

Financial Perspective Summary (Review from Beginning of Current Year)

June 30, 2018

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 nondesignated) after five years.
 - b. 50% reserve (1/2 of operating budget nondesignated) after ten years.
 - c. 100% reserve (1/1 of operating budget nondesignated) 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 (before 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. 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 a 5-year average

Association Audited Financial Position – Beginning of SY2018-2019 (July 1, 2018)

	Cash/Liquid Assets		
10125	Cash – PNC Checking (after accumulated transfer)	1,131,717.78	
10150	Cash-PNC Event and Web Account	\$93,155.04	
10175	Paypal Transaction Account	\$30,736.00	
10275	Stout Memorial Fund	\$18,914.59	
10300	RTF-Montgomery Traders Bank (Sick Leave Reserve)	\$137,609.36	
10550	Dawahare Restricted Account (after accumulated transfer)	\$0.00	
	Investments Unrestricted	\$0.00	
	Accounts Receivable	\$238,162.02	
	<i>Total Fund Sources</i>		\$1,650,294.79
	Legally Restricted Funds		
20000	Accounts Payable	\$69,279.09	
22100	Accrued Sick Leave	\$137,600.17	
27000	Unearned School Dues	\$16,000.00	
27100	Unearned Officials Dues	\$89,960.00	
27200	Unearned Advance Prepayments	\$33,483.31	
37500	Stout Memorial Fund	\$18,785.76	
38900	Unawarded Leachman Boys Golf Scholarships	\$750.00	
38950	Unawarded Leachman Girls Golf Scholarships	\$1,000.00	
38960	Unawarded Pannell Swim Scholarships	\$2,700.00	
	<i>Total Restricted Funds</i>		\$369,558.33
	<i>Total Funds without Legal Restrictions (beginning of FY18-19)</i>		\$1,280,736.46

	Board Designated Funds		
35300	Equipment Reserve	\$78,279.04	
35400	Officials Division Reserve	\$75,623.45	
35600	Physical Plant Reserve	\$67,155.00	
35700	Museum Development (Designated)	\$17,555.84	
35900	Trademark / Novelty Reserve	\$39,582.55	
36000	Student Leadership Programs	\$4,315.00	
36100	Title IX Project Reserve	\$37,200.00	
36300	Dawahares/KHSAA Hall of Fame Designation	\$0.00	
36400	Promotions and Media Reserve	\$115,838.46	
36500	Archives Reserve	\$0.00	
36600	Web Development Reserve	\$38,197.88	
	<i>Total Board Designations (beginning of FY18-19)</i>		<i>\$473,747.22</i>
	<i>Total Unrestricted Available Funds (beginning of FY18-19)</i>		<i>\$806,989.24</i>

**FINAL REVIEW AND RECOMMENDATIONS – FY19-20 DRAFT BUDGET
(SEPARATE AND APART FROM PERSONNEL RECOMMENDATIONS)**

Action Items for Budget Recommendations at the adjustments for end of 2018-2019 fiscal year (Action Items):

1. Consider the following personnel recommendations following review for 2019-2020:
 - a. No increase for 2019-2020 in the salary schedule with review for incentive compensation to occur in fall of 2019 or in the alternative, consideration of step increase in July when more data available regarding KERS situation.
 - b. Approve the contract for General Counsel to be renewed for a four-year period at a salary in year one based on the 2018-2019 salary at this time.
2. Approve the rank step increases for the appropriate employees based solely on tenure. This would move S. Bridenbaugh to Grade 1, Step 3 effective July 1.
3. Approve the transfer of \$40,000 from the Promotions Designated Fund to the Physical Plant Reserve Designated Fund.
4. Approve the remainder of the Designate Fund Categories and calculations as established in the past audits.
5. Approve the necessary transfer of funds into and out of the designated accounts for known transactions from the 2018-2019 fiscal year to close the fiscal year, including the transfer of funds for designated sick leave and other calculated amounts.

BRIEF DESCRIPTION OF DESIGNATED FUNDS

Accounts Payable	Documented Accounts Payable at of 6/30/2018
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