

UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 7, 2016

**LOUISIANA LEGISLATIVE AUDITOR
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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.35. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3610 or Report ID No. 80160082 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



University of New Orleans

December 2016

Audit Control # 80160082

Introduction

As a part of our audit of the University of Louisiana System's (System) financial statements and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2016, we performed procedures at the University of New Orleans (UNO) to provide assurances on financial information that is significant to the System's financial statements; to evaluate the effectiveness of UNO's internal control over financial reporting and compliance; and to determine whether UNO complied with applicable laws and regulations.

UNO includes two campuses in the New Orleans area. Its mission is to serve national and international students and enhance the quality of life in New Orleans, the state, the nation, and the world, by participating in a broad array of research, service learning, cultural, and academic activities.

Results of Our Procedures

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the fiscal year ended June 30, 2016, we considered UNO's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

Statement of Net Position

Assets - Cash and cash equivalents, investments, due from State Treasury, and capital assets

Liabilities - Accounts payable, unearned revenue, and bonds payable

Net Position - Net investment in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student tuition and fees, scholarship allowances, grants and contracts revenues, auxiliary revenues, state appropriations, federal nonoperating revenues, capital appropriations, and capital grants and gifts

Expenses - Educational and general expenses

Based on the results of our procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2016, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on UNO's major federal program, TRIO Cluster.

Those tests included evaluating the effectiveness of UNO's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether UNO complied with applicable program requirements. In addition, we performed procedures on information submitted by UNO to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards, as required by Uniform Guidance.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements, and the information submitted for the preparation of the state's Schedule of Expenditures of Federal Awards was materially correct, as adjusted.

Other Procedures

In addition to the financial statement and federal compliance procedures noted above, we performed certain procedures, which included obtaining, documenting, and reviewing UNO's internal control and compliance with related laws and regulations over the LaCarte procurement program, travel expenses, and movable property.

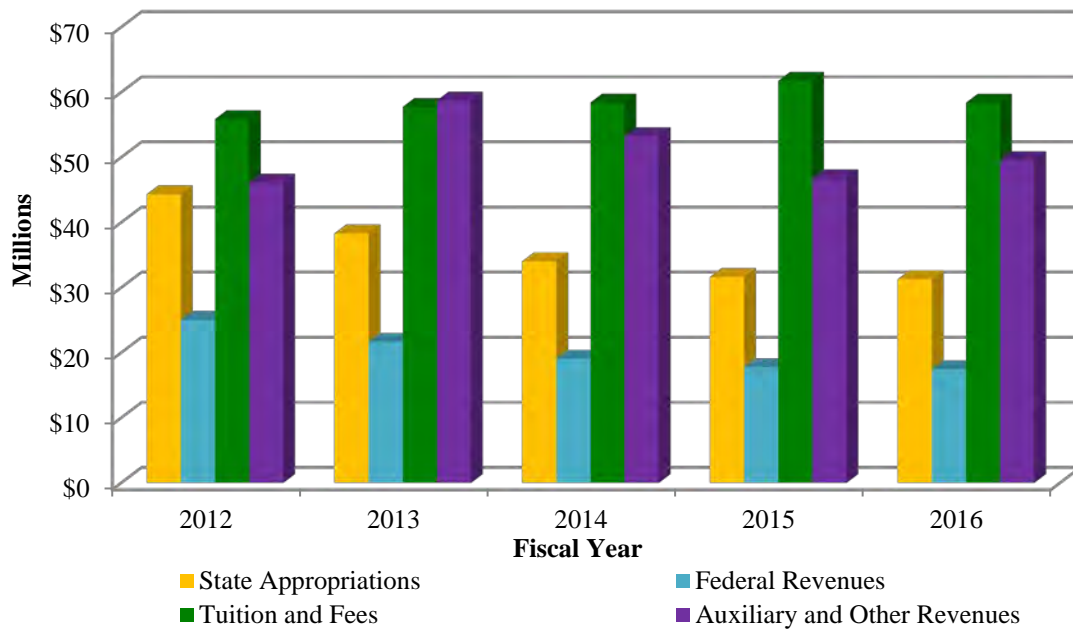
Based on the results of the procedures performed, we found no issues or weaknesses that were required to be reported.

Trend Analysis

We compared the most current and prior-year financial activity using UNO's annual fiscal reports and/or system-generated reports and obtained explanations from UNO management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five fiscal years, as shown in Exhibits 1 and 2.

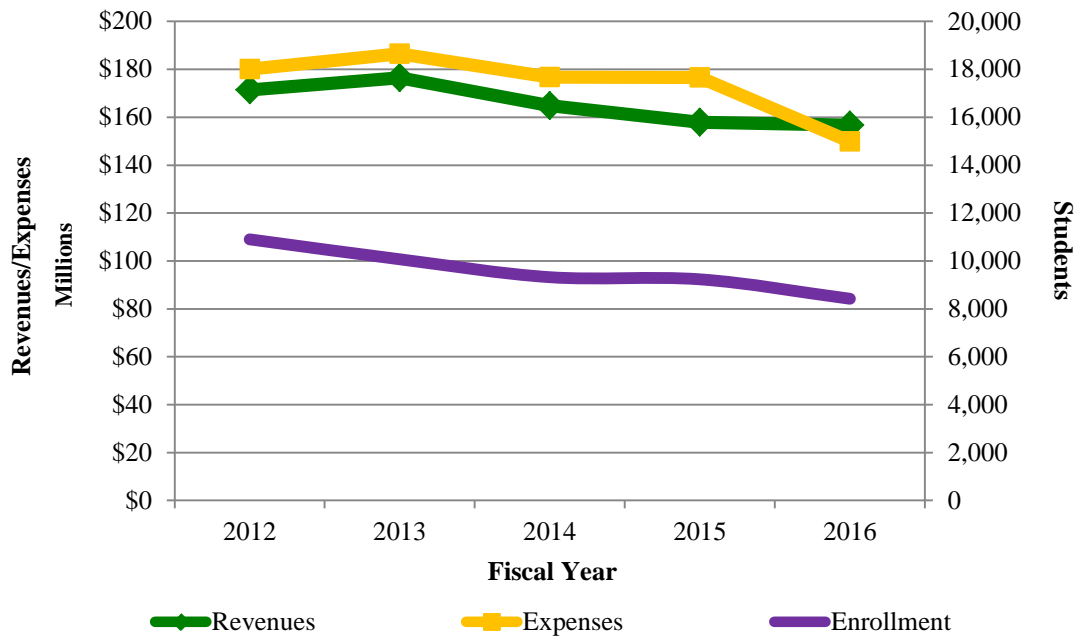
In analyzing the financial trends of UNO over the past five fiscal years, both expenses and revenues have decreased significantly, with expenses exceeding revenues in fiscal years 2012 through 2015. Revenues exceeded expenses in fiscal year 2016, resulting primarily from a decrease in expenses totaling \$26,743,820 (15.1%) from fiscal year 2015. The decline in federal revenues and state appropriations totaling \$20,667,855 (29.8%) from fiscal year 2012 through fiscal year 2016 has been partially offset by increases in tuition and fees. Since fiscal year 2012, net tuition and fees have increased by 4.5%, mainly because of increases in tuition rates; however, fall enrollment for fiscal year 2016 declined 8.8% from fiscal year 2015, and fall enrollments have decreased an average of 5.6% annually for fiscal years 2012 through 2016.

Exhibit 1
Five-Year Revenue Trend



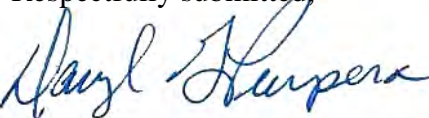
Source: Fiscal Year 2012-2016 Annual Fiscal Reports, as adjusted

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2012-2016 Annual Fiscal Reports, as adjusted, and Board of Regents website

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

DF:CGEW:BH:EFS:aa

UNO 2016

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) for the period from July 1, 2015, through June 30, 2016, to provide assurances on financial information significant to the University of Louisiana System (System) and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, and review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2016.

