UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 21, 2015

LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

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Louisiana Legislative Auditor
Daryl G. Purpera, CPA, CFE

University of New Orleans

December 2015

Audit Control # 80150118

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 year ended June 30, 2015, 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 and evaluate the effectiveness of UNO's internal control over financial reporting.

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

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the management letter report dated December 24, 2014. We determined that management has resolved the prior-year findings related to an inaccurate annual fiscal report and inadequate controls over parking tickets and related fines.

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2015, 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, grants and contracts revenues, auxiliary revenues, and state appropriations
Expenses - Educational and general

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, 2015, we performed procedures on loan 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 Office of Management and Budget Circular A-133.

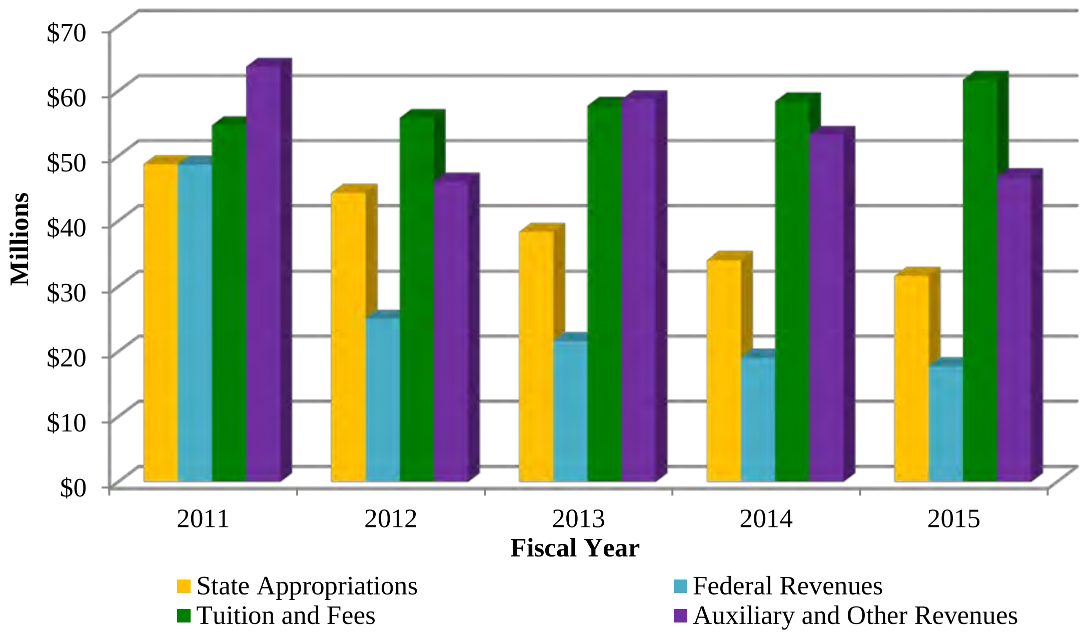
Based on the results of our procedures, we did not report any internal control deficiencies, and the loan information was materially correct, as adjusted.

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.

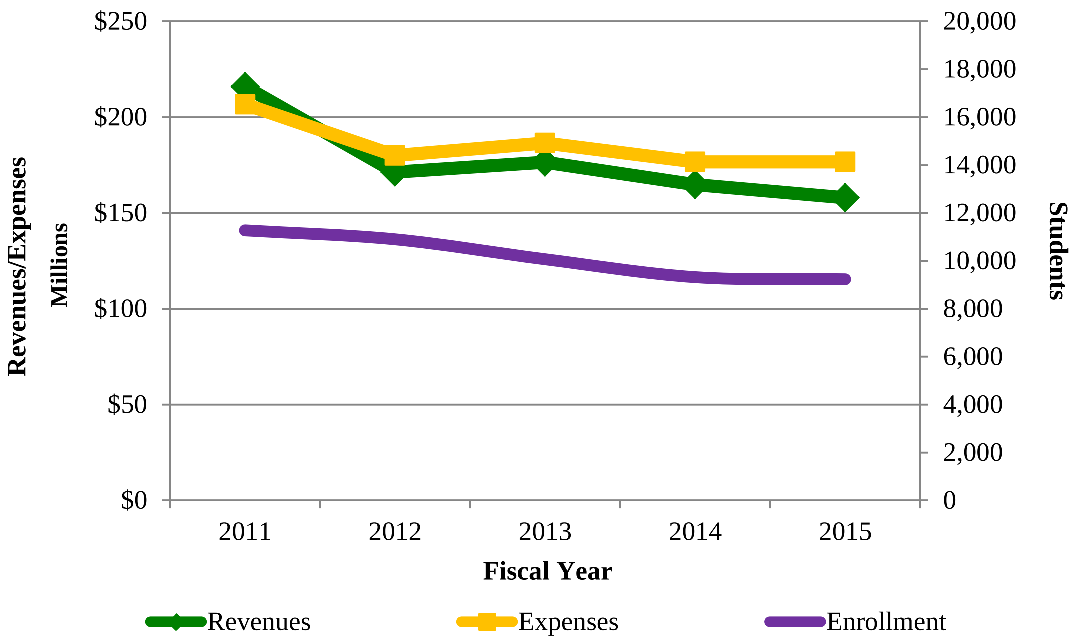
In analyzing financial trends of UNO over the past five fiscal years, both expenses and revenues have decreased significantly, with expenses outpacing revenues for the last four fiscal years. The decline in federal revenues and state appropriations has been offset partially by an increase in tuition and fees. Since fiscal year 2011, net tuition and fees have increased by 13%, mainly because of increases in tuition rates; however, the increases in tuition rates are offset by an 18% decline in enrollment at UNO.

Exhibit 1
Five-Year Revenue Trend



Source: Fiscal Year 2011-2015 Annual Fiscal Reports, as adjusted

Exhibit 2
Fiscal/Enrollment Trends



Source: Fiscal Year 2011-2015 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

KML:DG:BDC:EFS:aa

UNO2015

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) for the period from July 1, 2014, through June 30, 2015, 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, 2015.

- 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 loan 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 2015 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 University 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 opinions.

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Exhibit

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* .... A

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the University of Louisiana System's (System) annual financial report presents a discussion and analysis of the System's financial performance during the fiscal year that ended June 30, 2015. Please read this section in conjunction with the System's financial statements, which follows this section. The System is comprised of the following entities:

- Grambling State University
- Louisiana Tech University
- McNeese State University
- Nicholls State University
- Northwestern State University
- Southeastern Louisiana University
- University of Louisiana at Lafayette
- University of Louisiana at Monroe
- University of New Orleans
- Board of Supervisors

FINANCIAL HIGHLIGHTS

The System's net position overall changed from $Click here to enter amount to $ Click here to enter amount, a Click here to enter percent % decrease from June 30, 2014 to June 30, 2015. The primary reason for this change is the increase in liabilities for Other Postemployment Benefits (OPEB) payable.

The System's operating revenues increased by approximately 3.5% to $Click here to enter amount. from June 30, 2014 to June 30, 2015, primarily from increases in revenues from tuition and fees and auxiliary enterprises. Operating expenses decreased by Click here to enter percent % to $ Click here to enter amount.for the year ended June 30, 2015. The primary reason for this change is the continuation of cost-savings measures.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating appropriations, interest earnings/expense, and other nonoperating revenue. The change to $ Click here to enter amount. in 2015 from $ Click here to enter amount. in 2014 is primarily attributed to reductions in state appropriations and increases in interest expense offset by increases in gifts, Pell Grant receipts, and investment income.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements. The basic financial statements present information for the System as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 14-15) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (pages 17-18) presents information showing how the System's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 21-22) presents information showing how the System's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by Governmental Accounting Standards Board Statement No. 34.

