

Schedule of Expenditures  
of Federal Award Programs  
in Accordance with the Uniform Guidance

Lake Superior State University

*Year Ended June 30, 2016*

Lake Superior State University

Schedule of Expenditures  
of Federal Award Programs  
in Accordance with the Uniform Guidance

Year Ended June 30, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise Lake Superior State's basic financial statements, and have issued our report thereon dated December 16, 2016.

**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*

Midland, Michigan  
December 16, 2016

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 the Uniform Guidance

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 U.S. Office of Management and Budget (OMB) *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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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, 2016.

### **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Lake Superior State University and its discretely presented component unit, Lake Superior State Foundation, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 16, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or the basic 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 basic financial statements as a whole.

*Andrews Hooper Paulik PLC*

Midland, Michigan  
December 16, 2016

Lake Superior State University  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title			Federal CFDA Number	Passed Through	Award # or Pass - through Grant #	Award Amount	Passed through to Subrecipient	Current Year Expenditures
<b>Student Financial Assistance Cluster:</b>								
<b>U.S. Department of Education</b>								
21515	210	Federal Work Study 15-16	84.033	Direct	P033A152029	\$ 334,075	\$ -	\$ 252,286
21535	210	Federal SEOG 15-16	84.007	Direct	P007A152029	82,000		77,474
21554	210	Federal PELL Grant 2014-15	84.063	Direct	P063P140235	3,990,346		1,433
21555	210	Federal PELL Grant 2015-16	84.063	Direct	P063P150235	4,000,000		3,637,931
4814	48	William D. Ford Federal Direct Loan Program 14-15	84.268	Direct	P268K140235	12,523,823		8,059
4815	48	William D. Ford Federal Direct Loan Program 15-16	84.268	Direct	P268K150235	13,828,700		10,248,115
450	45	Federal Perkins Loan Program	84.038	Direct	P038A152029			2,582,230
21665	210	Teacher Education Assistance for College and Higher Education 14-15	84.379		P374T160235	28,000		7,416
<b>U.S. Department of Health and Human Services</b>								
470	47	Nursing Student Loans	93.364	Direct	E4CHP26136			117,254
Student Financial Assistance Cluster Total								16,932,198
<b>Other Direct Programs:</b>								
<b>U.S. Department of Education</b>								
21595	211	Upward Bound 2015-16 (Year 4 of 5)	84.047a	Direct	P047A150842	388,856		311,377
21596	211	Upward Bound 2016-17 (Year 5 of 5)	84.047a	Direct	P047A160842	388,856		81,914
21564	10480	Title III SIP-TALK 2014-15 (Year 2 of 5)	84.031a	Direct	P031A140060	383,512		105,523
21565	10480	Title III SIP-TALK 2015-16 (Year 3 of 5)	84.031a	Direct	P031A150060	389,224		287,545
21374	10550	GEAR UP/KCP College Day 2014-15	84.334S	MWDA	14-00-05	36,880		3,454
21375	10550	GEAR UP/KCP College Day 2015-16	84.334S	MWDA	15-00-05	32,951		21,872
21334	10550	MCC/GEAR UP and College Positive Volunteerism 2014-15	84.334S	MWDA/MCC	GU14-02	15,000		6,487
21335	10550	MCC/GEAR UP and College Positive Volunteerism 2015-16	84.334S	MWDA/MCC	GU15-02	15,000		12,404
21120	10171	Occupational Educational Services 2015-16	84.048a	MDE	163510/162132	80,812		80,812
U.S. Department of Education Subtotal								911,388
<b>Research and Development Federal Awards:</b>								
<b>U.S. Department of Health and Human Services</b>								
20122	10131	Develop Novel Fresh and Marine Water Toxin Detectors	93.113	NIH	R01ES021968.01	133,797		5,498
20136	10131	Synthesis and Antimicrobial Evaluation of Dihydroquinazolines	93.855	NIH	R03AI126233-01	70,133		1,830
<b>U.S. Department of Agriculture</b>								
20714	10121	Disparities in Food Access & Food Security of Populations in Michigan	10.310	UM	2012-68004-20028	46,790		49,309
<b>U.S. Department of Commerce</b>								
20804	10300	Little Rapids Habitat Restoration Monitoring Program 2014-16	11.463	NOAA/GLC	GLC-3230-3	99,370	5,000	5,000
<b>U.S. Department of the Interior</b>								
21715	10300	Sea Lamprey Study 15-16	15.662	Direct	F14AC00220	6,500		4,299
21716	10300	Sea Lamprey Study 16-17	15.662	Direct	F15AC00220	6,500		1,450
21732	10121	Multifaceted Conservation of Great Lakes Piping Plover	15.663	NFWF	0501.11.027124	146,447		4,032
21736	10121	USFWS EUP Piping Plover 2016-17	15.662	NFWF	FWS-AES/TE	65,707		37,655
21745	10121	Fish Migration and Health in Tributaries to Whitefish Bay	15.024	BMIC/BIA		80,033		42,425
<b>National Science Foundation</b>								
20652	10131	Oxidative Elimination of Cyanotoxins by Ferrates	47.041	Direct	CBET-1235636	40,000		6,446
20653	10131	Develop Novel Fresh and Marine Water Toxin Detectors	47.050	Direct	OCE-1313558	191,324	13,608	16,049

