Athletic Department
Louisiana State University and A&M College
Louisiana State University System
State of Louisiana

Agreed-Upon Procedures Report
Issued January 20, 2021

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

January 12, 2021

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

MR. TOM GALLIGAN, INTERIM 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 Interim 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, 2020. 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. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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, 2020, 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 legislation, completeness of the list of all known affiliated and outside organizations, and other information as we considered necessary for the year ended June 30, 2020.

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, 2020, to June 30, 2019, 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 ticket policy. We also selected one football, two men's basketball, and three baseball random operating revenue receipts transactions from the ticket sales category as of June 30, 2020, 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 compared the amount recorded by the University during the reporting period for program, novelty, parking, and concessions sales 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 two operating revenue receipts from the program, novelty, parking, and concessions sales category 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 2020 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 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.

4. 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 and general ledger detail 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 noted a variance of $10,856,571 when comparing supporting documentation for the total annual maturities to the amount recorded by the University in the Other Reporting Items section of the NCAA Financial Report. The overstatement was due to an error using the 12/31/2018 principal balance instead of the 12/31/2019 principal balance. The University corrected this error.

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

We noted a variance of $66,281,571 when comparing supporting documentation for the total outstanding University debt to the amount recorded by the University in the Other Reporting Items section of the NCAA Financial Report. The overstatement was due to an error using the 12/31/2018 principal balance instead of the 12/31/2019 principal balance and including the Athletic Department's portion of debt twice in the total calculation. The University corrected this error.

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 noted a variance of $5,000,000 when comparing the University endowments recorded in the Other Reporting Items section of the NCAA Financial Report to supporting documentation provided by LSU. The overstatement was due to an error by the University inputting the amount in the Other Reporting Items section of the NCAA Financial Report. The University corrected this error.

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 noted a variance of $2,306,050 when comparing the general ledger detail of capital expenditures to the amount recorded in the Other Reporting Items section of the NCAA Financial Report. The understatement was due to an error by the University inputting the amount in the Other Reporting Items section of the NCAA Financial Report. The University corrected this error.

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 group of 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 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	$2,351,849	$973,014	$200,021	$1,447,319	$12,734,110	$17,706,313
In-kind	163,344			17,045	54,069	234,458
Total operating revenue	$2,515,193	$973,014	$200,021	$1,464,364	$12,788,179	$17,940,771
Expenses						
Coaching other compensation and benefits	$1,151,290			$29,505		$1,180,795
Support staff/administrative other compensation and benefits	8,512	$35,000			$1,458,568	1,502,080
Recruiting	509,070	723,485	$79,543	35,597	4,401	1,352,096
Team travel		2,412	500	190,628	529	194,069
Sports equipment, uniforms and supplies		14,710	11,981	608,603	13,140	648,434
Game expenses	91,286	8,546		87,558		187,390
Fund raising, marketing, and promotion	84,377	125,242	3,495	179,411	349,326	741,851
Spirit groups					78,132	78,132
Membership and dues	16,247		2,366	13,603	3,553	35,769
Other operating expenses	654,411	63,619	102,136	319,459	10,880,530	12,020,155
Total operating expenses	2,515,193	973,014	200,021	1,464,364	12,788,179	17,940,771
EXCESS(DEFICIENCY) OF REVENUE OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

In addition to the operating contributions listed above, TAF also made capital contributions totaling $43,943,407 through donations of Football Operations Facility Renovations, Tiger Stadium Renovations, Tiger Stadium South Plaza Bowl Recognition, Alex Box Legacy Plaza, and other various facility improvements. The Tiger Athletic Foundation distributions to or on behalf of the University for both restricted and unrestricted purposes included $1,141,124 from booster clubs; and $219,307 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, 2019, the LSU Track and Field Officials Association donated $95,000 to TAF.

We obtained written representations from management as to the fair presentation 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, 2019, and 2018. The audit report was dated April 28, 2020, 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 2019-20 academic year for spring sports.

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, 2020. 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.

This report is intended solely for the information and use of the Interim 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