The System's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the System are included in the Statement of Net Position.

The System has two foundations that are discretely presented in its basic financial statements. The foundations reported are the (1) University of Louisiana at Lafayette Foundation, Inc., and (2) University of New Orleans Foundation. The financial data of each of these foundations are presented separately in the Statement of Financial Position (page 16) and the Statement of Activities (pages 19-20). Additional information about the foundations is contained in the notes to the financial statements.

FINANCIAL ANALYSIS

Net Position

The System's total net position at June 30, 2015, changed by approximately $ Click here to enter amount. million, a Click here to enter percent % decrease over June 30, 2014, as restated (see Table A-1). Total assets decreased Click here to enter percent % to $ Click here to enter amount. billion and total liabilities increased Click here to enter percent % to $ Click here to enter amount. billion.

Table A-1
University of Louisiana System
Statement of Net Assets
(in millions of dollars)

	2015	2014 (Restated)	Variance	Percent Variance
Current and other assets		$857	($857)	(100.0%)
Capital assets		1,511	(1,511)	(100.0%)
Total assets	0	2,368	(2,368)	(100.0%)
Current liabilities		141	(141)	(100.0%)
Noncurrent liabilities		1,219	(1,219)	(100.0%)
Total liabilities	0	1,360	(1,360)	(100.0%)
Net position:				
Net investment in capital assets		911	(911)	(100.0%)
Restricted		416	(416)	(100.0%)
Unrestricted		(319)	319	(100.0%)
Total net position	$0	$1,008	($1,008)	(100.0%)

This schedule is prepared from the System's Statement of Net Position as shown on pages 14-15, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Significant statement of net position changes from 2014 include the following:

- Capital asset increased from current year additions and improvements offset by current year depreciation.
- Noncurrent liabilities increased from an increase in the OPEB payable.

- Net investment in capital assets decreased due to increases in long-term debt associated with the acquisition of capital assets and from reclassification adjustments between investment in capital assets and unrestricted net position.

- Unrestricted net position decreased from the increase in OPEB payable.

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net position represents assets that do not have any limitations on how these amounts may be spent.

Changes in Net Position

The change in net position at June 30, 2015, is approximately $ Click here to enter amount. million or Click here to enter amount. lower than at June 30, 2014, as restated. The changes in net position are detailed in Table A-2; education and general expenses are detailed in Table A-3.

The System's total operating revenues increased by Click here to enter percent % to approximately $ Click here to enter amount. million and total operating expenses decreased Click here to enter percent % to approximately $ Click here to enter amount. billion. These changes are the result of several factors, including the following:

- Increases in net tuition and fees

- Continuation of cost-savings measures

Table A-2
University of Louisiana System
Statement of Changes in Net Position
(in millions of dollars)

	2015	2014 (Restated)	Variance	Percent Variance
Operating revenues:				
Student tuition and fees, net		$430	($430)	(100.0%)
Auxiliary		162	(162)	(100.0%)
Other		168	(168)	(100.0%)
Total operating revenues	0	760	(760)	(100.0%)
Nonoperating revenues:				
State appropriations		250	(250)	(100.0%)
Gifts		23	(23)	(100.0%)
Other		127	(127)	(100.0%)
Total nonoperating revenues	0	400	(400)	(100.0%)
Total revenues	0	1,160	(1,160)	(100.0%)
Operating expenses:				
Education and general		1,039	(1,039)	(100.0%)
Other		196	(196)	(100.0%)
Total operating expenses	0	1,235	(1,235)	(100.0%)
Other nonoperating expenses, net	0	0	0	
Total expenses	0	1,235	(1,235)	(100.0%)
Income (loss) before other revenues	0	(75)	75	(100.0%)
Other revenues:				
Capital appropriations		16	(16)	(100.0%)
Capital grants and gifts		20	(20)	(100.0%)
Additions to permanent endowments	0	0	0	#DIV/0!
Change in net position	0	(39)	39	(100.0%)
Net position, beginning of the year (restated)		1,047	(1,047)	(100.0%)
Total net position	$0	$1,008	($1,008)	(100.0%)

Table A-3
University of Louisiana System
Education and General Expenses
(in millions of dollars)

	2015	2014 Restated	Variance	Percent Variance
Instruction		$377	($377)	(100.0%)
Research		89	(89)	(100.0%)
Public service		29	(29)	(100.0%)
Academic support		87	(87)	(100.0%)
Student services		73	(73)	(100.0%)
Institutional support		125	(125)	(100.0%)
Operations and plant maintenance		101	(101)	(100.0%)
Depreciation		77	(77)	(100.0%)
Scholarships and fellowships		81	(81)	(100.0%)
Total	$0	$1,039	($1,039)	(100.0%)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015 and 2014, the System's cost of capital assets totaled approximately $ Click here to enter amount. billion and $ Click here to enter amount. billion, respectively, as restated. Net of accumulated depreciation, the System's capital assets at June 30, 2015, total approximately $ Click here to enter amount. billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $ Click here to enter amount. million or Click here to enter percent % over June 30, 2014. The increases were primarily in construction of buildings financed through long-term obligations, purchases of equipment, and current year depreciation.

Debt Administration

The System had outstanding bonds totaling $ Click here to enter amount., exclusive of bond discounts and premiums at June 30, 2015, compared to $ Click here to enter amount. at June 30, 2014, as restated.

Bond activity during the fiscal year ended June 30, 2015, follows:

-

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The following currently known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations:

- Changes in current enrollment
- Changes in tuition and fees
- Changes in state appropriations

CONTACTING UNIVERSITY OF LOUISIANA SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our legislature, state officials, the Louisiana Legislative Auditor's Office, patrons, and other interested parties with a general overview of the System's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President for Business and Finance at (225) 342-6950.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The University of Louisiana System (System) is a publicly supported institution of higher education. The System is a component unit of the State of Louisiana, within the executive branch of government. The universities that comprise the System are under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the System 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 state universities, operations of the universities' instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president.

The System is comprised of nine universities in nine cities, which include Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Northwestern State University at Natchitoches, Southeastern Louisiana University at Hammond, University of Louisiana at Lafayette, University of Louisiana at Monroe, and University of New Orleans. The University of New Orleans had approximately 8281 students enrolled during the fall semester of the 2014/2015 academic year and employed approximately 1461 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 System 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 System 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

The following is a Louisiana nonprofit corporation that is considered a blended component unit of the university:

- University of New Orleans Research and Technology Foundation, Inc., at the University of New Orleans

This component unit 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 other facilities on behalf of the university. Although the facility corporation is legally separate, it is reported as a part of the university because the majority of its revenue comes from the leasing of facilities to the university.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34,* requires that if a component unit's total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with the resources of its primary government, then that component unit shall be blended with its primary government. The University of New Orleans Research and Technology Foundation, Inc. meets the criteria established in GASB Statement No. 61 and has been blended with the University financial statements for the fiscal year ended June 30, 2015.

To obtain the corporation's latest audit report, 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

Discretely Presented Component Unit

The following legally separate, tax-exempt organization is reported within the University as a discrete component unit:

- University of New Orleans Foundation (UNO Foundation)

This foundation acts primarily as a fund-raising organizations 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 are restricted to the activities of the university by the 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, 2015, the UNO Foundation made distributions of $5,693,234 on behalf of the university for unrestricted purposes.

To obtain the foundation's latest audit report, write to:

- 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 the component unit's 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.

Every three years, in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, the System evaluates whether discretely presented component units reported in prior financial statements continue to meet the Division of Administration, Office of Statewide Reporting and Accounting Policy's guidelines requiring their presentation in the System's financial statements. The University of New Orleans Foundation continues to meet the criteria for presentation in the University's financial statements.

