

ATHLETICS DEPARTMENT LOUISIANA STATE UNIVERSITY AND A&M COLLEGE

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

FINANCIAL AUDIT SERVICES

**Agreed-Upon Procedures Report
Issued January 24, 2024**

**LOUISIANA LEGISLATIVE AUDITOR
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January 11, 2023

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 Athletics Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 20.2.4.17, in evaluating the University's compliance with other specified NCAA legislation, and in evaluating the effectiveness of the University's internal control over compliance for the year ended June 30, 2023. University management is responsible for the accuracy of the Statement (unaudited) and the related notes (unaudited), compliance with NCAA requirements and legislation, and internal control over financial reporting and compliance. 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.

The University specified a threshold of \$5,000 for reporting exceptions and the agreed-upon procedures described below were not applied to any transactions that fell under this amount, nor did we report any exceptions noted below this amount. In addition, 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, 2023, and followed them through the University's control system to determine adherence to established policies and procedures.
 - (b) We randomly selected two team travel expense transactions as of June 30, 2023, and followed them through the University's control system to determine adherence to established policies and procedures regarding travel

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 legislation, 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, 2023.

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 over 10% of total revenues or expenses for June 30, 2023, to June 30, 2022, 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, 2023, and agreed to adequate supporting documentation.

We noted a variance of \$40,319, or 1.14% when comparing supporting documentation for baseball ticket revenue to the amount recorded by the University. This variance was caused by an error in the Paciolan ticketing system. Per LSU's contract with PlayFly, Playfly receives season tickets, and these tickets are paid through a Journal Entry on an annual basis. In Paciolan, the account for Playfly was not marked as "paid" during the season. As a result, these "unpaid" tickets were transferred, and Paciolan recorded the sale again; however, LSU did not record a duplicate sale in its general ledger.

We found no other 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 for bowl generated revenue 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 compared the amount recorded by the University during the reporting period for program sales, concessions, novelty sales, and parking to the general ledger detail as well as any other corroborative supporting documents. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We randomly selected a sample of two operating revenue receipts from the program sales, concessions, novelty sales and parking receipts category during the reporting period and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. 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 2023 NCAA Agreed-Upon Procedures Appendix D, step 20.c. 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 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 noted no exceptions as 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.

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 the Tiger Athletic Foundation (TAF) is the only outside organization that provided total contributions of monies, goods, or services to the Athletics 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 Athletics 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	\$6,955,827	\$1,135,771	\$502,314	\$1,970,830	\$19,253,979	\$29,818,721
In-kind	124,470	19,750	33,000	11,250	54,564	243,034
Total operating revenues	<u>\$7,080,297</u>	<u>\$1,155,521</u>	<u>\$535,314</u>	<u>\$1,982,080</u>	<u>\$19,308,543</u>	<u>\$30,061,755</u>
Expenses						
Coaching salaries, benefits, and bonuses paid by the University and related entities	\$1,109,220	\$19,750	\$33,000	\$11,250		\$1,173,220
Support staff/administrative compensation, benefits, bonuses paid by the University and related entities	15,250				\$54,564	69,814
Recruiting	435,772	553,014	144,326	25,458	145,446	1,304,016
Team travel	29,757	13,240	1,400	95,549		139,946
Sports equipment, uniforms, and supplies		1,649	8,762	176,422		186,833
Game expenses	73,903	2,812	3,050	56,568	1,463	137,796
Fundraising, marketing, and promotion	203,158	86,817	118,980	245,764	746,567	1,401,286
Direct overhead and administrative expenses	79,073	4,410	43,216	204,299	56,506	387,504
Spirit groups					77,437	77,437
Memberships and dues	13,799	2,794		19,120	39,284	74,997
Other operating expenses	5,120,365	471,035	182,580	1,147,650	18,187,276	25,108,906
Total operating expenses	<u>\$7,080,297</u>	<u>\$1,155,521</u>	<u>\$535,314</u>	<u>\$1,982,080</u>	<u>\$19,308,543</u>	<u>\$30,061,755</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, the Tiger Athletic Foundation distributions to or on behalf of the University for both

restricted and unrestricted purposes included \$188,993 from affiliated chapters.

