

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



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 24, 2022

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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

January 13, 2022

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

**DR. WILLIAM F. TATE IV, PRESIDENT
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 of the Louisiana State University System (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University's athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2021. University management is responsible for the accuracy of the Statement (unaudited) and the related notes (unaudited) and the 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 the University. Management of the University has acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Procedures were not performed on specific reporting categories that were less than 4% of the total revenues or expenses.

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

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussion with management, the identity of those aspects of internal control that 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. The following procedures were performed:

- (a) We randomly selected one football, two men's basketball, and three baseball operating revenue receipts transactions from the ticket sales category as of June 30, 2021, 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 obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's intercollegiate athletics program and performed procedures to determine 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 accuracy of the Statement, 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 as we considered necessary for the fiscal year ended June 30, 2021.
2. We verified the mathematical accuracy of the amounts on the Statement and compared and agreed the amounts 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 each major revenue and expense account greater than 10% of total revenues or expenses for June 30, 2021, to June 30, 2020, amounts and budget estimates, to identify variations greater than 10%.

We reported the analysis in Appendix A to this report.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the University for football, baseball, and men's basketball, we compared the value of the tickets sold, complimentary tickets provided, and unsold tickets for the reporting period per the schedule to the related

revenue reported by the University in the general ledger and Statement and to the related attendance figures to determine that the variance totals less than 1%. We selected one football, one men's basketball, and one baseball game and recalculated the ticket sales based on attendance records and the University's ticket policy. We also randomly selected one football, two men's basketball, and three baseball operating revenue receipts transactions from the ticket sales category as of June 30, 2021, and agreed to adequate supporting documentation.

We found no exceptions as a result of these procedures.

2. We obtained documentation 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% or greater. In addition, we reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more in the aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period. We recalculated the totals.

We identified no variances that were 5% or greater for Tradition Fund contribution revenue and we found no exceptions as a result of these procedures.

3. We obtained and inspected agreements to understand the University's total media (broadcast, television, radio) rights received by the University or through its conference offices as reported in the Statement. We compared and agreed the media rights revenues recorded to a summary statement of all media rights identified and compared and agreed related revenues to the general ledger and the Statement. We also obtained the largest revenue receipt related to media rights and agreed to supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained and inspected agreements related to the University's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University's general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We randomly selected one operating revenue receipt from each revenue category not previously sampled 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 EXPENSES

1. We selected a sample of 60 student athletes from the listing of University student aid recipients during the reporting period. We obtained individual student account detail for each selection, and compared total aid in the University's student system to the University report that ties directly to the NCAA Membership Financial Reporting System. We performed a check of each student selected to ensure his/her information was entered directly into the NCAA Membership Financial Reporting System using the criteria found in 2021 NCAA Agreed-Upon Procedures. We recalculated the totals for each sport and overall for all sports.

We found no exceptions as a result of these procedures.

2. We obtained and inspected 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 two highest paid support/administrative personnel and a random sample of one support staff/administrative personnel and all head coaches from football and men's and women's basketball. The following procedures were performed:

- (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
- (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
- (c) We compared and agreed payroll summary registers for each selection to the related salaries, benefits, and bonuses paid by the University and related entities' expense recorded by the University in the Statement during the reporting period.
- (d) We compared and agreed the totals recorded to any employment contracts executed for the sample selected.
- (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained documentation of the University's team travel policies and compared and agreed the University's team travel policies to existing University and NCAA-related policies. We obtained the general ledger detail and compared the detail to

the total expenses reported. We randomly selected a sample of two team travel expenses and validated the existence of the transactions and accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained a listing of debt service schedules, lease payments, and rental fees for athletics facilities and compared the two largest facility payments to additional supporting documentation. We compared amounts recorded to the general ledger detail. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We randomly selected a sample of one expense from each category not previously mentioned above and validated the existence of the transaction and accuracy of recording. We also obtained the general ledger detail and compared to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

1. We obtained the general ledger detail for excess transfers to the University and conference realignment expenses and compared the detail to the total expenses reported. We selected a sample of one transaction to validate the existence of the transaction and the accuracy of its recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

2. We obtained the repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated the annual maturities provided in the schedules obtained. We agreed the total annual maturities and total outstanding athletic debt to supporting documentation.

We found no exceptions as a result of these procedures.

3. We agreed the total outstanding University debt to supporting documentation and the University's general ledger.

We found no exceptions as a result of these procedures.