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.

Discrete Component Unit

The component units follow the provisions of FASB ASC §958 *Not-for-Profit Entities*, which establishes external financial reporting for not-for-profit organizations, and includes the financial statements and the classifications of resources into three separate classes of net assets as follows:

- Unrestricted - resources that are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - resources whose use by the component units are limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the foundations pursuant to those stipulations.
- Permanently Restricted - resources whose use by the component units is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions by the component unit.

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 nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and nonclassified 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 System'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 nonoperating 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) Nonoperating revenue includes activities that have the characteristics of nonexchange 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) Nonoperating 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, 2015, the University implemented the following accounting standards:

2. CASH AND CASH EQUIVALENTS

At June 30, 2015, the University has cash and cash equivalents (book balances) of $ 20,974,689 as follows:

Petty cash	$57,533
Demand deposits	19,479,544
Certificates of deposit	-
Money market funds	-
Short-term investments	-
Time deposits	-
Blended component unit cash	1,437,612
Total	$20,974,689

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, 2015, $ 3,656 of the University's bank balance of $ 22,305,026 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling $ 2,192,844, 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, 2015, the University has investments totaling $ 26,794,600 , which includes $ 0 of short-term investments reported on the Statement of Net Position as restricted cash equivalents. Each university within the System follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the System 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:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value
U.S. government securities:			
U.S. Treasury Notes[4]	0.00%		
Federal Home Loan Mortgage Corporation[1]	0.00%		
Federal National Mortgage Association[1]	0.00%		
Federal Home Loan Bank[1]	0.00%		
Federal Farm Credit Bank[2]	0.00%		
Money market mutual funds[4]	0.00%		
Certificates of deposit	0.00%		
Common and preferred stock[3]	0.11%		30,397
Corporate bonds and bond funds	0.00%		
Mutual funds[4]	0.00%		
Louisiana Asset Management Pool[2]	0.00%		
Investments held by foundations (component units)[3]	73.27%		19,631,083
Other[5]	0.00%		
Held by blended component units:[3]			
Black and Gold Facilities, Inc.	0.00%		
NSU Facilities Corporation (Nicholls)	0.00%		
University Facilities, Inc.	0.00%		
Ragin' Cajun Facilities, Inc.	0.00%		
UNO Research and Technology Foundation	26.62%		7,133,120
	100.0%		$26,794,600

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

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

[3]Credit quality ratings not required for these investments.

[4]Credit quality ratings not available.

[5]Not rated

	Investment Maturities in Years				
Type of Investment	Fair Value	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					
Other:					
Corporate bonds					
Louisiana Asset Management Pool					
Taxable bonds					
Investments held by component unit 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					
Other					
Total	$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 its foundations. The University is a voluntary participant. This investment totaling $ 19,631,083 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 $19,631,083 reported as investments held by foundations, the amounts held by its discretely presented component units total $ 19,631,083.

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 System 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 System universities' 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 System 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 System universities do not have policies to limit interest rate risk.

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling $ 76,589,419 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, 2015, follow:

Type of Investment	University of New Orleans Foundation
Certificates of deposit	
U.S. Treasury and agency bonds	
Municipal and other government agency bonds	
Fixed income bonds	$11,080
Asset-backed securities	
Commerical bonds	
Stocks and equities	1,463,077
International stocks	1,529,855
Land	3,212,512
Mutual and exchange traded funds	70,296,552
Real estate investment trusts	
Hedge funds and alternative investments	76,343
Total	$76,589,419

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2015. These receivables are composed of the following:

Type	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Restricted Noncurrent Portion
Student tuition and fees	$4,975,508	($209,448)	$4,766,060	
Auxiliary enterprises	131,458	(20,716)	110,742	
Contributions and gifts	380,055		380,055	
Federal, state, and private grants and contracts	7,698,670	(318,453)	7,380,217	
Insurance recoveries	2,292,329		2,292,329	
Other	1,430,248	(43,222)	1,387,026	
Total	$16,908,268	($591,839)	$16,316,429	-

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2015, follows:

University of New Orleans

	Balance July 1, 2014	Prior Period Adjustment	Restated Balance July 1, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:							
Land	$43,016,500	-	$43,016,500	-	-	($1,010,000)	$42,006,500
Land improvements	258,573	-	258,573	-	-	-	258,573
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Software development in progress	-	-	-	-	-	-	-
Construction-in-progress	13,157,876	-	13,157,876	2,498,011	($8,952,986)	(1,039,439)	5,663,462
Total assets not being depreciated	56,432,949	-	56,432,949	2,498,011	(8,952,986)	(2,049,439)	47,928,535
Capital assets being depreciated:							
Infrastructure	11,383,287	-	11,383,287	-	-	-	11,383,287
Land improvements	21,584,683	-	21,584,683	112,000	3,729,775	(250,000)	25,176,458
Buildings	369,966,107	-	369,966,107	-	5,223,211	(14,725,831)	360,463,487
Equipment (including library books)	90,677,315	-	90,677,315	2,087,364	-	(1,175,919)	91,588,760
Software (internally generated and purchased)	-	-	-	-	-	-	-
Total capital assets being depreciated	493,611,392	-	493,611,392	2,199,364	8,952,986	(16,151,750)	488,611,992
Less accumulated depreciation:							
Infrastructure	(4,538,645)	-	(4,538,645)	(227,819)	-	-	(4,766,464)
Land improvements	(15,510,708)	-	(15,510,708)	(707,160)	-	200,000	(16,017,868)
Buildings	(197,176,192)	-	(197,176,192)	(10,424,620)	-	4,017,837	(203,582,975)
Equipment	(76,238,595)	-	(76,238,595)	(4,242,688)	-	1,078,217	(79,403,066)
Software (internally generated and purchased)	-	-	-	-	-	-	-
Total accumulated depreciation	(293,464,140)	-	(293,464,140)	(15,602,287)	-	5,296,054	(303,770,373)
Total capital assets, net	$256,580,201	-	$256,580,201	($10,904,912)	-	($12,905,135)	$232,770,154

University of New Orleans Foundation

	Balance July 1, 2014	Prior Period Adjustment	Balance July 1, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:							
Real estate	1,267,436	-	$1,267,436	-	-	($149,136)	$1,118,300
Art and collectibles	-	-	-	-	-	-	-
Construction-in-progress	3,323,788.00	-	3,323,788	1,153,140	($36,110)	-	4,440,818
Total assets not being depreciated	4,591,224	-	4,591,224	1,153,140	(36,110)	(149,136)	5,559,118
Capital assets being depreciated:							
Buildings	10,202,778	-	10,202,778	-	36,110	(4,503,191)	5,735,697
Vehicles, furniture, and equipment	386,552	-	386,552	-	-	-	386,552
Software (internally generated/purchas	-	-	-	-	-	-	-
Total assets being depreciated	10,589,330	-	10,589,330	-	36,110	(4,503,191)	6,122,249
Less accumulated depreciation	(3,020,609)	-	(3,020,609)	(313,607)		1,109,717	(2,224,499)
Total capital assets, net	$12,159,945	-	$12,159,945	$839,533	-	($3,542,610)	$9,456,868

The capital asset disclosure for the discretely presented component unit has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the discretely presented component unit. 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.

The University generally does not capitalize collections of works of art or historical treasures either because it does not have any or because it meets 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, 2015:

Account Name	
Vendor payables	$2,128,092
Accrued salaries and payroll deductions	4,033,103
Accrued interest	547,183
Other	
Total payables	$6,708,378

7. COMPENSATED ABSENCES

At June 30, 2015, employees of the University have accumulated and vested annual, sick, and compensatory leave of $ 3,047,527; $ 2,899,792; and $ 16,438, 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 AFR for Fiscal Year-end June 30, 2015 will disclose pension liability for all nine universities and the board office in that report. No disclosure is being made at the university level.

9. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan 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.

Total contributions by the University are 28.0% of the covered payroll for fiscal year 2015. The participant's contribution (8.0%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the System. Benefits payable to participants are not the obligations of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled $ 7,833,180 and $ 2,230,453 , respectively, for the year ended June 30, 2015.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University provides certain continuing health care and life insurance benefits for its retired employees. Substantially, all University employees become eligible for these benefits if they reach normal retirement age while working for the University.

The University offers its employees the opportunity to participate in one of two medical coverage plans. One plan is from the state's Office of Group Benefits (OGB), which offers a life insurance plan, and the other plan is with the Louisiana State University (LSU) System Health Plan, which originally began as a pilot program within OGB. The LSU System Health Plan is offered only to employees at the University of New Orleans. GASB Statement No. 45 promulgates the accounting and financial reporting requirement by employers that offer other postemployment benefits (OPEB) besides pensions. Both of the medical coverage plans and the life insurance plan available would be subject to the provisions of this statement. Information about these two plans is presented below.

Plan Descriptions

State OGB Plan

Employees of the University voluntarily participate in the State of Louisiana's health insurance plan. OGB provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system, and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provide the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

LSU System Health Plan

The University offers eligible University of New Orleans (UNO) employees and UNO retirees and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage under the LSU Health System Plan, which is administered by the LSU System, that gives members a unique, consumer-driven health care approach to pay routine health expenses and provides coverage for major health care expenses. Within the Health Plan, members have a choice of selecting Option 1 or Option 2. The LSU System Health Plan is defined as a single-employer defined benefit health care plan that is not administered as a trust or equivalent arrangement.

The LSU System selects claim and pharmaceutical administrators to administer the program through a formal request for proposal process. The Health Plan does not issue a publicly available financial report, but it is included in the LSU System's audited financial statements.

Funding Policy

State OGB Plan

The contribution requirements of plan members and the University are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree health care based on a service schedule. Contribution amounts vary depending on what health care provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, and the Medical Home HMO Plan. OGB also offers the Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA) to active employees. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans: the Peoples Health HMO and the Vantage HMO. Beginning in 2013, Medicare eligible retirees can choose to enter the Towers Extend HIX program.

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2014-2015 are shown in the Premium Rates table that follows.

Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

Service	Employer Contribution Percentage	Employee Contribution Percentage
Under 10 years	19%	81%
10 - 14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

LSU System Health Plan

While actuarially determined, the plan rates must be approved by OGB under R.S 42:851(B). Plan rates are in effect for one year and members have the opportunity to switch providers during the open enrollment period.

The plan is financed on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions.

The following table shows the rates in effect at January 1, 2015.

OGB also provides eligible retirees and their spouses Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. Effective January 1, 2014, the total premium is approximately $1 per thousand dollars of coverage of which the employer pays fifty percent for retirees. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and disability coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability. The University's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal year 2015 is $ 9,124,118

The following schedule presents the University's OPEB obligation for fiscal year 2015:

	State OGB Plan	LSU System Health Plan	Total
Beginning net OPEB obligations at July 1, 2014	$47,904,210	$12,205,020	$60,109,230
Annual required contribution	8,339,200	784,918	9,124,118
Interest on net OPEB obligation	1,916,200	493,611	2,409,811
ARC adjustment	(1,830,500)	(471,552)	(2,302,052)
OPEB cost	8,424,900	806,977	9,231,877
Contributions made - current year retiree premiums	(3,137,235)	(671,743)	(3,808,978)
Increase in net OPEB obligation	5,287,665	135,234	5,422,899
Ending net OPEB obligation at June 30, 2015	$53,191,875	$12,340,254	$65,532,129

The University's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2015, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$9,773,069	38.0%	$6,063,885
June 30, 2014	$9,801,540	38.7%	$6,004,675
June 30, 2015	$9,231,877	41.30%	$5,422,899

Funded Status and Funding Progress. During fiscal year 2015, neither the University nor the State of Louisiana made contributions to its postemployment benefits plan trust. A trust was established during fiscal year 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the University's entire actuarial accrued liability of $132,347,966 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2014, was as follows:

	State OGB Plan	LSU System Health Plan	Total
Actuarial accrued liability (AAL)	$112,597,100	$19,750,866	$132,347,966
Actuarial value of plan assets	NONE	NONE	NONE
UAAL	$112,597,100	$19,750,866	$132,347,966
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll	$20,652,000	$0	$20,652,000
UAAL as percentage of covered payroll	545%	0%	641%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the AAL consistent with the long-term perspective of the calculations.

The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's UAAL is being amortized as a level percentage of projected payroll over an open amortization period of 30 years. Annual per capita medical claims costs were updated to reflect an additional year of actual experience.

The OGB Plan AAL increased from the last actuarial valuation. Contributing to the increase were (1) updated disability classification and mortality tables; (2) favorable claims and premium experience; (3) life insurance participation; and (4) the substantive plan to eliminate the premium deficiency.

The LSU Health System Plan AAL increased since the last actuarial evaluation because of (1) a change in the claims cost assumption along with a change in the ultimate health care cost trend; (2) a change in the aging assumptions; and (3) different assumptions regarding the portion of population that will be covered by Medicare after age 65. The LSU Health System Plan actuarial valuation was completed by a different actuary than the prior year.

A summary of the actuarial assumptions is presented as follows:

	State OGB Plan	LSU System Health Plan
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % of payroll	Level % of payroll
Amortization period	30 years, open	30 years, open
Asset valuation method	None	None
Actuarial assumptions:		
Discount rate	4%	4.25%
Projected salary increases	3%	4%
Health care inflation rate	6%-8%	8.5%
Health care inflation rate - ultimate	4.5%	4.5%

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2015, the total rental expense for all operating leases is $ 126,151. The following is a schedule by years of future minimum annual rental payments required under operating leases:

Fiscal Year Ending June 30,	Office Space	Equipment	Land	Other	Total Minimum Payments Required
2016				$90,286	$90,286
2017				94,620	94,620
2018				99,171	99,171
2019				75,562	75,562
2020					-
2021-2025					-
2026-2030					-
2031-2035					-
2036-2040					-
2041-2045					-
Thereafter					-
Total	$0	$0	$0	$359,639	$359,639

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, 2015, consist of various leases as follows:

Nature of Lease	Buildings	Equipment	Total
Gross amount of leased assets (historical cost)		$13,826,326	$13,826,326
Remaining interest to end of lease		465,543	465,543
Remaining principal to end of lease		3,655,373	3,655,373

In accordance with GASB Statement No. 61, the UNO Research and Technology Foundation, Inc. (Foundation), which was a discretely presented component unit in the fiscal year ended June 30, 2012, has been classified as a blended component unit beginning the fiscal year ended June 30, 2014. In fiscal year 2012, the University's capital lease obligations included a facility lease between UNO and the Foundation for a Foundation constructed residence facility, Pontchartrain Hall. Because the Foundation has been blended for fiscal year 2015, the gross amount of the leased assets, remaining principal to the end of the lease, and remaining interest to the end of the lease totaling $ 36,000,000; $ 36,000,000; and $ 20,785,725, respectively, have been eliminated.

The University's component unit foundation has no capital leases at June 30, 2015.

