

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



---

AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 31, 2007

---

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

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

SENATOR J. "TOM" SCHEDLER, CHAIRMAN  
REPRESENTATIVE CEDRIC RICHMOND, VICE CHAIRMAN

SENATOR ROBERT J. BARHAM  
SENATOR WILLIE L. MOUNT  
SENATOR EDWIN R. MURRAY  
SENATOR BEN W. NEVERS, SR.  
REPRESENTATIVE RICK FARRAR  
REPRESENTATIVE HENRY W. "TANK" POWELL  
REPRESENTATIVE T. TAYLOR TOWNSEND  
REPRESENTATIVE WARREN J. TRICHE, JR.

**LEGISLATIVE AUDITOR**

STEVE J. THERIOT, CPA

**DIRECTOR OF FINANCIAL AUDIT**

PAUL E. PENDAS, 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 has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$16.38. 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 Web site at [www.lla.state.la.us](http://www.lla.state.la.us). When contacting the office, you may refer to Agency ID No. 3478 or Report ID No. 07100755 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 Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

---

TABLE OF CONTENTS

	Page
Independent Accountant's Report on the Application of Agreed-Upon Procedures .....	3
<b>Statement</b>	
Financial Statement - Statement of Revenues and Expenses (Unaudited)..... A.....	13
Notes to the Financial Statement (Unaudited) .....	15





STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

January 12, 2007

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

**CHANCELLOR SEAN O'KEEFE**  
**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 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) Bylaw 6.2.3 for the year ended June 30, 2006. 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:

**STATEMENT OF REVENUES AND EXPENSES**

**GENERAL PROCEDURES**

1. We obtained written representations from management as to the fair presentation of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information we considered necessary for the year ended June 30, 2006. We also verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and the university's general ledger.

In its representation letter, management disclosed minor instances of Level II secondary violations of NCAA rules and regulations, which were self-reported to the NCAA during the year ended June 30, 2006.

We found no exceptions as a result of these procedures.

2. We obtained an understanding and tested the specific elements of the control environment and accounting systems that are unique to the university's intercollegiate athletics program.

We detected no significant deficiencies in the control environment and accounting systems as a result of these procedures; however, in our test of 16 athletic department deposits, four deposits were not submitted to the bursar's office timely. These deposits were submitted to the bursar's office from 5 to 41 business days after receipt of the funds.

We found no other exceptions as a result of these procedures.

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program. During fiscal year 2006, the internal auditor issued no audit reports on the athletic department. At June 30, 2006, the internal auditor was conducting an audit of sports camps. Furthermore, subsequent to June 30, 2006, the athletic department's Compliance Office began an investigation of athlete housing benefits.
4. We compared each operating revenue and expense category for June 30, 2005, and June 30, 2006, to identify variances of 5% and greater than \$50,000 between individual revenue and expense categories that are 5% or more of the total.

As a result of our procedure, we identified variances of 5% and greater than \$50,000 in the following categories that are 5% or more of the total:

Revenues

Football:

- Ticket sales
- Contributions
- NCAA/conference distributions

Non-program specific:

- Contributions
- Broadcast, television, radio, and Internet rights

Expenses

Football - coaching salaries paid by the university

Other sports - athletics student aid

Non-program specific:

- Direct facilities, maintenance, and rental
- Other operating expenses

5. We compared the budgeted revenues and expenses to actual revenues and expenses related to athletics in the university's general ledger for the year ended June 30, 2006, to identify any variances of 25% or greater in individual revenue and expense accounts that are 5% or more of the total.

As a result of our procedure, we identified variances of 25% or greater in the following individual revenue and expense accounts that are 5% or more of the total:

Revenues

Tradition fund

Expenses

Athletic administration

Nonrecurring (post-season tournaments)

**MINIMUM AGREED-UPON PROCEDURES  
FOR REVENUES**

6. We obtained the football, baseball, and men's basketball game statements for all home games and compared the amounts reported to the revenue recorded in the general ledger and reported on the Statement to determine if the variances total less than 1%. We also selected 10 operating revenue receipts from the ticket sales category and agreed to adequate supporting documentation.

We found no exceptions as a result of these procedures.

7. For the football, baseball, and men's basketball games with game guarantee settlements, we agreed the amounts recorded in the general ledger to the contractual agreements. We recalculated the settlement reports for the games tested.

We found no exceptions as a result of these procedures.