- We evaluated UNO's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to UNO.
- Based on the documentation of UNO's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain UNO account balances and classes of transactions to support the opinion on the System's financial statements.
- We performed procedures on the TRIO Cluster and on the information submitted by UNO to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards to support the 2016 Single Audit.
- We compared the most current and prior-year financial activity using UNO's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from UNO management for significant variances.

The purpose of this report is solely to describe the scope of our work at UNO and not to provide an opinion on the effectiveness of UNO's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review UNO's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. UNO's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The University of New Orleans (University) is a publicly supported institution of higher education. The University is a component unit of the State of Louisiana, within the executive branch of government. The University is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the University and changes to the degree programs, departments of instruction, et cetera, of the individual institutions require the approval of the Board of Regents for Higher Education. The board of supervisors is comprised of 15 members appointed for staggered six-year terms by the governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities within the System. As a state university, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the University is the president.

The University had approximately 8,423 students enrolled during the fall semester of the 2015/2016 academic year and employed approximately 1,287 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared in accordance with such principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The University is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues bonds to finance certain construction; and (4) the universities within the University primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of the University as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The financial statements are audited by the Louisiana Legislative Auditor.

Blended Component Units

University of New Orleans Research and Technology Foundation, Inc. is considered a blended component unit and is included in the reporting entity because it is fiscally dependent on the university. The purpose of this organization is to promote, assist, and benefit the mission of the university through the acquisition, construction, development, management, leasing or otherwise assisting in the acquisition, construction, development, management or leasing of student housing or facilities on behalf of the universities. Although the facilities corporation is legally separate, it is reported as a part of the university because the majority of their revenue comes from the leasing of the facilities to the university.

Discretely Presented Component Unit

The University of New Orleans Foundation is a legally separate, tax-exempt organization and is reported within the university as a discrete component unit.

The foundation acts primarily as a fundraising organization to supplement the resources that are available to the university in support of its programs. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources or income that the foundation holds and invests is restricted to the activities of the university by donors. Because these restricted resources held by the foundation can only be used by or for the benefit of the university, the foundation is considered a component unit of the university and is discretely presented in the financial statements.

During the year ended June 30, 2016, the foundation made distributions of \$5,139,135 to or on behalf of the university for both restricted and unrestricted purposes.

To obtain the corporations' latest audit reports, write to:

- University of New Orleans Research and Technology Foundation, Inc., c/o Mr. Keith Hemel, University of New Orleans Research and Technology Foundation, 2021 Lakeshore Drive, Suite 420, New Orleans, Louisiana 70122
- University of New Orleans Foundation c/o Dr. Gregg Lassen, University of New Orleans, 2000 Lakeshore Drive, New Orleans, Louisiana 70148

The blended and discretely presented component units are private nonprofit organizations that report under Financial Accounting Standards Board (FASB)

standards, including FASB Accounting Standards Codification (ASC) §958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria, presentation, and disclosure requirements are different from GASB revenue recognition criteria and presentation features. With the exception of presentation adjustments, no modifications have been made to these component units' financial information in the University's report for these differences. Accordingly, the financial data of the discretely presented component units are shown on a statement of financial position and a statement of activities.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. All activities of the University are accounted for within a single proprietary (enterprise) fund. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-system transactions have been eliminated.

D. BUDGET PRACTICES

The State of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) inventories are recorded as expenditures at the time of purchase.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the University may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the University may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

In accordance with Louisiana Revised Statute (R.S.) 49:327, the University is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, and money market funds. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. Investments are maintained in investment accounts in external foundations as authorized by policies and procedures established by the Board of Regents and are reported at fair value in accordance with GASB Statement No. 31. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. For purposes of the Statement of Cash Flows, the University considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES

Inventories are valued at the lower of cost or market. The University uses periodic and perpetual inventory systems and values its various other inventories using the first-in, first-out and weighted-average valuation methods. Adjustments are made at fiscal year-end to account for inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

Cash, investments, receivables, and other assets that are externally restricted for grants, endowments, debt service payments, maintenance of sinking or reserve funds or to purchase or construct capital assets are classified as noncurrent restricted assets in the Statement of Net Position.

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, three to 10 years for most movable property, three years for software with an acquisition cost of \$1,000,000 or more, and three to 10 years for internally generated software with development costs of \$1,000,000 or more.

I. UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent accounting

period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

J. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

Upon separation of employment, both, classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave, which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

Upon termination or transfer, a classified employee will be paid for any one and one-half hour compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the classified employee's hourly rate of pay at termination or transfer.

K. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year and estimated amounts for accrued compensated absences, other postemployment benefits, net pension liabilities, and other liabilities that will not be paid within the next fiscal year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Louisiana State Employees Retirement System and the Teachers Retirement System of Louisiana, and additions to/deductions from the retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirements systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

This represents the University's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

(2) Restricted Net Position - Expendable

Restricted expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(3) Restricted Net Position - Nonexpendable

Restricted nonexpendable net position consists of endowment and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(4) Unrestricted Net Position

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward unrestricted resources, and then toward restricted resources.

M. CLASSIFICATION OF REVENUES AND EXPENSES

The University has classified its revenues as either operating or non-operating according to the following criteria:

- (a) Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts and federal appropriations.

- (b) Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, and investment income.
- (c) Operating expenses generally include transactions resulting from providing goods or services, such as (1) payment to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.
- (d) Non-operating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for services (tuition and fees) provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2016, the University implemented the following accounting standards:

- GASB Statement 72, *Fair Value Measurement and Application*, is effective for the fiscal year ended June 30, 2016. The objective of this pronouncement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The statement will impact the University's financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2016, the University has cash and cash equivalents (book balances) of \$ **30,160,492** as follows:

Petty cash	\$44,224
Demand deposits	25,536,892
Certificates of deposit	-
Money market funds	-
Short-term investments	-
Time deposits	-
Blended component unit cash	<u>4,579,376</u>
Total	<u><u>\$30,160,492</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Under state law, the University's deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2016, \$ **52,609** of the University's bank balance of \$ **31,498,811** was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling **\$3,028,342**, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

3. INVESTMENTS

At June 30, 2016, the University has investments totaling \$ **24,727,802**, which includes \$ **0** of short-term investments reported on the Statement of Net Position as restricted cash equivalents. Each university within the University follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the University universities to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the University's investments follows:

<u>Type of Investment</u>	<u>Percentage of Investments</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
U.S. government securities:			
U.S. Treasury Notes/U.S. Government Obligations	0.00%		\$0
Federal Home Loan Mortgage Corporation	0.00%		-
Federal National Mortgage Association	0.00%		-
Federal Home Loan Bank	0.00%		-
Federal Farm Credit Bank	0.00%		-
Mutual funds	0.00%		-
Certificates of deposit	0.00%		-
Common and preferred stock	0.15%		36,211
Corporate bonds and bond funds	0.00%		-
Mutual funds	0.00%		-
Louisiana Asset Management Pool	0.00%		-
Investments held by foundations in external investment pools (UNO only)	78.38%		19,382,853
Investments held by foundations			
U.S. Treasury Notes	0.00%		-
Federal Home Loan Mortgage Corporation	0.00%		-
Federal National Mortgage Association	0.00%		-
Government National Mortgage Association	0.00%		-
Federal Home Loan Bank	0.00%		-
Federal Farm Credit Bank	0.00%		-
Other fixed income securities	0.00%		-
Mutual funds	0.00%		-
Money market accounts	0.00%		-
Equity funds	0.00%		-
Corporate bonds/obligations	0.00%		-
Certificates of deposit	0.00%		-
Common and preferred stock	0.00%		-
Other	0.00%		-
Held by blended component units:			
UNO Research and Technology Foundation	21.47%		5,308,738
Not rated	0.00%		-
	<u>100.0%</u>		<u>\$24,727,802</u>

¹Credit quality ratings obtained from Moody's Investor Service.

