Athletic Department
Louisiana State University
Louisiana State University System
State of Louisiana

Agreed-Upon Procedures Report

Issued January 7, 2015

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

December 16, 2014

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

**DR. F. KING ALEXANDER, PRESIDENT
AND 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 president and 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, 2014, 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, 2014. 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.

   (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 noted the following as a result of these procedures:

   - One revenue transaction related to ticket sales was processed without all required approvals.

   - Two of the high-dollar travel expense transactions were processed without completed Travel Expense Voucher forms. These transactions were related to airfare charters for the men's and women's basketball teams.

3. We determined the university's internal auditors 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 legislations, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2014.

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, 2014.

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, 2014, and June 30, 2013, 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 procedures, 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:
   Contributions
   Other Sports:
   Contributions
   Non-program specific:
   Broadcast television, radio, and Internet rights

   Expenses
   Football:
   Coaching salaries paid by the university
   Other operating expenses
   Other sports:
   Athletics student aid
   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, 2014, 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 procedures, we identified a variance of 25 percent or greater in the following account that is 5 percent or more of the total:

Expenses
Debt Service

We obtained and documented the university's explanation for the variance.

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, 2014, and agreed to adequate supporting documentation.

   We noted one exception as a result of these procedures. As noted previously, one revenue transaction related to ticket sales was processed without all required approvals.

2. For the 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 it 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 these procedures.

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 these procedures.

10. We selected the 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 these procedures.

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 and 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 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 coaching salaries, benefits, and other 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 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 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 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 nine random team travel expenses as of March 31, 2014, and agreed to adequate supporting documentation. In addition, we obtained documentation of football team travel expenses for the Outback Bowl 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 five random operating expenses, including two administrative travel expenses, from the other operating expense category as of March 31, 2014, 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 twelve 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 (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 value of the contributions from TAF 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 TAF's capital asset schedule to its audited financial statements for the year ended December 31, 2013. 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 TAF's repayment schedules to its audited financial statements for the year ended December 31, 2013. 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 TAF 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 TAF. For the year ended December 31, 2013, the LSU Track and Field Officials Association donated $40,000 to TAF.

4. We obtained from management a summary of revenues and expenses for, or on behalf of, intercollegiate athletics programs by TAF 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 TAF for the year ended December 31, 2013:

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
REVENUES						
Contributions	$13,320,422	$398,801	$40,193	$4,995,396	$5,419,875	$24,174,687
Compensation and benefits provided by a third party	517,382	833		16,175	97,745	632,135
Total revenues	13,837,804	399,634	40,193	5,011,571	5,517,620	24,806,822
EXPENSES						
Coaching other compensation and benefits paid by a third party	517,382	833		16,175	97,745	632,135
Recruiting	34,619	17,584	1,825	16,760	37,660	108,448
Team travel	340	738	1,190	13,214	3,422	18,904
Equipment, uniforms, and supplies				54,178		54,178
Game expenses	170,779	4,295		102,795		277,869
Fund raising, marketing, and promotion	148,895	38,332	21,526	210,627	661,731	1,081,111
Spirit groups					34,110	34,110
Membership and dues	15,725	2,541		14,246	9,641	42,153
Other operating expenses	12,950,064	335,311	15,652	4,583,576	4,673,311	22,557,914
Total expenses	13,837,804	399,634	40,193	5,011,571	5,517,620	24,806,822
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

These amounts include contributions totaling $22,981,633 from TAF; $1,370,324 from booster clubs; and $454,865 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by TAF.

5. We obtained written representations as to the fair presentation of the summary and agreed the amounts reported to TAF's general ledger and audited financial statements for the year ended December 31, 2013.