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, 2015:

Fiscal Year Ending June 30	University
2016	$1,177,405
2017	1,177,405
2018	1,177,404
2019	588,702
2020	
2021-2025	
Total minimum lease payments	4,120,916
Less - amount representing executory costs	NONE
Net minimum lease payments	4,120,916
Less - amount representing interest	465,543
Present value of net minimum lease payments	$3,655,373

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, 2015:

	Cost	Accumulated Depreciation	Carrying Amount
Office space	$17,271,996	($4,925,715)	$12,346,281
Buildings	24,175,240	(9,209,488)	14,965,752
Equipment	-	-	-
Land	8,436,929	-	8,436,929
Other	161,821	(131,120)	30,701
Total	$50,045,986	($14,266,323)	$35,779,663

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2015:

Fiscal Year Ending June 30	Office Space	Buildings	Land	Other	Total
2016	$2,645,089		$11,221	$1,868,967	$4,525,277
2017	1,911,585		11,213	1,875,561	3,798,359
2018	1,522,541		11,211	1,866,970	3,400,722
2019	1,010,299		11,211	1,792,950	2,814,460
2020	938,593		8,003	1,737,102	2,683,698
2021-2025	3,551,208		17,555	7,184,834	10,753,597
2026-2030			17,555	500,000	517,555
2031-2035			17,555	500,000	517,555
Thereafter			75,258	1,237,500	1,312,758
Total minimum future rentals	$11,579,315		$180,782	$18,563,884	$30,323,981

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, 2015, 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, 2015:

University of New Orleans

	Balance June 30, 2014	Adjustments	Balance June 30, 2014 Restated	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	$55,961,942		$55,961,942	$44,679,057	($47,496,942)	$53,144,057	$826,000
Notes payable	6,925,106		6,925,106		(1,050,138)	5,874,968	661,893
Total bonds and notes payable	62,887,048	-	62,887,048	44,679,057	(48,547,080)	59,019,025	1,487,893
Other liabilities:							
Accrued compensated absences payable	6,154,430		6,154,430	345,962	(536,635)	5,963,757	636,385
Capital lease obligations	4,564,523		4,564,523		(909,150)	3,655,373	966,203
Pension liability	-	159,267,189	159,267,189	11,964,802	(35,371,912)	135,860,079	-
OPEB payable	60,244,479	(135,249)	60,109,230	5,422,899		65,532,129	-
Total other liabilities	70,963,432	159,131,940	230,095,372	17,733,663	(36,817,697)	211,011,338	1,602,588
Total	$133,850,480	$159,131,940	$292,982,420	$62,412,720	($85,364,777)	$270,030,363	$3,090,481

University of New Orleans Foundation

	Balance June 30, 2014	Adjustments	Balance June 30, 2014 Restated	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	$537,000		$537,000		($170,000)	$367,000	$179,000
Notes payable			-			-	
Total bonds and notes payable	537,000	-	537,000	-	(170,000)	367,000	179,000
Other liabilities:							
Capital lease obligations			-			-	
Amounts held in custody for others	19,214,228		19,214,228	325,697		19,539,925	
Total other liabilities	19,214,228	-	19,214,228	325,697	-	19,539,925	-
Total	$19,751,228	-	$19,751,228	$325,697	($170,000)	$19,906,925	$179,000

Details of all debt outstanding at June 30, 2015, are as follows:

Bonds Payable - University of New Orleans

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2014	Issued (Redeemed)	Principal Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
University of New Orleans								
Revenue Bonds of 1998	August 15, 1998	15,915,000	2,825,000	(2,825,000)	-	2015	3.9%-5%	-
Revenue Bonds of 2004 - Series B	October 19, 2004	8,480,000	5,690,000	(5,690,000)	-	2015	3%-4.67%	-
Revenue Bonds - Series 2012	August 22, 2012	9,700,000	8,995,000	(530,000)	8,465,000	2028	2.99%	1,747,132
Revenue Bonds - Series 2015	February 27, 2015	2,990,000	-	2,990,000	2,990,000	2031	3.47%	1,469,545
Revenue Bonds - Series 2015B	May 29, 2015	3,580,000	-	3,580,000	3,580,000	2026	2.9%	644,396
UNO Research and Technology Foundation:*								
Louisiana Public Facilities Authority								
Revenue Bonds Series 2006	August 8, 2006	39,900,442	37,360,000	(37,360,000)	-	2014	3.75%-5.25%	-
Louisiana Public Facilities Authority Revenue Bonds Series 2014	August 28,2014	36,000,000	-	36,000,000	36,000,000	2035	3.5%-5%	21,577,378
Total		116,565,442	54,870,000	(3,835,000)	51,035,000			25,438,451
Premiums/discounts, net		4,374,068	1,091,942	1,791,094	2,883,036			
Total		$120,939,510	$55,961,942	($2,043,906)	$53,918,036			$25,438,451

*Fiscal year ended December 31, 2014

University of New Orleans Foundation

Issue	Date of Issue	Original Issue	Outstanding June 30, 2014	Issued (Redeemed)	Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
University of New Orleans Foundation*								
Film Studio Bond Debt - NIMS Center	August 1, 2001	2,000,000	537,000	(170,000)	367,000	2016	2.09%	11,616
Total		$2,000,000	$537,000	($170,000)	$367,000			$11,616

*Fiscal year ended December 31, 2014

The annual requirements to amortize all University bonds outstanding at June 30, 2015, are as follows:

	Principal	Interest	Total
2016	$826,000	$2,014,782	$2,840,782
2017	1,684,000	1,985,036	3,669,036
2018	1,783,000	1,934,591	3,717,591
2019	1,891,000	1,881,110	3,772,110
2020	1,995,000	1,824,400	3,819,400
2021-2025	11,812,000	8,001,196	19,813,196
2026-2030	14,274,000	5,420,684	19,694,684
2031-2035	13,870,000	2,260,652	16,130,652
2036-2040	2,900,000	116,000	3,016,000
2041-2045			
Sub-total	51,035,000	25,438,451	76,473,451
Unamortized Discount/ Premium	2,883,036	NONE	2,883,036
Total	$53,918,036	$25,438,451	$79,356,487

The annual requirements to amortize all component unit bonds outstanding at June 30, 2015, are as follows:

	Principal	Interest	Total
2016	$179,000	$7,681	$186,681
2017	188,000	3,935	191,935
2018			
Total	$367,000	$11,616	$378,616

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2015:

Bond Issue	Reserves Available	Reserve Requirement	Excess/ (Deficiency)
University of New Orleans	NONE	NONE	NONE
Total			

Notes Payable - University of New Orleans

Note	Date of Issue	Original Issue	Outstanding June 30, 2014	Issued (Redeemed)	Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
University of New Orleans								
LEAF - Computer/Phone Equipment	June 24, 2014	842,977	842,977	(280,559)	562,418	2017	1.04%	7,326
UNO Research and Technology Foundation:*								
LPFA	October 19, 1999	1,500,000	1,387,984	(34,700)	1,353,284	2024	0.0%	-
Whitney Bank	April 19,2001	7,350,000	4,187,073	(227,807)	3,959,266	2016	6.5%	334,804
FNBC	December 23, 2009	1,162,521	507,072	(507,072)	-	2014	3.75%	-
Total		$10,855,498	$6,925,106	($1,050,138)	$5,874,968			$342,130

*Fiscal year ended December 31, 2014

The annual requirements to amortize all notes outstanding for the University at June 30, 2015, including interest of $ 342,130, are as follows:

	Principal	Interest	Total
2016	$661,893	$258,758	$920,651
2017	4,137,393	83,372	4,220,765
2018	138,798		138,798
2019	138,798		138,798
2020	138,798		138,798
2021-2025	659,288		659,288
2026-2030			
Total	$5,874,968	$342,130	$6,217,098

The annual requirements to amortize notes outstanding for the component unit foundations at June 30, 2015, including interest of $0, are as follows:

	Principal	Interest	Total
2016			-
2017			-
Total	-	-	-

13. REFUNDING OF BONDS

In February 2015, The University of New Orleans issued $2,990,000 Board of Supervisors for the University of Louisiana System Revenue Refunding Bonds Series 2015. The bonds were issued as a partial Private Placement Refunding Series 1998 which was originally issued to finance the acquisition and construction of the Wellness Center Project. The partial refunding of Series 1998 refunded the remaining three years of principal payments due for fiscal years 2029, 2030 and 2031 that were not refunded by Series 2012 in August 2012. The refunding reduces the outstanding debt of the 1998 Series bonds and reduces the interest, for an overall savings of $549,782.

