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

AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 3, 2016

LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of $1.20. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 3478 or Report ID No. 80150173 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

TABLE OF CONTENTS

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 12, 2016

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

DR. F. KING ALEXANDER, 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 and chancellor of the university, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Louisiana State University and A&M College (LSU) Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15 for the year ended June 30, 2015, and to assist you in your evaluation of the effectiveness of the LSU Athletic Department's internal control over financial reporting as of June 30, 2015. LSU's management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of LSU. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussions with management, the identity of those aspects of internal control 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 from the ticket sales category as of June 30, 2015, and followed them through the university's control system to determine adherence to established policies and procedures.

(b) We randomly selected two team travel and two recruiting expense transactions as of June 30, 2015, and followed them through the university's control system to determine adherence to established policies and procedures regarding travel.

(c) We selected all football, baseball, and men's basketball games with game guarantee expenses 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 reviewed all internal audit reports during the period relating to the intercollegiate athletics program and we determined that none were related to our procedures.

4. We obtained the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for, or on behalf of, the university's intercollegiate athletics program and determined the university's adherence to these procedures.

We found no exceptions as a result of these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislations, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2015.

   In the representation letter, management disclosed minor instances of Level II secondary violations of NCAA rules and regulations, which were self-reported to the NCAA during the year ended June 30, 2015.

2. We verified the mathematical accuracy of the amounts on the Statement and agreed each operating revenue and expense category on the Statement to supporting schedules provided by the university and/or the university's general ledger.

   We found no exceptions as a result of these procedures.

3. We compared each major operating revenue and expense account over 10% of total revenue and expense for June 30, 2015, to June 30, 2014, amounts and budget estimates. We obtained and documented the university's explanations for the variances over the lesser of $1 million or 10% from June 30, 2015.

   We have included this analysis as Appendix A.

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, complementary 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 if the variance totals less than one percent. We also selected one football, two men's basketball, and three baseball operating revenue receipts transactions from the ticket sales category and agreed to adequate supporting documentation.

   We found no exceptions as a result of these procedures.

2. We were to compare transfers back to the university for other athletic purposes with permanent transfers back to the university from the athletic department and recalculate the totals.

   The athletic department did not receive any student fees or direct institutional support. Therefore, no transfers back to the institution were recorded.

3. For all football, baseball, and men's basketball away games with game guarantee contracts including those with settlement reports, we agreed the contractual agreements and/or settlement report amounts to the general ledger. We recalculated the totals.

   We found no exceptions as a result of these procedures.

4. We obtained information on Tradition Fund contribution revenue. For contributions related to season tickets, this included the contribution amount for each section in the stadium and the number of seats in each section required to make the contribution. For contributions related to parking permits, this included the contribution amount for each type of parking lot and the number of parking permits in each type of lot required to make the contribution. We calculated Tradition Fund contribution revenue using this information and compared to the amount recorded in the general ledger to identify variances of five percent or greater.

   We identified no variances that were five percent or greater for Tradition Fund contribution revenue.

5. We compared the in-kind recorded by the university during the reporting period with a schedule of in-kind donations. We recalculated the totals.

   We found no exceptions as a result of these procedures.

6. We inquired of management regarding the relevant terms and conditions of all agreements related to the university's participation in revenues from broadcast, television, radio, and Internet rights during the reporting period, and we compared and agreed the related revenues to the summary statement and the general ledger. We also obtained the largest revenue receipt related to media rights and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

7. We compared all NCAA distributions amounts recorded in the revenue and expense reporting during the reporting period to the general ledger for NCAA distributions and other corroborative supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

8. Based on the relevant terms and conditions of all agreements related to the university's Conference distributions and participation in revenues from Conference tournaments during the reporting period, we compared and agreed the related revenues to the university's general ledger and the corroborative supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

9. Based on the relevant terms and conditions of two randomly-selected agreements related to the university's participation in revenues from royalties, licensing, advertising, and sponsorships during the reporting period, we compared and agreed the related revenues to the general ledger and adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We obtained and inspected the largest endowment and investment income revenue receipt and compared and agreed the classification and use of the endowment and investment income reported in the Statement for the reporting period to the defined uses of the income. We recalculated the totals.

    We found no exceptions as a result of these procedures.