4. We obtained the schedule and general ledger detail of all athletics dedicated endowments maintained by athletics, the University, and affiliated organizations. We agreed the fair market value in the schedule to the supporting documentation and the general ledger.

We found no exceptions as a result of these procedures.

5. We agreed the total fair market value of University endowments to supporting documentation.

We found no exceptions as a result of these procedures.

6. We obtained a schedule of athletics related capital expenditures made by athletics, the University, and affiliated organizations during the reporting period. We obtained the general ledger detail and compared the detail to the total expenses reported. We selected a sample of one transaction to validate the existence of the transaction and the accuracy of its recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period and ensured the source(s) of the funds, goods, and services, as well as the value associated with these items were properly disclosed in the notes to the Statement.

We noted that the Tiger Athletic Foundation (TAF) is the only outside organization that provided total contributions of monies, goods, or services to the athletic department that exceeded 10% of the total contributions (see note 1 to the Statement).

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 2 to the Statement).

3. We obtained from University management the repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We ensured the repayment schedule is properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 3 to the Statement).

**MINIMUM AGREED-UPON PROCEDURES FOR
AFFILIATED AND OUTSIDE ORGANIZATIONS**

1. We obtained from management a listing of all affiliated and outside organizations for the reporting period. We obtained written representations from management that TAF and the LSU Track and Field Officials Association are the only outside organizations created for or on behalf of the athletic department.

We found no exceptions as a result of these procedures.

2. We obtained from management of the University statements for all affiliated and outside organizations and confirmed revenues and expenses directly with a responsible official of the organization.

We found no exceptions as a result of these procedures.

3. We obtained from University management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the University to be included with the agreed-upon procedures report as follows:

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Revenues						
Contributions	\$1,289,640	\$264,753	\$32,250	\$682,147	\$10,742,465	\$13,011,255
In-kind	160,215			16,024	50,294	226,533
Total operating revenue	<u>\$1,449,855</u>	<u>\$264,753</u>	<u>\$32,250</u>	<u>\$698,171</u>	<u>\$10,792,759</u>	<u>\$13,237,788</u>
Expenses						
Coaching other compensation and benefits	\$573,844			\$54,251		\$628,095
Support staff/administrative other compensation and benefits	70,335	\$1,527		2,856	\$727,966	802,684
Recruiting	124,303	66,072	8,447	14,059		212,881
Team travel	15,875	3,904		17,018		36,797
Sports equipment, uniforms and supplies				64,281		64,281
Game expenses	17,228	2,505		15,763		35,496
Fund raising, marketing, and promotion		114,184	425	102,872	376,876	594,357
Spirit groups					44,905	44,905
Membership and dues	9,816	1,775	3,549	15,617	14,155	44,912
Other operating expenses	638,454	74,786	19,829	411,454	9,628,857	10,773,380
Total operating expenses	<u>\$1,449,855</u>	<u>\$264,753</u>	<u>\$32,250</u>	<u>\$698,171</u>	<u>\$10,792,759</u>	<u>\$13,237,788</u>
EXCESS(DEFICIENCY) OF REVENUE OVER EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

In addition to the operating contributions listed above, TAF also made capital contributions totaling \$5,594,174 through donations of Alex Box Legacy Plaza, Alex Box Weight Room Renovations, PMAC Floor Expansion, Lawton Room Upgrades, Football Operations Facility Phase II Renovations, and Football Operations Air Handler Upgrades. The TAF distributions to or on behalf of the University for both restricted and unrestricted purposes included \$994,735 from booster clubs and \$199,015 from affiliated chapters.

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, 2020, the LSU Track and Field Officials Association donated \$70,000 to TAF.

We obtained written representations from management as to the accuracy of the summary schedule.

We found no exceptions as a result of these procedures.

4. For all outside organizations that had an independent audit, we obtained the independent auditor's report to identify any significant deficiencies relating to the outside organization's internal controls. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

TAF's statements were audited by an independent certified public accountant for the years ended December 31, 2020, and 2019. The audit report was dated April 20, 2021, and did not include a report on internal control.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. In order for the NCAA to place reliance on the Division I financial reporting to calculate the NCAA revenue distributions, we performed the following procedures:
 - (a) We compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the supporting equivalency calculations from the institution.
 - (b) We compared current-year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission and obtained an explanation for any variance greater than +/- 4%.
 - (c) We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants. Once countable sports were validated, we ensured the University properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
 - (d) We compared the current-year number of Sports Sponsored to the prior-year reported total per the Membership Financial Report submission. We obtained an explanation for any variance.
 - (e) For Pell Grants, we agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award and the total

value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

- (f) We compared the current-year Pell Grants total to the prior-year reported total in the Membership Financial Report submission and obtained an explanation for any variance greater than +/- 20 grants.