In May 2015, The University of New Orleans issued $3,580,000 Board of Supervisors for the University of Louisiana Revenue Refunding Bond Series 2015B. The bonds were issued as a Private Placement Refunding Series 2004B which was originally issued to refund Series 1996 and 1997A. Series 1996 and 1997A were originally issued for the purchase of the UNO Jefferson Center and for Auxiliaries, respectively. The Jefferson Center was sold in May 2015 and proceeds from the sale paid off the remaining debt associated with the Jefferson Center. The refunding reduces the outstanding debt of the 2004B Series bonds and reduces the interest, for an overall savings of $209,759.

In August 2014, The University of New Orleans Research and Technology Foundation issued $36,000,000 Louisiana Public Facilities Authority Revenue Refunding Bonds Series 2014. The bonds were issued for the purpose of refunding Louisiana Public Facilities Authority Revenue Bond Series 2006 which was originally issued for the financing, planning, design, construction, furnishing and equipping of residence facilities for use by the University of New Orleans. The refunding reduces the outstanding debt of the 2006 Series bonds and reduces the interest, for an overall savings of $5,456,855.

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 Bonds Series 2012, Recreation/Wellness Center

Revenue pledged for these bonds include 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 $9,700,000. The approximate remaining amount of the pledge is $10,212,132. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2015, the requirements for principal and interest were $530,000 and $261,027, respectively. The amount of pledged revenues recognized for the fiscal year 2015 was $1,406,942. These revenues are also pledged for the Bond Series 2015 for the Recreation/Wellness Center.

Revenue Bonds Series 2015, Recreation/Wellness Center

Revenue pledged for these bonds include 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 for refunding of Series 1998 bonds and the construction of the student fitness center. The debt secured by the pledge is $2,990,000. The approximate remaining amount of the pledge is $4,459,545. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2015 the requirements for principal and interest were $0 and $9,799, respectively. The amount of pledged revenues recognized for the fiscal year 2015 was $1,406,942. These revenues are also pledged for the Bond Series 2012 for the Recreation/Wellness Center.

Revenue Bonds Series 2015, Auxiliaries

Revenue pledged for these bonds include 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 $3,580,000. The approximate remaining amount of the pledge is $4,224,396. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2015, the requirements for principal and interest were $0 and $0, respectively. The amount of pledged revenues recognized for the fiscal year 2015 was $9,710,184.

16. RESTATEMENT OF BEGINNING NET POSITION/NET ASSETS

The beginning net position as reflected on Statement C and net assets on Statement D for the university and the component units, respectively, have been restated to reflect the following changes:

	University	Component Units
Net position/assets at June 30, 2014	$169,958,551	
OPEB audit adjustment	135,249	
Unfunded pension liability- GASB 68	(144,582,016)	
Net position/assets at June 30, 2014, restated	$25,511,784	-

17. RESTRICTED NET POSITION

The University has the following restricted expendable net position at June 30, 2015:

Account Title	Amount
Student fees	$5,863,791
Grants and contracts	3,949,480
Gifts - restricted by donors	
Endowment	76,059
Auxiliary enterprises	3,986,282
Student loan fund	5,882,056
Capital construction/plant projects	
Debt service/retirement of indebtedness	
WRAC Fund	
Scholarships	
Other	140,350
Total expendable	$19,898,018

The University's restricted nonexpendable net position totaling $20,821,644 as of June 30, 2015, was comprised entirely of endowment funds.

Of the total net position reported on Statement A for the year ended June 30, 2015, $3,285,676 was restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNITS

Restricted net assets for the component unit within the University is as follows:

	University of New Orleans Foundation
Temporarily restricted:	
Donor-restricted endowment funds	$7,019,941
Chair and professorship endowment funds	$10,357,857
Other programs	6,958,663
Total temporarily restricted net assets	$24,336,461
Permanently restricted:	
Donor-restricted endowment funds	$12,569,290
Chair and professorship endowment funds	17,700,000
Total permanently restricted net assets	$30,269,290

18. CONDENSED FINANCIAL INFORMATION

Following is condensed financial information for the University's blended component unit.

Statement of Net Position

	University of New Orleans Research and Technology Foundation, Inc.*
Assets	
Current assets	$12,418,809
Capital assets	94,632,403
Other assets	2,881,726
Total assets	$109,932,938
Liabilities	
Current liabilities	$8,415,570
Long-term liabilities	47,707,755
Total liabilities	$56,123,325
Net Position	
Net investment in capital assets	$51,210,796
Restricted net position - expendable	140,350
Unrestricted net position	960,248
Total net position	$52,311,394

*Fiscal year ended December 31, 2014

Statement of Revenues, Expenses, and Changes in Net Position

	University of New Orleans Research and Technology Foundation, Inc.*
Operating revenues	$8,815,725
Operating expenses	(7,711,244)
Depreciation expense	(2,842,811)
Net operating income (loss)	(1,738,330)
Nonoperating revenues (expenses):	
Investment income	362,718
Interest expense	(1,050,835)
Other (net)	(13,029,852)
Capital contributions/additions to permanent and term endowments	-
Changes in net position	(15,456,299)
Net position beginning of the year	67,767,693
Net position end of the year	$52,311,394

*Fiscal year ended December 31, 2014

Statement of Cash Flows

	University of New Orleans Research and Technology Foundation, Inc.*
Net cash flows provided (used) by:	
Operating activities	$1,572,175
Noncapital financing	225,813
Capital and related financing	(6,212,774)
Investing activities	3,771,318
Net increase (decrease) in cash	(643,468)
Cash, beginning of the year	2,081,080
Cash, end of the year	$1,437,612

*Fiscal year ended December 31, 2014

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Compensated Absences	OPEB Expense	Total
Instruction	$30,256,863	$11,784,802	$0	$5,615,835	$0	$209,103	($31,035)	$2,422,106	$50,257,674
Research	6,800,459	2,022,728	4,582	3,306,454		931,311	(122,533)	544,386	13,487,387
Public service	6,035,604	2,435,436	(11,090)	2,064,197		190,724	37,429	483,159	11,235,459
Academic support	5,941,585	2,339,794		2,122,873		76,922	(4,211)	475,632	10,952,595
Student services	4,084,767	1,468,946	89,701	1,321,718		377,998	4,540	326,991	7,674,661
Institutional support	8,980,264	905,292		4,457,684		151,219	(61,617)	718,883	15,151,725
Operations & maintenance of plant	3,219,328	1,467,347	5,914,795	5,067,620		13,555,503	(31,244)	257,712	29,451,061
Scholarships and fellowships					9,185,987				9,185,987
Auxiliary enterprises	2,423,822	686,783	451,199	7,341,059		109,507	9,566	194,030	11,215,966
Other operating expenses	1,389,798	200,567		1,388,574			8,432		2,987,371
Total operating expenses	$69,132,490	$23,311,695	$6,449,187	$32,686,014	$9,185,987	$15,602,287	($190,673)	$5,422,899	$161,599,886

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 System, 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, 2015, 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, 2015, net appreciation of donor restricted endowments is equal to $ 76,059, which is available to be spent for restricted purposes. The University 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:

University of New Orleans Alumni Association

This foundation is a separate corporations whose financial statements are subject to audit by other independent certified public accountants.

