

ATHLETIC ACTIVITY ACCOUNT

**DISTRICT 228 ATHLETIC
REVENUE/EXPENDITURES**

BASELINE STUDY AND ANALYSIS

FY10-FY13

December, 2013

Executive Summary

This report represents a study of the monies that flow through the High School Athletic Activity Account. The objective of this analysis is to gain a baseline understanding of the actual expenditures made through the High School Athletic Account and the revenues that are deposited into this account. A baseline understanding will ideally improve future financial decisions and improve upon existing protocols for cash management and budgetary decisions for the High School Athletic programs. This report concludes with a discussion of District 228 financial outlays and revenues related to High School Athletic programs. When combined with the High Athletic Account monies the report will provide a macro picture of the overall revenues and expenditures associated with high school athletics.

This analysis reveals that on average over the past 4 years, \$125,000 is spent out of the High School Athletic Account in any given year. The majority of these expenditures are related to marketing activities and event workers, including payments to contest officials. Hundreds of individual payments are made from the High School Athletic Activity Account every year and I have broken down the expenditures from this account into six general categories:

1. Workers and Officials.
2. Food and Beverage.
3. Entry Fees/Camps/IHSA Payments.
4. Supplies and Equipment.
5. Clothing and Uniforms.
6. Tickets, Programs, and Marketing.
7. Start up Cash.

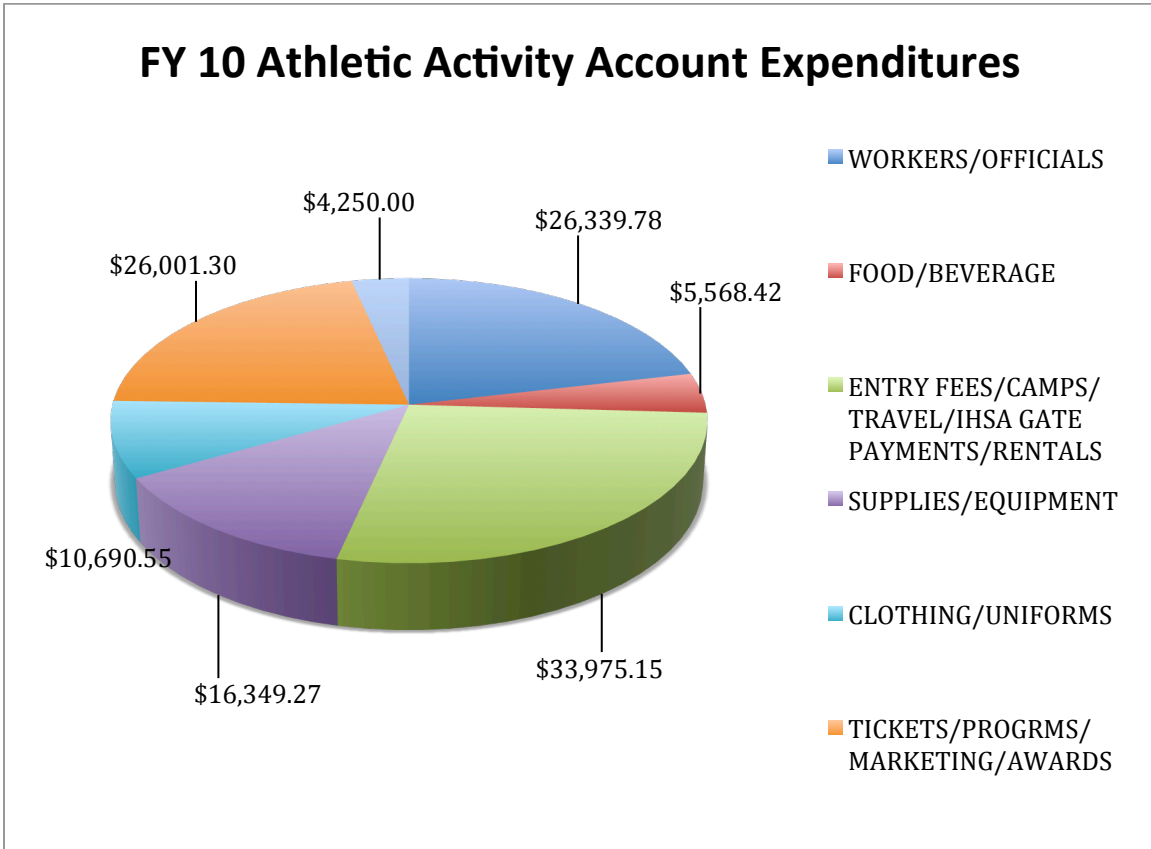
On any given year the High School Athletic Activity Account receives revenues averaging nearly \$126,000 over the past 4 years. I have classified these revenue sources into the following general categories for the sake of this study:

1. Entry Fees from schools participating in GHS athletic contests.
2. Donations and Sponsorships
3. Programs (includes sales and advertising fees)
4. Gate receipts/ticket sales from IHSA sponsored events.
5. Equipment and merchandise sales.

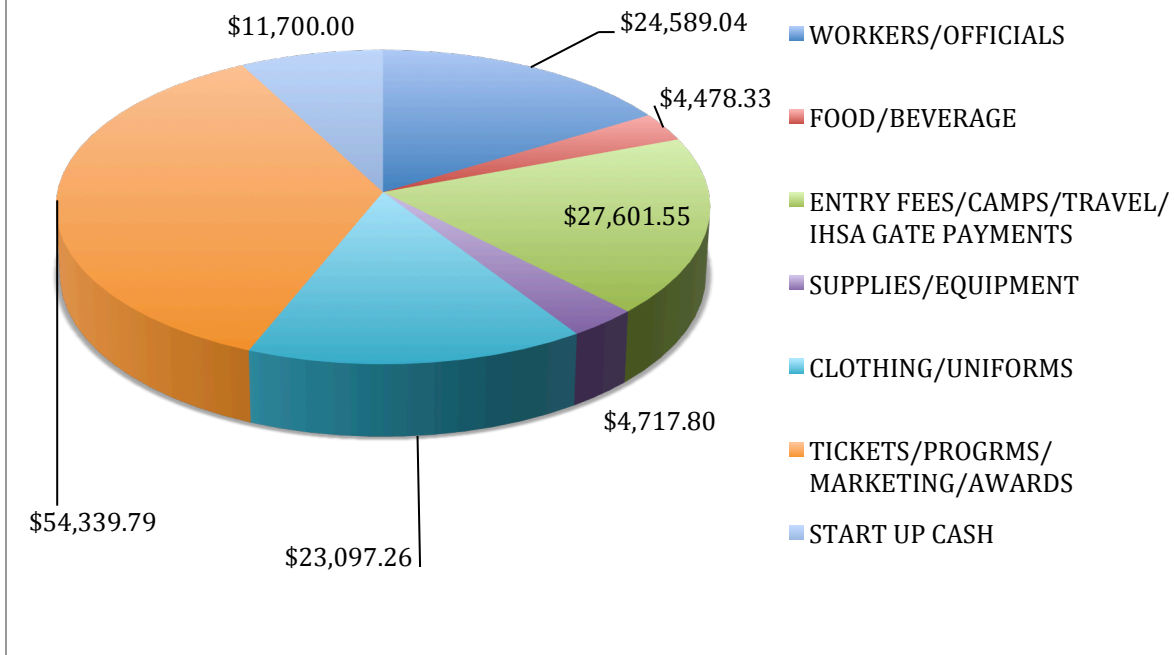
The majority of revenue flowing into the High School Activity Account comes from advertising fees, entry fees, and IHSA gate receipts.

High School Athletic Account Expenditure Analysis FY10-FY13

The following are charts which summarize the expenditure activity from the High School Activity Account over a 4-year period. I have chosen FY 10 and FY 13 to compare changes over time.