11. 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. We also randomly selected two operating revenue receipts from the

program sales, concessions, novelty sales, and parking receipts category and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

12. We randomly selected three other operating revenue transactions, two of which being high-dollar transactions 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 20% of total student athletes from the listing of university student aid recipients and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We performed a check of each student selected to ensure their information was reported accurately to NCAA. We recalculated the totals for each sport and overall.

   We found no exceptions as a result of these procedures.

2. We selected all football, baseball, and men's basketball games with game guarantee expenses and agreed the amounts to the general ledger and to the contractual agreements. We recalculated the related settlement report.

   We found no exceptions as a result of these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and related entities during the reporting period. We examined the contracts for the two highest paid support staff/administrative personnel, one random sample of 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 in the contract of each coach selected to the related coaching salaries, benefits, and other compensation recorded by the university and related entities in the Statement.

   (b) We obtained and inspected payroll summary registers for the reporting year for each selection.

   (c) We compared and agreed related payroll summary registers for each selection to the amounts recorded by the university and related entities 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.

4. We obtained from management a list of coaches and support staff/administrative personnel paid by third parties during the reporting period and examined the related contracts for one support staff/administrative personnel and for 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 in the contracts to the related other compensation and benefits recorded by the university in the Statement.

(b) We obtained and inspected payroll summary registers for each selection.

(c) We compared and agreed related payroll summary registers for each selection to the related amounts recorded by the university in the Statement during the reporting period.

(d) We recalculated the totals.

We found no exceptions as a result of these procedures.

5. Using a list prepared by the university, we selected the athletic employee with the highest severance payment and agreed the severance pay to the related employment contract. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies. We randomly selected two recruiting expenses and validated the existence of the transaction and accuracy of reporting. We obtained the general ledger detail and compared it to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. We compared and agreed the university's team travel policies to existing university and NCAA-related policies. We randomly selected two team travel expenses and validated the existence of the transaction and accuracy of reporting. We obtained the general ledger detail and compared it to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

8. We obtained a listing of debt service schedules, lease payments, and rental fees for athletics facilities and compared the two highest facility payments to additional supporting documentation. We obtained the general ledger detail and compared it to total expenses reported. We recalculated the totals.

   We found no exceptions as a result of these procedures.

9. We randomly selected two equipment, uniforms, and supplies expense transactions and validated the existence of the transaction and accuracy of recording. We obtained the general ledger detail and compared it to total expenses reported. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We randomly selected two spirit group expense transactions and validated the existence of the transaction and accuracy of recording. We obtained the general ledger detail and compared it to total expenses reported. We recalculated the totals.

    We found no exceptions as a result of these procedures.

11. We randomly selected one operating expense transaction from each expense category not previously mentioned above and validated the existence of the transaction and accuracy of recording. Also, for each expense category not previously mentioned above, obtained the general ledger detail and compared it to the total expenses reported for that category. We recalculated the totals.

    We found no exceptions as a result of these procedures.

12. We compared and agreed the selected expense transactions from above to adequate supporting documentation.

    We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. From university management, we obtained a list of contributions received by the athletic department to identify any individual contributions that constitute 10% or more of all contributions received for intercollegiate athletics during the reporting period. We obtained and reviewed supporting documentation for such contributions and ensured that the source of funds, goods, and services, as well as the value associated with these items, is disclosed within the notes to the Statement.

   No individuals or outside organizations, other than the Tiger Athletic Foundation (TAF), contributed monies, goods, or services for, or on behalf of, the athletic department that exceeded 10% of the total contributions included in Statement A. The value of the contributions from TAF is disclosed in note 1.

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

   We found no exceptions as a result of these procedures.

3. We obtained the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the reporting period. We recalculated annual maturities and agreed to supporting schedules provided by the university and the university's general ledger. We ensured that the repayment schedules were properly disclosed within the notes to the Statement.

   We found no exceptions as a result of these procedures. The repayment schedules are disclosed in note 3.

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained from university management a listing of all affiliated and outside organizations for the reporting period.

2. We obtained from university management statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the university's general ledger.

   We found no exceptions as a result of these procedures.

3. We obtained written representations from management of the university that TAF and the LSU Track and Field Officials Association were the only outside organizations created for or on behalf of the athletic department. The LSU Track and Field Officials Association does not make any disbursements on behalf of the athletic department. Instead, the LSU Track and Field Officials Association supports athletics with direct contributions to TAF. For the year ended December 31, 2014, the LSU Track and Field Officials Association donated $38,945 to TAF.

4. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by TAF to be included with the agreed-upon procedures report.

