ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 23, 2011

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

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

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Five copies of this public document were produced at an approximate cost of $16.20. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 3478 or Report ID No. 80100106 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Administration Manager, at 225-339-3800.

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 12, 2011

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. MICHAEL V. MARTIN, CHANCELLOR
LOUISIANA STATE UNIVERSITY
AND A&M COLLEGE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as chancellor of the university, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Louisiana State University and A&M College (LSU) Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16.1 for the year ended June 30, 2010, and to assist you in your evaluation of the effectiveness of the university's internal control over financial reporting as of June 30, 2010. LSU's management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of LSU. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES - INTERNAL CONTROL

1. We obtained, through discussions with management, the identity of those aspects of internal control which management considers unique to intercollegiate athletics.

2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine adherence to established policies and procedures relating to revenues and expenses.

1600 NORTH THIRD STREET • POST OFFICE BOX 94397 • BATON ROUGE, LOUISIANA 70804-9397
WWW.LLA.LA.GOV • PHONE: 225-339-3800 • FAX: 225-339-3870

(a) We randomly selected a sample of 16 general athletics expenses and five high-dollar general athletics expenses and followed them through the university's control system to determine adherence to established policies and procedures.

(b) We randomly selected a sample of 12 travel expenses and six high-dollar travel expenses and followed them through the university's control system to determine adherence to established policies and procedures.

(c) We randomly selected a sample of 12 revenue transactions and seven high-dollar revenue transactions and followed them through the university's control system to determine adherence to established policies and procedures.

We found no exceptions as a result of these procedures.

2. We determined that the university's internal auditor issued an internal audit report on the LSU Athletics Sportshop during fiscal year 2010. The internal audit report noted control weaknesses and included recommendations for improvement. Management agreed with the findings and submitted a corrective action plan.

3. We obtained the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics program and determined the university's adherence to these procedures.

   We found no exceptions as a result of this procedure.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, completeness of the list of all known affiliated and outside organizations and other information we considered necessary for the year ended June 30, 2010.

   In its representation letter, management disclosed minor instances of Level II secondary violations of NCAA rules and regulations, which were self-reported to the NCAA during the year ended June 30, 2010.

2. We verified the mathematical accuracy of the amounts on the Statement and agreed each operating revenue and expense category on the Statement to supporting schedules provided by the university and/or the university's general ledger.

   We found no exceptions as a result of these procedures.

3. We compared and agreed a sample of five operating revenue receipts and a sample of five expense disbursements obtained from the supporting schedules to adequate supporting documentation.

   We found no exceptions as a result of these procedures.

4. We compared each major operating revenue and expense category for June 30, 2009, and June 30, 2010, to identify variances of 5 percent and greater than $50,000 between individual revenue and expense categories that are 5 percent or more of the total.

   As a result of our procedure, we identified variances of 5 percent and greater than $50,000 in the following categories that are 5 percent or more of the total:

   <u>Revenues</u>
   Football:
   - Ticket sales
   - Contributions
   - NCAA/Conference distributions

   Other sports - contributions

   <u>Expenses</u>
   Football:
   - Coaching salaries paid by the university
   - Other operating expenses

   Other sports - other operating expenses
   Non-program specific - direct facilities, maintenance, and rental

   We obtained and documented the university's explanations for these variances.

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year ended June 30, 2010, to identify any variances of 25 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total.

   As a result of our procedure on revenues and expenses, we identified a variance of 25 percent or greater in the following individual accounts that are 5 percent or more of the total:

   <u>Revenues</u>
   Other related activities

   <u>Expenses</u>
   Athletic administration

   We obtained and documented the university's explanations for these variances.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We obtained the football, baseball, and men's basketball game statements for all home games and compared the amounts reported to the revenue recorded in the general ledger and reported on the Statement to determine if the variances total less than 1 percent. We also selected the four largest and six random operating revenue receipts transactions from the ticket sales category as of February 28, 2010, and agreed to adequate supporting documentation.