The University has contracted with the University of New Orleans Foundation to invest the University's 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, 2015, the foundations held in custody $19,631,083 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by the private foundation for the University 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.lla.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 was through the issuance of $39,900,442 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 the land from the Board of Supervisors of the University of Louisiana System upon which the facilities were 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 (UNO) RESEARCH AND TECHNOLOGY FOUNDATION

Lease Agreements and 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 University.

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 $7,387,350 as of December 31, 2014.

National Center for Advanced Manufacturing/NASA Facilities Modifications and Equipment Acquisitions

General

Effective July 15, 2007, the state of Louisiana (the State), the University of New Orleans (the University), the University of New Orleans Research and Technology Foundation (the Foundation), and NASA's George C. Marshall Space Flight Center entered into a Cooperative Endeavor Agreement (Agreement) for an initial term of 10 years with options for four additional five-year periods.

The Agreement provides for the use of a State appropriation to fund an approximately $20 million expansion of the National Center for Advanced Manufacturing (NCAM), of which the University is part of the consortium, located in NASA's Michoud Assembly Facility in New Orleans (MAF), to include the purchase of new equipment by the State and the completion of facilities modifications made by the Foundation to MAF to accommodate installation and operation of new equipment. The NCAM collaboration was established to strengthen the competitiveness of the United States of America in aerospace and other commercial markets that require large structure manufacturing. NASA intends to implement programs at MAF that will result in the growth of jobs at MAF and the growth in the local and state economy, resulting in an economic benefit exceeding the value of the State's obligations. The expanded use of MAF by NASA, its contractors, the University, and the Foundation will further research and development initiatives, educational opportunities, and production work on NASA's planned Orion Crew Exploration Vehicle, Ares Crew Launch Vehicle, and related projects (Orion projects). The facilities modifications were transferred to NASA during the year ended December 31, 2014.

National Center for Advanced Manufacturing/MAF Research and Development Administration Building

General

On December 18, 2007, the State, the Foundation, and NASA entered into another 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 and Development 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. The additional investment from this agreement will retain critical research and engineering skills and capacity in Louisiana necessary to support NASA's mission, attract high-technology companies, and provide educational and training opportunities generally improving the State's economy and recovery of the New Orleans Metropolitan area from Hurricane Katrina.

At December 31, 2014, the agreement for this project was on hold until further notice. The Foundation has incurred $705,896 in construction as of December 31, 2014, related to the Agreement. Management will reassess the project annually to determine if such costs are impaired. As of December 31, 2014, no impairment has been recognized on this facility by the Foundation.

Memorandum of Understanding for the National Center for Advanced Manufacturing (NCAM)

General

In a memorandum of understanding dated October 25, 2012, the Foundation agreed to receive a portion of the state of Louisiana's recovery costs associated with the NCAM consortium, subject to an annual cap of $30,000 for administrative costs associated with serving as fiscal agent for the University of New Orleans.

The Foundation shall seek support for NCAM activities from appropriate public and private sources and work with NASA to redevelop a long-term agreement for the NCAM/Michoud Assembly Facility to accommodate University of New Orleans access for NCAM education and outreach activities.

27. SUBSEQUENT EVENTS

On Monday, August 31, 2015, University of New Orleans President Peter Fos announced his retirement, effective January 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for the Other Postemployment Benefits Plan

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress for the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

SUPPLEMENTAL INFORMATION SCHEDULES

Combining Schedule of Net Position, by University

Schedule 2 presents the current and long-term portions of assets and liabilities and net position for each university.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University

Schedule 3 presents information showing how the assets of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University

Schedule 4 presents information showing how each university's cash changed as a result of current year operations.

Combining Schedule of Net Position FY 2015, by University

Schedule 2 presents the current and long-term portions of assets and liabilities and net position for each university.

Combining Schedule of Revenues, Expenses, and Changes in Net Position FY 2015, by University

Schedule 3 presents information showing how the assets of each university changed as a result of current year operations.

Combining Schedule of Cash Flows FY 2015, by University

Schedule 4 presents information showing how each university's cash changed as a result of current year operations.

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	University	UNO Foundation	Eliminations dr/(cr)	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 16,616,289	$ 2,192,844	$	$ 18,809,133
Investments	7,133,120	3,192,585		10,325,705
Derivative instruments	-			-
Receivables, net	14,236,422	1,581,339	(339,260)	15,478,501
Pledges receivable	-	237,212		237,212
Due from State Treasury	246,930			246,930
Due from Federal Government	2,080,007			2,080,007
Inventories	221,196			221,196
Prepaid expenses and advances	694,642	39,506		734,148
Notes receivable	595,435			595,435
Other current assets	93,580			93,580
Total current assets	41,917,621	7,243,486	(339,260)	48,821,847
Noncurrent Assets				
Restricted assets:				-
Cash and cash equivalents	4,358,400			4,358,400
Investments	19,631,083	73,396,834	(19,539,925)	73,487,992
Accounts receivable, net	-			-
Notes receivable, net	4,164,985			4,164,985
Other	-			-
Investments	30,397			30,397
Pledges receivable	-	116,020		116,020
Notes receivable, net	-			-
Capital assets, net	232,770,154	9,456,868		242,227,022
Other noncurrent assets	709,651	164,063		873,714
Total noncurrent assets	261,664,670	83,133,785	(19,539,925)	325,258,530
Total assets	$ 303,582,291	$ 90,377,271	$ (19,879,185)	$ 374,080,377
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	$ -	$	$	$ -
Deferred amounts on debt refunding	-			-
Deferred outflows related to pensions	14,851,293			14,851,293
Total deferred outflows of resources	14,851,293	-	-	14,851,293
Total assets and deferred outflow of resources	$ 318,433,584	$ 90,377,271	$ (19,879,185)	$ 388,931,670
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 6,708,378	$ 2,897,791	$ (339,260)	$ 9,266,909
Derivative instrument (Liability-Note C)	-			-
Deferred inflow of resources (Note C)	-			-
Due to State Treasury	-			-
Due to Federal Government	-			-
Unearned revenues	4,094,372			4,094,372
Amounts held in custody for others	936,117	692,690		1,628,807
Other liabilities	5,184,644			5,184,644
Current Portion of Noncurrent Liabilities:				
Unearned revenues	537,489			537,489
Compensated absences payable (Note I)	636,385			636,385
Capital lease obligations (Note I)	966,203			966,203
Claims and litigation payable (Note I)	-			-
Notes payable (Note I)	661,893			661,893
Pollution Remeditation Obligation	-			-
Contracts payable (Note I)	-			-
Reimbursement contracts payable (Note I)	-			-
Bonds payable (Note I)	826,000	179,000		1,005,000
Other current liabilities	-			-
Total current liabilities	20,551,481	3,769,481	(339,260)	23,981,702
Long-term Portion of Noncurrent Liabilities				
Unearned revenues	3,894,321			3,894,321
Compensated absences payable	5,327,372			5,327,372
Capital lease obligations	2,689,170			2,689,170
Claims and litigation payable	-			-
Notes Payable	5,213,075			5,213,075
Pollution Remeditation Obligation	-			-
Contracts payable	-			-
Reimbursement contracts payable	-			-
Net pension liability	135,860,079			135,860,079
OPEB payable	65,532,129			65,532,129
Bonds payable	52,318,057	188,000		52,506,057
Other noncurrent liabilities	210,739	19,539,925	(19,539,925)	210,739
Total noncurrent liabilities	271,044,942	19,727,925	(19,539,925)	271,232,942
Total liabilities	$ 291,596,423	$ 23,497,406	$ (19,879,185)	$ 295,214,644
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair vailue of hedging derivatives	$ -	$	$	-
Deferred inflows related to pensions	19,996,832			19,996,832
Total deferred inflows of resources	19,996,832	-	-	19,996,832
Total liabilities and deferred inflows of resources	$ 311,593,255	$ 23,497,406	$ (19,879,185)	$ 315,211,476
Net Position				
Invested in capital assets, net of related debt	$ 170,225,020	$ 9,089,868	$	$ 179,314,888
Restricted for: Nonexpendable	20,821,644	30,269,290		51,090,934
Expendable	19,898,018	24,336,461		44,234,479
Unrestricted	(204,104,353)	3,184,246		(200,920,107)
Total net position	$ 6,840,329	$ 66,879,865	$ -	$ 73,720,194
Total liabilities and net positon	$ 318,433,584	$ 90,377,271	$ (19,879,185)	$ 388,931,670