8. We obtained information on tradition fund contribution revenue, including the contribution amount for each section in the stadium and the number of seats required to make the contribution in each section. 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.

We identified no variances that were 5% or greater for tradition fund contribution revenue.

9. We obtained and inspected agreements related to the university's participation in revenues from football post-season activity during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger. We recalculated the totals. In addition, we

selected one operating revenue receipt from the NCAA/Conference distributions category and agreed it to adequate supporting documentation.

We found no exceptions as a result of these procedures.

10. We obtained and inspected one agreement related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger. We recalculated the totals.

We found no exceptions as a result of these procedures.

11. We selected two operating revenue receipts from the program sales, concessions, novelty sales, and parking category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

12. We obtained and inspected one agreement related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger. We recalculated the totals.

We found no exceptions as a result of these procedures.

13. We selected one operating revenue receipt from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

#### **MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES**

14. We selected a sample of five athletic scholarship expense transactions from the general ledger and identified the students included in the transactions. We obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account.

We found no exceptions as a result of these procedures.

15. We selected the football, baseball, and men's basketball games with game guarantee expenses and agreed the amounts to the general ledger and to the contractual agreements. We recalculated the settlement reports for the games tested.

We found no exceptions as a result of these procedures.

16. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and selected four coaches from football, baseball, and men's and women's basketball, and three support staff/administrative personnel. The following procedures were performed:
- (a) We compared and agreed the financial terms and conditions in the contract of each coach selected to the related coaching salaries, benefits, and other compensation recorded in the university's payroll and accounts payable systems during the reporting period.
  - (b) We obtained and inspected W-2s and 1099s for each selection.
  - (c) We compared and agreed related W-2s and 1099s for each selection to the related salaries, benefits, and other compensation recorded in the university's payroll and accounts payable systems during the reporting period.

We found no exceptions as a result of these procedures.

17. We obtained and inspected a listing of coaches' salaries paid by third parties during the reporting period. We compared and agreed the financial terms and conditions in the coaches' contracts to the related coaching other compensation and benefits paid by a third party recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

18. Using a list prepared by the university, we selected an athletic employee with a severance payment and agreed the severance pay to the related personnel action form. We recalculated the totals.

We found no exceptions as a result of these procedures.

19. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed these policies to existing university and NCAA related policies. We selected four recruiting expenses and agreed to adequate supporting documentation.

We found no exceptions as a result of these procedures.

20. We obtained an understanding of the university's team travel policies. We compared and agreed these policies to existing university and NCAA related policies. We selected nine team travel expenses and agreed to adequate supporting documentation. In addition, we obtained documentation of football team travel expenses for the Peach Bowl and followed selected transactions through the university's internal control system to determine adherence to established policies and procedures.

We found no exceptions as a result of these procedures.

21. We selected two operating expenses from the equipment, uniforms, and supplies category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

22. We selected four operating expenses from the direct facilities, maintenance, and rental category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

23. We selected two travel expenses incurred by spirit groups and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

24. We selected six operating expenses from the other operating expense category, including two administrative travel expenses, and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

25. We selected one operating expense from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES  
FOR NOTES AND DISCLOSURES**

26. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10% of total contributions. We obtained and reviewed supporting documentation for such contributions and ensured 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, 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 the Tiger Athletic Foundation is disclosed in note 1.

27. We obtained and reviewed a schedule of total intercollegiate athletics capitalized assets, additions, deletions, and improvements of facilities by type along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.

We were provided the capital asset information by management (note 2).

28. We agreed the capital asset schedule to supporting schedules provided by the university and the university's general ledger. We selected any capitalized addition that was greater than 10% of total capital additions and agreed the recorded cost to adequate supporting documentation. We agreed the Tiger Athletic Foundation's capital asset schedule to its audited financial statements for the year ended December 31, 2005.

We found no exceptions as a result of these procedures.

29. We obtained the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the reporting period. We recalculated annual maturities and agreed to supporting schedules provided by the university and the university's general ledger. We agreed the Tiger Athletic Foundation's repayment schedules to their audited financial statements for the year ended December 31, 2005.

We found no exceptions as a result of these procedures.