ABS:JPT:BH:EFS:ch

LSUNCAA2020

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, 2020

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$37,717,090	$1,928,826	$101,497	$1,209,495	$693,543	$41,650,451
Guarantees	1,500,000			10,000		1,510,000
Contributions	24,421,831	1,665,890	200,021	2,262,841	12,734,109	41,284,692
In-kind	838,344	70,000	70,000	910,225	143,069	2,031,638
Media rights	13,881,666	3,843,190			24,957,668	42,682,524
NCAA distributions		718,494		23,462		741,956
Conference distributions (non media and non bowl)	618,533	413,695		156	2,344,969	3,377,353
Conference distributions of bowl generated revenue	8,102,040					8,102,040
Program, novelty, parking, and concession sales	3,105,353	120,725	9,000	150,660	4,303,118	7,688,856
Royalties, licensing, advertisement, and sponsorships					4,304,175	4,304,175
Athletics restricted endowment and investments income					853,228	853,228
Other operating revenue	645,909			12,500	1,315,803	1,974,212
Bowl revenues	4,232,350					4,232,350
Total operating revenues	95,063,116	8,760,820	380,518	4,579,339	51,649,682	160,433,475
EXPENSES						
Operating expenses:						
Athletic student aid	5,017,659	814,163	902,653	9,195,836	825,925	16,756,236
Guarantees	3,025,000	575,000	72,458	97,996		3,770,454
Coaching salaries, benefits, and bonuses paid by the University and related entities	16,723,933	4,069,490	1,565,903	9,257,598		31,616,924
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	3,266,377	571,201	376,763	844,400	21,990,752	27,049,493
Severance payments	42,871		4,062	19,077	213,138	279,148
Recruiting	1,029,922	918,223	223,427	608,467	9,201	2,789,240
Team travel	1,191,971	1,263,542	878,399	2,247,289	529	5,581,730
Sports equipment, uniforms, and supplies	1,958,619	159,152	107,503	2,153,377	512,172	4,890,823
Game expenses	645,779	353,195	155,543	460,133	7,426,707	9,041,357
Fundraising, marketing, and promotion	84,377	125,242	3,495	179,411	597,020	989,545
Spirit groups					1,000,223	1,000,223
Athletic facilities debt service, leases, and rental fees					13,488,699	13,488,699
Direct overhead and administrative expenses	344,064	1,935	6,870	134,785	11,034,038	11,521,692
Medical expenses and insurance	220,464	64,725	55,272	344,898	565,778	1,251,137
Memberships and dues	16,247	840	3,274	39,744	26,971	87,076
Student-athlete meals (non-travel)	126,401	37,209	31,033	348,318	3,164,314	3,707,275
Other operating expenses	1,567,651	303,822	343,054	1,292,196	12,120,609	15,627,332
Bowl expenses	3,783,380					3,783,380
Bowl expenses - coaching compensation/bonuses	2,359,251					2,359,251
Total operating expenses	41,403,966	9,257,739	4,729,709	27,223,525	72,976,076	155,591,015
Excess transfers to institution					5,000,000	5,000,000
Total expenses	41,403,966	9,257,739	4,729,709	27,223,525	77,976,076	160,591,015
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	$53,659,150	($496,919)	($4,349,191)	($22,644,186)	($26,326,394)	($157,540)

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, 2020, and December 31, 2019, respectively.

1. CONTRIBUTIONS

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

The athletic department received non-capital contributions totaling $17,706,313 from TAF for the year ended December 31, 2019. 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 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 ATHLETIC DEPARTMENT

Capital asset activity for the athletic department for the year ended June 30, 2020, is as follows:

	Restated Balance June 30, 2019	Additions	Transfers	Retirements	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$62,500				$62,500
Construction-in-progress	4,890,328	$1,314,867	($1,796,652)		4,408,543
	$4,952,828	$1,314,867	($1,796,652)		$4,471,043
Other capital assets:					
Depreciable land improvements	$23,476,773	$3,403,702	$233,413		$27,113,888
Less accumulated depreciation	(8,907,749)	(1,322,307)			(10,230,056)
Total land improvements	14,569,024	2,081,395	233,413		16,883,832
Buildings	234,212,445	39,253,106	1,563,239		275,028,790
Less accumulated depreciation	(81,468,590)	(6,343,038)			(87,811,628)
Total buildings	152,743,855	32,910,068	1,563,239		187,217,162
Equipment	8,310,556 a	798,059	(165,855)	($640,250)	8,302,510
Less accumulated depreciation	(5,530,271) b	(771,618)	44,728	640,250	(5,616,911)
Total equipment	2,780,285	26,441	(121,127)		2,685,599
Total other capital assets	$170,093,164	$35,017,904	$1,675,525		$206,786,593
Capital asset summary:					
Capital assets not being depreciated	$4,952,828	$1,314,867	($1,796,652)		$4,471,043
Other capital assets, at cost	265,999,774	43,454,867	1,630,797	($640,250)	310,445,188
Total cost of capital assets	270,952,602	44,769,734	(165,855)	(640,250)	314,916,231
Less accumulated depreciation	(95,906,610)	(8,436,963)	44,728	640,250	(103,658,595)
Capital assets, net	$175,045,992	$36,332,771	($121,127)		$211,257,636

a. $8,310,556 is equal to prior year balance of $8,303,551 plus prior period adjustment of $7,005.

b. ($5,530,271) is equal to prior year balance of ($5,528,871) plus prior period adjustment of ($1,400).

