

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



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 23, 2013

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 10, 2013

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

DR. WILLIAM L. JENKINS, INTERIM 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 interim 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) Constitution 3.2.4.16 for the year ended June 30, 2012, and to assist you in your evaluation of the effectiveness of the LSU Athletic Department's internal control over financial reporting as of June 30, 2012. 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.

In our discussions with LSU management, we were informed that cash in the amount of \$7,872 was discovered missing during the LSU Athletic Ticket Office's reconciliation of ticket sales for a baseball game. The cause of the missing cash has not been determined.

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.
 - (a) We randomly selected a sample of 17 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 17 travel expenses and five 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 17 revenue transactions and five 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.

3. We determined that the University's internal auditor did not issue any reports on the LSU Athletic Department during the fiscal year.
4. 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 these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, completeness of the list of all known affiliated and outside organizations and other information we considered necessary for the year ended June 30, 2012.

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, 2012.

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, 2012, and June 30, 2011, 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:

Revenues

Football:

Ticket sales

NCAA/Conference distributions, including all tournament revenues

Other Sports:

Contributions

Non-Program Specific:

Program sales, concessions, novelty sales, and parking

Expenses

Football:

Coaching salaries and benefits paid by the University and related entities

Other Sports:

Coaching salaries and benefits paid by the University and related entities

Non-Program Specific:

Other operating expenses

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, 2012, 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, we identified variance of 25 percent or greater in the following accounts that is 5 percent or more of the total:

Expenses

Coaches/support staff salaries
Other expenses

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 10 random operating revenue receipts transactions from the ticket sales category as of March 31, 2012, 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 reporting 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 reporting 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 two randomly selected agreements related to the University's participation in revenues from royalties, licensing, advertising, and sponsorships during the reporting 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 obtained and inspected 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 three operating revenue receipts from categories not previously mentioned and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

10. We randomly selected three largest revenue receipts overall that were not selected in procedures one through nine 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, etc.), 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 examined the contracts for the head coaches from football, baseball, and men's and women's basketball, and selected 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 salaries, benefits, and supplemental compensation 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 amounts recorded by the University in the Statement during the reporting period.
- (d) We recalculated the 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 contacts. 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 amounts recorded by the University in the Statement during the reporting period.

(d) We recalculated the totals.

We found no exceptions as a result of these procedures.

5. Using a list prepared by the University, we selected an 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 nine random team travel expenses as of March 31, 2012, and agreed to adequate supporting documentation. In addition, we obtained documentation of football team travel expenses for the BCS National Championship Game 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 randomly selected three facilities, maintenance, and rental expense transactions 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 three random operating expenses, including two administrative travel expenses, from the other operating expense category as of March 31, 2012, 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.

13. We selected the five largest expense transactions overall that were not selected in procedures one through 12 and agreed to adequate supporting documentation.

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 that the source of funds, goods, and services, as well as the value associated with these items, is 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, 2011. We ensured that 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, 2011. We ensured that 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, 2011, the LSU Track and Field Officials Association donated \$43,100 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, 2011:

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
REVENUES						
Contributions	\$2,737,385	\$2,359,735	\$103,856	\$4,667,148	\$3,766,587	\$13,634,711
Compensation and benefits provided by a third party	512,000				41,200	553,200
Total revenues	<u>3,249,385</u>	<u>2,359,735</u>	<u>103,856</u>	<u>4,667,148</u>	<u>3,807,787</u>	<u>14,187,911</u>
EXPENSES						
Coaching other compensation and benefits paid by a third party	512,000				41,200	553,200
Recruiting	57,718	3,219	1,278	10,114		72,329
Team travel	604	130,352		151,691	7,500	290,147
Equipment, uniforms, and supplies	2,775		6,000	121,718		130,493
Game expenses	206,032	195	72	96,900	9,500	312,699
Fund raising, marketing, and promotion	191,182	22,094	18,250	136,274	462,215	830,015
Spirit groups					58,851	58,851
Membership and dues	21,690	300	6,390	30,053	9,786	68,219
Other operating expense	2,257,384	2,203,575	71,866	4,120,398	3,218,735	11,871,958
Total expenses	<u>3,249,385</u>	<u>2,359,735</u>	<u>103,856</u>	<u>4,667,148</u>	<u>3,807,787</u>	<u>14,187,911</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