²Credit quality ratings obtained from Standard and Poor's.

³Credit quality ratings not required for these investments.

⁴Credit quality ratings not available.

⁵Not rated

Type of Investment	Fair Value	Investment Maturities in Years				Over 30 Years
		Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	
U.S. government securities:						
U.S. Treasury Notes/U.S. Government Obligations						
Federal Home Loan Mortgage Corporation						
Federal National Mortgage Association						
Federal Home Loan Bank						
Federal Farm Credit Bank						
Mutual funds						
Certificates of deposit						
Common and preferred stock						
Corporate bonds and bond funds						
Mutual funds						
Louisiana Asset Management Pool						
Investments held by foundations in external investment pools (UNO only)						
Investments held by foundations						
U.S. Treasury Notes						
Federal Home Loan Mortgage Corporation						
Federal National Mortgage Association						
Government National Mortgage Association						
Federal Home Loan Bank						
Federal Farm Credit Bank						
Other fixed income securities						
Mutual funds						
Money market accounts						
Equity funds						
Corporate bonds/obligations						
Certificates of deposit						
Common and preferred stock						
Other						
Held by blended component units:						
UNO Research and Technology Foundation						
Not rated						
	\$0	\$0	\$0	\$0	\$0	\$0

Investments held by private foundations in external investment pools are managed in accordance with the terms outlined in management agreements executed between the University and their respective foundations. The University is a voluntary participant. This investment totaling \$ 19,382,853 has no credit quality rating. The foundations hold and manage funds received by the university as state matching funds for the Endowed Chairs and Endowed Professorship programs. Of the \$ 19,382,853 reported as investments held by foundations, the amounts held by its discretely presented component units total \$ 19,382,853

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the University's investments to U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. Individual University universities do not have policies to further limit credit risk.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For U.S. Treasury obligations and U.S. government agency obligations, the University's investment policies generally require that issuers must provide the universities with safekeeping receipts, collateral agreements, and custodial agreements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. State law requires that at no time shall the funds invested in U.S. government agency obligations exceed 60% of all monies invested with maturities of 30 days or longer. In addition, state law limits the investment in commercial paper and corporate notes and bonds to 20% of all investments. Individual universities do not have policies to further limit concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, individual universities do not have policies to limit interest rate risk.

INVESTMENTS - FAIR VALUE MEASUREMENT

The University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which is effective for the year ended June 30, 2016. GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets,
- Level 2 inputs, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability,
- Level 3 inputs, where the valuation is determined by using the best information available under the circumstances, might include the government's own data. In developing unobservable inputs, a government may begin with its own data, but it should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2016 are as follows:

Investments:	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. government securities:				
U.S. Treasury Notes/U.S. Government Obligat	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corporation				
Federal National Mortgage Association				
Federal Home Loan Bank				
Federal Farm Credit Bank				
Common and preferred stock	36,211	36,211		
Mutual Funds				
Other:				
Corporate bonds				
Louisiana Asset Management Pool				
Taxable bonds				
Investments held by foundations in external investment pools (UNO only)				
Investments held by foundations				
U.S. Treasury Notes				
Federal Home Loan Mortgage Corporation				
Federal National Mortgage Association				
Government National Mortgage Association				
Federal Home Loan Bank				
Federal Farm Credit Bank				
Other fixed income securities				
Mutual funds				
Money market accounts				
Equity funds				
Corporate bonds/obligations				
Certificates of deposit				
Common and preferred stock				
Other				
Held by Blended component unit				
Total	\$ 36,211	\$ 36,211	\$ -	\$ -

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$ 71,004,246 as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The fair values of investments held by the component units at June 30, 2016, follow:

<u>Type of Investment</u>	<u>University of New Orleans Foundation</u>
Certificates of deposit	
U.S. Treasury and agency bonds	
Municipal and other government agency bonds	
Fixed income bonds	\$70
Commerical bonds	
Stocks and equities	1,477,521
International stocks	1,574,367
Mutual and exchange traded funds	60,714,858
Hedge funds and alternative investments	3,929,357
Unit investment funds	
Other	<u>3,308,073</u>
Total	<u><u>\$71,004,246</u></u>

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2016. These receivables are composed of the following:

Type	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Restricted Noncurrent Portion
Student tuition and fees	\$4,434,381	\$183,367	\$4,251,014	\$ -
Auxiliary enterprises	115,678	6,860	108,818	-
Contributions and gifts	-	-	-	-
Federal, state, and private grants and contracts	7,275,427	308,782	6,966,645	-
Insurance recoveries	1,803,170	-	1,803,170	-
Other	2,514,924	43,184	2,471,740	-
Total	<u>\$16,143,580</u>	<u>\$542,193</u>	<u>\$15,601,387</u>	<u>\$ -</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2016, follows:

University of New Orleans

	Balance July 1, 2015	Prior Period Adjustment	Restated Balance July 1, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:							
Land	\$ 42,006,500	\$ -	\$42,006,500	\$ -	\$ -	\$ -	\$42,006,500
Land improvements	258,573	-	258,573	-	-	-	258,573
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Software development in progress	-	-	-	-	-	-	-
Construction-in-progress	5,663,462	-	5,663,462	3,651,814	(3,345,510)	(22,292)	5,947,474
Total assets not being depreciated	<u>47,928,535</u>	<u>0</u>	<u>47,928,535</u>	<u>3,651,814</u>	<u>(3,345,510)</u>	<u>(22,292)</u>	<u>48,212,547</u>
Capital assets being depreciated:							
Infrastructure	\$ 11,383,287	\$ -	\$11,383,287	\$ -	\$ 434,976	\$ -	\$ 11,818,263
Land improvements	25,176,458	-	25,176,458	-	207,469	-	25,383,927
Buildings	360,463,487	-	360,463,487	3,159,098	2,703,065	(2,136,218)	364,189,432
Equipment (including library books)	91,588,760	-	91,588,760	1,722,377	-	(2,308,064)	91,003,073
Software (internally generated and purchased)	-	-	-	-	-	-	-
Total capital assets being depreciated	<u>\$ 488,611,992</u>	<u>\$ -</u>	<u>\$488,611,992</u>	<u>\$ 4,881,475</u>	<u>\$ 3,345,510</u>	<u>\$ (4,444,282)</u>	<u>\$ 492,394,695</u>
Less accumulated depreciation:							
Infrastructure	\$ (4,766,464)	\$ -	(\$4,766,464)	\$ (210,409)	\$ -	\$ -	\$ (4,976,873)
Land improvements	(16,017,868)	-	(16,017,868)	(686,587)	-	-	(16,704,455)
Buildings	(203,582,975)	2,369,000.00	(201,213,975)	(7,279,362)	-	201,402	(208,291,935)
Equipment	(79,403,066)	-	(79,403,066)	(3,836,268)	-	2,276,406	(80,962,928)
Software (internally generated and purchased)	-	-	-	-	-	-	-
Total accumulated depreciation	<u>\$ (303,770,373)</u>	<u>\$ 2,369,000</u>	<u>\$ (301,401,373)</u>	<u>\$ (12,012,626)</u>	<u>-</u>	<u>2,477,808</u>	<u>(310,936,191)</u>
Total capital assets, net	<u>\$ 232,770,154</u>	<u>\$ 2,369,000</u>	<u>\$ 235,139,154</u>	<u>\$ (3,479,337)</u>	<u>\$ -</u>	<u>\$ (1,988,766)</u>	<u>\$ 229,671,051</u>

