

**LAKE SUPERIOR STATE UNIVERSITY
FEDERAL AWARDS**

SINGLE AUDIT REPORT

JUNE 30, 2008



REHMANN ROBSON

Certified Public Accountants

LAKE SUPERIOR STATE UNIVERSITY

SINGLE AUDIT REPORT

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LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

CFDA Number	Award # or Pass - through Grant #	Award Amount	Accrued (Deferred) at 07/01/07	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/08
U.S. Department of Education:									
Direct Programs:									
	Supplemental Education Opportunity Grant 07-08	\$ 109,909	-	\$ 109,909	-	\$ -	103,037	\$ 109,909	\$ -
84.007	P007A072029						271,954	-	-
84.033	P033A062029	271,954	-	-	-	-	271,954	-	-
84.033	P033A072029	271,954	-	271,954	-	-	-	271,954	-
84.063	P063P060235	2,062,582	6,500	9,582	-	-	2,059,500	3,082	-
84.063	P063P070235	2,316,703	-	2,309,000	-	-	-	2,312,855	3,855
84.375	P375A070235	84,133	-	84,133	-	-	45,773	84,133	-
84.376	P376S070235	68,000	-	68,000	-	-	30,950	68,000	-
84.268	P268K061388	8,209,003	75,791	75,791	-	-	8,176,091	-	-
84.268	P268K071388	9,184,962	-	9,097,000	-	-	2,480	9,186,545	89,545
84.038	P038A072029	-	(2,643,197)	-	66,193	418,156	639,810	517,414	(2,610,132)
	SUBTOTAL		(2,560,906)	12,025,369	66,193	418,156	11,329,595	12,553,892	(2,516,732)
84.047a	P047A030828	377,530	9,028	9,028	-	-	334,693	-	-
84.047a	P047A070988	388,856	28,534	370,772	-	-	37,534	342,238	-
84.047a	P047A070988-08	388,856	-	36,884	-	-	-	40,509	3,625
	SUBTOTAL		37,562	416,684	-	-	372,227	382,747	3,625
Programs passed through Michigan Department of Education:									
84.048	073510702133	251,655	-	-	-	-	100,964	-	-
84.048	073510702133	90,064	-	74,662	-	-	-	90,064	15,402
84.048	073250702534	2,800	-	-	-	-	383	-	-
84.048	7029-33	1,000	675	675	-	-	675	-	-
84.048	073290702933	1,000	-	-	-	-	-	1,000	-
84.367	060290/904	188,964	2,472	66,078	-	-	53,947	63,606	1,000
84.367	080290-0021	200,000	-	21,468	-	-	-	74,967	53,499
	SUBTOTAL		3,147	162,883	-	-	155,969	229,637	69,901
Programs passed through EUP Intermediate School District:									
84.243a	7014-03	12,510	3,331	3,331	-	-	12,522	-	-
84.243a	83540	12,269	-	3,651	-	-	-	9,393	5,742
	SUBTOTAL		3,331	6,982	-	-	12,522	9,393	5,742
Programs passed through Dickinson-Iron Intermediate School District:									
84.366b	84.366b	20,000	10,000	10,000	-	-	12,158	-	-
Programs passed through Michigan Department of Labor and Economic Growth									
84.334S	P334S060004	10,120	4,986	3,056	-	-	4,986	(1,930)	-
84.334S	07-00-05/83568	10,120	-	2,615	-	-	-	6,377	3,762
	SUBTOTAL		4,986	5,671	-	-	4,986	4,447	3,762
	Total U.S. Department of Education		(2,501,880)	12,627,589	66,193	418,156	11,887,457	13,180,116	(2,433,702)

LAKE SUPERIOR STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass through grantor/ Program title U.S. Department of Health and Human Services	CFDA Number	Award # or Pass - through Grant #	Award Amount	Accrued (Deferred) at 07/01/07	Receipts	Other Revenue Recognized	Transfers & Adjustments	Prior Year Expenditures	Current Year Expenditures	Accrued (Deferred) at 06/30/08
Direct Programs: Nursing Student Loans	93.364	6539831N05	\$ -	\$ (583,120)	\$ 28,597	\$ 14,298	\$ 121,425	\$ 57,235	\$ 118,250	\$ (629,190)
U.S. Department of the Interior										
Direct Programs: Sea Lamprey Study 07-08	15.fia	321457H026-002	6,300	-	6,300	-	-	-	6,300	-
Sea Lamprey Study 06-07	15.fia	321456H030	6,100	-	-	-	6,100	6,100	-	-
Total U.S. Department of the Interior										
National Science Foundation										
Programs passed through University of Wisconsin:										
NSF-UW Study Deformed Rock Lower Crust Australia	47.050	0440156-L521242	19,755	692	6,321	-	-	692	5,629	-
NSF UW Investigate Lake Evaporation	47.074	F042022	20,000	12,303	14,282	-	-	12,303	1,979	-
Total National Science Foundation										
U.S. Department of Agriculture										
U.S. Fish and Wildlife Contracts:										
Cormorant Diet Analysis 06-07	10.028	752-7226-311	25,000	-	-	-	-	23,630	-	-
Cormorant Diet Analysis 07-08	10.028	AG-6395-P-08-0393	7,280	-	6,516	-	-	-	6,516	-
Program passed through Michigan Department of Education: Summer Food Program 07	10.559	17SF02000-2007	9,000	-	8,977	-	-	9,544	8,977	-
Total U.S. Department of Agriculture										
U.S. Department of Energy										
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	-	4,198	-	-	-	5,590	1,392
U.S. Environmental Protection Agency										
Direct Programs:										
Sediment Quality in St Mary's River	66.469	GL-96513301-0	49,000	-	-	-	-	11,887	-	-
EPA-GLNPO 04/07	66.469	GL-96538301-0	715,300	8,913	34,014	-	-	113,598	35,928	10,827
EPA 5 SITE ALGAL 04/05	66.UJKN	4C-W011-NAEX	45,275	(40,011)	-	-	-	332	3,543	(36,468)
Total U.S. Environmental Protection Agency										
TOTAL FEDERAL AWARDS										
			\$ (3,103,103)	\$ 12,736,794	\$ 80,491	\$ 539,581	\$ 12,122,778	\$ 13,372,828	\$ (3,087,141)	

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 Non-Profit 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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REHMANN ROBSON

Certified Public Accountants

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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***

September 25, 2008

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*, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 25, 2008. 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 Lake Superior State 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 Lake Superior State University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lake Superior State 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 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 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 organization, 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 cursive script that reads "Lehmann Johnson".



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**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**

December 19, 2008

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

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, 2008. 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 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 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.

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, 2008.

Internal Control Over Compliance

The management of Lake Superior State 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 an entity's 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, 2008 and have issued our report thereon dated September 25, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the *Lake Superior State 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.

Lake Superior State University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lake Superior State University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, others within the organization, 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, 2008

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, 2008 (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, 93.364	Student Financial Assistance Cluster

Dollar threshold used to distinguish
between Type A and Type B programs: \$401,185

Auditee qualified as low-risk auditee? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS

Finding 2007-1: Notification of Funds Deposited into Student Account

Condition: We examined 10 student files and noted no notification was provided once funds were deposited into a student's account. The Financial Aid Office informed us that this procedure has not occurred for the 2006-2007 school year.

Status: A system has been implemented to notify students when funds have been deposited into their account.

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