The LSU Track and Field Officials Association does not make any disbursements on behalf of the Athletics Department. Instead, the LSU Track and Field Officials Association supports athletics with direct contributions to TAF. For the year ended December 31, 2022, the LSU Track and Field Officials Association donated \$100,000 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, 2022, and 2021. The audit report was dated April 25, 2023, 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) For Grants-in-Aid, 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 20.10.6.3 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 noted that the variance for the current-year Grants-in-Aid revenue distribution equivalencies compared to the prior-year reported equivalencies in procedure 1(b) above was 5.15%. We obtained the following explanation from the University: The three sports that had the largest percentage gains were Women's Swimming & Diving, Women's Basketball, and Football. Fiscal year 2022 marked the first year of new head coaches Kim Mulkey (Women's Basketball) and Rick Bishop (Swimming & Diving) and marked the transition from Ed Orgeron to Brian Kelly (Football) mid-fiscal year. The gain in fiscal year 2023 was recovery from roster attrition in fiscal year 2022 due to program's leadership changes.

We also noted in step 1(f) above that there were 23 fewer Pell Grants in fiscal year 2023 when compared to the prior-year. Per the University, this was due to a decrease in the number of Pell Grants awarded in fiscal year 2023.

We found no exceptions as a result of these procedures.

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 Athletics Department or on its compliance with NCAA Bylaw 20.2.4.17 or on the effectiveness of the University's Athletics Department's internal control over financial reporting or compliance for the year ended June 30, 2023. 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

DT:EM:JPT:BQD:aa

LSUNCAA2023

UNAUDITED

Statement A

**ATHLETICS 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, 2023**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	ELIMINATIONS	TOTAL
REVENUES							
Operating revenues:							
Ticket sales	\$40,718,349	\$2,445,504	\$973,880	\$4,270,988	\$2,569,936		\$50,978,657
Guarantees	4,837,112			4,700			4,841,812
Contributions	27,881,844	1,899,621	836,939	4,367,230	39,389,729	(\$15,512,720)	58,862,643
In-kind	1,024,470	149,750	188,000	1,134,480	214,564		2,711,264
Media rights	15,115,000	4,255,307			26,921,300		46,291,607
NCAA distributions		2,716,548	401,199	1,174,243			4,291,990
Conference distributions (non media and non bowl)	709,191	463,725		44,894	951,863		2,169,673
Conference distributions of football bowl generated revenue	9,155,146						9,155,146
Program, novelty, parking, and concession sales	3,806,408	101,410	36,600	547,689	5,640,085		10,132,192
Royalties, licensing, advertisement, and sponsorships					3,651,920		3,651,920
Athletics restricted endowment and investments income					328,748		328,748
Other operating revenue	529,859		50,000	43,500	4,537,653		5,161,012
Football bowl revenues	1,900,315						1,900,315
Total operating revenues	<u>105,677,694</u>	<u>12,031,865</u>	<u>2,486,618</u>	<u>11,587,724</u>	<u>84,205,798</u>	<u>(15,512,720)</u>	<u>200,476,979</u>
EXPENSES							
Operating expenses:							
Athletic student aid	4,728,598	727,212	650,270	6,786,423	1,176,350		14,068,853
Guarantees	3,860,000	715,000	147,000	161,259			4,883,259
Coaching salaries, benefits, and bonuses paid by the University and related entities	18,453,629	4,610,589	4,433,044	11,299,625			38,796,887
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	4,696,135	800,896	1,370,341	1,080,829	28,112,705		36,060,906
Severance payments	42,769			89,919	4,823,402		4,956,090
Recruiting	1,932,243	852,119	402,366	1,340,184	145,445		4,672,357
Team travel	2,502,845	1,363,318	1,368,648	4,814,220			10,049,031
Sports equipment, uniforms, and supplies	1,571,624	151,935	191,531	2,176,709	673,780		4,765,579
Game expenses	945,300	282,576	235,290	912,421	10,224,544		12,600,131
Fundraising, marketing, and promotion	209,769	86,817	119,205	246,039	951,405		1,613,235
Spirit groups					1,330,726		1,330,726
Athletic facilities debt service, leases, and rental fees					13,359,228		13,359,228
Direct overhead and administrative expenses	384,609	17,504	60,271	379,444	12,228,720		13,070,548
Medical expenses and insurance	325,442	22,518	50,455	351,289	667,348		1,417,052
Memberships and dues	14,849	4,264	2,070	50,122	80,155		151,460
Student-athlete meals (non-travel)	498,371	46,150	31,199	534,268	4,910,721		6,020,709
Other operating expenses	7,925,079	1,006,903	1,189,722	7,341,774	25,841,101	(15,512,720)	27,791,859
Football bowl expenses	2,197,191						2,197,191
Football bowl expenses - coaching compensation/bonuses	1,305,898						1,305,898
Total operating expenses	<u>51,594,351</u>	<u>10,687,801</u>	<u>10,251,412</u>	<u>37,564,525</u>	<u>104,525,630</u>	<u>(15,512,720)</u>	<u>199,110,999</u>
Excess transfers to institution					5,240,241		5,240,241
Total expenses	<u>51,594,351</u>	<u>10,687,801</u>	<u>10,251,412</u>	<u>37,564,525</u>	<u>109,765,871</u>	<u>(15,512,720)</u>	<u>204,351,240</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>\$54,083,343</u>	<u>\$1,344,064</u>	<u>(\$7,764,794)</u>	<u>(\$25,976,801)</u>	<u>(\$25,560,073)</u>	<u>NONE</u>	<u>(\$3,874,261)</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 Athletics 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 Athletics 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 Athletics 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, 2023, and December 31, 2022, respectively.