We found no exceptions as a result of these procedures. As a result of COVID-19 and its impact on institutional sport seasons, NCAA Division I Council Coordination Committee has approved a blanket waiver of the minimum sports sponsorship requirements for the 2020-21 academic year.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.17 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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LSUNCAA2021

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, 2021**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	ELIMINATIONS	TOTAL
REVENUES							
Operating revenues:							
Ticket sales	\$5,690,911	\$324,659	\$24,640	\$2,336,757	\$196,512		\$8,573,479
Direct state or other government support					4,041,962		4,041,962
Contributions	8,633,711	346,852	32,250	689,527	20,879,617	(\$10,773,380)	19,808,577
In-kind	835,215	70,000	70,000	897,205	189,294		2,061,714
Media rights	14,101,666	3,962,529			22,469,631		40,533,826
NCAA distributions		2,698,621		306,283			3,004,904
Conference distributions (non media and non bowl)		(3,600)	180		29,416,192		29,412,772
Conference distributions of bowl generated revenue	5,813,400						5,813,400
Program, novelty, parking, and concession sales	533,877	29,000	4,900	99,479	1,360,433		2,027,689
Royalties, licensing, advertisement, and sponsorships					3,796,228		3,796,228
Athletics restricted endowment and investments income					426,298		426,298
Other operating revenue	1,800,954			32,500	559,241		2,392,695
Total operating revenues	<u>37,409,734</u>	<u>7,428,061</u>	<u>131,970</u>	<u>4,361,751</u>	<u>83,335,408</u>	<u>(10,773,380)</u>	<u>121,893,544</u>
EXPENSES							
Operating expenses:							
Athletic student aid	4,085,995	681,924	758,053	7,329,179	754,704		13,609,855
Guarantees		220,349		97,385			317,734
Coaching salaries, benefits, and bonuses paid by the University and related entities	16,501,799	4,109,079	1,960,138	9,836,806			32,407,822
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	3,632,457	613,221	504,637	950,070	21,071,626		26,772,011
Severance payments	99,125		52,880	39,267	383,577		574,849
Recruiting	362,943	151,011	17,853	78,206			610,013
Team travel	1,835,979	720,681	568,873	2,392,641			5,518,174
Sports equipment, uniforms, and supplies	1,426,592	141,405	109,299	1,567,803	323,668		3,568,767
Game expenses	566,428	324,117	104,109	645,231	4,427,507		6,067,392
Fundraising, marketing, and promotion		114,184	425	102,872	547,211		764,692
Spirit groups					420,152		420,152
Athletic facilities debt service, leases, and rental fees					13,478,512		13,478,512
Direct overhead and administrative expenses	412,499	2,287	2,487	48,981	7,024,688		7,490,942
Medical expenses and insurance	277,595	50,803	56,794	393,908	4,310,683		5,089,783
Memberships and dues	18,176	1,860	4,463	37,399	45,012		106,910
Student-athlete meals (non-travel)	205,447	21,909	11,043	436,034	2,914,252		3,588,685
Other operating expenses	1,397,101	424,652	198,799	2,719,516	17,162,472	(10,773,380)	11,129,160
Total operating expenses	<u>30,822,136</u>	<u>7,577,482</u>	<u>4,349,853</u>	<u>26,675,298</u>	<u>72,864,064</u>	<u>(10,773,380)</u>	<u>131,515,453</u>
Excess transfers to institution					1,000,000		1,000,000
Total expenses	<u>30,822,136</u>	<u>7,577,482</u>	<u>4,349,853</u>	<u>26,675,298</u>	<u>73,864,064</u>	<u>(10,773,380)</u>	<u>132,515,453</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>\$6,587,598</u>	<u>(\$149,421)</u>	<u>(\$4,217,883)</u>	<u>(\$22,313,547)</u>	<u>\$9,471,344</u>	<u>\$0</u>	<u>(\$10,621,909)</u>

Note: The Eliminations column eliminates the activity that occurred between LSU and the Tiger Athletic Foundation which are consolidated above.

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, 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, 2021, and December 31, 2020, 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% of the total contributions included in Statement A.

