

The Uniform Guidance
Reporting Package

Saginaw Valley State University

Year Ended June 30, 2017

Saginaw Valley State University

The Uniform Guidance
Reporting Package

Year Ended June 30, 2017

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Audited Financial Statements and
Other Supplementary Information

Saginaw Valley State University

*Years Ended June 30, 2017 and 2016
with Report of Independent Auditors*

Saginaw Valley State University
Audited Financial Statements
and Other Supplementary Information

Years Ended June 30, 2017 and 2016

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Independent Auditors' Report

Board of Control
Saginaw Valley State University

Report on the Financial Statements

We have audited the accompanying financial statements of Saginaw Valley State University (University), a component unit of the State of Michigan, and Saginaw Valley State University Foundation (Foundation), a discretely presented component unit of the University, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Saginaw Valley State University and its discretely presented component unit, Saginaw Valley State University Foundation, as of June 30, 2017 and 2016, and the respective changes in financial position and Saginaw Valley State University, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vii be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of expenditures of federal awards 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. Such 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 to 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017, on our consideration of Saginaw Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
August 25, 2017

Saginaw Valley State University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal / Pass Through Grantor Program Title	Federal CFDA Number	Agency Or Pass Through Grant Number	Passed Through to Subrecipients	Federal Expenditures
Student Financial Assistance Cluster (Notes 1 and 4)				
U.S. Department of Education				
Title IV Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A162069	\$	\$ 158,401
Federal Work-Study Program	84.033	P033A162069		256,038
Federal Pell Grant Program (Note 3)	84.063	P063P160238		12,242,408
TEACH Grants	84.379	P379T170238		97,479
Loans and Loan Guarantees-Federal Direct Student Loans (Note 2)	84.268	P268K170238		48,473,012
U.S. Department of Health and Human Services				
Nurse Faculty Loan Program (ARRA) (Note 4)	93.408	E0AHP18906		-
Total Student Financial Assistance Cluster			-	61,227,338
Research and Development Cluster (Note 1)				
National Aeronautics and Space Administration				
Passed Through University of Michigan:				
Michigan Space Grant	43.002	NGT-40007		333
Michigan Space Grant Admin	43.008			1,500
Passed Through Michigan Space Grant Consortium:				
Applications of Multirotors in Geo-Reference Image Stitching	43.008			2,500
Total National Aeronautics and Space Administration			-	4,333
National Science Foundation				
Passed Through Central Michigan University:				
Enhancing STEM Education with Research-Based Environmental Experiments	47.076	DUE-1323470		17,841
Total National Science Foundation			-	17,841
U.S. Department of Defense				
Passed Through Office of Naval Research:				
Grain Refinement of Steels through Solidification Modification	12.300	N00014-14-1-0740		148,074
Total U.S. Department of Defense			-	148,074
U.S. Department of Justice				
Passed Through International Association of Chiefs of Police:				
Enhancing Law Enforcement Response to Victim Evaluation (ELERV)	16.582	2014-VF-GX-K011		25,664
Passed Through Saginaw Community Foundation:				
Project Safe Neighborhoods	16.609	BJA-2014-3810		15,742
Total U.S. Department of Justice			-	41,406
U.S. Department of Health and Human Services				
Direct Programs:				
Nurse Education, Practice, Quality, and Retention - Interprofessional Collaborative Practice	93.359	UD7HP29871-01-01	117,749	267,786
Passed Through Wayne State University:				
Advanced Nursing Education with Wayne State University	93.247	1D09HP29983-01-00		137,906
Total U.S. Department of Health and Human Services			117,749	405,692

See Notes to Schedule of Expenditures of Federal Awards.