   The following is the summary of revenues and expenses for or on behalf of intercollegiate athletics programs by TAF for the year ended December 31, 2014:

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
REVENUES						
Contributions	$3,103,808	$184,666	$120,741	$2,278,041	$7,896,614	$13,583,870
Compensation and benefits provided by a third party	526,466			4,147	763	531,376
Total revenues	3,630,274	184,666	120,741	2,282,188	7,897,377	14,115,246
EXPENSES						
Coaching, other compensation, and benefits paid by a third party	526,466			4,147	763	531,376
Recruiting	266,960	45,315	22,542	29,201	6,884	370,902
Team travel	98,310	2,317	26,755	243,346	53,898	424,626
Sports equipment, uniforms, and supplies	2,622	1,818	2,324	41,373	1,588	49,725
Game expenses	393,566	4,726		82,436		480,728
Fundraising, marketing, and promotion	134,621	45,400	22,067	248,653	561,501	1,012,242
Spirit groups					16,577	16,577
Membership and dues	21,379	3,656		8,353	5,779	39,167
Other operating expense	2,186,350	81,434	47,053	1,624,679	7,250,387	11,189,903
Total expenses	3,630,274	184,666	120,741	2,282,188	7,897,377	14,115,246
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

These amounts include contributions totaling $11,817,552 from TAF; $1,879,017 from booster clubs; and $418,677 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by TAF.

5. We obtained written representations as to the fair presentation of the summary and agreed the amounts reported to TAF's general ledger and audited financial statements for the year ended December 31, 2014.

6. We obtained the independent auditor's reports for all outside organizations that had an independent audit to identify any significant deficiencies relating to their internal control and made inquiries of management to document any corrective action taken in response to the significant deficiencies.

   The financial statements of TAF for the year ended December 31, 2014, were audited by an independent certified public accounting firm. The audit report was dated March 18, 2015, and did not include a report on internal control.

ADDITIONAL AGREED UPON PROCEDURES

1. We obtained squad lists from the institution and compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.

   We found no exceptions as a result of these procedures.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the LSU Athletic Department, or on its compliance with NCAA Constitution 3.2.4.15, or on the effectiveness of the LSU Athletic Department's internal control over financial reporting for the year ended June 30, 2015. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

REW: JPT: WG: EFS:aa

LSU NCAA 2015

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, 2015

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$35,834,411	$1,673,241	$161,362	$2,967,899	$1,198,535	$41,835,448
Guarantees	3,400,000			13,500		3,413,500
Contributions	24,360,463	813,391	120,741	4,179,731	8,396,613	37,870,939
In-kind	650,000	70,000	70,000	731,400	79,000	1,600,400
Compensation and benefits provided by a third party	649,501	13,250		35,847	184,697	883,295
Media rights	11,103,334	3,001,927			15,172,874	29,278,135
NCAA distributions		2,014,124	55,428	671,697		2,741,249
Conference distributions	6,343,904	383,196		70,022	830,289	7,627,411
Program, novelty, parking, and concession sales	3,208,704	81,200	11,772	355,957	3,247,094	6,904,727
Royalties, licensing, advertisements, and sponsorships					3,315,591	3,315,591
Athletics restricted endowment and investment income					957,866	957,866
Other operating revenue					2,213,675	2,213,675
Total operating revenues	85,550,317	8,050,329	419,303	9,026,053	35,596,234	138,642,236
EXPENSES						
Operating expenses:						
Athletic student aid	3,735,187	658,909	758,516	7,056,850	1,061,888	13,271,350
Guarantees	2,450,000	435,000	80,369	90,096		3,055,465
Coaching salaries, benefits, and bonuses paid by the university and related entities	11,447,467	3,013,713	1,519,655	6,588,377		22,569,212
Coaching salaries, benefits, and bonuses paid by a third party	638,701	13,250		34,461		686,412
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,677,122	308,728	158,089	692,003	14,572,403	17,408,345
Support staff/administrative compensation, benefits, and bonuses paid by a third party	10,800			1,386	184,697	196,883
Severance payments	170,138	24,663	9,809	35,424	42,498	282,532
Recruiting	822,294	178,373	157,408	646,034	33,816	1,837,925
Team travel	1,624,371	760,974	611,095	3,112,025	84,636	6,193,101
Sports equipment, uniforms, and supplies	937,663	100,135	102,595	1,308,811	324,548	2,773,752
Game expenses	1,143,179	239,859	176,194	780,443	6,979,602	9,319,277
Fundraising, marketing, and promotion	134,621	45,400	22,067	249,203	712,800	1,164,091
Athletic facilites debt service, leases, and rental fees					13,608,185	13,608,185
Direct overhead and administrative expenses	54,124	441		93,316	9,719,872	9,867,753
Spirit groups					875,914	875,914
Medical expenses and insurance	137,904	16,474	42,234	137,027	249,246	582,885
Memberships and dues	26,514	4,771	838	27,725	27,121	86,969
Other operating expenses	3,198,523	317,027	241,416	3,263,177	11,147,571	18,167,714
Total operating expenses	28,208,608	6,117,717	3,880,285	24,116,358	59,624,797	121,947,765
Excess transfers to institution					4,684,602	4,684,602
Total expenses	28,208,608	6,117,717	3,880,285	24,116,358	64,309,399	126,632,367
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	$57,341,709	$1,932,612	($3,460,982)	($15,090,305)	($28,713,165)	$12,009,869