The athletic department received non-capital contributions totaling \$13,011,255 from TAF for the year ended December 31, 2020. Contributions on Statement A reflect gifts in the form of goods, services, and benefits paid for or on behalf of the athletic department.

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'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.

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 revenues without donor restrictions 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 revenues with donor restrictions. 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.

LSU ATHLETIC DEPARTMENT

Capital asset activity for the athletic department for the year ended June 30, 2021, is as follows:

	Restated Balance June 30, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$62,500				\$62,500
Construction-in-progress	4,408,543		(\$4,408,543)		
	<u>\$4,471,043</u>		<u>(\$4,408,543)</u>		<u>\$62,500</u>
Other capital assets:					
Depreciable land improvements	\$27,113,888	\$170,686	\$872,678		\$28,157,252
Less accumulated depreciation	(10,230,056)	(1,374,471)			(11,604,527)
Total land improvements	<u>16,883,832</u>	<u>(1,203,785)</u>	<u>872,678</u>		<u>16,552,725</u>
Buildings	275,028,790	2,385,022	3,535,865		280,949,677
Less accumulated depreciation	(87,811,628)	(6,487,447)			(94,299,075)
Total buildings	<u>187,217,162</u>	<u>(4,102,425)</u>	<u>3,535,865</u>		<u>186,650,602</u>
Equipment	8,398,958 ^a	92,913	79,841	(\$417,420)	8,154,292
Less accumulated depreciation	(5,629,167) ^b	(565,592)	(37,600)	417,420	(5,814,939)
Total equipment	<u>2,769,791</u>	<u>(472,679)</u>	<u>42,241</u>		<u>2,339,353</u>
Total other capital assets	<u>\$206,870,785</u>	<u>(\$5,778,889)</u>	<u>\$4,450,784</u>		<u>\$205,542,680</u>
Capital asset summary:					
Capital assets not being depreciated	\$4,471,043		(\$4,408,543)		\$62,500
Other capital assets, at cost	310,541,636	\$2,648,621	4,488,384	(\$417,420)	317,261,221
Total cost of capital assets	<u>315,012,679</u>	<u>2,648,621</u>	<u>79,841</u>	<u>(417,420)</u>	<u>317,323,721</u>
Less accumulated depreciation	<u>(103,670,851)</u>	<u>(8,427,510)</u>	<u>(37,600)</u>	<u>417,420</u>	<u>(111,718,541)</u>
Capital assets, net	<u>\$211,341,828</u>	<u>(\$5,778,889)</u>	<u>\$42,241</u>		<u>\$205,605,180</u>

a. \$8,398,958 is equal to prior year balance of \$8,302,510 plus prior period adjustment of \$96,448.

b. (\$5,629,167) is equal to prior year balance of (\$5,616,911) plus prior period adjustment of (\$12,256).

TAF

Capital asset activity for TAF for the year ended December 31, 2020, is as follows:

	Balance December 31, 2019	Additions	Transfers	Retirements	Balance December 31, 2020
Capital assets not being depreciated:					
Land	\$4,740,000				\$4,740,000
Construction-in-progress	7,665,763	\$8,491,371	(\$11,898,960)	(\$192,558)	4,065,616
	<u>\$12,405,763</u>	<u>\$8,491,371</u>	<u>(\$11,898,960)</u>	<u>(\$192,558)</u>	<u>\$8,805,616</u>
Total capital assets not being depreciated					
Other capital assets:					
Land and improvements	\$5,359,961				\$5,359,961
Less accumulated depreciation	(825,550)	(\$81,863)			(907,413)
Total land improvements	<u>4,534,411</u>	<u>(81,863)</u>			<u>4,452,548</u>
Buildings	261,148,474	141,648	\$3,749,021	(\$1,880,346)	263,158,797
Less accumulated depreciation	(61,395,825)	(7,877,826)		1,880,346	(67,393,305)
Total buildings	<u>199,752,649</u>	<u>(7,736,178)</u>	<u>3,749,021</u>		<u>195,765,492</u>
Equipment	314,837	5,395			320,232
Less accumulated depreciation	(281,790)	(9,255)			(291,045)
Total equipment	<u>33,047</u>	<u>(3,860)</u>			<u>29,187</u>
Vehicles	50,222				50,222
Less accumulated depreciation	(39,849)	(7,561)			(47,410)
Total vehicles	<u>10,373</u>	<u>(7,561)</u>			<u>2,812</u>
	<u>\$204,330,480</u>	<u>(\$7,829,462)</u>	<u>\$3,749,021</u>		<u>\$200,250,039</u>
Total other capital assets					
Capital asset summary:					
Capital assets not being depreciated	\$12,405,763	\$8,491,371	(\$11,898,960)	(\$192,558)	\$8,805,616
Other capital assets, at cost	266,873,494	147,043	3,749,021	(1,880,346)	268,889,212
Total cost of capital assets	<u>279,279,257</u>	<u>8,638,414</u>	<u>(8,149,939)</u>	<u>(2,072,904)</u>	<u>277,694,828</u>
Less accumulated depreciation	(62,543,014)	(7,976,505)		1,880,346	(68,639,173)
Capital assets, net	<u>\$216,736,243</u>	<u>\$661,909</u>	<u>(\$8,149,939)</u>	<u>(\$192,558)</u>	<u>\$209,055,655</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, 2021:

Issue	Date of Issue	Original Issue	Principal Outstanding at 6/30/2020	Issued/ (Retired)	Principal Outstanding at 6/30/2021	Interest Rates	Maturities	Interest Outstanding at 6/30/2021
2014	10/16/14	\$42,265,000	\$37,440,000	(\$1,255,000)	\$36,185,000	3.0% - 5.0%	2036	\$14,571,938
2016A	11/15/16	20,110,000	16,535,000	(975,000)	15,560,000	3.5% - 5.0%	2037	5,728,375
2016B	11/15/16	2,400,000	1,450,000	(240,000)	1,210,000	1.15% - 3.13%	2026	107,520
Total		<u>\$64,775,000</u>	<u>\$55,425,000</u>	<u>(\$2,470,000)</u>	<u>\$52,955,000</u>			<u>\$20,407,833</u>

The 2014 Bonds advanced refunded the Series 2006 Bonds for \$42,920,000. The 2006 Bonds funded the construction of the Alex Box Stadium, the Women's Softball Complex, and the Maddox Fieldhouse. The 2016A and 2016B Bonds advanced refunded the Athletics portion of Series 2007 and Series 2008 Bonds in the amount of \$23,677,900. 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, 2021:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$2,565,000	\$2,389,277	\$4,954,277
2023	2,665,000	2,266,954	4,931,954
2024	2,770,000	2,139,267	4,909,267
2025	2,885,000	2,005,853	4,890,853
2026	3,010,000	1,866,357	4,876,357
2027-2031	17,735,000	6,914,187	24,649,187
2032-2036	20,030,000	2,761,188	22,791,188
2037-2041	1,295,000	64,750	1,359,750
Total	<u>\$52,955,000</u>	<u>\$20,407,833</u>	<u>\$73,362,833</u>

Bonds and Notes Payable - TAF

The following is a detailed summary of bonds payable for TAF for the year ended December 31, 2020:

Issue	Date of Issue	Original Issue	Principal Outstanding 12/31/19	Issued/ (Retired)	Principal Outstanding 12/31/20	Interest Rates	Maturities
2012 Bond	10/23/12	\$70,000,000	\$64,409,000	(\$2,897,000)	\$61,512,000	Variable	2037
2012 Term Loan	10/23/12	30,000,000	19,620,214	(2,884,606)	16,735,608	2.59%	2025
2015 Bond	07/01/15	52,000,000	39,070,000	(3,610,000)	35,460,000	2.49%	2028
2015A Bond	11/01/15	53,045,000	38,860,000	(1,300,000)	37,560,000	2.25%	2039
Less deferred financing cost:		(1,008,426)	(800,380)	66,520	(733,860)		
Total		<u>\$204,036,574</u>	<u>\$161,158,834</u>	<u>(\$10,625,086)</u>	<u>\$150,533,748</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. Effective July 2015, the 1999 revenue bonds were refunded into the 2015 revenue bonds discussed below.

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. Effective July 2015, the 2004 revenue bonds were partially refunded into the 2015 revenue bonds discussed below. Effective November 2015, the remaining 2004 revenue bonds were refunded into the 2015A revenue bonds discussed below.

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. The bond purchase agreement was amended in 2014 and again in 2019. TAF has drawn the full amounts of the \$70,000,000 amended aggregate bond principal and the \$30,000,000 amended term loan.

In July 2015, TAF entered into a bond purchase agreement and a resulting loan agreement so that it could borrow the proceeds of the sale of revenue bonds for a principal amount of \$52,000,000. The bonds were issued for the purpose of the current refunding of all of the Series 1999 bonds and a portion of the Series 2004 bonds. The 2015 Bonds shall mature, unless sooner paid, on September 1, 2028.