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	University	UNO Foundation	Eliminations dr/(cr)	Total
Operating Revenues:				
Student tuition and fees	$ 77,271,063	$	$	$ 77,271,063
Less scholarship allowances	(15,523,974)			(15,523,974)
Net student tuition and fees	61,747,089	-	-	61,747,089
Gifts received by foundation *(comp. units only)*	-	3,987,602		3,987,602
Endowment income *(comp. units only)*	-			-
Federal appropriations	-			-
Federal grants and contracts	7,626,008	1,064,941		8,690,949
State and local grants and contracts	12,901,051			12,901,051
Nongovernmental grants and contracts	8,413,957		(893,487)	7,520,470
Sales and services of education departments	130,471		(7,985)	122,486
Auxiliary enterprise revenues (see Note HH for revenue amounts pledged as security for bonds)	14,792,116			14,792,116
Less scholarship allowances	(482,009)			(482,009)
Net auxiliary revenues	14,310,107	-	(2,331,632)	11,978,475
Other operating revenues	8,418,933	2,551,383	(659,763)	10,310,553
Total operating revenues	113,547,616	7,603,926	(3,892,867)	117,258,675
Operating Expenses				
Education and general:				
Instruction	50,048,571		(211,728)	49,836,843
Research	12,556,076			12,556,076
Public service	11,044,735			11,044,735
Academic support	10,875,673			10,875,673
Student services	7,296,663			7,296,663
Institutional support	15,000,506		(634)	14,999,872
Operations and maintenance of plant	15,895,558			15,895,558
Depreciation	15,602,287	315,836		15,918,123
Scholarships and fellowships	9,185,987			9,185,987
Auxiliary enterprises	11,106,459			11,106,459
Hospital				-
Other operating expenses	2,987,371	3,990,842	(447,401)	6,530,812
Total operating expenses	161,599,886	4,306,678	(659,763)	165,246,801
Operating income(loss)	(48,052,270)	3,297,248	(3,233,104)	(47,988,126)
Nonoperating Revenues (Expenses)				
State appropriations	31,643,424			31,643,424
Gifts	1,673,341		(1,930,948)	(257,607)
Federal nonoperating revenues(expenses)	10,150,093			10,150,093
ARRA revenues	-			-
Net investment income(loss)	185,529	2,097,332	(463,881)	1,818,980
Interest expense	(1,738,594)	(45,533)		(1,784,127)
Payments to or on behalf of university	-	(5,693,234)	5,627,933	(65,301)
Other nonoperating revenues(expenses)	(183,574)	(3,542,611)		(3,726,185)
Net nonoperating revenues(expenses)	41,730,219	(7,184,046)	3,233,104	37,779,277
Income(loss) before other revenues, expenses, gains, losses	(6,322,051)	(3,886,798)	-	(10,208,849)
Capital appropriations	558,522			558,522
Capital grants and gifts	172,284			172,284
Additions to permanent endowments	(1,877,023)			(1,877,023)
Extrordinary Items	-			-
Other additions, net	(11,203,187)			(11,203,187)
Increase(decrease) in net position	(18,671,455)	(3,886,798)	-	(22,558,253)
Net position at beginning of the year, as restated	25,511,784	70,766,663		96,278,447
Net position at end of the year	$ 6,840,329	66,879,865	$ -	$ 73,720,194

STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

		University
Cash flow from operating activities		
Tuition and fees	$	59,109,289
Federal appropriations		
Grants and contracts		29,670,754
Sales and services of educational departments		345,460
Hospital income		
Auxiliary enterprise receipts		14,771,940
Payments for employee compensation		(69,237,322)
Payments for benefits		(26,434,969)
Payments for utilities		(6,449,187)
Payments for supplies and services		(32,975,252)
Payments for scholarships and fellowships		(9,210,356)
Loans to students		(510,808)
Collection of loans to students		612,289
Other receipts (payments) (provide explanation)		8,373,527
Net cash provided (used) by operating activities	$	(31,934,635)
Cash flows from non-capital financing activities		
State appropriations	$	31,589,922
Gifts and grants for other than capital purposes		1,789,539
Pell Grant receipts (do not report in gifts and grants)		10,150,093
Private gifts for endowment purposes		(1,877,023)
TOPS receipts		9,359,902
TOPS disbursements		(9,457,453)
FEMA receipts		29,502
FEMA disbursements		(1,887)
ARRA receipts		-
Direct lending receipts		26,936,200
Direct lending disbursements		(26,651,671)
Federal Family Education Loan Program receipts		-
Federal Family Education Loan Program disbursements		-
Other receipts (payments)(provide explanation)		-
Net cash provided by noncapital financing sources	$	41,867,124
Cash flows from capital financing activities		
Proceeds from capital debt	$	45,426,492
Capital appropriations received		-
Capital grants and gifts received		21,320
Proceeds from sale of capital assets		5,250,000
Purchases of capital assets		(3,986,467)
Principal paid on capital debt and leases		(47,554,287)
Interest paid on capital debt and leases		(6,528,338)
Deposit with trustees		-
Other sources (provide explanation)		(866,815)
Net cash used by capital financing activities	$	(8,238,095)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	$	5,406,305
Interest received on investments		596,515
Purchase of investments		-
Net cash provided (used) by investing activities	$	6,002,820
Net increase (decrease) in cash and cash equivalents	$	7,697,214
Cash and cash equivalents at beginning of the year	$	13,277,475
Cash and cash equivalents at the end of the year	$	20,974,689

		University
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$	(48,052,270)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense		15,602,287
Pension expense		11,454,706
Amortization of bond issuance costs		(101,939)
Loss on disposal		-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables, net		(1,759,783)
(Increase) decrease in inventories		6,540
(Increase) decrease in prepaid expenses and advances		(106,533)
(Increase) decrease in notes receivable		101,480
(Increase) decrease in other assets		(64,940)
(Increase) decrease in deferred outflows		(14,646,991)
Increase (decrease) in accounts payable and accrued liabilities		(229,937)
Increase (decrease) in unearned revenue		590,977
Increase (decrease) in amounts held in custody for others		39,542
Increase (decrease) in compensated absences		(190,673)
Increase (decrease) in pension liability		-
Increase (decrease) in OPEB payable		5,422,899
Increase (decrease) in other liabilities		-
Increase (decrease) in deferred inflows		-
Net cash provided (used) by operating activities:	$	(31,934,635)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and cash equivalents classified as current assets	$	16,616,289
Cash and cash equivalents classified as noncurrent assets		4,358,400
Total Cash and Cash Equivalents	$	20,974,689
Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions		
Capital appropriations	$	558,522
Increase in fair market value of assets		-
Private gifts for endowment purposes		-
Capital gifts and grants		150,964
Capital assets acquired through capital leases		-
Disposition of capital assets		(11,203,187)
Other		384,113
	$	(10,109,588)