Saginaw Valley State University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal / Pass Through Grantor Program Title	Federal CFDA Number	Agency Or Pass Through Grant Number	Passed Through to Subrecipients	Federal Expenditures
<u>Research and Development Cluster (Note 1) (continued)</u>				
U.S. Environmental Protection Agency				
Passed Through Michigan Department of Environmental Quality:				
Bad Axe Urban Stormwater Monitoring	66.464	C600E727-16	\$	3,145
Total U.S. Environmental Protection Agency			-	3,145
Total Research and Development Cluster			117,749	620,491
<u>U.S. Department of Education</u>				
Passed Through Michigan Department of Energy, Labor & Economic Growth:				
Gear Up Scholarship	84.334S	P334S010013		30,526
Total Passed Through MI Department of Energy, Labor & Economic Growth			-	30,526
Passed through Michigan Strategic Fund/Workforce Development Agency:				
Passed through Michigan Talent and Economic Development/Workforce Development Agency:				
Michigan Gear Up/College Day Program 15/16	84.334S	15-00-10		13,343
Michigan Gear Up/College Day Program 16/17	84.334S	16-00-10		43,446
Passed through Michigan Campus Compact:				
Gear Up & College Positive Volunteerism	84.334S			113
Total Passed Through Michigan Strategic Fund/Workforce Development Agency			-	56,902
Passed Through Michigan Department of Education:				
Making an Impact with Intel Math (MI2M)	84.366B	152410-MSP2014		36,949
Achieving With Intel Math (AIM)	84.366B	162410-MSP2016		310,654
Civics, Gov't and Citizenship Education - Continuation	84.367B	160290-005		174,574
Real Writing	84.367B	150290-010		68,354
The Core Ideas of Science (TCIS)	84.367B	150290-033		63,967
Total Passed Through Michigan Department of Education			-	654,498
Passed Through University of California (National Writing Project):				
Saginaw Bay Writing Project - FY15 - FY16	84.367D	94-MI05-SEED2012		918
2017 SEED Invitational Leadership Institute	84.367D	94-MI05-SEED2017-ILI		29
Total Passed Through University of California			-	947
<u>U.S. Department of Commerce</u>				
Direct Programs:				
Experiencing the Saginaw Bay Watershed from the Classroom to the Water's Edge	11.429	NA16NOS4290198		23,971
Total Direct Programs			-	23,971

See Notes to Schedule of Expenditures of Federal Awards.

Saginaw Valley State University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal / Pass Through Grantor Program Title	Federal CFDA Number	Agency Or Pass Through Grant Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Commerce</u> (continued)				
Passed Through Industrial Technology Institute: CMI/MMTC Admin	11.611	70NANB15H035	\$	191,144
Total Passed Through Industrial Technology Institute			-	191,144
<u>U.S. Department of State</u>				
Passed Through International Research & Exchanges Board (IREX): Undergraduate Exchange Program (Pakistan)	19.009			60,401
Undergraduate Exchange Program (Tunisia)	19.009			32,232
Undergraduate Exchange Program (Kosovo)	19.009			8,665
Total Passed Through International Research & Exchanges Board			-	101,298
Passed Through World Learning: Undergraduate Exchange Program (World Learning)	19.009			59,484
Total Passed Through World Learning			-	59,484
Passed through American Councils for International Education: Year of Exchange in America for Russians Program (YEAR)	19.040			47,133
Total Passed Through American Councils for International Education			-	47,133
<u>U.S. Department of Health and Human Services</u>				
Direct Programs: Advanced Nursing Education Grant	93.247	5D09HP26945-03-01		417,883
Total Direct Programs			-	417,883
<u>National Endowment for the Humanities</u>				
Direct Programs: SVSU Marshall M Fredericks Collection Environmental Study	45.149	PG-252887-17		2,246
Total Direct Programs			-	2,246
Total Expenditures of Federal Awards			\$ 117,749	63,433,861

See Notes to Schedule of Expenditures of Federal Awards.