   We found no exceptions as a result of these procedures.

2. For all football, baseball, and men's basketball games with game guarantee settlements, we agreed the amounts recorded in the general ledger to the contractual agreements. We recalculated the settlement reports for the games tested.

   We found no exceptions as a result of these procedures.

3. We obtained information on Tradition Fund contribution revenue. For contributions related to season tickets, this included the contribution amount for each section in the stadium and the number of seats in each section required to make the contribution. For contributions related to parking permits, this included the contribution amount for each type of parking lot and the number of parking permits in each type of lot required to make the contribution. We calculated Tradition Fund contribution revenue using this information and compared to the amount recorded in the general ledger to identify variances of 5 percent or greater.

   We identified no variances that were 5 percent or greater for Tradition Fund contribution revenue.

4. Based on the relevant terms and conditions of agreements related to the university's participation in revenues from NCAA/Conference tournaments during the period, we compared and agreed the related revenues to the general ledger. We recalculated the totals.

   We found no exceptions as a result of these procedures.

5. Based on the relevant terms and conditions of the largest agreement related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period, we compared and agreed the related revenues to the general ledger. We recalculated the totals.

   We found no exceptions as a result of these procedures.

6. Based on the relevant terms and conditions of one randomly selected agreement related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period, we compared and agreed the related revenues to the general ledger. We recalculated the totals.

   We found no exceptions as a result of this procedure.

7. We selected the largest endowment agreement and compared and agreed the classification and use of the endowment and investment income reported in the Statement for the period to the uses of the income as defined in the agreement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

8. We randomly selected two operating revenue receipts from the program sales, concessions, novelty sales, and parking receipts category and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

9. We randomly selected one operating revenue receipt from each category not previously mentioned and agreed to adequate supporting documentation.

   We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a random sample of five athletic scholarship expense transactions, excluding transactions for non-athletes (e.g., band members, student trainers), from the general ledger and identified the students included in the five transactions. We obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

We found no exceptions as a result of these procedures.

2. We selected all football, baseball, and men's basketball games with game guarantee expenses and agreed the amounts to the general ledger and to the contractual agreements. We recalculated the settlement reports for the games tested.

   We found no exceptions as a result of these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and related entities during the reporting period. We selected four coaches from football, baseball, and men's and women's basketball and the three highest paid support staff/administrative personnel. The following procedures were performed:

   (a) We compared and agreed the financial terms and conditions in the contract of each coach selected to the related coaching salaries, benefits, and supplemental compensation recorded by the university and related entities in the Statement.

   (b) We obtained and inspected W-2s and 1099s for each selection.

   (c) We compared and agreed related W-2s and 1099s for each selection to the related salaries, benefits, and other compensation recorded by the university in the Statement during the reporting period.

   (d) We recalculated totals.

   We found no exceptions as a result of these procedures.

4. We obtained from management a list of coaches and support staff/administrative personnel paid by third parties during the reporting period and examined the related contracts. The following procedures were performed:

   (a) We compared and agreed the financial terms and conditions in the contracts to the related other compensation and benefits recorded by the university in the Statement.

   (b) We obtained and inspected W-2s and 1099s for each selection.

   (c) We compared and agreed related W-2s and 1099s for each selection to the related other compensation and benefits recorded by the university in the Statement during the reporting period.

   (d) We recalculated totals.

   We found no exceptions as a result of these procedures.

5. Using a list prepared by the university, we selected the athletic employee with the highest severance payment and agreed the severance pay to the related employment contract. We recalculated the totals.

   We found no exceptions as a result of these procedures.

6. We compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies. We randomly selected four recruiting expenses and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

7. We compared and agreed the university's team travel policies to existing university and NCAA-related policies. We selected the five largest and four random team travel expenses as of February 28, 2010, and agreed to adequate supporting documentation. In addition, we obtained documentation of football team travel expenses for the Capital One Bowl and followed selected transactions through the university's internal control system to determine adherence to established policies and procedures.