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 TAF for the year ended December 31, 2013, were audited by an independent certified public accounting firm. The audit report was dated March 19, 2014, 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, 2014. 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 president and chancellor of LSU and is not intended to be, and should not be, used by anyone other than the president and chancellor of LSU. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

ARW:JPT:EFS:THC:aa

LSU NCAA 2014

UNAUDITED

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, 2014

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	$31,841,481	$1,602,840	$238,175	$2,894,734	$1,109,745	$37,686,975
Game guarantees	3,041,000					3,041,000
Contributions	35,003,478	1,024,851	110,192	7,255,186	5,939,875	49,333,582
Compensation and benefits provided by a third party	633,105	14,083		45,394	160,245	852,827
NCAA/Conference distributions including all tournament revenues	15,358,314	5,146,876	54,035	325,066	2,002,561	22,886,852
Broadcast, television, radio, and Internet rights					6,984,591	6,984,591
Program sales, concessions, novelty sales, and parking	2,622,995	84,200	12,000	288,624	3,703,273	6,711,092
Royalties, licensing, advertisements, and sponsorships					3,437,777	3,437,777
Endowment and investment income					1,062,725	1,062,725
Other					1,681,835	1,681,835
Total operating revenues	88,500,373	7,872,850	414,402	10,809,004	26,082,627	133,679,256
EXPENSES						
Operating Expenses:						
Athletics student aid	3,344,380	682,158	721,675	6,997,870	951,799	12,697,882
Game guarantees	2,430,000	438,000	76,135	132,765		3,076,900
Coaching salaries and benefits paid by the university and related entities	10,794,471	2,181,714	1,608,374	5,882,945		20,467,504
Coaching other compensation and benefits paid by a third party	612,603	14,083		45,394		672,080
Support staff/administrative salaries and benefits paid by the university and related entities	1,634,061	239,016	257,546	579,633	13,754,118	16,464,374
Support staff/administrative other compensation and benefits paid by a third party	20,502				160,245	180,747
Severance payments	96,667	7,115		28,916	52,982	185,680
Recruiting	523,543	159,462	139,010	491,246	55,296	1,368,557
Team travel	1,309,805	719,217	741,650	2,756,127	30,944	5,557,743
Equipment, uniforms, and supplies	1,160,746	106,881	103,802	1,240,691	429,605	3,041,725
Game expenses	929,407	200,864	157,642	555,435	5,432,576	7,275,924
Fund raising, marketing, and promotion	148,895	38,332	21,526	210,629	774,156	1,193,538
Direct facilities, maintenance, and rental	20,576	4,153		45,664	18,618,115	18,688,508
Spirit groups					1,174,128	1,174,128
Medical expenses and medical insurance	156,690	6,392	30,821	139,293	235,044	568,240
Memberships and dues	18,655	3,186	725	29,589	31,491	83,646
Other operating expenses	15,289,224	524,297	238,615	5,543,031	8,653,366	30,248,533
Total operating expenses	38,490,225	5,324,870	4,097,521	24,679,228	50,353,865	122,945,709
Transfers to institution					4,684,602	4,684,602
Total Expenses	38,490,225	5,324,870	4,097,521	24,679,228	55,038,467	127,630,311
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	$50,010,148	$2,547,980	($3,683,119)	($13,870,224)	($28,955,840)	$6,048,945

NOTES TO THE FINANCIAL STATEMENT
(UNAUDITED)

INTRODUCTION

Louisiana State University and A&M College (LSU), a part of the Louisiana State University 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 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, to help maintain and improve LSU's athletic facilities, and to 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, 2014, and December 31, 2013, 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 $24,806,822 from TAF for the year ended December 31, 2013. 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	$24,174,687
Compensation and benefits provided by a third party	632,135
Total	$24,806,822

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 expenses 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.

<u>Cooperative Endeavors - Expansion of Tiger Stadium</u>

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.