Component Units

	Balance July 1, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:					
Real estate	\$1,118,300	\$ -	\$ -	\$ -	\$1,118,300
Art and collectibles		-	-	-	-
Construction-in-progress	4,440,818	164,165	(\$4,604,858)	-	125
Total assets not being depreciated	<u>5,559,118</u>	<u>164,165</u>	<u>(4,604,858)</u>	<u>-</u>	<u>1,118,425</u>
Capital assets being depreciated:					
Buildings	5,735,697	4,604,858	-	-	10,340,555
Vehicles, furniture, and equipment	386,552	-	-	-	386,552
Software (internally generated/purchases)	-	-	-	-	-
Total assets being depreciated	<u>6,122,249</u>	<u>4,604,858</u>	<u>-</u>	<u>-</u>	<u>10,727,107</u>
Less accumulated depreciation	<u>(2,224,499)</u>	<u>(324,928)</u>	<u>-</u>	<u>-</u>	<u>(2,549,427)</u>
Total capital assets, net	<u>\$9,456,868</u>	<u>\$4,444,095</u>	<u>(\$4,604,858)</u>	<u>\$ -</u>	<u>\$9,296,105</u>

The capital asset disclosure for the discretely presented component units has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the discretely presented component units. Their financial statements have been prepared in accordance with FASB ASC §958. The disclosure requirements of FASB ASC §958 differ from those required for financial statements prepared in accordance with GASB requirements.

Southeastern Louisiana University is the only university within the System that capitalizes its collections, which include various works of art and historical items, including sculptures, statues, portraits, murals, book collections, war artifacts, and maps.

Although not capitalized, the University of Louisiana at Lafayette maintains the Louisiana Room, the Rare Book Room, the University Archives and Acadiana Manuscripts Collection, the Creole and Cajun Music Collection, the University Records Management Program, the Microforms Room, and the Ernest J. Gaines Center. In addition, the University of Louisiana at Monroe maintains the Thomas Gilhula War Collection, the Friends of the Library of Louisiana Collection of parish histories, the James A. Noe Collection, the Otto E. Pressman Collection, an African Artifacts collection, a geosciences collection, an herbarium collection, and various artifacts in the Natural History Museum.

The System universities generally do not capitalize collections of works of art or historical treasures either because they do not have any or because they meet the following criteria for exclusion from capitalization in accordance with the requirements of GASB Statement No. 34: (1) held for public exhibition, education, or research in furtherance of public service rather than financial gain; (2) protected, kept unencumbered, cared for, or preserved; and (3) subject to an

organizational policy that requires the proceeds from sales of the items to be used to acquire other items for the collection.

6. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2016:

<u>Account Name</u>	
Vendor payables	\$2,282,422
Accrued salaries and payroll deductions	3,758,571
Accrued interest	532,535
Other	<u>18,925</u>
Total payables	<u><u>\$6,592,453</u></u>

7. COMPENSATED ABSENCES

At June 30, 2016, employees of the University have accumulated and vested annual, sick, and compensatory leave of \$ 2,676,812; \$ 2,758,789; and \$ 12,700, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

8. PENSION LIABILITY

The University of Louisiana System financial report for the fiscal year ended June 30, 2016 will disclose pension liability for all nine universities and the board office. No disclosure is being made at the university level.

9. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRSL for five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer equal to the contribution rates established for the regular retirement plan of TRSL. However, effective July 1, 2015, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 5.3%.

Employer ORP contributions to TRSL for fiscal year 2016 totaled **7,195,645**, which represents pension expense for the University. Employee contributions totaled **\$2,108,613**. The active member and employer contribution rates were 8% and 5.3%, respectively, with an additional employer contribution of 22% made to the TRSL defined benefit plan described in Note 8 above.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University of Louisiana System financial report for the fiscal year ended June 30, 2016 will disclose postemployment health care and life insurance benefits payable for all nine universities and the board office. No disclosure is being made at the university level.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2016, the total rental expense for all operating leases is \$ **\$90,278**. The following is a schedule by years of future minimum annual rental payments required under operating leases:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total Minimum Payments Required</u>
2017	\$ -	\$ -	\$ -	\$94,620	\$94,620
2018	-	-	-	99,171	99,171
2019	-	-	-	75,562	75,562
2020	-	-	-	-	-
2021	-	-	-	-	-
2022-2026	-	-	-	-	-
2027-2031	-	-	-	-	-
2032-2036	-	-	-	-	-
2037-2041	-	-	-	-	-
2042-2046	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,353</u>	<u>\$ 269,353</u>

Capital Leases

The University records items under capital leases as assets and obligations in the accompanying financial statements. The University's capital leases at June 30, 2016, consist of various leases as follows:

<u>Nature of Lease</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Gross amount of leased assets (historical cost)	\$ -	\$13,826,326	\$13,826,326
Remaining interest to end of lease	-	254,342	254,342
Remaining principal to end of lease	-	2,689,170	2,689,170

The University's component unit foundations have no capital leases at June 30, 2016.

The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments at June 30, 2016:

<u>Fiscal Year Ending June 30</u>	<u>University</u>
2017	\$1,177,405
2018	1,177,405
2019	588,702
2020	-
2021	-
2022-2026	-
2027-2031	-
2032-2036	-
2037-2041	-
2042-2046	-
Total minimum lease payments	<u>2,943,512</u>
Less - amount representing executory costs	NONE
Net minimum lease payments	<u>2,943,512</u>
Less - amount representing interest	<u>254,342</u>
Present value of net minimum lease payments	<u>\$2,689,170</u>

Lessor - Operating Leases

The University's leasing operations consist primarily of leasing property for providing food services to students; bookstore operations; and office space for postal services, banking services, and vending operations.

The following schedule provides an analysis of the University's investment in property on operating leases and property held for lease by major classes as of June 30, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$19,069,948	(\$5,951,610)	\$13,118,338
Buildings	48,167,085	(19,285,362)	28,881,723
Equipment	-	-	-
Land	8,436,929	-	8,436,929
Other	161,821	(135,506)	26,315
	<u>\$75,835,783</u>	<u>(\$25,372,478)</u>	<u>\$50,463,305</u>
Total	<u>\$75,835,783</u>	<u>(\$25,372,478)</u>	<u>\$50,463,305</u>

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2016:

<u>Fiscal Year Ending June 30</u>	<u>Office Space</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2017	\$5,375,119	\$11,221	\$3,108,924	\$8,495,264
2018	3,347,003	11,213	1,873,519	5,231,735
2019	2,794,551	11,211	1,796,596	4,602,358
2020	2,669,508	7,361	1,737,102	4,413,971
2021	2,496,717	3,511	1,737,102	4,237,330
2022-2026	8,314,320	17,555	5,547,732	13,879,607
2027-2031	5	17,555	500,000	517,560
2032-2036	5	15,888	500,000	515,893
2037-2041	5	7,555	500,000	507,560
2042-2046	1	7,555	500,000	507,556
Thereafter	-	64,489	137,500	201,989
Total minimum future rentals	<u>\$24,997,234</u>	<u>\$175,114</u>	<u>\$17,938,475</u>	<u>\$43,110,823</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space and buildings for the year ended June 30, 2016, were \$ 0 and \$0 respectively.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the University for the year ended June 30, 2016:

University of New Orleans

	Balance June 30, 2015	Adjustments	Balance June 30, 2015 Restated	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$53,918,036	(\$773,979)	\$53,144,057	\$ -	(\$1,065,742)	\$52,078,315	\$1,924,170
Notes payable	5,874,968	-	5,874,968	-	(661,889)	5,213,079	679,938
Total bonds and notes payable	59,793,004	(773,979.00)	59,019,025	-	(1,727,631)	57,291,394	2,604,108
Other liabilities:							
Accrued compensated absences payable	5,963,757	-	5,963,757	326,341	(841,797)	5,448,301	618,043
Capital lease obligations	3,655,373	-	3,655,373	-	(966,203)	2,689,170	1,026,837
Pension liability	135,860,079	-	135,860,079	11,896,023	(14,173,945)	133,582,157	-
OPEB payable	65,532,129	-	65,532,129	5,438,463	-	70,970,592	-
Total other liabilities	211,011,338	-	211,011,338	17,660,827	(15,981,945)	212,690,220	1,644,880
Total	\$270,804,342	(\$773,979)	\$270,030,363	\$17,660,827	(\$17,709,576)	\$269,981,614	\$4,248,988

University of New Orleans Foundation

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Bonds and notes payable:					
Bonds payable	\$367,000	-	(\$179,000)	\$188,000	\$188,000
Notes payable	-	-	-	-	-
Total bonds and notes payable	367,000	-	(179,000)	188,000	188,000
Other liabilities:					
Capital lease obligations	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total	\$367,000	\$0	(\$179,000)	\$188,000	\$188,000

Details of all debt outstanding at June 30, 2016, are as follows:

Bonds Payable - University of New Orleans

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2016</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2016</u>
Revenue Bonds - Series 2012	August 22, 2012	\$9,700,000	\$8,465,000	(\$545,000)	\$7,920,000	2028	2.99%	\$1,502,176
Revenue Bonds - Series 2015	February 27, 2015	2,990,000	2,990,000	-	2,990,000	2031	3.47%	1,365,792
Revenue Bonds - Series 2015B	May 29, 2015	3,580,000	3,580,000	(281,000)	3,299,000	2026	2.90%	548,651
LP FA Revenue Bonds - Series 2014	August 28, 2014	36,000,000	36,000,000	-	36,000,000	2035	3%-5%	20,007,050
Total		<u>\$52,270,000</u>	<u>\$51,035,000</u>	<u>(\$826,000)</u>	<u>\$50,209,000</u>			<u>\$23,423,669</u>
Premiums/Discounts/Prepaid Insurance/Issuance Cost								
LP FA Revenue Bonds - Series 2014-Premium		\$2,974,068	\$2,883,036	(\$277,192)	\$2,605,844			
LP FA Revenue Bonds - Series 2014-Insurance		(206,266)	(202,992)	9,822	(193,170)			
LP FA Revenue Bonds - Series 2014-Issuance		(580,196)	(570,987)	27,628	(543,359)			
Total		<u>\$2,187,606</u>	<u>\$2,109,057</u>	<u>(\$239,742)</u>	<u>\$1,869,315</u>			

University of New Orleans Foundation

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2016</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2016</u>
University of New Orleans Foundation* Film Studio Bond Debt - NIMS Center	August 1, 2001	\$2,000,000	\$367,000	(\$179,000)	\$188,000	2017	2.09%	\$3,935
Total		<u>\$2,000,000</u>	<u>\$367,000</u>	<u>(\$179,000)</u>	<u>\$188,000</u>			<u>\$3,935</u>

*Fiscal year ended December 31, 2015

The annual requirements to amortize all University bonds outstanding at June 30, 2016, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$1,684,000	\$1,985,037	\$3,669,037
2018	1,783,000	1,934,590	3,717,590
2019	1,891,000	1,881,110	3,772,110
2020	1,995,000	1,824,399	3,819,399
2021	2,094,000	1,764,729	3,858,729
2022-2026	12,527,000	7,535,776	20,062,776
2027-2031	14,800,000	4,818,178	19,618,178
2032-2036	13,435,000	1,679,850	15,114,850
2037-2041	-	-	-
2042-2046	-	-	-
Sub-total	<u>50,209,000</u>	<u>23,423,669</u>	<u>73,632,669</u>
Unamortized Discount/ Premium	<u>2,605,844</u>	<u>NONE</u>	<u>2,605,844</u>
Total	<u><u>\$52,814,844</u></u>	<u><u>\$23,423,669</u></u>	<u><u>\$76,238,513</u></u>

The annual requirements to amortize all component unit bonds outstanding at June 30, 2016, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$188,000	\$3,935	\$191,935
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
Sub-total	<u>188,000</u>	<u>3,935</u>	<u>191,935</u>
Unamortized Discount/ Premium	<u>-</u>	<u>NONE</u>	<u>-</u>
Total	<u><u>\$188,000</u></u>	<u><u>\$3,935</u></u>	<u><u>\$191,935</u></u>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2016:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
University of New Orleans	N/A	N/A	N/A

As permitted by the bond resolution for the University of New Orleans Research and Technology Foundation, Inc.'s (Foundation) Louisiana Public Facilities Authority Revenue Refunding Bonds Series 2014, the Foundation obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment, and substitutes for the reserve fund requirement in the amount of \$3,037,050.

Notes Payable – University of New Orleans

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2016</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2016</u>
University of New Orleans								
LEAF - Computer/Phone Equipment	June 24, 2014	\$ 842,977	\$ 562,418	\$ (279,741)	\$ 282,677	2017	1.04%	2,209
UNO Research and Technology Foundation*	October 19, 1999	1,500,000	1,353,284	(138,799)	1,214,485	2025	0%	-
LPFA	April 19, 2001	7,350,000	3,959,266	(243,349)	3,715,917	2021	4.50%	740,180
Whitney Bank								
Total		<u>\$9,692,977</u>	<u>\$5,874,968</u>	<u>(\$661,889)</u>	<u>\$5,213,079</u>			<u>\$742,389</u>

The University's component unit foundation had the following outstanding note payable at June 30, 2016.

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2016</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2016</u>
University of New Orleans Foundation					\$0			

The annual requirements to amortize all notes outstanding for the University at June 30, 2016, including interest of \$ 742,389, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$679,938	\$192,184	\$872,122
2018	442,997	151,425	594,422
2019	457,169	137,252	594,421
2020	472,002	122,419	594,421
2021	487,210	107,211	594,421
2022-2026	2,673,763	31,898	2,705,661
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$5,213,079</u>	<u>\$742,389</u>	<u>\$5,955,468</u>

The annual requirements to amortize notes outstanding for the component unit foundations at June 30, 2016, including interest of \$0_, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017			\$ -
2018			-
2019			-
2020			-
2021			-
2022-2026			-
2027-2031			-
2032-2036			-
2037-2041			-
2042-2046			-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

13. REFUNDING OF BONDS

NONE

14. INTEREST RATE SWAP AGREEMENTS

NONE

**15. REVENUE USED AS SECURITY
FOR REVENUE BONDS**

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

Revenue Bond Series 2012, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original issue of the bonds was \$9,700,000, and the bonds were issued for refunding of Series 1998 bonds and the construction of the student fitness center. The debt secured by the pledge is \$12,158,253. The approximate remaining amount of the pledge is \$9,422,176. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2016, the requirements for principal and interest were \$545,000 and \$244,956, respectively. The amount of pledged revenues recognized for the fiscal year 2016 was \$1,297,899. These revenues are also pledged for the Series 2015 Recreation and Wellness Center bonds.

Revenue Bond Series 2015, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original issue of the bonds was \$2,990,000, and the bonds were issued to refund the Series 1998 bonds, originally issued for the construction of the student fitness center. The debt secured by the pledge is \$4,469,344. The remaining amount of the pledge is \$4,355,792. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2016, the requirements for principal and interest were \$0 and \$103,753, respectively. The amount of pledged revenues recognized for the fiscal year 2016 was \$1,297,899. These revenues are also pledged for the Series 2012 Recreation and Wellness Center bonds.