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, 2015, and December 31, 2014, 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 contributions totaling $14,115,246 from TAF for the year ended December 31, 2014. Contributions from TAF on Statement A reflect gifts in the form of goods, services, and benefits paid for or on behalf of the athletic department as follows:

Contributions	$13,583,870
Compensation and benefits provided by a third party	531,376
Total	$14,115,246

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university system's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that total $100,000 or more and significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and three 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 unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily or permanently restricted revenue. It is TAF's policy to capitalize all fixed asset purchases greater than $1,000. Property and equipment is depreciated using the straight-line method over estimated useful lives of five to 50 years.

Construction-in-progress and other additions are stated at cost and represent costs of construction. During the construction period, interest will be capitalized on all qualifying expenditures.

Capital asset activity for the athletic department for the year ended June 30, 2015, is as follows:

LSU ATHLETIC DEPARTMENT

	Balance June 30, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:					
Construction-in-progress	$6,379,433	$3,414,932	($2,190,696)	NONE	$7,603,669
Other capital assets:					
Depreciable land improvements	$22,235,560				$22,235,560
Less - accumulated depreciation	(3,466,239)	($1,075,261)			(4,541,500)
Total land improvements	18,769,321	(1,075,261)	NONE	NONE	17,694,060
Buildings	177,259,715	1,855,970	$2,190,696		181,306,381
Less - accumulated depreciation	(58,677,325)	(4,146,184)			(62,823,509)
Total buildings	118,582,390	(2,290,214)	2,190,696	NONE	118,482,872
Equipment	5,454,486	980,210	(266,615)	($81,899)	6,086,182
Less - accumulated depreciation	(4,303,622)	(435,439)	261,881	81,899	(4,395,281)
Total equipment	1,150,864	544,771	(4,734)	NONE	1,690,901
Total other capital assets	$138,502,575	($2,820,704)	$2,185,962	NONE	$137,867,833
Capital asset summary:					
Capital assets not being depreciated	$6,379,433	$3,414,932	($2,190,696)		$7,603,669
Other capital assets, at cost	204,949,761	2,836,180	1,924,081	($81,899)	209,628,123
Total cost of capital assets	211,329,194	6,251,112	(266,615)	(81,899)	217,231,792
Less - accumulated depreciation	(66,447,186)	(5,656,884)	261,881	81,899	(71,760,290)
Capital assets, net	$144,882,008	$594,228	($4,734)	NONE	$145,471,502

Capital asset activity for TAF for the year ended December 31, 2014, is as follows:

TAF

	Balance December 31, 2013	Additions	Transfers	Retirements	Balance December 31, 2014
Capital assets not being depreciated:					
Land	$3,090,000				$3,090,000
Construction-in-progress	46,036,149	$49,984,900	($96,021,049)		
Total capital assets not being depreciated	$49,126,149	$49,984,900	($96,021,049)	NONE	$3,090,000
Other capital assets:					
Land and improvements	$4,568,038				$4,568,038
Less - accumulated depreciation	(457,435)	($40,571)			(498,006)
Total land improvements	4,110,603	(40,571)	NONE	NONE	4,070,032
Buildings	149,563,669	366,674	$95,958,276		245,888,619
Less - accumulated depreciation	(24,221,359)	(4,066,896)			(28,288,255)
Total buildings	125,342,310	(3,700,222)	95,958,276	NONE	217,600,364
Equipment	360,341	14,835			375,176
Less - accumulated depreciation	(283,845)	(17,060)			(300,905)
Total equipment	76,496	(2,225)	NONE	NONE	74,271
Vehicles	27,978	9,187			37,165
Less - accumulated depreciation	(27,978)	(459)			(28,437)
Total vehicles	NONE	8,728	NONE	NONE	8,728
Total other capital assets	$129,529,409	($3,734,290)	$95,958,276	NONE	$221,753,395
Capital asset summary:					
Capital assets not being depreciated	$49,126,149	$49,984,900	($96,021,049)	NONE	$3,090,000
Other capital assets, at cost	154,520,026	390,696	95,958,276		250,868,998
Total cost of capital assets	203,646,175	50,375,596	(62,773)		253,958,998
Less - accumulated depreciation	(24,990,617)	(4,124,986)			(29,115,603)
Capital assets, net	$178,655,558	$46,250,610	($62,773)	NONE	$224,843,395

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, 2015:

Issue	Date of Issue	Original Issue	Principal Outstanding at 6/30/2014	Issued/ (Retired)	Principal Outstanding at 6/30/2015	Interest Rates	Maturities	Interest Outstanding at 6/30/2015
2005A	06/02/05	$6,295,000	$1,080,000	($640,000)	$440,000	3.7% to 5%	2017	$24,830
2006	08/09/06	47,280,000	44,525,000	(43,705,000)	820,000	4.0% to 5.0%	2016	33,620
2007	12/11/07	24,091,200	19,155,800	(532,500)	18,623,300	4.0% to 5.0%	2037	11,406,308
2008	06/27/08	6,180,000	6,040,000		6,040,000	4.0% to 5.0%	2026	1,816,500
2014	10/16/14	42,265,000		41,740,000	41,740,000	3.0% to 5.0%	2036	25,424,713
Total		$126,111,200	$70,800,800	($3,137,500)	$67,663,300			$38,705,971

The 2005A Bonds refunded the Series 1996 Bonds for $3,965,000 and the Series 1997 Bonds for $2,330,000. The 2006 Bonds funded the construction of the Alex Box Stadium, the Women's Softball Complex, and the Maddox Fieldhouse. 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 2014 Bonds advanced refunded the Series 2006 Bonds for $42,920,000.

The following is the amortization schedule for the outstanding bonds payable for the athletic department as of June 30, 2015:

Fiscal Year Ending	Principal	Interest	Total
2016	$2,020,400	$3,083,729	$5,104,129
2017	2,113,300	3,002,735	5,116,035
2018	2,184,100	2,927,318	5,111,418
2019	2,312,000	2,849,141	5,161,141
2020	2,404,900	2,733,543	5,138,443
2021-2025	13,637,000	11,805,221	25,442,221
2026-2030	17,083,300	8,160,106	25,243,406
2031-2035	19,556,000	3,818,102	23,374,102
2036-2037	6,352,300	326,076	6,678,376
	$67,663,300	$38,705,971	$106,369,271

Bonds and Notes Payable - TAF

The following is a detailed summary of bonds and notes payable for TAF for the year ended December 31, 2014:

Issue	Date of Issue	Original Issue	Outstanding 12/31/13	Issued/ (Retired)	Outstanding 12/31/14	Interest Rates	Maturities
1999 Bond	03/04/99	$43,575,000	$37,255,000	($1,770,000)	$35,485,000	Variable	2033
2004 Bond	03/23/04	90,000,000	75,530,000	(2,255,000)	73,275,000	Variable	2039
2012 Bond	10/23/12	70,000,000	46,000,000	24,000,000	70,000,000	Variable	2037
2012 Term Loan	10/23/12	22,282,667	3,237,887	19,044,780	22,282,667	Variable	2024
Total		$225,857,667	$162,022,887	$39,019,780	$201,042,667		

In 1999, TAF issued $43,575,000 in revenue bonds for financing or reimbursing a portion of the cost of certain improvements and renovations to the East Side Upper Deck of Tiger Stadium at LSU.

In 2004, TAF issued $90,000,000 in revenue bonds for financing or reimbursing a portion of the cost of certain improvements and renovations to the West Side Upper Deck at LSU's Tiger Stadium and construction of the Football Operations Center, as well as miscellaneous improvements to Tiger Stadium. On March 15, 2007, an amendment was made to the original loan agreement that waived the principal payment due on September 1, 2007, and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034. Effective November 2009, the bonds were reissued as a single fully registered bond without coupons and shall mature September 2039.

