

**LAKE SUPERIOR STATE UNIVERSITY  
FEDERAL AWARDS**

**SINGLE AUDIT REPORT**

**JUNE 30, 2003**



**REHMANN ROBSON**

*Certified Public Accountants*

# LAKE SUPERIOR STATE UNIVERSITY

## SINGLE AUDIT REPORT

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

September 3, 2003

Board of Trustees  
Lake Superior State University

We have audited the financial statements of Lake Superior State University as of and for the year ended June 30, 2003 and have issued our report thereon dated September 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered Lake Superior State University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control

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components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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



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A member of THE REHMANN GROUP

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

October 30, 2003

Board of Trustees  
Lake Superior State University

Compliance

We have audited the compliance of Lake Superior State University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Lake Superior State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lake Superior State University's management. Our responsibility is to express an opinion on Lake Superior State University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lake Superior State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lake Superior State University's compliance with those requirements.

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In our opinion Lake Superior State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

#### Internal Control over Compliance

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

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Lake Superior State University as of and for the year ended June 30, 2003 and have issued our report thereon dated September 3, 2003. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

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

**LAKE SUPERIOR STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Award # or Pass - through Grant #</u>	<u>Award Amount</u>	<u>Carryover</u>	<u>Accrued (Deferred) at 07/01/02</u>
<b><u>U.S. Department of Education</u></b>					
Major Direct Programs:					
Student Financial Aid Cluster					
Supplemental Educational Opportunity Grant	84.007	P007A022029	\$ 101,722		\$ -
William D. Ford Federal Direct Loan Program 01-02	84.268	P268K981388			9,328
William D. Ford Federal Direct Loan Program 02-03	84.268	P268K981388			-
Federal Work Study 01-02	84.033	P033A012029	271,954	15,684	2,939
Federal Work Study 02-03	84.033	P033A022029			-
Federal Perkins Loan Program	84.038	P038A022029			(2,398,320)
Federal Pell Grant Program 01-02	84.063	P063P013290	2,000,391		3,701
Federal Pell Grant Program 02-03	84.063	P063P023290			-
Nursing Student Loans	93.364	6339831-01	34,962		(366,470)
SUBTOTAL					(2,748,822)
Upward Bound 00/01	84.047a	P047A000520	347,460		8,646
Upward Bound 01/02	84.047a	P047A010520	351,387		16,468
Upward Bound 02/03	84.047a	P047A020520	370,127		3,810
Upward Bound 03/04	84.047a	P047A030828	377,530		-
SUBTOTAL			1,446,504		28,924
Strengthening Institutions-Project Mgt	84.031a	P031A010202	97,864		624
Strengthening Institutions-Acad Progs/Stu Success	84.031a	P031A010202	622,262		3,275
SUBTOTAL			720,126		3,899
Nonmajor Programs:					
Directed Grant-Skill Trades	84.116z	P116Z020069	200,000		-
Child Care Access	84.335a	P335A990174	15,995		939
SUBTOTAL					939
Nonmajor Passed through Michigan Department of Education:					
Occupational Educational Equipment Grant 01-02	84.048	023510/8431	179,953		61,665
Occupational Educational Equipment Grant 02-03	84.048	033510/5131	159,092		-
Voc Ed Prof Dev-Fast Track Robotics Symposium	84.048	3290/5301-32	1,470		-
Voc Ed Prof Dev-Fast Track Mech Engineering	84.048	3290/5301-48	785		-
Voc Ed Prof Dev-Fast Track Fire Ecology Conference	84.048	3290/5301-94	428		-
Voc Ed Prof Dev-Fast Track Robot/Vision Conf	84.048	3290/5301-120	679		-
Local Leadership 01-02	84.048	3250/8512-29	3,000		727
Local Leadership 02-03	84.048	3250/5202-29	3,000		-
SUBTOTAL			348,407		62,392
Nonmajor Passed through EUP Intermediate School District:					
Tech Prep 00-03	84.048		10,500		(178)
Tech Prep 2003	84.048		10,000		-
Summer Institute for Technology 02	84.318		15,000		273
Summer Institute for Technology 03	84.318		15,000		-
Rudyard Robotics	84.287A		400		-
SUBTOTAL			30,400		95
<b><u>Total U.S. Department of Education</u></b>					(2,652,573)
<b><u>U.S. Department of Commerce</u></b>					
Sea Grant Habitat Restoration	11.417		22,041		570
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Nonmajor Direct program					
Cisler Center Interest Subsidy	14.unknown	CH-MICH-153 D	18,796		-
St. Village Interest Subsidy	14.unknown	CH-MICH-160 S	25,123		-
<b><u>Total U.S. Dept. of Housing and Urban Development</u></b>					-