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

30. We obtained written representation from management of the university that the Tiger Athletic Foundation 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 the Tiger Athletic Foundation. For the year ended December 31, 2005, the LSU Track and Field Officials Association donated \$55,000 to the Tiger Athletic Foundation.
31. We obtained from management a summary of revenues and expenses for, or on behalf of, intercollegiate athletics programs by the Tiger Athletic Foundation to be included with the agreed-upon procedures report. We obtained written representations as to the fair presentation of the summary and agreed the amounts reported to the Tiger Athletic Foundation's general ledger and audited financial statements for the year ended December 31, 2005.

The following is the summary of revenues and expenses for, or on behalf of, intercollegiate athletics programs by the Tiger Athletic Foundation for the year ended December 31, 2005:

# ATHLETIC DEPARTMENT, LOUISIANA STATE UNIVERSITY

---

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
<b>REVENUES</b>						
Contributions	\$1,321,217	\$99,529	\$114,757	\$360,334	\$3,807,875	\$5,703,712
Compensation and benefits provided by a third party	615,000					615,000
Total revenues	<u>1,936,217</u>	<u>99,529</u>	<u>114,757</u>	<u>360,334</u>	<u>3,807,875</u>	<u>6,318,712</u>
<b>EXPENSES</b>						
Coaching other compensation and benefits paid by a third party	615,000					615,000
Recruiting	23,257	2,833	456	5,045	31	31,622
Team travel	93,768	65,072	4,415	29,165		192,420
Equipment, uniforms, and supplies				58,522		58,522
Game expenses	25,000			2,286	249	27,535
Fund raising, marketing, and promotion	104,414	19,784	63,849	101,573	304,998	594,618
Spirit groups					42,219	42,219
Membership and dues	21,026			10,096	4,026	35,148
Other operating expense	1,053,752	11,840	46,037	153,647	3,456,352	4,721,628
Total expenses	<u>1,936,217</u>	<u>99,529</u>	<u>114,757</u>	<u>360,334</u>	<u>3,807,875</u>	<u>6,318,712</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENSES</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

These amounts include contributions totaling \$5,036,039 from the Tiger Athletic Foundation; \$1,010,407 from booster clubs; and, \$272,266 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by the Tiger Athletic Foundation.

32. We obtained an understanding and tested 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.

We found no significant deficiencies in the design of 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.

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

The financial statements of the Tiger Athletic Foundation for the year ended December 31, 2005, were audited by an independent certified public accounting firm. The audit report was dated February 24, 2006, and included no reportable conditions relating to the outside organization's internal control.

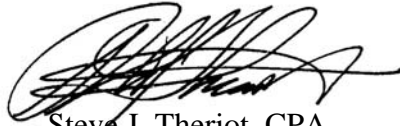
We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accompanying Statement of Revenues and Expenses and related notes of the Louisiana State University and A&M College Athletic Department. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

---

## INDEPENDENT ACCOUNTANT'S REPORT

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

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

AB:ES:PEP:dl

LSUNCAA06

This page is intentionally blank.

**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, 2006**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating Revenues:						
Ticket sales	\$16,681,830	\$1,801,463	\$534,815	\$1,690,036	\$771,341	\$21,479,485
Game guarantees	800,000		9,500	20,000		829,500
Contributions	12,653,033	149,529	164,757	572,443	3,870,375	17,410,137
Compensation and benefits provided by a third party	708,000	27,950	33,600	112,500	107,600	989,650
NCAA/Conference distributions including all tournament revenues	8,545,207	3,046,400	52,500	68,078	410,569	12,122,754
Broadcast, television, radio, and Internet rights					4,850,000	4,850,000
Program sales, concessions, novelty sales, and parking	2,752,393	207,690	100,351	247,528	1,540,118	4,848,080
Royalties, advertisements, and sponsorships					1,151,563	1,151,563
Endowment and investment income					681,994	681,994
Other					3,067,623	3,067,623
Total operating revenues	<u>42,140,463</u>	<u>5,233,032</u>	<u>895,523</u>	<u>2,710,585</u>	<u>16,451,183</u>	<u>67,430,786</u>
<b>EXPENSES</b>						
Operating Expenses:						
Athletics student aid	2,377,568	337,374	380,129	3,478,091	487,707	7,060,869
Game guarantees	1,860,000	264,500	75,263	35,018		2,234,781
Coaching salaries and benefits paid by the university and related entities	3,942,338	1,268,078	856,050	2,860,774		8,927,240
Coaching other compensation and benefits paid by a third party	708,000	27,950	33,600	112,500		882,050
Support staff/administrative salaries and benefits paid by the university and related entities	998,255	92,861	151,597	239,950	8,896,740	10,379,403
Support staff/administrative other compensation and benefits paid by a third party					107,600	107,600
Severance payments	17,595			20,792	97,314	135,701
Recruiting	320,774	72,695	82,999	273,285	10,521	760,274
Team travel	1,062,759	434,129	270,351	1,448,138	53,448	3,268,825
Equipment, uniforms, and supplies	845,089	57,964	76,114	703,664	213,913	1,896,744
Game expenses	649,389	218,322	123,020	221,352	2,330,872	3,542,955
Fund raising, marketing, and promotion	104,414	19,784	63,966	101,573	417,565	707,302
Direct facilities, maintenance, and rental	38,622	1,437	366	16,364	12,315,540	12,372,329
Spirit groups					495,872	495,872
Medical expenses and medical insurance	192,474	19,557	5,505	141,955	298,278	657,769
Memberships and dues	22,561	530		15,043	15,602	53,736
Other operating expense	2,358,892	292,310	222,729	745,075	8,113,534	11,732,540
Total operating expenses	<u>15,498,730</u>	<u>3,107,491</u>	<u>2,341,689</u>	<u>10,413,574</u>	<u>33,854,506</u>	<u>65,215,990</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>\$26,641,733</u>	<u>\$2,125,541</u>	<u>(\$1,446,166)</u>	<u>(\$7,702,989)</u>	<u>(\$17,403,323)</u>	<u>\$2,214,796</u>