These amounts include contributions totaling \$12,096,411 from the Tiger Athletic Foundation; \$1,723,847 from booster clubs; and \$367,653 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 and agreed the amounts reported to the Tiger Athletic Foundation's general ledger and audited financial statements for the year ended December 31, 2011.
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, 2011, were audited by an independent certified public accounting firm. The audit report was dated March 16, 2012, 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 Constitution 3.2.4.16 or on the effectiveness of the LSU Athletic Department's internal control

over financial reporting for the year ended June 30, 2012. 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 interim chancellor of LSU and is not intended to be, and should not be, used by anyone other than the interim chancellor. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JDO:NWM:EFS:THC:ch

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**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, 2012**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUES						
Operating Revenues:						
Ticket sales	\$25,506,556	\$1,337,848	\$326,288	\$2,811,772	\$1,520,271	\$31,502,735
Game guarantees	2,350,000	60,000				2,410,000
Contributions	22,376,287	2,815,161	168,856	6,817,848	3,786,588	35,964,740
Compensation and benefits provided by a third party	622,700	3,438		50,500	146,608	823,246
NCAA/Conference distributions, including all tournament revenues	16,045,946	5,122,765	58,160	196,924	1,262,306	22,686,101
Broadcast, television, radio, and Internet rights					6,920,981	6,920,981
Program sales, concessions, novelty sales, and parking	2,525,520	85,744	17,700	309,668	5,953,508	8,892,140
Royalties, licensing, advertisements, and sponsorships					2,835,341	2,835,341
Endowment and investment income					1,129,417	1,129,417
Other					1,623,086	1,623,086
Total operating revenues	<u>69,427,009</u>	<u>9,424,956</u>	<u>571,004</u>	<u>10,186,712</u>	<u>25,178,106</u>	<u>114,787,787</u>
EXPENSES						
Operating Expenses:						
Athletics student aid	3,205,218	442,176	586,067	5,505,389	1,172,216	10,911,066
Game guarantees	1,305,000	133,828	59,856	121,643		1,620,327
Coaching salaries and benefits paid by the university and related entities	9,775,009	2,150,475	1,848,189	5,442,841		19,216,514
Coaching other compensation and benefits paid by a third party	605,750	3,438		50,500		659,688
Support staff/administrative salaries and benefits paid by the university and related entities	1,721,334	142,668	242,629	428,368	12,318,427	14,853,426
Support staff/administrative other compensation and benefits paid by a third party	16,950				146,608	163,558
Severance payments	53,782	104,399	4,442	59,430	144,243	366,296
Recruiting	382,717	90,782	102,629	473,015	8,439	1,057,582
Team travel	1,217,195	596,002	564,369	2,520,162	43,381	4,941,109
Equipment, uniforms, and supplies	866,988	74,589	76,427	1,111,254	299,334	2,428,592
Game expenses	961,123	182,607	141,756	538,049	4,945,707	6,769,242
Fund raising, marketing, and promotion	191,181	22,095	18,250	136,274	607,232	975,032
Direct facilities, maintenance, and rental	26,465	3,727	140	15,058	17,349,635	17,395,025
Spirit groups					732,090	732,090
Medical expenses and medical insurance	162,506	19,500	15,419	187,060	254,771	639,256
Memberships and dues	24,110	355	7,147	43,519	21,775	96,906
Other operating expenses	4,156,654	1,087,607	76,428	5,247,063	8,595,656	19,163,408
Total operating expenses	<u>24,671,982</u>	<u>5,054,248</u>	<u>3,743,748</u>	<u>21,879,625</u>	<u>46,639,514</u>	<u>101,989,117</u>
Transfers to institution					4,684,602	4,684,602
Total Expenses	<u>24,671,982</u>	<u>5,054,248</u>	<u>3,743,748</u>	<u>21,879,625</u>	<u>51,324,116</u>	<u>106,673,719</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>\$44,755,027</u>	<u>\$4,370,708</u>	<u>(\$3,172,744)</u>	<u>(\$11,692,913)</u>	<u>(\$26,146,010)</u>	<u>\$8,114,068</u>