<u>Receipts</u>	<u>Other Revenue Recognized</u>	<u>Transfers &amp; Adjustments</u>	<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Accrued (Deferred) at 06/30/03</u>
\$ 101,722	\$ -	\$ -	\$ 122,834	\$ 101,722	\$ -
21,012	-	-	7,298,828	11,684	-
7,628,492	-	-	-	7,698,310	69,818
18,623	-	-	238,824	15,684	-
271,954	-	-	-	271,954	-
36,463	107,481	533,761	412,890	612,464	(2,463,561)
3,701	-	-	2,005,966	-	-
2,323,149	-	-	-	2,328,392	5,243
63,778	19,386	97,855	67,925	102,700	(444,789)
10,468,894	126,867	631,616	10,147,267	11,142,910	(2,833,289)
9,000	-	-	8,646	354	-
16,468	-	-	302,468	-	-
340,126	-	-	33,810	336,316	-
50,000	-	-	-	74,099	24,099
415,594	-	-	344,924	410,769	24,099
47,100	-	-	40,624	47,353	877
360,500	-	-	184,075	366,316	9,091
407,600	-	-	224,699	413,669	9,968
144,700	-	-	18,178	169,775	25,075
11,700	385	-	13,556	13,237	2,091
156,400	385	-	31,734	183,012	27,166
61,665	-	-	176,378	-	-
159,092	-	-	-	159,092	-
1,470	-	-	-	1,470	-
769	-	-	-	769	-
428	-	-	-	428	-
-	-	-	-	675	675
570	-	157	3,000	-	-
-	-	-	-	1,156	1,156
223,994	-	157	179,378	163,590	1,831
10,500	-	-	-	10,678	-
5,000	-	-	-	9,019	4,019
15,000	-	-	273	14,727	-
-	-	-	-	-	-
230	-	-	-	-	(230)
30,730	-	-	273	34,424	3,789
11,703,212	127,252	631,773	10,928,275	12,348,374	(2,766,436)
570	-	-	570	-	-
18,796	-	-	18,796	18,796	-
25,123	-	-	50,246	25,123	-
43,919	-	-	69,042	43,919	-

Continued.....