See Notes to Schedule of Expenditures of Federal Awards.



Lake Superior State University  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Federal Grantor/Pass Through Grantor/ Program Title			Federal CFDA Number	Passed Through	Award # or Pass - through Grant #	Award Amount	Passed through to Subrecipient	Current Year Expenditures
<b>U.S. Environmental Protection Agency</b>								
20004	10300	Eurasian Watermilfoil Biocontrol-Didymo Surveillance Monitoring	15.662	MDEQ/EPA	2015-0101	\$ 115,000	\$ -	\$ 35,251
20014	10121	Controlling Wetlands Invaders-Energy Development	66.469	LUC/EPA	514545-LSSU GLOOEOO612-0/4C-	25,538		2,553
20070	10131	Great Lakes Coastal Wetland Monitoring Project	66.469	CMU/EPA	W011-NAEX	147,877		59,230
20075	10131	Great Lakes Coastal Wetland Monitoring: Continued Implementation	66.469	CMU/EPA	GL-00E01567-0	230,995		325
20025	10300	EPA- MDEQ BPAC 2015-16	66.469	CMU/EPA	15-AOC-010	6,559		5,132
Research and Development Federal Awards Total								276,484
<b>U.S. Department of Agriculture</b>								
20721	215	Summer Food Program	10.559	MDE	17SFP02000	12,396		12,396
U.S. Department of Agriculture Total								12,396
<b>National Endowment for the Humanities</b>								
20315	10210	MHC-NEH Superior Book Festival 2015-16	45.129	MHC	Q034-15	500		500
National Endowment for the Humanities Total								500
<b>U.S. Environmental Protection Agency</b>								
20054	10121	EPA GRO Ug Fellowship 2014-16 Dunn	66.513	Direct	MA-9175950-1	5,000		2,855
U.S. Environmental Protection Agency Total								2,855
Federal Awards Total							\$ 18,608	\$ 18,135,821

See Notes to Schedule of Expenditures of Federal Awards.

# Lake Superior State University

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

### **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, 2016. 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 Uniform Guidance. In addition, expenditures reported on the SEFA are recognized following the cost principles contained in Uniform Guidance, 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 the 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 the Uniform Guidance, Student Financial Assistance programs are considered to be a cluster of programs and, accordingly, have been classified as one program for testing purposes. The Student Financial Assistance Cluster has been defined as a major program. In determining major programs, the entire Student Financial Assistance cluster was removed due to the large loan and loan guarantee funds within the cluster.

### **3. Federal Perkins Loans**

There were \$2,126,590 of Federal Perkins loans outstanding as of June 30, 2016.

Total program disbursements under the Federal Perkins loans program for the year ended June 30, 2016 were as follows:

Student loans awarded	\$452,782
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### **4. Indirect Cost Rate**

The University did not elect to use the 10% de minimis indirect cost rate.

# Lake Superior State University

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

### 5. Pass-Through Entities

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

<b>Pass-through Agency 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

Lake Superior State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

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?	_____ Yes	<u>  X  </u> No	
Significant deficiencies identified that are not considered to be material weakness?	_____ Yes	<u>  X  </u> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No	

**Federal Awards**

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

Identification of major programs:

<b><u>Federal Grantor/Program Name</u></b>	<b><u>Federal Catalog or Grantor Number</u></b>
<b>Student Financial Assistance Cluster</b> U.S. Department of Education	84.007; 84.033; 84.038; 84.063; 84.268; 84.379; 93.364

Dollar threshold used to distinguish between Type A and Type B programs:	<u>  \$750,000  </u>		
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	_____ No	

Lake Superior State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questions Costs

None.

Lake Superior State University  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

None.