NOTES TO THE FINANCIAL STATEMENT

(UNAUDITED)

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). TAF'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. TAF 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 TAF 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, 2012, and December 31, 2011, 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 \$14,187,911 from TAF for the year ended December 31, 2011. 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	\$13,634,711
Compensation and benefits provided by a third party	<u>553,200</u>
Total	<u><u>\$14,187,911</u></u>

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, 2012, is as follows:

LSU ATHLETIC DEPARTMENT

	Restated Balance June 30, 2011	Additions	Transfers	Retirements	Balance June 30, 2012
Capital assets not being depreciated:					
Construction-in-progress	\$4,306,987	\$1,959,746	(\$4,292,406)	NONE	\$1,974,327
Other capital assets:					
Depreciable land improvements	\$3,182,626		\$4,292,406		\$7,475,032
Less - accumulated depreciation	(1,254,736)	(\$340,361)			(1,595,097)
Total land improvements	1,927,890	(340,361)	4,292,406	NONE	5,879,935
Buildings	172,030,081	1,913,762			173,943,843
Less - accumulated depreciation	(47,044,884)	(3,985,505)			(51,030,389)
Total buildings	124,985,197	(2,071,743)	NONE	NONE	122,913,454
Equipment	6,063,842	395,390		(\$512,743)	5,946,489
Less - accumulated depreciation	(4,584,020)	(404,075)		512,743	(4,475,352)
Total equipment	1,479,822	(8,685)	NONE	NONE	1,471,137
Total other capital assets	\$128,392,909	(\$2,420,789)	\$4,292,406	NONE	\$130,264,526
Capital asset summary:					
Capital assets not being depreciated	\$4,306,987	\$1,959,746	(\$4,292,406)		\$1,974,327
Other capital assets, at cost	181,276,549	2,309,152	4,292,406	(\$512,743)	187,365,364
Total cost of capital assets	185,583,536	4,268,898	NONE	(512,743)	189,339,691
Less - accumulated depreciation	(52,883,640)	(4,729,941)	NONE	512,743	(57,100,838)
Capital assets, net	\$132,699,896	(\$461,043)	NONE	NONE	\$132,238,853

Capital asset activity for TAF for the year ended December 31, 2011, is as follows:

TAF

	Balance December 31, 2010	Additions	Transfers	Retirements	Balance December 31, 2011
Capital assets not being depreciated:					
Land	\$3,090,000				\$3,090,000
Construction-in-progress		\$91,170			91,170
Total capital assets not being depreciated	<u>\$3,090,000</u>	<u>\$91,170</u>	<u>NONE</u>	<u>NONE</u>	<u>\$3,181,170</u>
Other capital assets:					
Land and improvements	\$4,368,758	\$4,734			\$4,373,492
Less - accumulated depreciation	(508,874)	(57,584)		\$184,974	(381,484)
Total land improvements	<u>3,859,884</u>	<u>(52,850)</u>	<u>NONE</u>	<u>184,974</u>	<u>3,992,008</u>
Buildings	146,437,771	405,117			146,842,888
Less - accumulated depreciation	(15,602,529)	(2,813,003)			(18,415,532)
Total buildings	<u>130,835,242</u>	<u>(2,407,886)</u>	<u>NONE</u>	<u>NONE</u>	<u>128,427,356</u>
Equipment	295,488	6,547			302,035
Less - accumulated depreciation	(235,955)	(22,006)			(257,961)
Total equipment	<u>59,533</u>	<u>(15,459)</u>	<u>NONE</u>	<u>NONE</u>	<u>44,074</u>
Vehicles	27,978				27,978
Less - accumulated depreciation	(16,708)	(5,596)			(22,304)
Total vehicles	<u>11,270</u>	<u>(5,596)</u>	<u>NONE</u>	<u>NONE</u>	<u>5,674</u>
Total other capital assets	<u>\$134,765,929</u>	<u>(\$2,481,791)</u>	<u>NONE</u>	<u>\$184,974</u>	<u>\$132,469,112</u>
Capital asset summary:					
Capital assets not being depreciated	\$3,090,000	\$91,170			\$3,181,170
Other capital assets, at cost	<u>151,129,995</u>	<u>416,398</u>			<u>151,546,393</u>
Total cost of capital assets	<u>154,219,995</u>	<u>507,568</u>	<u>NONE</u>	<u>NONE</u>	<u>154,727,563</u>
Less - accumulated depreciation	<u>(16,364,066)</u>	<u>(2,898,189)</u>	<u>NONE</u>	<u>\$184,974</u>	<u>(19,077,281)</u>
Capital assets, net	<u>\$137,855,929</u>	<u>(\$2,390,621)</u>	<u>NONE</u>	<u>\$184,974</u>	<u>\$135,650,282</u>

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, 2012:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding June 30, 2011</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding June 30, 2012</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Interest Outstanding June 30, 2012</u>
2005A	June 2, 2005	\$6,295,000	\$2,825,000	(\$560,000)	\$2,265,000	3.75% to 5.0%	2017	\$259,506
2006	August 9, 2006	47,280,000	46,715,000	(700,000)	46,015,000	4.0% to 5.0%	2036	35,740,985
2007	December 11, 2007	24,091,200	22,643,800	(476,700)	22,167,100	4.0% to 5.0%	2037	16,336,369
2008	June 27, 2008	6,180,000	6,040,000		6,040,000	4.0% to 5.0%	2026	2,650,914
Total		<u>\$83,846,200</u>	<u>\$78,223,800</u>	<u>(\$1,736,700)</u>	<u>\$76,487,100</u>			<u>\$54,987,774</u>

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, 2012:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,020,400	3,408,601	5,429,001
2017	2,118,300	3,327,611	5,445,911
2018-2022	12,185,300	15,093,398	27,278,698
2023-2027	15,081,300	11,876,010	26,957,310
2028-2032	19,075,000	7,842,100	26,917,100
2033-2037	20,363,000	2,719,615	23,082,615
Total	<u>\$76,487,100</u>	<u>\$54,987,774</u>	<u>\$131,474,874</u>

Bonds Payable - TAF

The following is a detailed summary of bonds payable for TAF for the year ended December 31, 2011:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding December 31, 2010</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding December 31, 2011</u>	<u>Interest Rates</u>	<u>Maturities</u>
Series 1999 Bonds	March 4, 1999	\$43,575,000	\$42,100,000	(\$1,540,000)	\$40,560,000	Variable	2033
Series 2004 Bonds	March 23, 2004	90,000,000	81,675,000	(1,950,000)	79,725,000	Variable	2039
Total		<u>\$133,575,000</u>	<u>\$123,775,000</u>	<u>(\$3,490,000)</u>	<u>\$120,285,000</u>		

In 1999, TAF 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, TAF 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, 2011:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2012	\$3,660,000	Variable
2013	3,840,000	Variable
2014	4,025,000	Variable
2015	4,215,000	Variable
2016	4,420,000	Variable
2017-2021	25,500,000	Variable
2022-2026	29,265,000	Variable
2027-2031	27,780,000	Variable
2032-2036	14,580,000	Variable
2037-2039	<u>3,000,000</u>	Variable
Total	<u>\$120,285,000</u>	