   We found no exceptions as a result of these procedures.

8. We randomly selected two equipment, uniforms, and supplies expenses and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

9. We selected the three largest and two random direct facilities, maintenance, and rental expenses and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We randomly selected two spirit group travel expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

11. We selected the largest and five random operating expense transactions, including two administrative travel expenses, from the other operating expense category as of February 28, 2010, and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

12. We randomly selected one operating expense from each category not previously mentioned and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES

1. From university management, we obtained a list of contributions received by the athletic department to identify any individual contributions that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting period. We obtained and reviewed supporting documentation for such contributions and ensured the source of funds, goods, and services, as well as the value associated with these items, was disclosed within the notes to the Statement.

   No individuals or outside organizations, other than the Tiger Athletic Foundation, contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A. The value of the contributions from the Tiger Athletic Foundation is disclosed in note 1.

2. We obtained a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets along with a schedule of changes in those assets. We agreed the schedule of changes to supporting schedules provided by the university and the university's general ledger. We agreed the Tiger Athletic Foundation's capital asset schedule to its audited financial statements for the year ended December 31, 2009. We ensured the university's policies and procedures and schedule of changes were properly disclosed within the notes to the Statement.

   We were provided the capital asset information by management (note 2) and found no exceptions as a result of these procedures.

3. We obtained the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the reporting period. We recalculated annual maturities and agreed to supporting schedules provided by the university and the university's general ledger. We agreed the Tiger Athletic Foundation's repayment schedules to its audited financial statements for the year ended December 31, 2009. We ensured the repayment schedules were properly disclosed within the notes to the Statement.

   We found no exceptions as a result of these procedures. The repayment schedules are disclosed in note 3.

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained from university management a listing of all affiliated and outside organizations for the reporting period.

2. We obtained from university management statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the university's general ledger.

   We found no exceptions as a result of these procedures.

3. We obtained written representations from management of the university that the Tiger Athletic Foundation and the LSU Track and Field Officials Association were the only outside organizations created for or on behalf of the athletic department. The LSU Track and Field Officials Association does not make any disbursements on behalf of the athletic department. Instead, the LSU Track and Field Officials Association supports athletics with direct contributions to the Tiger Athletic Foundation. For the year ended December 31, 2009, the LSU Track and Field Officials Association donated $35,000 to the Tiger Athletic Foundation.

4. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by the Tiger Athletic Foundation to be included with the agreed-upon procedures report.

   The following is the summary of revenues and expenses for or on behalf of intercollegiate athletics programs by the Tiger Athletic Foundation for the year ended December 31, 2009:

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
REVENUES						
Contributions	$5,380,080	$81,768	$99,830	$5,240,349	$5,088,900	$15,890,927
Compensation and benefits provided by a third party	512,000				82,106	594,106
Total revenues	5,892,080	81,768	99,830	5,240,349	5,171,006	16,485,033
EXPENSES						
Coaching other compensation and benefits paid by a third party	512,000					512,000
Support staff other compensation					82,106	82,106
Recruiting	95,786	1,389	1,131	9,273		107,579
Team travel	6,530	1,500	198	32,377	1,132	41,737
Equipment, uniforms, and supplies	2,900	966		63,749	3,103	70,718
Game expenses	178,279	7		93,490	12,309	284,085
Fund raising, marketing, and promotion	205,875	22,616	62,316	134,847	470,849	896,503
Spirit groups					46,650	46,650
Membership and dues	29,234	300	6,757	7,119	6,138	49,548
Other operating expense	4,861,476	54,990	29,428	4,899,494	4,548,719	14,394,107
Total expenses	5,892,080	81,768	99,830	5,240,349	5,171,006	16,485,033
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

These amounts include contributions totaling $14,529,065 from the Tiger Athletic Foundation; $1,481,610 from booster clubs; and $474,358 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by the Tiger Athletic Foundation.