**LAKE SUPERIOR STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Award # or Pass - through Grant #</u>	<u>Award Amount</u>	<u>Carryover</u>	<u>Accrued (Deferred) at 07/01/02</u>
<b><u>U.S. Department of the Interior</u></b>					
Nonmajor Direct programs:					
Sea Lamprey Study 02/03	15.ffa	301812J074	5,600		\$ 2,034
Sea Lamprey Study 03/04	15.ffa	301812J074	5,700		-
USFWS Eagle Cooperative	15.fib	1448000397105499	968		(469)
<b><u>Total U.S. Department of the Interior</u></b>					1,565
<b><u>National Science Foundation</u></b>					
Nonmajor Direct program:					
NSF DNA Sequencer	47.074	DBI-0116086	113,200		732
NSF Geoscience Curriculum Model	47.076	DUE-9952319	113,678		4,271
NSF FIRST	47.076	DUE-9980685	124,745		22,489
NSF ICPMS	47.049	CHE-0116036	192,922		3,796
NSF Energy Lab	47.076	DUE-0126684	62,804		4,976
NSF CSEM Scholars Program	47.076	DUE-0094775	101,250		1,092
Nonmajor program passed through UW:					
Geological Analysis of Western Idaho Shear Zone	47.050	L529830 EAR-0001092	20,350		2,950
<b><u>Total National Science Foundation</u></b>					40,306
Nonmajor program Through Sault Schools					
River of History Virtual Tours	45.165		8,750		-
<b><u>U.S. Environmental Protection Agency</u></b>					
Nonmajor Direct program					
Riverine Mercury Input tests	45.165	NMJ0000622	48,636		-
Riverine Mercury Input tests	45.166	NMJ0000184	20,953		26,338
Les Cheneaux Islands-Surface Water Contamination	66.951	NE-97586701-0	5,000		-
Sediment Quality in St Mary's River	66.469	GL-97510101-0	86,285		-
Nonmajor program passed through UW:					
Inactivation of Algal Toxins		901B821 R82941301			774
<b><u>Total U.S. Environmental Protection Agency</u></b>					27,112
<b><u>TOTAL FEDERAL AWARDS</u></b>					\$ (2,583,020)

Notes to Schedule of Federal Award Expenditures:

- 1) Includes interest collected and institution match
- 2) Total loans disbursed from available funds
- 3) Amount included in net assets on basic financial statements
- 4) Basis of presentation -

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

- 5) During the year ended June 30, 2003 the University passed through to subrecipient agencies \$ -0- In federal award funding.

<u>Receipts</u>	<u>Other Revenue Recognized</u>	<u>Transfers &amp; Adjustments</u>	<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Accrued (Deferred) at 06/30/03</u>
\$ 5,600	\$ -	\$ -	\$ 2,034	\$ 3,566	\$ -
-	-	-	-	-	-
-	-	-	-	-	(469)
<hr/> 5,600	<hr/> -	<hr/> -	<hr/> 2,034	<hr/> 3,566	<hr/> (469)
11,127	-	-	60,653	13,781	3,386
22,210	-	-	15,856	23,251	5,312
39,213	-	-	30,449	20,861	4,137
70,802	-	-	120,153	73,240	6,234
26,852	-	-	4,976	26,883	5,007
34,099	-	-	7,963	27,852	(5,155)
11,198	-	-	12,102	9,090	842
<hr/> 215,501	<hr/> -	<hr/> -	<hr/> 252,152	<hr/> 194,958	<hr/> 19,763
<hr/> 8,750	<hr/> -	<hr/> -	<hr/> 8,750	<hr/> 8,750	<hr/> -
-	-	-	-	25,384	25,384
26,338	-	-	42,960	-	-
3,996	-	-	-	5,000	1,004
4,288	-	-	-	17,256	12,968
5,780	-	-	774	6,024	1,018
<hr/> 40,402	<hr/> -	<hr/> -	<hr/> 43,734	<hr/> 53,664	<hr/> 40,374
<hr/> \$ 12,017,954	<hr/> \$ 127,252	<hr/> \$ 631,773	<hr/> \$ 11,304,557	<hr/> \$ 12,653,231	<hr/> \$ (2,706,768)

Concluded

Lake Superior State University  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2003

SECTION 1 - SUMMARY OF AUDITORS RESULTS:

***Financial Statements***

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

***Federal Awards***

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) ?	No

Identification of major programs:

<i>CFDA #</i>	<i>Name of Program</i>
84.007,84.033,84.038,84.063,84.268,93.364 84.031a	Student financial aid cluster Strengthening Institutions

Dollar threshold to distinguish  
between type A and type B programs: \$380,000

Auditee qualified as a low risk auditee? Yes

## SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings are reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs are reported.