

## Financial Perspective Summary (Review from Beginning of Current Year)

May 6, 2013

### Existing Board Policy

1. Zero (0) Based Budgeting, that is, by policy, the Association cannot use prior year carry forward as a revenue line.
2. Adopted Board of Control goals (financial) as it relates to the KHSAA long-term debt as adopted in 1994
  - a. 33% reserve (1/3 of operating budget non designated) after five years.
  - b. 50% reserve (1/2 of operating budget non designated) after ten years.
  - c. 100% reserve (1/1 of operating budget non designated) after fifteen years.
3. The Association Staff and Board of Control have created several "Designated Funds" to allow for future expenditures to occur without jeopardizing current operations. In doing this, the Association avoids the "use or lose" mentality exhibit by some businesses due to budgeting cycles.

### Stated prior goals of Board as it relates to finances (prior to FY of building debt retirement)

1. Pay off long term debt while building necessary reserves (DONE)
2. Monitor and adjust if necessary, team expense reimbursement.
3. Ensure that state championships are fully funded as quality events for participants.
4. Analyze potential for return of reimbursement in individual sports for schools with competitors.
5. Return excess funds to schools as soon as possible using systematic rebate formula while not jeopardizing school dues receipts in the spring/summer for cash flow maintenance.

### Budget Assumptions

1. Internal and external corporate sponsor receipts only budgeted per contracts
2. Sports Expenses and Receipts predictable due to advance site selections

### Association Audited Financial Position – Beginning of SY2012-2013 (July 1, 2012)

<b>Cash/Liquid Assets</b>		
BLDF-Forch Bank (houses Museum Funds)	\$17,538.30	
Dawahare Restricted Account (after accumulated transfer)	\$17,000.00	
RTF-Montgomery Traders Bank (Sick Leave Reserve)	\$92,529.04	
Cash – PNC Checking (after accumulated transfer)	\$778,863.66	
Cash-PNC Event and Web Accounty	\$193,476.79	
Paypal Transaction Accounty	\$32,856.00	
Investments Unrestricted	\$0.00	
Accounts Receivable	\$333,465.48	
<i>Total Fund Sources</i>		\$1,465,629.27
<b>Legally Restricted Funds</b>		
Unawarded PNC/National City Scholarships	\$43,916.00	
Unawarded Fifth Third Scholarships	\$500.00	
Unawarded Leachman Golf Scholarships	\$500.00	
Unawarded Pannell Swim Scholarships	\$2,500.00	
Accounts Payable	\$237,894.15	
<i>Total Restricted Funds</i>		\$285,310.15
<i>Total Funds without Legal Restrictions (beginning of FY09-10)</i>		\$1,180,419.12
<b>Board Designated Funds</b>		
Equipment Reserve	\$57,999.00	
Officials Division Reserve	\$26,600.00	
Physical Plant Reserve	\$64,292.00	
Unawarded Sportsmanship Scholarships	\$16,041.00	
Museum Development (Designated)	\$103,918.00	
Trademark / Novelty Reserve	\$44,708.00	
Title IX Project Reserve	\$19,058.00	
Accrued Sick Leave	\$101,254.00	
Student Leadership Programs	\$4,315.00	
Dawahares/KHSAA Hall of Fame Designation	\$0.00	
Web Development Reserve	\$48,084.00	
Archives Reserve	\$20,592.00	
Promotions and Media Reserve	\$113,253.00	
<i>Total Board Designations (beginning of FY09-10)</i>		\$620,114.00
<i>Total Unrestricted Available Funds (beginning of FY09-10)</i>		\$560,305.12

**FINAL REVIEW AND RECOMMENDATIONS – FY14 DRAFT BUDGET  
(SEPARATE AND APART FROM PERSONNEL RECOMMENDATIONS)**

Action Items for Budget Recommendations at the adjustments for end of 2012-2013 fiscal year (Action Items):

1. Consider Personnel Recommendations
2. Approve the transfer of up to \$20,000 from the General Fund Carryover to the Title IX reserve for the bulk purchase of "Title IX and Interscholastic Athletics" to be made available for sale to the membership for ½ of purchase price
3. Approve the necessary transfer of funds into and out of the designated accounts for known transactions from the 2011-2012 and 2012-2013 fiscal years to close the fiscal year, including the transfer of funds for designated sick leave and other calculated amounts. Approve the remainder of the Designate Fund Categories and calculations as established in the past audits.
4. Approve the purchase of an additional digital scanner/copier from State Pricing Contract and needed software to add a second machine for the purpose of archiving KHSAA information and necessary software. This machine shall be funded by the Archives Reserve (50%) and the Equipment Reserve (50%).
5. Approve draft budget for 2013-2014 and future years to permit operations through July and final approval.

**BRIEF DESCRIPTION OF DESIGNATED FUNDS**

Unawarded Houchens Scholarships	Encumbered Scholarships not yet awarded as of 6/30/12
Unawarded PNC/National City, Fifth Third, Leachman and Pannell Swim Shop Scholarships	Encumbered Scholarships not yet awarded as of 6/30/12
Accounts Payable	Documented Accounts Payable at of 6/30/2012
Equipment Reserve	Accumulation of unspent equipment and hardware/software budget, allocated for future years
Officials Division Reserve	Accumulation of \$5 Officials Division Trust Fund for award and recognition and training programs
Physical Plant Reserve	Accumulation and Board set-aside for amounts to be held for repair of building and physical plant assets
Sportsmanship Awards Reserve	Unawarded special programs receipts from Sportsmanship programs
Museum Development (Designated)	Monies designated by Board of Control through approved programs to transfer from General Fund to development of Museum Area
Trademark / Novelty Reserve	Balance of original designation of funds when KHSAA sold licensing rights to NCAA for use of Sweet Sixteen® or Sweet 16®
Title IX Project Reserve	Historic carry-forward of unspent Title IX account to be used for production of future manuals, forms and information
Accrued Sick Leave	Calculated Balance of Accrued sick leave per board policy
Student Leadership Programs	Carry forward from prior years of any net gain in Student Leadership Programs
Dawahares/KHSAA Hall of Fame Designation	Balance of sponsor dollars left in separate account related to Dawahares/KHSAA Hall of Fame
Web Development Reserve	For Continued Development of web applications and review of continual shift to a reduction of paper in daily operations. Unspent Const Services – Consultation and Web –Site Data Accounts
Archives Reserve	For Preservation of Records, Unspent Cont. Services – Archives and Records
Promotions and Media Reservec	Unspent reserve to be dedicated to promotional material including multimedia and print and the 100 <sup>th</sup> Anniversary Celebration Activities