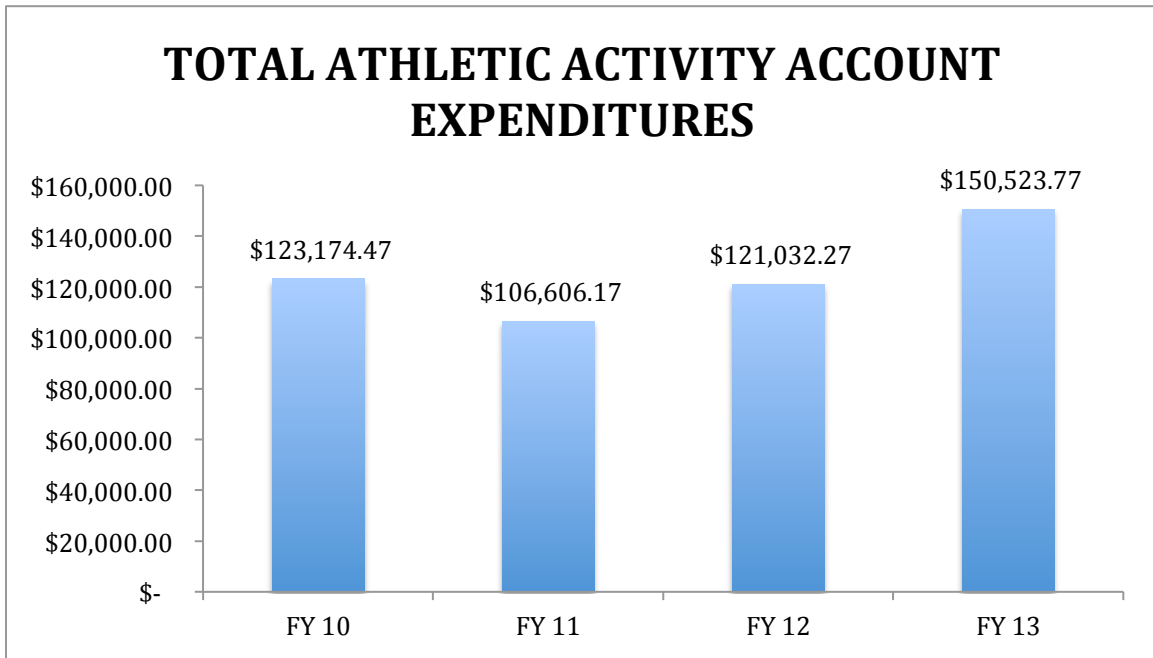
FY 13 Athletic Activity Account Expenditures



The most noticeable shift in expenditures over time is the amount and overall percent of funds spent in the Tickets/Programs/Marketing/Awards category. This financial commitment to increase the marketing and promotion of athletics has led to approximately a 200% increase of expenditures in this category. There is however a noticeable return on investment related to the marketing/programs expense category, and this will be discussed further in the revenue section of this report

Overall spending from the High School Athletic Activity Account as outlined below has seen a significant increase since FY 11. As more dollars are spent out of this account there will be a need to increase the checks and balances and spending protocols moving forward.

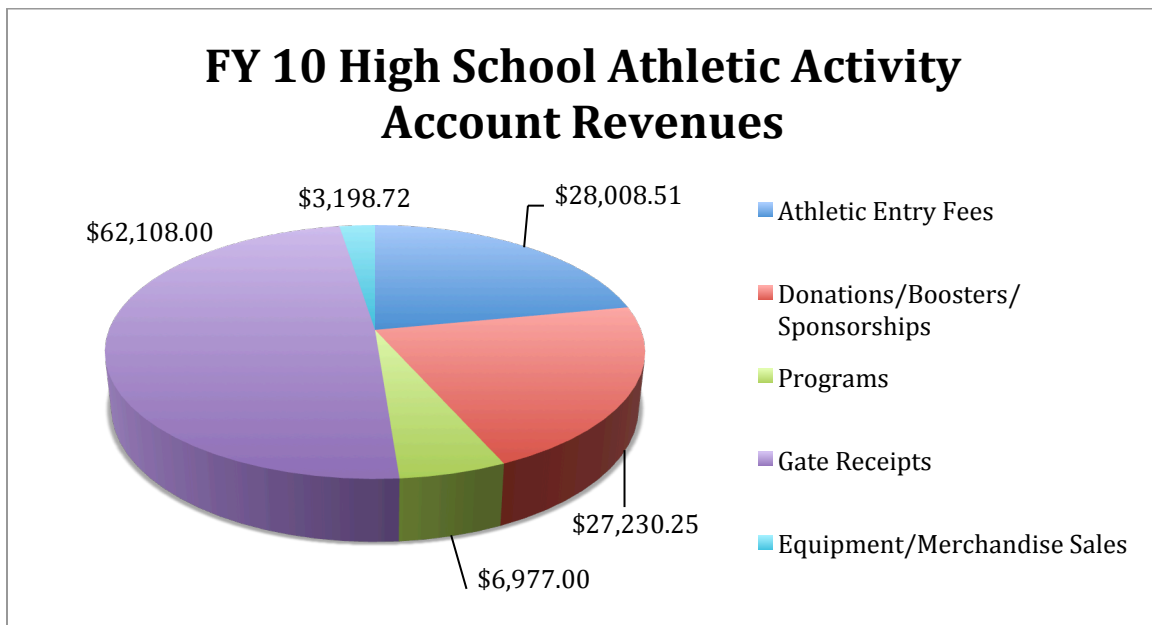
Athletic Activity Account Expenditures			
FY 10	FY 11	FY 12	FY 13
\$123,174.47	\$106,606.17	\$121,032.27	\$150,523.77
Percent Change	-13.45%	13.53%	24.37%