---

This page is intentionally blank.

**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 the 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). The foundation'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. The foundation 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 the foundation 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, 2006, and December 31, 2005, 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 \$6,318,712 from TAF for the year ended December 31, 2005. 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	\$5,703,712
Compensation and benefits provided by a third party	<u>615,000</u>
Total	<u><u>\$6,318,712</u></u>

**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, which total \$100,000 or more

and which 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 the purpose of expanding and renovating facilities and to complete general stadium improvements. LSU will lease 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.

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. 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.

---

NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)

Capital asset activity for the athletic department for the year ended June 30, 2006, is as follows:

**LSU ATHLETIC DEPARTMENT**

	Balance June 30, 2005	Additions	Transfers	Retirements	Balance June 30, 2006
<b>Capital assets not being depreciated:</b>					
Construction-in-progress	<u>\$2,071,506</u>	<u>\$4,162,116</u>	<u>(\$318,864)</u>	<u>NONE</u>	<u>\$5,914,758</u>
<b>Other capital assets:</b>					
Depreciable land improvements	\$1,965,662				\$1,965,662
Less - accumulated depreciation	(738,156)	(\$78,171)			(816,327)
Total land improvements	<u>1,227,506</u>	<u>(78,171)</u>	<u>NONE</u>	<u>NONE</u>	<u>1,149,335</u>
Buildings	73,956,244		\$318,864		74,275,108
Less - accumulated depreciation	(36,195,733)	(1,728,995)			(37,924,728)
Total buildings	<u>37,760,511</u>	<u>(1,728,995)</u>	<u>318,864</u>	<u>NONE</u>	<u>36,350,380</u>
Equipment	6,034,974	144,072		(\$177,113)	6,001,933
Less - accumulated depreciation	(4,672,256)	(460,090)		177,113	(4,955,233)
Total equipment	<u>1,362,718</u>	<u>(316,018)</u>	<u>NONE</u>	<u>NONE</u>	<u>1,046,700</u>
Total other capital assets	<u>\$40,350,735</u>	<u>(\$2,123,184)</u>	<u>\$318,864</u>	<u>NONE</u>	<u>\$38,546,415</u>
<b>Capital asset summary:</b>					
Capital assets not being depreciated	\$2,071,506	\$4,162,116	(\$318,864)		\$5,914,758
Other capital assets, at cost	<u>81,956,880</u>	<u>144,072</u>	<u>318,864</u>	<u>(\$177,113)</u>	<u>82,242,703</u>
Total cost of capital assets	<u>84,028,386</u>	<u>4,306,188</u>	<u>NONE</u>	<u>(177,113)</u>	<u>88,157,461</u>
Less - accumulated depreciation	<u>(41,606,145)</u>	<u>(2,267,256)</u>	<u>NONE</u>	<u>177,113</u>	<u>(43,696,288)</u>
Capital assets, net	<u>\$42,422,241</u>	<u>\$2,038,932</u>	<u>NONE</u>	<u>NONE</u>	<u>\$44,461,173</u>

