Total amounts awarded to subrecipient	<u>\$105,203</u>

Lake Superior State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section I – Summary of Independent Auditors’ Results

Financial Statements

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

Federal Awards

Internal control over major program:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiencies identified that are not considered to be material weakness?	<u> </u> Yes	<u> X </u> 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)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>Federal Grantor/Program Name</u>	<u>Federal Catalog or Grantor Number</u>
Student Financial Assistance Cluster	
U.S. Department of Education	84.007; 84.033; 84.038; 84.063; 84.268; 84.379; 93.364
TRIO Cluster	
U.S. Department of Education	84.047A
Strengthening Institutions	
U.S. Department of Education	84.031A
Research and Development Cluster	
U.S. Department of Health and Human Services	93.113
U.S. Department of Agriculture	10.227; 10.6310
U.S. Department of Commerce	11.463
U.S. Department of the Interior	15.024; 15.608; 15.662; 15.663
National Science Foundation	47.041; 47.050; 47.076
U.S. Environmental Protection Agency	15.662; 66.469

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	

Lake Superior State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questions Costs

None.

Lake Superior State University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

None.