

Financial Perspective Summary (Review from Beginning of Current Year)

May 12, 2015

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. Monitor Award and Other Expense Costs
5. Analyze potential for return of reimbursement in individual sports for schools with competitors.
6. 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
3. Initial Estimates and Projections on 5-year average

Association Audited Financial Position – Beginning of SY2014-2015 (July 1, 2014)

Cash/Liquid Assets			
10125	Cash – PNC Checking (after accumulated transfer)	\$828,071.93	
10150	Cash-PNC Event and Web Account	\$294,163.16	
10175	Paypal Transaction Account	\$93,134.65	
10225	BLDF-Forch Bank (houses Museum Funds)	\$17,573.38	
10275	Stout Memorial Fund	\$14,814.87	
10300	RTF-Montgomery Traders Bank (Sick Leave Reserve)	\$103,703.02	
10550	Dawahare Restricted Account (after accumulated transfer)	\$0.00	
	Investments Unrestricted	\$0.00	
	Accounts Receivable	\$319,482.34	
	<i>Total Fund Sources</i>		\$1,670,943.35
Legally Restricted Funds			
20000	Accounts Payable	\$316,552.87	
22100	Accrued Sick Leave	\$104,034.37	
27000	Unearned School Dues	\$30,600.00	
27100	Unearned Officials Dues	\$182,695.00	
27200	Unearned Advance Prepayments	\$4,320.00	
37500	Stout Memorial Fund	\$14,785.00	
38400	Unawarded Sportsmanship Scholarships	\$15,040.86	
38500	Unawarded PNC/National City Scholarships	\$4,915.73	
38600	Unawarded Baseball Scholarships	\$0.00	
38700	Unawarded Fifth Third Scholarships	\$0.00	
38950	Unawarded Leachman Golf Scholarships	\$500.00	
38960	Unawarded Pannell Swim Scholarships	\$1,700.00	

38970	Unawarded Rawlings Softball Scholarships	\$1,500.00	
38980	Unawarded Rawlings Baseball Scholarships	\$1,000.00	
	<i>Total Restricted Funds</i>		\$677,643.83
	<i>Total Funds without Legal Restrictions (beginning of FY14-15)</i>		\$993,299.52
	Board Designated Funds		
35300	Equipment Reserve	\$14,593.43	
35400	Officials Division Reserve	\$30,955.91	
35500	Accrued Sick Leave	\$0.00	
35600	Physical Plant Reserve	\$55,048.64	
35700	Museum Development (Designated)	\$0.00	
35900	Trademark / Novelty Reserve	\$44,231.55	
36000	Student Leadership Programs	\$4,315.00	
36100	Title IX Project Reserve	\$16,217.37	
36300	Dawahares/KHSAA Hall of Fame Designation	\$0.00	
36400	Promotions and Media Reserve	\$87,411.01	
36500	Archives Reserve	\$27,767.90	
36600	Web Development Reserve	\$33,879.17	
	<i>Total Board Designations (beginning of FY14-15)</i>		\$314,419.98
	<i>Total Unrestricted Available Funds (beginning of FY14-15)</i>		\$678,879.54

**FINAL REVIEW AND RECOMMENDATIONS – FY15-16 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 the following personnel recommendations following review for 2014-2015:
 - a. Increase the flat salary paid to the physical plant director to \$26,000 for 2014-2015;
 - b. Increment the salary schedule for all other cells in the employee salary schedule, along with the contracted legal counsel, by 2.0% effective July 1, 2015 as approved in May, 2014.
 - c. The one paid internship positions with consolidated scoreboard entry duties remain in place at will be consolidated into one position, with that person paid on the lowest level salary line to comply with wage and hour restrictions; a a savings of approximately \$21,000 from having two intern positions.
 - d. The Commissioner will complete the hiring process on the two most immediate support staff vacancies but until further review by the Board of Control, the full-time position of Administrative Support Specialist will remain available and open through the 2015-2016 budget development process.
 - e. Approve the Commissioner engaging in negotiations and completing the transaction with an independent contractor for the purpose of coordinating all sales and marketing efforts for the Association. The contract shall be reviewed by the Commissioner and Associate Commissioner, General Counsel, and an AdHoc Committee made up of the immediate past President, outgoing President, incoming President and incoming President-elect before circulation to the entire Board of Control for information prior to the contract signing.
2. Approve the necessary transfer of funds into and out of the designated accounts for known transactions from the 2014-2015 fiscal year to close the fiscal year, including the transfer of funds for designated sick leave and other calculated amounts. Included in these designations would be to set aside a new designated account to be funded by the Advance Officials Camp to offset any expenses of the 2017 NASO Conference.
3. Approve the remainder of the Designate Fund Categories and calculations as established in the past audits.
4. Approve draft budget for 2015-2016 and future years to permit operations through final approval of a more formal budget at a future meeting of the Board of Control.

BRIEF DESCRIPTION OF DESIGNATED FUNDS

Unawarded Houchens Scholarships	Encumbered Scholarships not yet awarded as of 6/30/14
Unawarded PNC/National City, Fifth Third, Leachman, Pannell Swim Shop and Rawlings Scholarships	Encumbered Scholarships not yet awarded as of 6/30/14
Accounts Payable	Documented Accounts Payable at of 6/30/2014
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 Reservice	Unspent reserve to be dedicated to promotional material including multimedia and print and the 100 th Anniversary Celebration Activities