# ATHLETIC DEPARTMENT, LOUISIANA STATE UNIVERSITY

---

Capital asset activity for TAF for the year ended December 31, 2005, is as follows:

## TAF

	Balance December 31, 2004	Prior Period Adjustment	Restated Balance December 31, 2004	Additions	Transfers	Balance December 31, 2005
<b>Capital assets not being depreciated:</b>						
Land	\$3,090,000		\$3,090,000			\$3,090,000
Construction-in-progress	31,471,311		31,471,311	\$63,453,104	(\$71,898,641)	23,025,774
<b>Total capital assets not being depreciated</b>	<b><u>\$34,561,311</u></b>	<b><u>NONE</u></b>	<b><u>\$34,561,311</u></b>	<b><u>\$63,453,104</u></b>	<b><u>(\$71,898,641)</u></b>	<b><u>\$26,115,774</u></b>
<b>Other capital assets:</b>						
Land and improvements	\$1,558,657		\$1,558,657			\$1,558,657
Less - accumulated depreciation	(125,004)	(\$33,016)	(158,020)	(\$57,080)		(215,100)
<b>Total land improvements</b>	<b><u>1,433,653</u></b>	<b><u>(33,016)</u></b>	<b><u>1,400,637</u></b>	<b><u>(57,080)</u></b>	<b><u>NONE</u></b>	<b><u>1,343,557</u></b>
Buildings	54,127,544	(5,444)	54,122,100	115,714	\$71,898,641	126,136,455
Less - accumulated depreciation	(2,780,486)	33,018	(2,747,468)	(978,453)		(3,725,921)
<b>Total buildings</b>	<b><u>51,347,058</u></b>	<b><u>27,574</u></b>	<b><u>51,374,632</u></b>	<b><u>(862,739)</u></b>	<b><u>71,898,641</u></b>	<b><u>122,410,534</u></b>
Equipment	315,853	(58)	315,795	25,609		341,404
Less - accumulated depreciation	(194,273)		(194,273)	(35,931)		(230,204)
<b>Total equipment</b>	<b><u>121,580</u></b>	<b><u>(58)</u></b>	<b><u>121,522</u></b>	<b><u>(10,322)</u></b>	<b><u>NONE</u></b>	<b><u>111,200</u></b>
<b>Total other capital assets</b>	<b><u>\$52,902,291</u></b>	<b><u>(\$5,500)</u></b>	<b><u>\$52,896,791</u></b>	<b><u>(\$930,141)</u></b>	<b><u>\$71,898,641</u></b>	<b><u>\$123,865,291</u></b>
<b>Capital asset summary:</b>						
Capital assets not being depreciated	\$34,561,311		\$34,561,311	\$63,453,104	(\$71,898,641)	\$26,115,774
Other capital assets, at cost	56,002,054	(\$5,502)	55,996,552	141,323	71,898,641	128,036,516
<b>Total cost of capital assets</b>	<b><u>90,563,365</u></b>	<b><u>(5,502)</u></b>	<b><u>90,557,863</u></b>	<b><u>63,594,427</u></b>	<b><u>NONE</u></b>	<b><u>154,152,290</u></b>
Less - accumulated depreciation	(3,099,763)	2	(3,099,761)	(1,071,464)	NONE	(4,171,225)
<b>Capital assets, net</b>	<b><u>\$87,463,602</u></b>	<b><u>(\$5,500)</u></b>	<b><u>\$87,458,102</u></b>	<b><u>\$62,522,963</u></b>	<b><u>NONE</u></b>	<b><u>\$149,981,065</u></b>

UNAUDITED

NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)

**3. LONG-TERM LIABILITIES**

Notes Payable - LSU Athletic Department

The LSU Athletic Department has no installment purchase agreements. LSU has entered into a loan agreement with the Louisiana Public Facilities Authority (LPFA) for the improvement and expansion of various athletic facilities.