5. We obtained written representations as to the fair presentation of the summary schedule and agreed the amounts reported to the Tiger Athletic Foundation's general ledger and audited financial statements for the year ended December 31, 2009.

6. We obtained the independent auditor's reports for all outside organizations that had an independent audit to identify any significant deficiencies relating to their internal control and made inquiries of management to document any corrective action taken in response to the significant deficiencies.

   The financial statements of the Tiger Athletic Foundation for the year ended December 31, 2009, were audited by an independent certified public accounting firm. The audit report was dated March 25, 2010, and did not include a report on internal control.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the LSU Athletic Department or on its compliance with NCAA Bylaw 3.2.4.16.1 or on the effectiveness of the LSU Athletic Department's internal control over financial reporting for the year ended June 30, 2010. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the chancellor of LSU and is not intended to be, and should not be, used by anyone other than the chancellor. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl Purpera

Daryl G. Purpera, CPA
Legislative Auditor

JP:WDG:EFS:THC:dl

LSUNCAA 2010

Statement A

ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY AND A&M COLLEGE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Revenues and Expenses
For the Year Ended June 30, 2010

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	$26,424,895	$1,648,534	$316,206	$2,752,492	$578,921	$31,721,048
Game guarantees	500,000					500,000
Contributions	25,716,403	131,768	149,830	7,148,621	5,108,900	38,255,522
Compensation and benefits provided by a third party	613,567	26,986	46,803	234,359	166,056	1,087,771
NCAA/Conference distributions including all tournament revenues	13,975,239	4,881,859	546	223,623	801,992	19,883,259
Broadcast, television, radio, and Internet rights					7,012,730	7,012,730
Program sales, concessions, novelty sales, and parking	2,204,425	104,848	15,100	209,801	5,301,444	7,835,618
Royalties, licensing, advertisements, and sponsorships					2,519,747	2,519,747
Endowment and investment income					1,121,367	1,121,367
Other					1,093,734	1,093,734
Total operating revenues	69,434,529	6,793,995	528,485	10,568,896	23,704,891	111,030,796
EXPENSES						
Operating Expenses:						
Athletics student aid	2,833,295	372,199	569,327	4,446,819	627,497	8,849,137
Game guarantees	2,056,750	415,000	72,130	80,933		2,624,813
Coaching salaries and benefits paid by the university and related entities	7,556,252	1,951,785	1,260,742	4,381,779		15,150,558
Coaching other compensation and benefits paid by a third party	605,047	26,986	46,803	234,359		913,195
Support staff/administrative salaries and benefits paid by the university and related entities	1,286,406	134,122	116,127	336,516	12,392,252	14,265,423
Support staff/administrative other compensation and benefits paid by a third party	8,520				166,056	174,576
Severance payments	81,019	203,269	5,500	10,957	146,210	446,955
Recruiting	450,649	107,164	62,509	461,178	3,901	1,085,401
Team travel	1,309,189	398,334	292,333	2,121,598	40,139	4,161,593
Equipment, uniforms, and supplies	1,155,800	74,548	81,125	991,509	158,741	2,461,723
Game expenses	977,541	149,945	149,611	532,488	3,889,160	5,698,745
Fund raising, marketing, and promotion	205,875	22,616	62,316	134,847	603,562	1,029,216
Direct facilities, maintenance, and rental	97,138	2,925	721	66,163	21,128,450	21,295,397
Spirit groups					591,988	591,988
Medical expenses and medical insurance	155,193	8,094	28,562	209,750	278,109	679,708
Memberships and dues	32,628	280	7,192	14,974	17,884	72,958
Other operating expenses	6,717,507	320,434	123,622	5,796,013	9,867,807	22,825,383
Total operating expenses	25,528,809	4,187,701	2,878,620	19,819,883	49,911,756	102,326,769
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	$43,905,720	$2,606,294	($2,350,135)	($9,250,987)	($26,206,865)	$8,704,027

This page is intentionally blank.