In 2012, TAF entered into a bond purchase agreement and a resulting loan agreement so that it could borrow from the proceeds of the sale of revenue bonds due to the commitment to expend $100,000,000 on financing, design, development, performance and construction of the South Side Expansion at LSU's Tiger Stadium and Olympic Sports improvements. The bond purchase agreement was amended in 2014. At December 31, 2014, TAF had drawn $70,000,000 of the $70,000,000 amended aggregate bond principal and $22,282,667 of the $30,000,000 amended term loan.

The following is the amortization schedule for the outstanding bonds and notes payable for TAF as of December 31, 2014:

Fiscal Year Ending	Principal	Interest
2015	$4,592,724	Variable
2016	6,708,842	Variable
2017	7,059,508	Variable
2018	10,183,270	Variable
2019	10,636,442	Variable
2020-2024	55,471,881	Variable
2025-2029	46,784,000	Variable
2030-2034	41,858,000	Variable
2035-2039	17,748,000	Variable
Total	$201,042,667	

MAJOR REVENUE AND EXPENSE ANALYSIS

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 **APPENDIX A**
LOUISIANA STATE UNIVERSITY
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Major Revenue and Expense Analysis
For the Year Ended June 30, 2015

Accounts	Fiscal Year 2015	Fiscal Year 2014	Increase/ (Decrease)	% Variance
10% of Operating Revenues per Statement A				
Revenue Account Balances Exceeding 10% Threshold				
Ticket sales	41,835,448	37,686,975	4,148,473	(11%) [1]
Contributions	37,870,939	49,333,582	(11,462,643)	(23%) [2]
Media rights	29,278,135	6,984,591	22,293,544	319% [3]
10% of Operating Expenses per Statement A				
Expense Account Balances Exceeding 10% Threshold				
Coaching salaries paid by the University	22,569,212	20,467,504	2,101,708	10% [4]
Facilities debt service, leases, and rental fees	13,608,185	18,688,508	(5,080,323)	(27%) [5]
Other operating expenses	18,167,714	30,248,553	(12,080,839)	(40%) [6]

Fiscal Year 2015 - Significant Budget Variances

No variances met the NCAA Guidelines threshold of significant variation of over the lesser of $1 million or 10%. No explanations are required.

NOTES:

[1] $4 million of the increased revenue was due to football ticket sales. It was the first season of available seats in the new South upper deck of Tiger Stadium. Ticket prices were also increased for seats in the lower section of the stadium and all chair-back and bench-back seating.

[2] The decrease is mainly due to the amount contributed by the Tiger Athletic Foundation (TAF) in fiscal year (FY)14 of $9.4 million as donations from TAF to LSU involving the Tiger Stadium Plaza Project. Also, $2.673 million of the total decrease was due to TAF making a final act of donation in FY14 for the Alex Box Stadium Suites. There were no large donations like those for the Tiger Stadium Plaza Project in FY15 and the Tiger Stadium Plaza Project and the Alex Box Stadium Suites were completed, therefore, the balance decreased.

[3] In FY15 the categories and the definition of what should be reported in each category for media rights, NCAA distributions, conference distributions and broadcast TV, Radio and Internet Rights were changed. The net variance from the prior period for all four revenue categories totaled $9.5 million. The majority of the increase was due to FY15 being the inaugural year of the SEC Network.

[4] The increases were mostly due to the following: a football assistant coach's salary increasing from $1.1 million in FY14 to $1.65 million in FY15, the men's basketball head coach's salary increasing from $1.3 million in FY14 to almost $1.9 million in FY15, and the baseball head coach's salary increasing from $1 million in FY14 to $1.18 million in FY15. The increase was also caused by fringe benefit increases.

[5] FY15 was the first year that Debt Service has been a separate category. Previously, debt service was included as part of the direct facilities category. The net change of both these categories in FY15 totaled $4.8 million. This difference was attributable to the TAF lease payment that increased by $4 million due to the new South End Zone club section and upper deck.

[6] The great majority of the decreased expenditures are due to Acts of Donation from TAF to LSU involving the Tiger Stadium Plaza project of $9.4 million and the Alex Box Stadium Suites project of $2.7 million that was donated in FY14. There were no large donations in FY15, and the Tiger Stadium Plaza project and the Alex Box Stadium Suites were completed. See note 2, as they are related.