Revenue Bonds Series 2015, Auxiliaries

Revenue pledged for these bonds includes student housing, food and vending services, the student union, and other miscellaneous auxiliaries. The original issue of the bonds was \$3,580,000 and the bonds were issued for refunding of the auxiliary portion of the Series 2004B bonds. The debt secured by the pledge is \$4,224,396. The remaining amount of the pledge is \$3,847,651. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2016, the requirements for principal and interest were \$281,000 and \$95,745, respectively. The amount of pledged revenues recognized for the fiscal year 2016 was \$9,041,380.

16. RESTATEMENT OF BEGINNING NET POSITION/NET ASSETS

The beginning net position as reflected on Statement C for the University has been restated to reflect the following changes:

	<u>University</u>
Ending net assets as reported on AFR at 6/30/2015	\$11,036,052
Adjustments identified after AFR submitted to OSRAP in PY (usually a result of audit adjustments)	
Pension Liability	(4,195,723)
<hr/>	<hr/>
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Subtotal	(4,195,723)
Items identified during 2015/2016 requiring restatement of PY ending net position	
Adjustments to capital assets	2,369,000
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Subtotal	2,369,000
Total PY adjustments	(1,826,723)
Net position at June 30, 2015, restated	<u>\$9,209,329</u>

17. RESTRICTED NET POSITION

The University has the following restricted expendable net position at June 30, 2016:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$9,625,054
Grants and contracts	3,017,870
Gifts - restricted by donors	-
Endowment	73,228
Auxiliary enterprises	3,388,916
Student loan fund	5,971,139
Capital construction/plant projects	-
Debt service/retirement of indebtedness	-
WRAC Fund	-
Scholarships	-
Other (Maintenance reserves)	<u>2,469,165</u>
Total expendable	<u><u>\$24,545,372</u></u>

The University's restricted nonexpendable net position totaling \$20,573,411 as of June 30, 2016, was comprised entirely of endowment funds.

Of the total net position reported on Statement A for the year ended June 30, 2016, \$5,676,749 was restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNITS

Restricted net assets for the component units within the University are as follows:

	University of New Orleans Foundation
Temporarily restricted:	
Donor-restricted endowment funds	\$6,311,834
Chair and professorship endowment funds	\$9,353,124
Other programs	<u>6,666,351</u>
Total temporarily restricted net assets	<u><u>\$22,331,309</u></u>
Permanently restricted:	
Donor-restricted endowment funds	\$12,669,203
Chair and professorship endowment funds	<u>18,000,000</u>
Total permanently restricted net assets	<u><u>\$30,669,203</u></u>

18. CONDENSED FINANCIAL INFORMATION

Following is condensed financial information for the University's blended component units:

Statement of Net Position

	University of New Orleans Research and Technology Foundation, Inc.*
Assets	
Current assets	\$14,189,819
Capital assets	56,499,068
Other assets	<u>36,055,244</u>
Total assets	<u><u>\$106,744,131</u></u>
Liabilities	
Current liabilities	\$9,661,802
Long-term liabilities	<u>45,165,951</u>
Total liabilities	<u><u>\$54,827,753</u></u>
Net Position	
Net investment in capital assets	\$51,568,666
Restricted net position - expendable	
Unrestricted net position	<u>347,712</u>
Total net position	<u><u>\$51,916,378</u></u>

*Fiscal year ended December 31, 2015

Statement of Revenues, Expenses, and Changes in Net Position

	University of New Orleans Research and Technology Foundation, Inc.*
Operating revenues	\$11,667,359
Operating expenses	(7,101,071)
Depreciation expense	<u>(2,733,293)</u>
Net operating income (loss)	1,832,995
Nonoperating revenues (expenses):	
Investment income	27,747
Interest expense	(1,532,133)
Other (net)	(723,625)
Capital contributions/additions to permanent and term endowments	<u> </u>
Changes in net position	(395,016)
Net position beginning of the year	<u>52,311,394</u>
Net position end of the year	<u><u>\$51,916,378</u></u>

*Fiscal year ended December 31, 2015

Statement of Cash Flows

	University of New Orleans Research and Technology Foundation, Inc.*
Net cash flows provided (used) by:	
Operating activities	\$3,487,964
Noncapital financing	222,251
Capital and related financing	(2,420,580)
Investing activities	<u>1,852,129</u>
Net increase (decrease) in cash	3,141,764
Cash, beginning of the year	<u>1,437,612</u>
Cash, end of the year	<u><u>\$4,579,376</u></u>

*Fiscal year ended December 31, 2015

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$28,622,266	\$10,392,224	\$ -	\$5,187,477	\$ -	\$ -	\$44,201,967
Research	6,294,423	1,929,413	5,211	2,792,739	-	-	11,021,786
Public service	6,404,512	2,472,516	(253,862)	614,793	-	-	9,237,959
Academic support	5,543,287	2,175,746	-	2,178,823	-	-	9,897,856
Student services	3,830,978	1,385,502	104,043	1,713,872	-	-	7,034,395
Institutional support	7,751,061	3,173,631	-	4,652,624	-	-	15,577,316
Operations and maintenance of plant	1,273,440	142,086	5,161,128	7,205,973	-	-	13,782,627
Depreciation	-	-	-	-	-	\$12,012,626	12,012,626
Scholarships and fellowships	-	-	-	-	8,450,912	-	8,450,912
Auxiliary enterprises	2,132,259	570,008	469,740	7,184,283	-	-	10,356,290
Other	1,373,898	149,154	614,186	2,019,555	-	-	4,156,793
Total operating expenses	\$63,226,124	\$22,390,280	\$6,100,446	\$33,550,139	\$8,450,912	\$12,012,626	\$145,730,527

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies such as guaranty of mortgage loans on sorority and fraternity houses are considered state liabilities and paid upon appropriation by the legislature and not the university. Therefore, the University, through its respective universities' legal advisors, estimates that potential claims not covered by insurance would not materially affect the financial statements. In addition, the University had not incurred any claims and/or litigation cost in the current year. Other losses of the University arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. The Office of Risk Management insures all of these lawsuits.

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

On-behalf payments for salaries and fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fund-raising foundation affiliated with a governmental university may supplement salaries of certain university employees. Those payments constitute on-behalf payments for purposes of reporting by the University.

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2016, was \$ 0 .

22. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the University of Louisiana System Board of Supervisors to authorize expenditure of the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

At June 30, 2016, net appreciation of donor restricted endowments is equal to \$ 47, which is available to be spent for restricted purposes. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

23. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundation:

The University of New Orleans Alumni Association

This foundation is Separate Corporation whose financial statements are subject to audit by other independent certified public accountants.

Certain universities of the System have contracted with their respective foundations to invest the universities' Endowed Chair/Professorship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Chair endowment funds are established for \$1,000,000 each, with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. At June 30, 2016, the foundations held in custody \$18,951,873 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

Certain employees of the University participate in the Louisiana Public Employees' Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available on the Internet at www.la.gov.

25. ALTERNATIVE FINANCING AGREEMENTS

University of New Orleans (UNO)

On August 8, 2006, the University of New Orleans Research and Technology Foundation entered into a loan agreement with the Louisiana Public Facilities Authority (Authority) to obtain financing for financing, planning, designing, constructing, furnishing, and equipping residential facilities for use by UNO. Financing for the project is through the issuance of \$38,500,000 of Authority Revenue Bonds, Series 2006. On August 28, 2014, the Series 2006 bonds were refinanced through the issue of \$36,000,000 of Authority Revenue Bonds, Series 2014.

Pursuant to the terms of the ground lease agreement, the corporation leases from the Board the land upon which the facilities will be built. The Board's right to obtain title to the facilities is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to pay the bonds.