In November 2015, TAF entered into a bond purchase agreement and a resulting loan agreement so that it could borrow the proceeds of the sale of revenue bonds for a principal amount of \$53,045,000. The bonds were issued for the purpose of the current refunding of all of the Series 2004 Bonds. The 2015A Bonds shall mature, unless sooner paid, on September 2, 2039.

The following is the amortization schedule for the outstanding bonds and notes payable for TAF as of December 31, 2020:

<u>Calendar Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$10,703,068	Variable
2022	10,695,692	Variable
2023	10,914,240	Variable
2024	11,421,518	Variable
2025	11,368,090	Variable
2026-2030	53,055,000	Variable
2031-2035	31,511,000	Variable
2036-2040	11,599,000	Variable
Less deferred financing costs	(733,860)	
Total	<u>\$150,533,748</u>	

MAJOR REVENUE AND EXPENSE ANALYSIS

(UNAUDITED)

Appendix A

Appendix A includes an analysis of revenue and expense accounts that exceed 10% of total revenues and expenses. A comparison is presented of current-year amounts to prior-year amounts and of current-year amounts to budget estimates.

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

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2021**

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2021	Fiscal Year 2020	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
Contributions	\$19,808,577	\$41,284,692	(\$21,476,115)	(52%)	1
Conference distributions (non media and non bowl)	\$29,412,772	\$3,377,353	\$26,035,419	771%	2
Operating Expenses per Statement A					
Athletic student aid	\$13,609,855	\$16,756,236	(\$3,146,381)	(19%)	3
Budget					
	Fiscal Year 2021 - Actual	Fiscal Year 2021 - Budget	Increase/ (Decrease)	Percent Variance	
Contributions	\$19,808,577	\$26,582,875	(\$6,774,298)	(25%)	4
Conference distributions (non media and non bowl)	\$29,412,772	\$14,065,000	\$15,347,772	109%	5
Coaching salaries, benefits and bonuses paid by the University and related entities	\$32,407,822	\$36,404,825	(\$3,997,003)	(11%)	6

NOTES:

1. This decrease is due to LSU beginning in fiscal year 2021 to record Tradition Fund receipts in the same fiscal year as that sport's season of competition rather than when the Tradition Fund receipts occurred. In addition, COVID-19 restrictions limited fan attendance during the 2020 Football season and many fans requested refunds of their Tradition Fund contributions. Finally, LSU received a transfer of funds from the Tiger Athletic Foundation (TAF) which was eliminated when LSU's and TAF's financial information was consolidated at Statement A.
2. This increase in conference distributions was largely caused by two items. First, the outbreak of COVID-19 in March 2020 caused the cancellation of several sports' seasons in the Spring of 2020 which significantly limited the amount of funds that were available for conference distributions in fiscal year 2020. Lastly, the Southeastern Conference made a one-time supplemental distribution of funds to member institutions in fiscal year 2021 to offset the negative impact to institutions' revenue streams caused by COVID-19 restrictions.
3. The decrease in athletic student aid was caused by LSU not applying the non-resident fee exemption in fiscal year 2020. Due to an agreement between the university and the Athletic Department, Athletics funded from its budget the non-resident fee exemption for fiscal year 2020. This arrangement did not continue into fiscal year 2021. The fiscal year 2020 allocation of non-resident fees was \$3,449,379.
4. This decrease from the fiscal year 2021 budget to fiscal year 2021 actual contributions was caused by the refunding of Tradition Fund receipts mentioned in #1 above. Since COVID-19 restrictions limited fan attendance during the 2020 Football season, many fans requested refunds of their Tradition Fund contributions which caused actual contributions for fiscal year 2021 to be significantly less than the fiscal year 2021 budgeted amount for contributions.
5. This increase from the fiscal year 2021 budget to fiscal year 2021 actual conference distributions was largely caused by the one-time supplemental distribution of funds made by the Southeastern Conference to member institutions mentioned in #2 above. The supplemental distributions were not approved until late in fiscal year 2021 and were not expected when the fiscal year 2021 Athletics budget was developed.
6. This decrease from the fiscal year 2021 budget to fiscal year 2021 actual coaching salaries was caused by a 5% pay reduction for all personnel in the Athletic Department with salaries of \$80,000 or more. This pay reduction was effective January 1, 2021 through December 31, 2021 and affected nearly every coach in the Athletic Department. The pay reduction was not expected when the fiscal year 2021 Athletics budget was developed.