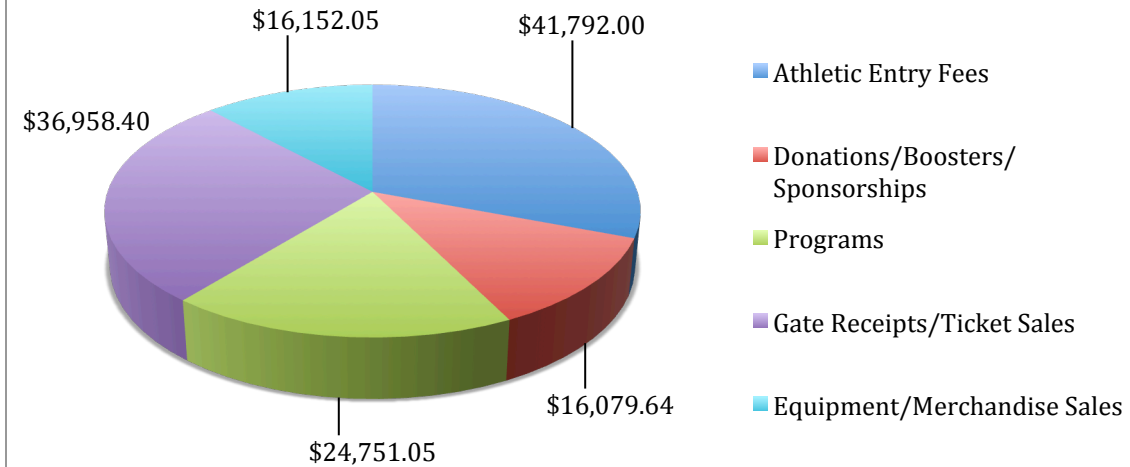
High School Athletic Account Revenue Analysis FY10-FY13

An analysis of revenues flowing into the High School Athletic Activity Account yields some interesting discussion points. A main focus is the high school athletic receipts from ticket sales. Beginning in FY 12 gate receipts were not deposited into the athletic account. FY 12 gate receipts were deposited into the District 228 general athletic fund and this is currently the practice. This explains the large decrease from FY 10 to FY 13 in gate receipts. The exception being athletic events that are IHSA state tournament series events. All IHSA gate revenues are deposited into the athletic account and a payment is made to the IHSA against these revenues. The athletic account retains 15% of these gate receipts from IHSA events. Another key point is concession sales. Concessions sold during athletic events generally go into either the PTA activity account or various booster club activity accounts. The High School Athletic Activity Account does not receive revenue from concession sales.

The following are historical charts that summarize the various revenues that flow into the High School Activity Account on any given year. I have chosen FY 10 and FY 13 for a historical comparison. The most noticeable change in revenues over time in the Athletic Activity Account Revenues comes from the programs category. In FY 10 program sales (which includes advertising fees) comprised 4.7% of total Athletic Activity Account revenues. In FY 13, programs have become 17.8% of total Athletic Activity Account revenues.



