

Nebraska State College System
A Component Unit of the State of Nebraska
Single Audit Reports
June 30, 2015



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A Component Unit of the State of Nebraska
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Independent Auditor's Report

The Board of Trustees
Nebraska State College System
Lincoln, Nebraska

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the Nebraska State College System (System) for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the schedule of expenditures of federal awards 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 a schedule of expenditures of federal awards that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule of expenditures of federal awards based on our audit. We conducted our audit 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 the schedule of expenditures of federal awards is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of expenditures of federal awards. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the schedule of expenditures of federal awards, 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 schedule of expenditures of federal awards 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 schedule of expenditures of federal awards.

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

Opinion

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Nebraska State College System for the year ended June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Lincoln, Nebraska
December 17, 2015

Nebraska State College System
A Component Unit of the State of Nebraska
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Agency Cluster/Program	Pass-Through Entity	CFDA #	Wayne	Peru	Chadron	FY 2015 Expenditures
Student Financial Aid Cluster:						
<i>U.S. Department of Education:</i>						
Federal Supplemental Educational Opportunity Grant		84.007	\$ 64,914	\$ 56,939	\$ 52,316	\$ 174,169
Federal Work-Study Program		84.033	99,402	86,491	248,316	434,209
Federal Perkins Loans Program		84.038	1,591,413	-	796,372	2,387,785
Federal Pell Grant Program		84.063	4,502,519	2,966,882	3,600,247	11,069,648
Federal Direct Student Loans		84.268	12,243,080	9,079,196	9,956,223	31,278,499
Teacher Education Assistance for College & Higher Education Grants (TEACH Grants)		84.379	30,946	-	-	30,946
Total Student Financial Aid Cluster			<u>18,532,274</u>	<u>12,189,508</u>	<u>14,653,474</u>	<u>45,375,256</u>
Trio Cluster:						
<i>U.S. Department of Education:</i>						
Trio - Student Support Services		84.042	355,663	280,588	266,880	903,131
Trio - Upward Bound		84.047	-	-	281,455	281,455
Total Trio Cluster			<u>355,663</u>	<u>280,588</u>	<u>548,335</u>	<u>1,184,586</u>
Improving Teacher Quality State Grants	Coordinating Commission for Postsecondary Education(CCPE)	84.367	2,018	-	-	2,018
College Access Challenge Grant Program	CCPE	84.378	25,600	16,900	15,991	58,491
<i>Total U.S. Department of Education</i>			<u>18,915,555</u>	<u>12,486,996</u>	<u>15,217,800</u>	<u>46,620,351</u>
Research & Development Cluster:						
<i>National Aeronautics & Space Administration:</i>						
Science	NASA NE Space Grant Consortium	43.001	-	-	2,844	2,844
<i>National Science Foundation:</i>						
Biological Sciences		47.074	-	152,556	-	152,556
Office of Experimental Program to Stimulate Competitive Research	Nebraska EPSCoR	47.081	-	-	474	474
<i>Total National Science Foundation</i>			<u>-</u>	<u>152,556</u>	<u>474</u>	<u>153,030</u>
<i>U.S. Department of Health & Human Services:</i>						
Biomedical Research & Research Training	University of Nebraska Medical Center (UNMC)	93.859	34,338	-	-	34,338
Total Research & Development Cluster			<u>34,338</u>	<u>152,556</u>	<u>3,318</u>	<u>190,212</u>
Other Programs:						
<i>National Endowment for the Arts</i>						
Promotion of the Arts Partnership Agreements	Nebraska Arts Council	45.025	-	-	1,100	1,100
<i>U.S. Small Business Administration:</i>						
Small Business Development Centers	University of Nebraska - Omaha (UNO)	59.037	60,665	-	-	60,665
<i>U.S. Department of Health & Human Services:</i>						
Centers for Disease Control & Prevention - Investigations & Technical Assistance	NE Health & Human Services	93.283	-	-	3,619	3,619
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	NE Health & Human Services	93.323	-	-	8,985	8,985
Block Grants for Prevention and Treatment of Substance Abuse	Nemaha Against Drug and Alcohol Abuse (NADAA)	93.959	-	1,000	-	1,000
Total Other Programs			<u>60,665</u>	<u>1,000</u>	<u>13,704</u>	<u>75,369</u>
Total Expenditures of Federal Awards			<u>\$ 19,010,558</u>	<u>\$ 12,640,552</u>	<u>\$ 15,234,822</u>	<u>\$ 46,885,932</u>

Nebraska State College System
A Component Unit of the State of Nebraska
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Notes to Schedule

Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Nebraska State College System (System) and is presented on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Education Institutions* where in certain types of expenditures are not allowed or are limited as to reimbursements. 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 in, or used in the preparation of, the System's basic financial statements.

Loans Outstanding

At June 30, 2015, the System had the following net federal loan program receivables from participating students:

Program Title

Federal Perkins Loan Program	
Chadron	\$ 445,385
Wayne	\$1,148,384

Subrecipients

The System provided no funds to subrecipients for the year ended June 30, 2015.

Report on Compliance for Each Major Program and Report on Internal Control Over Compliance

Independent Auditor's Report

The Board of Trustees
Nebraska State College System
Lincoln, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Nebraska State College System (the System), a component unit of the State of Nebraska, 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 its major federal programs for the year ended June 30, 2015. The System'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 requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the System'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 System'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 System's compliance.

Opinion on Each Major Federal Program

In our opinion, the System 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 System 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 System's internal control over compliance with the 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 our 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 System'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

BKD, LLP

Lincoln, Nebraska
December 17, 2015

Nebraska State College System
A Component Unit of the State of Nebraska
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2015

7. The System's major programs were:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	
Federal Supplemental Education Opportunity Grants	84.007
Federal Direct Student Loans	84.268
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Teacher Education Assistance for College and Higher Education (Teach) Grant	84.379

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.

9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Nebraska State College System
A Component Unit of the State of Nebraska
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2015

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
	<p>The Nebraska Auditor of Public Accounts issued under separate cover the report in accordance with <i>Government Auditing Standards</i> related to the financial statements of the System. No matters were reported.</p>	

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
	<p>No matters are reportable.</p>	

Nebraska State College System
A Component Unit of the State of Nebraska
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Reference Number	Summary of Finding	Status
2014-001	The System did not verify that the vendor was not suspended, debarred or otherwise excluded for the one covered transaction tested for the System's Research and Development program.	Resolved