INTRODUCTION

Louisiana State University and A&M College (LSU), a part of the Louisiana State University 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 LSU Athletic Department is a part of the operations of LSU's auxiliary enterprises. LSU uses the fiscal year July 1 through June 30 for financial reporting purposes.

The LSU Athletic Department is supported by the Tiger Athletic Foundation (TAF). TAF was founded on May 17, 1983, as a nonprofit corporation under Louisiana Revised Statute 12:201(7). The foundation's primary objective is to encourage support and raise funds for LSU and its intercollegiate athletics program. Funds are primarily used to defray the costs of scholarships, help maintain and improve LSU's athletic facilities, and retire present indebtedness. The foundation is governed by a board of directors elected from its membership. TAF's activities are monitored by the board of directors in cooperation with and approval of the LSU Athletic Department. TAF escrow accounts, which include booster clubs and affiliated chapters, are deposits in which the foundation acts as custodian or fiscal agent on behalf of booster organizations. TAF acts as a nonaffiliated party to oversee the revenues generated by booster clubs and affiliated chapters and to provide institutional control as required by NCAA rules. TAF uses the calendar year for financial reporting purposes.

The accompanying statement of revenues and expenses presents information as to the transactions for the intercollegiate athletics program of both LSU and TAF for their fiscal years ended June 30, 2010, and December 31, 2009, respectively.

1. CONTRIBUTIONS

No individuals or outside organizations, other than TAF, contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A.

The athletic department received contributions totaling $16,485,033 from TAF for the year ended December 31, 2009. Contributions from TAF on Statement A reflect gifts in the form of goods, services, and benefits paid for or on behalf of the athletic department as follows:

Contributions	$15,890,927
Compensation and benefits provided by a third party	594,106
Total	$16,485,033

2. 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 system'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 total $100,000 or more and significantly increase the value or extend the useful life of the structure are 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, and 3 to 10 years for most movable property. All departments within the university follow standardized policies and procedures for acquiring, approving, depreciating, and disposing of capital assets.

Cooperative Endeavors - Expansion of Tiger Stadium

On December 21, 1998, LSU entered into a cooperative endeavor agreement with TAF for an addition to the east side of Tiger Stadium. TAF agrees to lease a parcel of land located adjacent to Tiger Stadium for up to 50 years and to construct additional seats on the land as part of Tiger Stadium, including approximately 70 skyboxes. LSU will lease these stadium improvements from TAF for $2 million per year for a 35-year lease term or until TAF donates such improvements to LSU. The estimated value to LSU of this addition over the term of the agreement is approximately $49 million. The cooperative endeavor agreement will end on April 4, 2049.

On September 26, 2003, LSU entered into a cooperative endeavor agreement with TAF for the expansion and renovation of the west side of Tiger Stadium. TAF agrees to lease land and certain existing improvements for expanding and renovating facilities and to complete general stadium improvements. Effective September 1, 2005, LSU leased these improvements from TAF for $2.5 million per year for a 35-year lease term or until TAF donates such improvements to LSU. The estimated value to LSU of this addition over the term of the agreement is approximately $100 million. This agreement is scheduled to expire on March 31, 2041.

Property and Equipment - TAF

The purchase of property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily or permanently restricted revenue. It is TAF's policy to capitalize all fixed asset purchases greater than $1,000. Property and equipment is depreciated using the straight-line method over estimated useful lives of 5 to 50 years.

Construction-in-progress and other additions are stated at cost and represent costs of construction. During the construction period, interest will be capitalized on all qualifying expenditures.