26. COOPERATIVE ENDEAVOR AGREEMENTS

University of New Orleans/Avondale Maritime Technology Center of Excellence

Avondale, a subsidiary of Huntington-Ingalls, (Avondale) donated certain property to the University of New Orleans (University) which is leased to the University of New Orleans Foundation (Foundation) pursuant to the terms of a Ground Lease. A ship design facility (Facility), including a laboratory and support area for the UNO School of Naval Architecture and Marine Engineering, has been built on such property by the Foundation and is sub-leased to Avondale.

Also, the Foundation has equipped the Facility and leased such equipment to Avondale. Avondale agreed that it will utilize the Facility for the design and construction of vessels pursuant to the Navy LPD-17 Contract and other contracts. Furthermore, Avondale agrees that it will provide support to the University of New Orleans School of Naval Architecture and Marine Engineering by providing to the University a Right of Use of space constituting 21,000 square feet in the Facility subleased by Avondale from the Foundation.

On May 16, 1997, the Foundation and Avondale entered into a sub-lease agreement, for a term of 50 years which expires in 2047, which provides for Avondale to lease from the Foundation the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land. This property is subject to the ground lease mentioned below.

On May 16, 1997, the University entered into a non-transferable ground lease agreement with the Foundation. The terms of the lease agreement provide that the University will lease a tract of approximately 4.57 acres of land that is located in Jefferson Parish to the Foundation that will in

turn develop, construct, maintain, operate, manage, and lease improvements on such land for the purpose set forth in Cooperative Endeavor Agreement. The lease agreement is for a term of fifty years.

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University which is recorded in property and equipment in the Statement of Financial Position, with a remaining net book value of \$7,059,320 as of December 31, 2015.

National Center for Advanced Manufacturing/MAF Research Administration Building

On December 18, 2007, the State, the Foundation, and NASA entered into a Cooperative Endeavor Agreement for a period of 30 years. The Agreement provides for the use of State funds to pay approximately \$40 million of project costs associated with the planning, design, construction, and equipping of a new NASA Research Administration Building to be built at MAF. The building will be used collaboratively by the Foundation and NASA for research and development administration, production work on the Orion Project, education, training, and related matters for NASA, its contractors, the University, other federal and state agencies, other higher educational institutions, and private industry.

At December 31, 2015, the activities related to this project remain placed on hold by the State of Louisiana. The Foundation has a balance of \$705,896 in construction in progress as of December 31, 2015, related to the Agreement. Management will reassess the project annually to determine if such costs are impaired. As of December 31, 2015, no impairment has been recognized on this facility by the Foundation.

University of New Orleans Foundation/ Robert E Nims Center for Entertainment Arts

In July 2001, the University of New Orleans Foundation purchased from a private company a 108,000 square foot building in support of the University of New Orleans' film program and named the building in honor of its primary benefactor, Robert E. Nims. The property was purchased for approximately \$1.8 million, which was entirely financed through the issuance of bonds. The Foundation entered into a cooperative endeavor agreement with the University, whereby the University reimburses the Foundation \$200,000 annually for the use of the Nims Center from July 1, 2000 through June 30, 2016.

27. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the Statement of Net Position date that would require adjustment to or disclosure in the accompanying financial statements.

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	University	UNO Foundation	Eliminations	Total
	dr/(cr)			
Assets				
Current Assets				
Cash and cash equivalents	\$ 25,976,959	3,028,342		\$ 29,005,301
Investments	5,057,465	1,119,949		6,177,414
Derivative instruments				-
Receivables, net	14,366,027	982,845	(490,990)	14,857,882
Pledges receivable		131,585		131,585
Due from State Treasury	852,266			852,266
Due from Federal Government	1,235,360			1,235,360
Inventories	209,416			209,416
Prepaid expenses and advances	786,983	37,925		824,908
Notes receivable	578,711			578,711
Other current assets	85,729			85,729
Total current assets	49,148,916	5,300,646	(490,990)	53,958,572
Noncurrent Assets				
Restricted assets:				
Cash and cash equivalents	4,183,533			4,183,533
Investments	19,634,126	69,884,297	(19,071,873)	70,446,550
Accounts receivable, net				-
Notes receivable, net	3,857,739			3,857,739
Other				-
Investments	36,211			36,211
Pledges receivable		76,860		76,860
Notes receivable, net				-
Capital assets, net	229,671,051	9,296,105		238,967,156
Other noncurrent assets	628,971	165,288		794,259
Total noncurrent assets	258,011,631	79,422,550	(19,071,873)	318,362,308
Total assets	\$ 307,160,547	\$ 84,723,196	\$ (19,562,863)	\$ 372,320,880
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	\$	\$	\$	\$ -
Deferred amounts on debt refunding				-
Adjustment of capital lease obligations				-
Grants paid prior to meeting time requirements				-
Intra-entity transfer of future revenues (transferee)				-
Losses from sale lease-back transactions				-
Direct loan origination costs for mortgage loans held for sale				-
Fees paid to permanent investors prior to sale of mortgage oans				-
Deferred outflows related to pensions	13,528,136			13,528,136
Total deferred outflows of resources	13,528,136	-	-	13,528,136
Total assets and deferred outflow of resources	\$ 320,688,683	\$ 84,723,196	\$ (19,562,863)	\$ 385,849,016
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 6,592,453	2,087,528	(610,990)	\$ 8,068,991
Derivative instrument (Liability-Note C)				-
Deferred inflow of resources (Note C)				-
Due to State Treasury				-
Due to Federal Government				-
Deferred revenues	3,396,596			3,396,596
Amounts held in custody for others	935,248	738,760		1,674,008
Other liabilities				-
Current Portion of Noncurrent Liabilities:				-
Compensated absences payable (Note I)	618,043			618,043
Capital lease obligations (Note I)	1,026,837			1,026,837
Claims and litigation payable (Note I)				-
Deferred revenues	621,519			621,519
Notes payable (Note I)	679,938			679,938

Pollution Remediation Obligation				-
Contracts payable (Note I)				-
Reimbursement contracts payable (Note I)				-
Bonds payable (Note I)	1,924,170	188,000		2,112,170
Other current liabilities	5,251,380			5,251,380
Total current liabilities	<u>21,046,184</u>	<u>3,014,288</u>	<u>(610,990)</u>	<u>23,449,482</u>
Long-term Portion of Noncurrent Liabilities				
Compensated absences payable	4,830,258			4,830,258
Amounts held in custody for others		18,951,873	(18,951,873)	-
Capital lease obligations	1,662,333			1,662,333
Deferred revenues	3,828,665			3,828,665
Claims and litigation payable				-
Notes Payable	4,533,141			4,533,141
Pollution Remediation Obligation				-
Contracts payable				-
Reimbursement contracts payable				-
Net pension liability	133,582,157			133,582,157
OPEB payable	70,970,592			70,970,592
Bonds payable	50,154,145			50,154,145
Other noncurrent liabilities	9,453			9,453
Total noncurrent liabilities	<u>269,570,744</u>	<u>18,951,873</u>	<u>(18,951,873)</u>	<u>269,570,744</u>
Total liabilities	<u>\$ 290,616,928</u>	<u>\$ 21,966,161</u>	<u>\$ (19,562,863)</u>	<u>\$ 293,020,226</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	\$	\$	\$	\$ -
Deferred service concession arrangement receipts				-
Deferred amounts on debt refunding				-
Adjustment of capital lease obligations				-
Grants received prior to meeting time requirements				-
Property taxes received before the period for which the taxes were levied				-
Fines and penalties received in advance of meeting time requirements				-
Sales/intra-entity transfers of future revenues (transferor)				-
Gains from sale lease-back transactions				-
Deferred inflows related to pensions	14,030,595			14,030,595
Total deferred inflows of resources	<u>14,030,595</u>	<u>-</u>	<u>-</u>	<u>14,030,595</u>
Total liabilities and deferred inflows of resources	<u>\$ 304,647,523</u>	<u>\$ 21,966,161</u>	<u>\$ (19,562,863)</u>	<u>\$ 307,050,821</u>
Net Position				
Invested in capital assets, net of related debt	169,690,487	9,108,105		178,798,592
Restricted for: Nonexpendable	\$ 20,573,411	30,669,203	\$	\$ 51,242,614
Expendable	24,545,372	22,331,309		46,876,681
Unrestricted	(198,768,110)	648,418		(198,119,692)
Total net position	<u>\$ 16,041,160</u>	<u>\$ 62,757,035</u>	<u>\$ -</u>	<u>\$ 78,798,195</u>
Total liabilities and net position	<u>\$ 320,688,683</u>	<u>\$ 84,723,196</u>	<u>\$ (19,562,863)</u>	<u>\$ 385,849,016</u>

