



PACIFIC UNIVERSITY

Independent Auditors' Report in
Accordance with OMB Circular A-133

Year ended June 30, 2015

PACIFIC UNIVERSITY

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Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

The Board of Directors
Pacific University:

Report on Compliance for Each Major Federal Program

We have audited Pacific University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2015. Pacific University's major federal program is 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program 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 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 its major federal program for the year ended June 30, 2015.

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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the University as of and for the year ended June 30, 2015, and have issued our report thereon dated October 22, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

October 22, 2015

PACIFIC UNIVERSITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

	<u>Federal CFDA number</u>	<u>Federal expenditures</u>
Student financial assistance:		
U.S. Department of Education:		
Perkins loan program – note 2	84.038	\$ 5,208,382
Federal work-study program	84.033	637,157
Federal supplemental educational opportunity grant	84.007	190,415
Pell grant program	84.063	2,563,138
Teach grants	84.379	56,640
Fund for the Improvement of Postsecondary Education (FIPSE)	84.116	9,600
ESOL for Stem Educators	84.365Z	266,457
Title II-B Math & Science SMSiSTEM	84.366	64,182
U.S. Department of Health and Human Services:		
Health professional student loans	93.342	2,493,520
Total student financial assistance		<u>11,489,491</u>
Research and development:		
National science foundation:		
NSF grant – Collaborative Research	47.049	10,809
NSF grant – Dawes Physics of Photons	47.049	31,316
NSF grant – UAF Subaward Biological Sciences	47.074	13,849
U.S. Department of Health and Human Services:		
NIH grant – Johnson Ethics and Mental Health	93.242	184,802
NIH grant – Jaeb Center for Health Research	93.867	8,773
NIH grant – Stead Language Analysis	93.866	22,425
NIH grant – WSU Federal Sub-award Pharmacy	93.213	6,343
Total research and development		<u>278,317</u>
Other awards:		
National science foundation:		
NSF grant – Noyce ARRA funding	47.082	60,084
NSF grant – Noyce (2) Admin. Award	47.076	49,302
NSF grant – CMOP Competitive Funding Award	47.050	5,859
NSF grant – CMOP Grant – Besse	47.050	12,214
Institute of Museum and Library Services		
LSTA Oral Histories Grants – Museum and Library Serv.	45.310	36,802
U.S. Department of Health and Human Services:		
Community based dental partnership	93.924	6,310
NIH grant – Mindfulness Assessment	93.213	1,578
CDC grant – Beaverton CDC Sub-award	93.737	36,721
WC Human Services Program	93.243	4,800
HRSA grant for PA	93.884	125,374
Total other awards		<u>339,044</u>
Total expenditures of federal awards		\$ <u><u>12,106,852</u></u>

See accompanying notes to schedule of expenditures of federal awards.

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Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pacific University (the University) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule 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 assets, or cash flows of the University.

(2) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes all federal monies expended by the University during the year ended June 30, 2015. This schedule has been prepared on the accrual basis of accounting.

For purposes of the Schedule, federal monies include all grants, contracts, loans, and loan guarantee agreements entered into directly between the University and agencies and departments of the federal government as well as any federal awards passed through other governmental agencies.

(3) Loan Program Administration

The University administers the following loan programs:

	CFDA number		New loans processed during the fiscal year		Outstanding balance at June 30, 2015
Perkins loans	84.038	\$	1,040,853	\$	5,159,039
Health professional loans	93.342		493,867		2,493,520

(4) Federal Direct Loan Program

During the fiscal year ended June 30, 2015, the University processed the following amount of new loans under the Federal Direct Loan Program (which includes subsidized Stafford, unsubsidized Stafford, and PLUS Loans):

	CFDA number		Amount
Direct loans – unsubsidized	84.268	\$	42,794,136
Direct loans – subsidized	84.268		4,936,846
Direct loans – Parent PLUS	84.268		4,775,358
Direct loans – Grad PLUS	84.268		22,031,393
Total		\$	74,537,733

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Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(5) Administrative Costs

The amount of Perkins loan and Federal Work-study disbursements shown on the Schedule includes the current year administrative cost allowance of \$49,343 and \$31,858, respectively.

PACIFIC UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unmodified**
- (b) Material weaknesses identified by the audit of the financial statements: **None**
- (c) Significant deficiencies in internal control identified by the audit of the financial statements: **None reported**
- (d) Noncompliance that is material to the financial statements: **None**
- (e) The type of report issued on compliance for major programs: **Unmodified**
- (f) Material weaknesses in internal controls over major programs: **None**
- (g) Significant deficiencies in internal control over major programs: **None reported**
- (h) Any audit findings that are required to be reported under Section .501(a) of OMB Circular A-133: **No**
- (i) Major programs: **Student Financial Assistance Cluster**
- (j) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- (k) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None reported

(3) Findings and Questioned Costs Relating to Federal Awards: None reported