TAF

Capital asset activity for TAF for the year ended December 31, 2019, is as follows:

	Balance December 31, 2018	Additions	Transfers	Retirements	Balance December 31, 2019
Capital assets not being depreciated:					
Land	$4,740,000				$4,740,000
Construction-in-progress	23,425,994	$28,449,081	($43,756,116)	($453,196)	7,665,763
Total capital assets not being depreciated	$28,165,994	$28,449,081	($43,756,116)	($453,196)	$12,405,763
Other capital assets:					
Land and improvements	$5,359,961				$5,359,961
Less accumulated depreciation	(727,429)	($98,121)			(825,550)
Total land improvements	4,632,532	(98,121)			4,534,411
Buildings	255,198,448		$5,950,026		261,148,474
Less accumulated depreciation	(53,834,043)	(7,561,782)			(61,395,825)
Total buildings	201,364,405	(7,561,782)	5,950,026		199,752,649
Equipment	315,595	1,204		($1,962)	314,837
Less accumulated depreciation	(272,697)	(10,273)		1,180	(281,790)
Total equipment	42,898	(9,069)		(782)	33,047
Vehicles	50,222				50,222
Less accumulated depreciation	(30,264)	(9,585)			(39,849)
Total vehicles	19,958	(9,585)			10,373
Total other capital assets	$206,059,793	($7,678,557)	$5,950,026	($782)	$204,330,480
Capital asset summary:					
Capital assets not being depreciated	$28,165,994	$28,449,081	($43,756,116)	($453,196)	$12,405,763
Other capital assets, at cost	260,924,226	1,204	5,950,026	(1,962)	266,873,494
Total cost of capital assets	289,090,220	28,450,285	(37,806,090)	(455,158)	279,279,257
Less accumulated depreciation	(54,864,433)	(7,679,761)		1,180	(62,543,014)
Capital assets, net	$234,225,787	$20,770,524	($37,806,090)	($453,978)	$216,736,243

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, 2020:

Issue	Date of Issue	Original Issue	Principal Outstanding at 6/30/2019	Issued/ (Retired)	Principal Outstanding at 6/30/2020	Interest Rates	Maturities	Interest Outstanding at 6/30/2020
2014	10/16/14	$42,265,000	$38,635,000	($1,195,000)	$37,440,000	3.5% - 5.0%	2036	$16,267,650
2016A	11/15/16	20,110,000	17,470,000	(935,000)	16,535,000	3.5% - 5.0%	2037	6,498,850
2016B	11/15/16	2,400,000	1,690,000	(240,000)	1,450,000	1.65% - 3.45%	2026	147,341
Total		$64,775,000	$57,795,000	($2,370,000)	$55,425,000			$22,913,841

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, 2020:

Fiscal Year Ending	Principal	Interest	Total
2021	$2,470,000	$2,506,008	$4,976,008
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
2026-2030	16,845,000	7,751,857	24,596,857
2031-2035	19,210,000	3,551,237	22,761,237
2036-2040	6,015,000	303,388	6,318,388
Total	$55,425,000	$22,913,841	$78,338,841

Bonds and Notes Payable - TAF

The following is a detailed summary of bonds payable for TAF for the year ended December 31, 2019:

Issue	Date of Issue	Original Issue	Outstanding 12/31/18	Issued/ (Retired)	Outstanding 12/31/19	Interest Rates	Maturities
2012 Bond	10/23/12	$70,000,000	$67,238,000	($2,829,000)	$64,409,000	Variable	2037
2012 Term Loan	10/23/12	30,000,000	22,342,656	(2,722,442)	19,620,214	2.59%	2024
2015 Bond	07/01/15	52,000,000	42,520,000	(3,450,000)	39,070,000	2.49%	2028
2015A Bond	11/01/15	53,045,000	40,550,000	(1,690,000)	38,860,000	2.25%	2039
Less deferred financing costs		(1,008,426)	(635,251)	(165,129)	(800,380)		
Total		$204,036,574	$172,015,405	($10,856,571)	$161,158,834		

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, 2019:

Calendar Year Ending	Principal	Interest
2020	$10,691,606	Variable
2021	10,703,068	Variable
2022	10,695,692	Variable
2023	10,914,240	Variable
2024	11,421,518	Variable
2025-2029	53,627,090	Variable
2030-2034	37,408,000	Variable
2035-2039	16,498,000	Variable
Less deferred financing costs	(800,380)	
Total	$161,158,834	

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.

APPENDIX A

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, 2020

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
No variations met the 10% variance threshold in the NCAA guidelines, and no explanations are required.					
Operating Expenses per Statement A					
Coaching salaries, benefits, and bonuses paid by the University and related entities	$31,616,924	$27,991,771	$3,625,153	13%	1
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	$27,049,493	$23,567,691	$3,481,802	15%	2

Budget	Fiscal Year 2020 - Actual	Fiscal Year 2020 - Budget	Increase/ (Decrease)	Percent Variance
No variations met the 10% variance threshold in the NCAA guidelines, and no explanations are required.				

NOTES:

1. This increase is due to football coaches receiving higher compensation levels after winning the 2019 College Football Playoff Championship.

2. This increase is due to football personnel receiving higher compensation levels after winning the 2019 College Football Playoff Championship (approximately $1 million). There was also an approximately $1.2 million increase in support staff salaries due to multiple new positions being created during fiscal year 2020. Finally, new employees that accompanied the Athletic Director change in fiscal year 2020 started at higher salaries than their predecessors.