TAF entered into a Cooperative Endeavor and Lease Agreement with the Board of Supervisors of LSU. The Lease Agreement stipulates that TAF will lease from LSU certain land (Ground Lease) and existing improvements thereon (Facilities Lease) in order to provide necessary, new, expanded and renovated Facilities/South, South End Zone Scoreboards and Olympic Sports Improvements, all as defined by LSU. TAF entered into the Cooperative Endeavor for the purpose of, and shall have the continuing obligation of, developing and constructing the Facilities/South and South End Zone Scoreboards in accordance with plans and specifications approved by LSU, and shall ensure the maintenance, operation, management and replacement of the Facilities/South and South End Zone Scoreboards. TAF shall expend a total amount, including for both hard and soft costs, of $100 million for the financing, design, development, performance and construction of the Facilities/South and Olympic Sports Improvements in accordance with the plans and specifications approved by LSU. The expenditures necessary for the South End Zone Scoreboards will be outside of and in addition to the $100,000,000.

The term of the Ground Lease between LSU and TAF is 50 years; however, it will terminate with the Cooperative Endeavor, when, and if, the Facilities/South are donated by TAF to LSU. The Facilities Lease is scheduled to terminate June 30, 2049; however, LSU may terminate the lease at any time after the bonds, referred to in note 3, are paid in full or legally defeased. TAF is committed to an annual rent of $25,000 for the land. Upon completion of the Facilities/South, TAF will lease to LSU a portion of that Facilities/South. Under the terms of this lease, and with anticipated completion of the construction prior to the start of the 2014 LSU football season, LSU will pay TAF $4,000,000, annually, beginning September 1, 2014.

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, 2014, is as follows:

LSU ATHLETIC DEPARTMENT

	Restated Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets not being depreciated:				
Construction-in-progress	$495,226	$5,884,207	NONE	$6,379,433
Other capital assets:				
Depreciable land improvements	$10,852,488	$11,383,072		$22,235,560
Less - accumulated depreciation	(2,390,971)	(1,075,268)		(3,466,239)
Total land improvements	8,461,517	10,307,804	NONE	18,769,321
Buildings	176,677,715	582,000		177,259,715
Less - accumulated depreciation	(54,701,762)	(3,975,563)		(58,677,325)
Total buildings	121,975,953	(3,393,563)	NONE	118,582,390
Equipment	5,941,637	296,174	($783,325)	5,454,486
Less - accumulated depreciation	(4,582,503)	(504,444)	783,325	(4,303,622)
Total equipment	1,359,134	(208,270)	NONE	1,150,864
Total other capital assets	$131,796,604	$6,705,971	NONE	$138,502,575
Capital asset summary:				
Capital assets not being depreciated	$495,226	$5,884,207	NONE	$6,379,433
Other capital assets, at cost	193,471,840	12,261,246	(783,325)	204,949,761
Total cost of capital assets	193,967,066	18,145,453	(783,325)	211,329,194
Less - accumulated depreciation	(61,675,236)	(5,555,275)	783,325	(66,447,186)
Capital assets, net	$132,291,830	$12,590,178	NONE	$144,882,008

Capital asset activity for TAF for the year ended December 31, 2013, is as follows:

TAF

	Balance December 31, 2012	Additions	Balance December 31, 2013
Capital assets not being depreciated:			
Land	$3,090,000		$3,090,000
Construction-in-progress	9,497,120	$36,539,029	46,036,149
Total capital assets not being depreciated	$12,587,120	$36,539,029	$49,126,149
Other capital assets:			
Land and improvements	$4,379,844	$188,194	$4,568,038
Less - accumulated depreciation	(418,622)	(38,813)	(457,435)
Total land improvements	3,961,222	149,381	4,110,603
Buildings	147,006,537	2,557,132	149,563,669
Less - accumulated depreciation	(21,253,600)	(2,967,759)	(24,221,359)
Total buildings	125,752,937	(410,627)	125,342,310
Equipment	316,045	44,296	360,341
Less - accumulated depreciation	(272,278)	(11,567)	(283,845)
Total equipment	43,767	32,729	76,496
Vehicles	27,978		27,978
Less - accumulated depreciation	(27,900)	(78)	(27,978)
Total vehicles	78	(78)	NONE
Total other capital assets	$129,758,004	($228,595)	$129,529,409
Capital asset summary:			
Capital assets not being depreciated	$12,587,120	$36,539,029	$49,126,149
Other capital assets, at cost	151,730,404	2,789,622	154,520,026
Total cost of capital assets	164,317,524	39,328,651	203,646,175
Less - accumulated depreciation	(21,972,400)	(3,018,217)	(24,990,617)
Capital assets, net	$142,345,124	$36,310,434	$178,655,558