Capital asset activity for the athletic department for the year ended June 30, 2010, is as follows:

LSU ATHLETIC DEPARTMENT

	Restated Balance June 30, 2009	Additions	Transfers	Retirements	Balance June 30, 2010
Capital assets not being depreciated:					
Construction-in-progress	$7,960,586	$6,477,542	($1,831,627)	NONE	$12,606,501
Other capital assets:					
Land and improvements	$2,232,626				$2,232,626
Less - accumulated depreciation	(1,050,749)	($78,240)			(1,128,989)
Total land improvements	1,181,877	(78,240)	NONE	NONE	1,103,637
Buildings	156,823,317	3,208,416	$1,831,627	($2,395,777)	159,467,583
Less - accumulated depreciation	(45,973,461)	(3,898,751)		1,183,833	(48,688,379)
Total buildings	110,849,856	(690,335)	1,831,627	(1,211,944)	110,779,204
Equipment	6,138,491	386,170		(729,755)	5,794,906
Less - accumulated depreciation	(4,893,897)	(388,937)		729,755	(4,553,079)
Total equipment	1,244,594	(2,767)	NONE	NONE	1,241,827
Total other capital assets	$113,276,327	($771,342)	$1,831,627	($1,211,944)	$113,124,668
Capital asset summary:					
Capital assets not being depreciated	$7,960,586	$6,477,542	($1,831,627)		$12,606,501
Other capital assets, at cost	165,194,434	3,594,586	1,831,627	($3,125,532)	167,495,115
Total cost of capital assets	173,155,020	10,072,128	NONE	(3,125,532)	180,101,616
Less - accumulated depreciation	(51,918,107)	(4,365,928)	NONE	1,913,588	(54,370,447)
Capital assets, net	$121,236,913	$5,706,200	NONE	($1,211,944)	$125,731,169

Capital asset activity for TAF for the year ended December 31, 2009, is as follows:

TAF

	Balance December 31, 2008	Additions	Transfers	Retirements	Balance December 31, 2009
Capital assets not being depreciated:					
Land	$3,090,000				$3,090,000
Construction-in-progress	5,449,117	$5,956,645	($6,932,254)	($3,957,510)	515,998
Total capital assets not being depreciated	$8,539,117	$5,956,645	($6,932,254)	($3,957,510)	$3,605,998
Other capital assets:					
Land and improvements	$1,624,173	$1,237			$1,625,410
Less - accumulated depreciation	(389,993)	(59,429)			(449,422)
Total land improvements	1,234,180	(58,192)	NONE	NONE	1,175,988
Buildings	130,223,325	9,047,956	$6,932,254		146,203,535
Less - accumulated depreciation	(10,160,496)	(2,626,162)			(12,786,658)
Total buildings	120,062,829	6,421,794	6,932,254	NONE	133,416,877
Equipment	458,838	3,223		($167,634)	294,427
Less - accumulated depreciation	(337,557)	(38,776)		167,634	(208,699)
Total equipment	121,281	(35,553)	NONE	NONE	85,728
Vehicles	27,978				27,978
Less - accumulated depreciation	(5,516)	(5,596)			(11,112)
Total vehicles	22,462	(5,596)	NONE	NONE	16,866
Total other capital assets	$121,440,752	$6,322,453	$6,932,254	NONE	$134,695,459
Capital asset summary:					
Capital assets not being depreciated	$8,539,117	$5,956,645	($6,932,254)	($3,957,510)	$3,605,998
Other capital assets, at cost	132,334,314	9,052,416	6,932,254	(167,634)	148,151,350
Total cost of capital assets	140,873,431	15,009,061	NONE	(4,125,144)	151,757,348
Less - accumulated depreciation	(10,893,562)	(2,729,963)	NONE	167,634	(13,455,891)
Capital assets, net	$129,979,869	$12,279,098	NONE	($3,957,510)	$138,301,457

UNAUDITED

3. LONG-TERM LIABILITIES

Bonds Payable - LSU Athletic Department

The following is a detailed summary of bonds payable for the athletic department for the year ended June 30, 2010:

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2009	(Redeemed) Issued	Principal Outstanding June 30, 2010	Interest Rates	Maturities	Interest Outstanding June 30, 2010
2005A	June 2, 2005	$6,295,000	$3,870,000	($510,000)	$3,360,000	3.0% to 5.0%	2011-2017	$540,990
2006	August 9, 2006	47,280,000	47,280,000		47,280,000	4.0% to 5.0%	2011-2036	40,264,297
2007	December 11, 2007	24,091,200	23,543,500	(440,900)	23,102,600	4.0% to 5.0%	2011-2037	18,481,791
2008	June 27, 2008	9,095,000	7,520,000	(1,480,000)	6,040,000	2.0% to 5.0%	2011-2026	3,207,190
Total		$86,761,200	$82,213,500	($2,430,900)	$79,782,600			$62,494,268

The 2005A bonds refunded the Series 1996 bonds for $3,965,000 and the Series 1997 bonds for $2,330,000. The 2006 bonds funded the construction of the Alex Box Stadium and the Women's Softball Complex. The 2007 bonds funded renovations and additions to various athletic facilities, including parking facilities. The 2008 fixed rate bonds refunded the variable rate 2005B bonds and terminated an associated derivative interest rate swap agreement. This issue also refunded the 1988 LPFA loan agreement.

The following is the amortization schedule for the outstanding bonds payable for the athletic department as of June 30, 2010:

Fiscal Year Ending	Principal	Interest	Total
2011	$1,558,800	$3,784,423	$5,343,223
2012	1,736,700	3,722,071	5,458,771
2013	1,806,700	3,652,603	5,459,303
2014	1,879,600	3,574,535	5,454,135
2015	1,957,500	3,493,301	5,450,801
2016-2020	11,119,700	16,144,157	27,263,857
2021-2025	13,857,000	13,229,956	27,086,956
2026-2030	17,313,300	9,599,219	26,912,519
2031-2035	22,016,000	4,905,864	26,921,864
2036-2037	6,537,300	388,139	6,925,439
Total	$79,782,600	$62,494,268	$142,276,868

Bonds Payable - TAF

The following is a detailed summary of bonds payable for TAF for the year ended December 31, 2009:

Issue	Date of Issue	Original Issue	Principal Outstanding December 31, 2008	(Redeemed) Issued	Principal Outstanding December 31, 2009	Interest Rates	Maturities
Series 1999 Bonds	March 4, 1999	$43,575,000	$43,575,000		$43,575,000	Variable	2010-2028
Series 2004 Bonds	March 23, 2004	90,000,000	85,310,000	($1,775,000)	83,535,000	Variable	2010-2039
Total		$133,575,000	$128,885,000	($1,775,000)	$127,110,000		

In 1999, the foundation issued $43,575,000 in revenue bonds for financing or reimbursing a portion of the cost of certain improvements and renovations to the East Side Upper Deck of Tiger Stadium at LSU.

In 2004, the foundation issued $90,000,000 in revenue bonds for financing or reimbursing a portion of the cost of certain improvements and renovations to the West Side Upper Deck at LSU's Tiger Stadium and construction of the Football Operations Center, as well as miscellaneous improvements to Tiger Stadium. On March 15, 2007, an amendment was made to the original loan agreement which waived the principal payment due on September 1, 2007, and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034. Effective November 2009, the bonds were reissued as a single fully registered bond without coupons and shall mature September 2039.

The following is the amortization schedule for the outstanding bonds payable for TAF as of December 31, 2009:

Fiscal Year Ending	Principal	Interest
2010	$3,335,000	Variable
2011	3,490,000	Variable
2012	3,660,000	Variable
2013	3,840,000	Variable
2014	4,025,000	Variable
2015-2019	23,210,000	Variable
2020-2024	28,365,000	Variable
2025-2029	29,645,000	Variable
2030-2034	22,540,000	Variable
2035-2039	5,000,000	Variable
Total	$127,110,000	

UNAUDITED