The following is a summary of notes payable for the athletic department for the year ended June 30, 2006:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding June 30, 2005</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding June 30, 2006</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Interest Outstanding June 30, 2006</u>
LPFA	October 31, 1988	<u>\$12,154,417</u>	<u>\$5,003,743</u>	<u>(\$827,531)</u>	<u>\$4,176,212</u>	Variable	2006-2011	<u>\$680,134</u>

The following is the amortization schedule for the outstanding notes payable for the athletic department as of June 30, 2006:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$876,576	\$250,573	\$1,127,149
2008	931,484	197,978	1,129,462
2009	984,970	142,089	1,127,059
2010	1,274,793	82,991	1,357,784
2011	<u>108,389</u>	<u>6,503</u>	<u>114,892</u>
Total	<u>\$4,176,212</u>	<u>\$680,134</u>	<u>\$4,856,346</u>

Notes Payable - TAF

The following is a summary of notes payable for TAF for the year ended December 31, 2005:

<u>Issue</u>	<u>Date of Issue</u>	<u>Principal Outstanding December 31, 2004</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding December 31, 2005</u>	<u>Interest Rates</u>	<u>Maturities</u>
Hibernia Term and Revolver Loan	July 26, 2001	<u>\$4,131,337</u>	<u>(\$1,156,001)</u>	<u>\$2,975,336</u>	Variable	2006-2008

## ATHLETIC DEPARTMENT, LOUISIANA STATE UNIVERSITY ---

The notes payable includes a term loan secured by a lien on pledged revenues.

The following is the amortization schedule for the outstanding notes payable for TAF as of December 31, 2005:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2006	\$1,239,000	Variable
2007	1,329,000	Variable
2008	<u>407,336</u>	Variable
Total	<u><u>\$2,975,336</u></u>	

### Bonds Payable - LSU Athletic Department

The following is a detailed summary of bonds payable for the athletic department for the year ended June 30, 2006:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding June 30, 2005</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding June 30, 2006</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Interest Outstanding June 30, 2006</u>
2005 A, B	June 2, 2005	<u>\$12,325,000</u>	<u>\$11,760,000</u>	<u>(\$445,000)</u>	<u>\$11,315,000</u>	3.0% to 5.0%	2006-2026	<u>\$4,405,560</u>

The 2005 bond issue consisted of refunding the Series 1996 bonds in the amount of \$9,995,000 and of refunding the Series 1997 bonds in the amount of \$2,330,000. The interest rate structure includes a separate interest rate swap agreement.

The following is the amortization schedule for the outstanding bonds payable for the athletic department as of June 30, 2006:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$450,000	\$427,406	\$877,406
2008	475,000	411,930	886,930
2009	490,000	394,758	884,758
2010	510,000	370,530	880,530
2011	535,000	350,130	885,130
2012-2016	3,055,000	1,374,826	4,429,826
2017-2021	2,750,000	766,884	3,516,884
2022-2026	<u>3,050,000</u>	<u>309,096</u>	<u>3,359,096</u>
Total	<u><u>\$11,315,000</u></u>	<u><u>\$4,405,560</u></u>	<u><u>\$15,720,560</u></u>

UNAUDITED

## NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)

### Bonds Payable - TAF

The following is a detailed summary of bonds payable for TAF for the year ended December 31, 2005:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding December 31, 2004</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding December 31, 2005</u>	<u>Interest Rates</u>	<u>Maturities</u>
Series 1999 Bonds	March 4, 1999	\$43,575,000	\$43,575,000		\$43,575,000	Variable	2010-2028
Series 2001 Bonds	July 26, 2001	10,200,000	4,935,000	(\$2,135,000)	2,800,000	Variable	2006-2011
Series 2004 Bonds	March 23, 2004	90,000,000	90,000,000	(1,465,000)	88,535,000	Variable	2006-2033
Total		<u>\$143,775,000</u>	<u>\$138,510,000</u>	<u>(\$3,600,000)</u>	<u>\$134,910,000</u>		

In 1999, the foundation issued \$43,575,000 in revenue bonds for the purpose of 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 2001, \$10,200,000 in revenue bonds was issued for the purpose of certain improvements and renovations to the Gym Armory at LSU.

In 2004, the foundation issued \$90,000,000 in revenue bonds for the purpose of 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 a Football Operations Center, as well as miscellaneous improvements to Tiger Stadium.

The following is the amortization schedule for the outstanding bonds payable for TAF as of December 31, 2005:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2006	\$2,665,000	Variable
2007	2,745,000	Variable
2008	2,225,000	Variable
2009	1,775,000	Variable
2010	3,335,000	Variable
2011-2015	19,230,000	Variable
2016-2020	24,330,000	Variable
2021-2025	30,780,000	Variable
2026-2030	31,755,000	Variable
2031-2033	16,070,000	Variable
Total	<u>\$134,910,000</u>	

This page is intentionally blank.