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, 2014:

Issue	Date of Issue	Original Issue	Principal Outstanding at 6/30/2013	Issued/ (Retired)	Principal Outstanding at 6/30/2014	Interest Rates	Maturities	Interest Outstanding at 6/30/2014
2005A	06/02/05	$6,295,000	$1,685,000	($605,000)	$1,080,000	3.7% to 5%	2017	$73,222
2006	08/09/06	47,280,000	45,285,000	(760,000)	44,525,000	4.0% to 5.0%	2036	31,325,470
2007	12/11/07	24,091,200	21,670,400	(2,514,600)	19,155,800	4.0% to 5.0%	2037	12,311,673
2008	06/27/08	6,180,000	6,040,000		6,040,000	4.0% to 5.0%	2026	2,094,637
Total		$83,846,200	$74,680,400	($3,879,600)	$70,800,800			$45,805,002

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, 2014:

Fiscal Year Ending	Principal	Interest	Total
2015	$1,957,500	$3,394,649	$5,352,149
2016	2,020,400	3,309,951	5,330,351
2017	2,118,300	3,228,958	5,347,258
2018	2,199,100	3,143,715	5,342,815
2019	2,342,000	3,042,689	5,384,689
2020-2024	13,288,800	13,384,425	26,673,225
2025-2029	16,511,400	9,904,904	26,416,304
2030-2034	19,135,400	5,469,940	24,605,340
2035-2037	11,227,900	925,771	12,153,671
Total	$70,800,800	$45,805,002	$116,605,802

Bonds and Notes Payable - TAF

The following is a detailed summary of bonds and notes payable for TAF for the year ended December 31, 2013:

Issue	Date of Issue	Original Issue	Outstanding 12/31/12	Issued/ (Retired)	Outstanding 12/31/13	Interest Rates	Maturities
1999 Bond	03/04/99	$43,575,000	$38,945,000	(1,690,000)	$37,255,000	Variable	2033
2004 Bond	03/23/04	90,000,000	77,680,000	(2,150,000)	75,530,000	Variable	2039
2012 Bond	10/23/12	46,000,000	5,100,000	40,900,000	46,000,000	Variable	2037
2012 Term Loan	10/23/12	3,237,887	808,731	2,429,156	3,237,887	Variable	2024
Total		$182,812,887	$122,533,731	$39,489,156	$162,022,887		

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.

In 2012, TAF entered into a bond purchase agreement and a resulting loan agreement so that it could borrow from the proceeds of the sale of revenue bonds due to the commitment to expend $100,000,000 on financing, design, development, performance and construction of the South Side Expansion at LSU’s Tiger Stadium, and Olympic Sports improvements. At December 31, 2013, TAF had drawn $46,000,000 of the $75,000,000 aggregate bond principle and $3,237,887 of the $25,000,000 term loan.

The following is the amortization schedule for the outstanding bonds and notes payable for TAF as of December 31, 2013:

Fiscal Year Ending	Principal	Interest
2014	$4,383,666	Variable
2015	6,378,830	Variable
2016	5,135,391	Variable
2017	4,635,000	Variable
2018	7,765,000	Variable
2019-2023	43,725,000	Variable
2024-2028	48,310,000	Variable
2029-2033	35,080,000	Variable
2034-2038	5,610,000	Variable
2039	1,000,000	Variable
Total	$162,022,887	