Saginaw Valley State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

- Note 1:** As defined in the Uniform Guidance, Student Financial Assistance programs 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 and the Research and Development Cluster have been defined as major programs. Also, the entire Student Financial Assistance Cluster was excluded when determining the dollar threshold for major program determination.
- Note 2:** Under the William D. Ford Federal Direct Loan Program, students and parents borrow funds directly from the federal government; the University is responsible for verifying student eligibility, electronically transmitting the loan records to the federal processor, and distributing the loan funds directly to the student account or parent borrower. For the year ended June 30, 2017, Direct Student Loans totaled \$48,473,012 (\$16,604,433 subsidized, \$24,165,848 unsubsidized, \$7,655,353 PLUS, and \$47,378 direct graduate).
- Note 3:** The Pell grant expenditures are the actual amounts incurred through June 30, 2017. The University will process amendments subsequent to year end to finalize the 2016-2017 award year. Amounts reported do not include an administrative cost allowance of \$15,345.
- Note 4:** The University began participation in the ARRA Nurse Faculty Loan Program (ARRA-NFLP) in fiscal year 2011. The University received \$27,820 from the ARRA-NFLP (CFDA Number 93.408). The federal cash received, along with the required University match, were placed in separate loan funds. During fiscal year 2017, the University closed the ARRA-NFLP and returned federal cash of \$27,820 in principal and \$839 in related interest income, as calculated by the Department of Health and Human Services. As noted on the Schedule of Expenditures of Federal Awards, there was no outstanding loan balance as of June 30, 2017.

Prior to closing out the loan, the University utilized the services of Heartland ECSI to administer the repayment of the ARRA-NFLP loans and perform certain due diligence procedures. The most recent available report on Heartland ECSI compliance and internal controls was received and reviewed. No significant items of noncompliance or control weaknesses were noted.

Saginaw Valley State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Note 5: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Saginaw Valley State University under programs of the federal government for the year ended June 30, 2017. Expenditures reported on the Schedule of Expenditures of Federal Awards 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 the Uniform Guidance. In addition, expenditures reported on the Schedule of Expenditures of Federal Awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement. Therefore, some amounts presented in this Schedule of Expenditures of Federal Awards may differ from amounts presented in, or used, in the preparation of the financial statements.

Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Saginaw Valley State University, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Saginaw Valley State University. Pass-through entity identifying numbers are presented where available.

Note 6: The University has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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 Control
Saginaw Valley State University

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 Saginaw Valley State University (University) and its discretely presented component unit, Saginaw Valley State University Foundation (Foundation), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Saginaw Valley State University's financial statements, and have issued our report thereon dated August 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Saginaw Valley 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 Saginaw Valley State University's internal control. Accordingly, we do not express an opinion on the effectiveness of Saginaw Valley 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 a 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 25, 2017

Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance

Board of Control
Saginaw Valley State University

Report on Compliance for Each Major Federal Program

We have audited Saginaw Valley State University's (University) compliance with the types of compliance requirements described in the *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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the 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, 2017.

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.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
August 25, 2017

Saginaw Valley State University
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weakness identified? Yes X No
 Significant deficiencies identified not
 considered to be material weakness? Yes X None reported

Noncompliance material to financial
 statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material weakness identified? Yes X No
 Significant deficiencies identified not
 considered to be material weakness? Yes X None reported

Type of auditor’s report issued on
 compliance for major programs: Unmodified

Any audit findings disclosed that are
 required to be reported in accordance
 with the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Cluster and Federal Programs</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.379	TEACH Grants
84.268	Federal Direct Student Loans
93.408	Nurse Faculty Loan Program (ARRA)

Saginaw Valley State University
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2017

Section I – Summary of Auditor’s Results (continued)

Federal Awards (continued)

Identification of major programs:
 (continued)

<u>CFDA Number</u>	<u>Name of Cluster and Federal Programs</u>
	Research and Development Cluster:
43.002	Michigan Space Grant
43.008	Michigan Space Grant Admin
43.008	Applications of Multirotors in Geo-Reference Image Stitching
47.076	Enhancing STEM Education with Research-Based Environmental Experiments
12.300	Grain Refinement of Steels through Solidification Modification
16.582	Enhancing Law Enforcement Response to Victim Evaluation (ELERV)
16.609	Project Safe Neighborhoods
93.359	Nurse Education, Practice, Quality, and Retention – Interprofessional Collaborative Practice
93.247	Advanced Nursing Education with Wayne State University
66.464	Bad Axe Urban Stormwater Monitoring

Dollar threshold used to distinguish
 between Type A and Type B
 programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statements Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Saginaw Valley State University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

No matters were reported.