1. CONTRIBUTIONS

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

The Athletics Department received non-capital contributions totaling \$29,818,721 from TAF for the year ended December 31, 2022. Contributions on Statement A reflect gifts in the form of goods, services, and benefits paid for or on behalf of the Athletics Department.

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated acquisition 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 ATHLETICS DEPARTMENT

Capital asset activity for the Athletics Department for the year ended June 30, 2023, is as follows:

	Restated Balance June 30, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$62,500				\$62,500
	<u>\$62,500</u>				<u>\$62,500</u>
Other capital assets:					
Depreciable land improvements	\$28,160,592				\$28,160,592
Less accumulated depreciation	(12,969,925)	(\$1,365,405)			(14,335,330)
Total land improvements	<u>15,190,667</u>	<u>(1,365,405)</u>			<u>13,825,262</u>
Buildings	280,949,677				280,949,677
Less accumulated depreciation	(100,786,525)	(6,484,599)			(107,271,124)
Total buildings	<u>180,163,152</u>	<u>(6,484,599)</u>			<u>173,678,553</u>
Equipment	8,737,338	950,341	\$5,119	(\$104,751)	9,588,047
Less accumulated depreciation	(6,270,858)	(658,767)	(5,119)	104,751	(6,829,993)
Total equipment	<u>2,466,480</u>	<u>291,574</u>			<u>2,758,054</u>
Total other capital assets	<u>\$197,820,299</u>	<u>(\$7,558,430)</u>			<u>\$190,261,869</u>
Capital asset summary:					
Capital assets not being depreciated	\$62,500				\$62,500
Other capital assets, at cost	317,847,607	\$950,341	\$5,119	(\$104,751)	318,698,316
Total cost of capital assets	<u>317,910,107</u>	<u>950,341</u>	<u>5,119</u>	<u>(104,751)</u>	<u>318,760,816</u>
Less accumulated depreciation	<u>(120,027,308)</u>	<u>(8,508,771)</u>	<u>(5,119)</u>	<u>104,751</u>	<u>(128,436,447)</u>
Capital assets, net	<u>\$197,882,799</u>	<u>(\$7,558,430)</u>			<u>\$190,324,369</u>

TAF

Capital asset activity for TAF for the year ended December 31, 2022, is as follows:

	Balance December 31, 2021	Additions	Transfers	Balance December 31, 2022
Capital assets not being depreciated:				
Land	\$4,740,000			\$4,740,000
Construction-in-progress	1,767,409	\$4,181,800	(\$2,405,080)	3,544,129
Total capital assets not being depreciated	<u>\$6,507,409</u>	<u>\$4,181,800</u>	<u>(\$2,405,080)</u>	<u>\$8,284,129</u>
Other capital assets:				
Land and improvements	\$5,359,961			\$5,359,961
Less accumulated depreciation	(972,148)	(\$96,061)		(1,068,209)
Total land improvements	<u>4,387,813</u>	<u>(96,061)</u>		<u>4,291,752</u>
Buildings	265,754,536			265,754,536
Less accumulated depreciation	(75,395,277)	(8,039,531)		(83,434,808)
Total buildings	<u>190,359,259</u>	<u>(8,039,531)</u>		<u>182,319,728</u>
Equipment	326,729			326,729
Less accumulated depreciation	(298,287)	(11,418)		(309,705)
Total equipment	<u>28,442</u>	<u>(11,418)</u>		<u>17,024</u>
Vehicles	50,222			50,222
Less accumulated depreciation	(50,222)			(50,222)
Total vehicles	<u>NONE</u>			<u>NONE</u>
Total other capital assets	<u>\$194,775,514</u>	<u>(\$8,147,010)</u>	<u>NONE</u>	<u>\$186,628,504</u>
Capital asset summary:				
Capital assets not being depreciated	\$6,507,409	\$4,181,800	(\$2,405,080)	\$8,284,129
Other capital assets, at cost	271,491,448			271,491,448
Total cost of capital assets	<u>277,998,857</u>	<u>4,181,800</u>	<u>(2,405,080)</u>	<u>279,775,577</u>
Less accumulated depreciation	(76,715,934)	(8,147,010)		(84,862,944)
Capital assets, net	<u>\$201,282,923</u>	<u>(\$3,965,210)</u>	<u>(\$2,405,080)</u>	<u>\$194,912,633</u>

3. LONG-TERM LIABILITIES**Bonds Payable - LSU Athletics Department**

The following is a detailed summary of bonds payable for the Athletics Department for the year ended June 30, 2023:

Issue	Date of Issue	Original Issue	Principal Outstanding at 6/30/2022	Issued/ (Retired)	Principal Outstanding at 6/30/2023	Interest Rates	Maturities	Interest Outstanding at 6/30/2023
2014	10/16/14	\$42,265,000	\$2,795,000	(\$1,365,000)	\$1,430,000	3.0% - 5.0%	2024	\$71,500
2016A	11/15/16	20,110,000	13,250,000	(1,055,000)	12,195,000	3.5% - 5.0%	2036	3,429,175
2016B	11/15/16	2,400,000	970,000	(245,000)	725,000	1.15% - 3.13%	2026	44,414
2022	01/06/22	37,595,000	37,270,000	(630,000)	36,640,000	0.61% - 2.86%	2037	6,993,006
Total		<u>\$102,370,000</u>	<u>\$54,285,000</u>	<u>(\$3,295,000)</u>	<u>\$50,990,000</u>			<u>\$10,538,095</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 2022 bonds advance refunded portions of the Series 2014 and Series 2016A in the amount of \$37,595,000.

The following is the amortization schedule for the outstanding bonds payable for the Athletics Department as of June 30, 2023:

Fiscal Year Ending	Principal	Interest	Total
2024	\$3,405,000	\$1,443,881	\$4,848,881
2025	3,455,000	1,303,649	4,758,649
2026	3,530,000	1,212,116	4,742,116
2027	3,665,000	1,112,962	4,777,962
2028	3,740,000	1,022,200	4,762,200
2029-2033	19,530,000	3,534,512	23,064,512
2034-2037	13,665,000	908,775	14,573,775
Total	<u>\$50,990,000</u>	<u>\$10,538,095</u>	<u>\$61,528,095</u>

Bonds and Notes Payable – TAF

The following is a detailed summary of bonds payable for TAF for the year ended December 31, 2022:

Issue	Date of Issue	Original Issue	Principal Outstanding 12/31/2021	Issued/ (Retired)	Principal Outstanding 12/31/2022	Interest Rates	Maturities
2012 Bond	10/23/12	\$70,000,000	\$58,545,000	(\$3,039,000)	\$55,506,000	Variable	2037
2012 Term Loan	10/23/12	30,000,000	13,679,540	(3,236,692)	10,442,848	2.59%	2025
2015 Bond	07/01/15	52,000,000	31,690,000	(3,945,000)	27,745,000	2.49%	2028
2015A Bond	11/01/15	53,045,000	36,650,000	(475,000)	36,175,000	2.25%	2039
Less deferred financing costs		(1,008,426)	(668,808)	65,052	(603,756)		
Total		<u>\$204,036,574</u>	<u>\$139,895,732</u>	<u>(\$10,630,640)</u>	<u>\$129,265,092</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 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, 2022:

<u>Calendar Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$10,914,240	Variable
2024	11,421,518	Variable
2025	11,368,090	Variable
2026	10,320,000	Variable
2027	10,656,000	Variable
2028-2032	38,914,000	Variable
2033-2037	29,675,000	Variable
2038-2042	6,600,000	Variable
Less deferred financing costs	<u>(603,756)</u>	
Total	<u><u>\$129,265,092</u></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.

**ATHLETICS 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, 2023**

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
Contributions	\$58,862,643	\$73,857,138	(\$14,994,495)	(20%)	1
Operating Expenses per Statement A					
Coaching salaries, benefits, and bonuses paid by the University and related entities	\$38,796,887	\$43,582,169	(\$4,785,282)	(11%)	2
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	\$36,060,906	\$31,095,969	\$4,964,937	16%	3
Other expenses	\$27,791,859	\$31,609,500	(\$3,817,641)	(12%)	4
Budget					
	Fiscal Year 2023 - Actual	Fiscal Year 2023 - Budget	Increase/ (Decrease)	Percent Variance	
Ticket sales	\$50,978,657	\$46,215,000	\$4,763,657	10%	5
Contributions	\$58,862,643	\$38,386,001	\$20,476,642	53%	6
Other expenses	\$27,791,859	(\$8,204,333)	\$35,996,192	439%	7

NOTES:

- In fiscal year 2022, the total needed from the Tiger Athletic Foundation (TAF) was \$15 million more, mostly due to the football coaching staff changes.
- The spike occurred in fiscal year 2022 due to the coaching change in football and multiple staffs being paid during that fiscal year. Fiscal year 2023 is more representative of a normal year.
- \$4.6 million increase in football
 - first full fiscal year of new staff since hiring of Brian Kelly
 - \$1.2 million increase in Athletics Director cost center
 - New contract for Scott Woodward
 - Increased compensation for Deputy AD for Leadership & Strategy
 - New position: Deputy AD for Revenue Generation
 - \$800,000 in Sports Productions & Properties
 - LSU assumed compensation/fringe benefits for positions that were previously with Playfly Sports
 - \$575,000 in Creative Content
 - LSU assumed compensation/fringe benefits for positions that were previously with Playfly Sports
- The decrease is due to a TAF donation and the timing of their report that is used. The fiscal year 2022 report (TAF's 2021 calendar year is used) includes a large expense for losses related to COVID-19.
- The largest variance between budgeted to actuals were from the two programs that won National Championships. Baseball had sales 25.18% higher than the budgeted amount and Women's Basketball exceeded budgeted sales by 17.33%. Also, football outpaced projections by \$1.26 million, possibly due to the head coaching change and several home opponents that were highly ranked at the time.

(Continued)

**ATHLETICS 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, 2023**

NOTES (CONT.)

6. The difference is skewed because the budgeted amount to the operating budget is based on LSU's fiscal year 2023 (July-June). The total reported amount includes TAF contributions made during calendar year 2022 (when the football coaching staff changes occurred).
7. For years, LSU recorded TAF's donation to the Athletics Department as a credit to an expenditure category. In recent years, a revenue category was created entitled "TAF Donations – Operating Budget" (RC0285). In fiscal year 2023, the donation continued to be budgeted as a credit to expenses. For fiscal year 2024 and going forward, the anticipated revenue for these transactions will be budgeted in RC0285. This does not mean that a credit to expenses will not occur because any projected deficit would be budgeted there in order to submit a balanced budget for that fiscal year.