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	University	UNO Foundation	Eliminations dr/(cr)	Total
Operating Revenues:				
Student tuition and fees	\$ 73,412,249	\$ -	\$ -	\$ 73,412,249
Less scholarship allowances	(15,024,826)	-	-	(15,024,826)
Net student tuition and fees	58,387,423	-	-	58,387,423
Gifts received by foundation (comp. units only)	-	3,223,599	-	3,223,599
Endowment income (comp. units only)	-	-	-	-
Federal appropriations	-	272,132	-	272,132
Federal grants and contracts	7,882,208	-	-	7,882,208
State and local grants and contracts	11,865,023	-	-	11,865,023
Nongovernmental grants and contracts	8,073,555	-	(496,799)	7,576,756
Sales and services of education departments	128,328	-	-	128,328
Auxiliary enterprise revenues (see Note HH for revenue amounts pledged as security for bonds)	11,506,159	-	-	11,506,159
Less scholarship allowances	(447,503)	-	-	(447,503)
Net auxiliary revenues	11,058,656	-	-	11,058,656
Other operating revenues	10,190,439	2,852,099	(659,283)	12,383,255
Total operating revenues	107,585,632	6,347,830	(1,156,082)	112,777,380
Operating Expenses				
Education and general:				
Instruction	44,245,281	-	(200,000)	44,045,281
Research	11,031,311	-	-	11,031,311
Public service	9,247,651	-	-	9,247,651
Academic support	9,906,245	-	-	9,906,245
Student services	7,040,192	-	-	7,040,192
Institutional support	15,589,045	-	-	15,589,045
Operations and maintenance of plant	13,784,554	-	-	13,784,554
Depreciation	12,012,626	327,185	-	12,339,811
Scholarships and fellowships	8,450,912	-	-	8,450,912
Auxiliary enterprises	10,359,517	-	-	10,359,517
Other operating expenses	4,156,793	4,460,778	(459,283)	8,158,288
Total operating expenses	145,824,127	4,787,963	(659,283)	149,952,807
Operating income(loss)	(38,238,495)	1,559,867	(496,799)	(37,175,427)
Nonoperating Revenues (Expenses)				
State appropriations	31,290,334	-	-	31,290,334
Gifts	1,479,997	-	(785,213)	694,784
Federal nonoperating revenues(expenses)	9,552,004	-	-	9,552,004
Net investment income(loss)	58,790	(537,435)	-	(478,645)
Interest expense	(1,981,705)	(6,127)	-	(1,987,832)
Payments to or on behalf of university	-	(5,139,135)	1,282,012	(3,857,123)
Other nonoperating revenues(expenses)	(1,602,299)	-	-	(1,602,299)
Net nonoperating revenues(expenses)	38,797,121	(5,682,697)	496,799	33,611,223
Income(loss) before other revenues, expenses, gains, losses	558,626	(4,122,830)	-	(3,564,204)
Capital appropriations	3,163,697	-	-	3,163,697
Capital grants and gifts	3,319,821	-	-	3,319,821
Additions to permanent endowments	240,000	-	-	240,000
Extraordinary Items	-	-	-	-
Other additions, net	(450,313)	-	-	(450,313)
Increase(decrease) in net position	6,831,831	(4,122,830)	-	2,709,001
Net position at beginning of the year, as restated	9,209,329	66,879,865	-	76,089,194
Net position at end of the year	\$ 16,041,160	\$ 62,757,035	\$ -	\$ 78,798,195

* Enter eliminations and allowances as negative numbers.

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$58,005,182
Grants and contracts	28,144,653
Sales and services of educational departments	(269,503)
Auxiliary enterprise receipts	11,087,696
Payments for employee compensation	(63,304,975)
Payments for benefits	(24,308,163)
Payments for utilities	(6,100,448)
Payments for supplies and services	(33,481,708)
Payments for scholarships and fellowships	(8,445,230)
Loans issued to students and employees	(237,520)
Collection of loans to students and employees	561,490
Other receipts	9,469,589
Net cash used by operating activities	<u>(28,878,937)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	30,684,998
Gifts and grants for other than capital purposes	1,556,328
Pell Grant receipts	9,552,004
Private gifts for endowment purposes	240,000
Taylor Opportunity Program for Students receipts	9,239,166
Taylor Opportunity Program for Students disbursements	(9,107,588)
Federal Emergency Management Agency receipts	36,870
Federal Emergency Management Agency disbursements	(48)
Direct lending receipts	24,569,963
Direct lending disbursements	(24,574,650)
Other receipts	490,050
Net cash provided by noncapital financing sources	<u>42,687,093</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Proceeds from capital debt	
Capital appropriations received	13,642
Capital grants and gifts received	66,116
Proceeds from the sale of capital assets	
Purchases of capital assets	(2,088,314)
Principal paid on capital debt and leases	(2,454,092)
Interest paid on capital debt and leases	(1,996,353)
Deposit with trustees	
Other uses	(201,287)
Net cash used by capital financing activities	<u>(6,660,288)</u>

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
Statement of Cash Flows, 2016

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	\$1,661,008
Interest received on investments	376,927
Purchase of investments	
Net cash provided by investing activities	<u>2,037,935</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 9,185,803

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 20,974,689

CASH AND CASH EQUIVALENTS AT END OF YEAR \$30,160,492

RECONCILIATION OF OPERATING LOSS TO

NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	(\$38,144,895)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	12,012,626
Amortization of bond issuance costs	(239,742)
Cajundome rental income	
Nonemployer contributing entity revenue	369,688
Current year deferred outflows	
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable, net	(169,940)
(Increase)/decrease in inventories	11,780
(Increase)/decrease in prepaid expenses and advances	(62,471)
(Increase)/decrease in notes receivable, net	323,970
(Increase)/decrease in deferred outflows related to pensions	1,323,157
(Increase)/decrease in other assets	(3,645)
Increase/(decrease) in accounts payable and accrued liabilities	(245,639)
Increase/(decrease) in unearned revenue	(704,941)
Increase/(decrease) in amounts held in custody for others	(869)
Increase/(decrease) in compensated absences	(515,456)
Increase (decrease) in net pension liability	(2,277,922)
Increase/(decrease) in other postemployment benefits payable	5,344,863
Increase/(decrease) in other liabilities	66,736
Increase/(decrease) in deferred inflows related to pensions	(5,966,237)
Net cash used by operating activities	<u><u>(\$28,878,937)</u></u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS

Cash and cash equivalents classified as current assets	\$25,976,959
Cash and cash equivalents classified as noncurrent assets	<u>4,183,533</u>
Total cash and cash equivalents	<u><u>\$30,160,492</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital appropriations	3,150,054
Increase(decrease) in fair market value of assets	
Private gifts for endowment purposes	
Capital gifts and grants	3,253,706

Disposition of capital assets	(31,658)
Nonemployer contributing entity revenue	369,688
TOPS deficiency	(1,036,554)