



5. Audited Financial Reports for Fiscal Year 2016-2017

The October 9, 2017 letter from SACSCOC Vice President Michael Johnson to UofL Interim President Gregory Postel stated, “As we discussed while on campus, the final University of Louisville audit for FY 2017 should be included with the Response, assuming it is available; you may include a brief narrative with the audit if you desire.”

UNIVERSITY RESPONSE

The University of Louisville (UofL) Board of Trustees voted to accept the final financial statements for the period ending June 30, 2017, at their monthly meeting on October 18, 2017 [1]. The Auditor’s Report and Financial Statements for the University of Louisville and Affiliated Corporations approved by the board reflect the fiscal years ended June 30, 2017 and 2016 [2]. These final statements include an unqualified opinion from Crowe Horwath, LLP, the University’s independent auditors.

The SACSCOC Special Committee received a draft financial statement/audit for fiscal year 2016-2017 during its visit to UofL in September 2017. The draft was dated September 15, 2017

[3]. The differences between the final fiscal year (FY) 2017 financial statements and the draft financial statements provided to visiting members of SACS in September include one adjustment to accounts receivable and revenue and several reclassifications made in the ordinary course of the annual audit. None of these changes alone or in aggregate are material to the overall financial position of the university. A comparison of the final Financial Statements FY 2016-2017 and the draft Financial Statements from 9/15/17 that summarizes the differences in the two reports is provided [4a] [4b] [4c].

The Special Committee held interviews with UofL personnel, foundation personnel, and the institution's external auditor (Crowe Horwath) and the University of Louisville Foundation (ULF) external auditor (Ernst and Young) in its review of the university's compliance with Comprehensive Standards 3.10.1 and 3.10.3 and made no recommendations. The committee noted that "internal controls are acceptable" and that "there is acceptable separation of duties for financial transactions" with "85% of all accounts reconciled monthly." Additionally, they noted, "The institution's financial stability also benefits from diversified revenue streams, with no single source accounting for more than 34 percent of revenues from FY 2012 to FY 2016, and from stable enrollment."

SUMMARY

The University of Louisville has a positive net position as reflected in the FY 2016-2017 audited financial statements and has an FY 2017-2018 operating budget approved by the Board of Trustees that reflects the university's strategic goals.

- [1] Board of Trustees Recommendation dated October 18, 2017 to approve the Audited Financial Statements for fiscal year ending June 30, 2017
Audit_fn01.pdf
- [2] UofL Consolidated Financial Statements for fiscal year 2016-2017
Audit_fn02.pdf
- [3] Draft Financial Statements supplied to the Special Committee – 9/15/17
Audit_fn03.pdf
- [4] Financial Reports:
 - a. Comparison of Final Financial Statements FY 2016-2017 and the Draft Financial Statements 9/15/17
Audit_fn04a.pdf
 - b. Comparison of Net Position – Final Financial Statements FY 2016-2017 and Draft Financial Statements 9/15/17
Audit_fn04b.pdf
 - b. Comparison of Revenues, Expenses and Net Position - Final Financial Statements FY 2016-2017 and Draft Financial Statements 9/15/17
Audit_fn04c.pdf