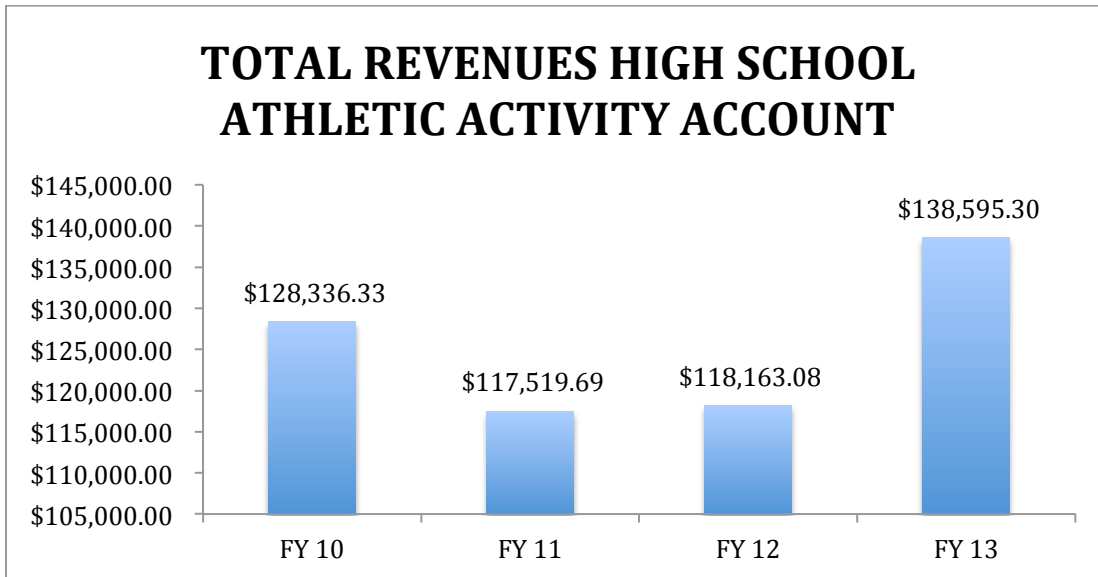
FY 13 High School Athletic Activity Account Revenues



The following is a chart which outlines the athletic program sales and costs since FY 10. Fees from selling advertisement space in athletic programs has generated positive net cash flow for the High School Athletic Activity Account.

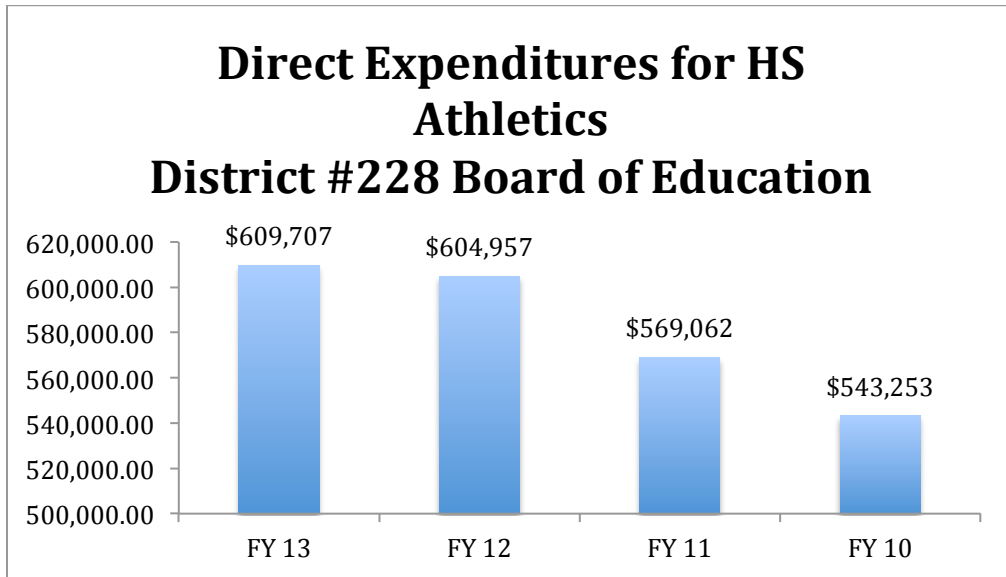
Program Costs				
	FY 10	FY 11	FY 12	FY 13
	\$1,723.80	\$5,855.03	\$11,922.85	\$21,641.50
Program Revenues				
	FY 10	FY 11	FY 12	FY 13
	\$6,977.00	\$36,045.00	\$49,490.00	\$29,425.67
Profit (Loss)	\$5,253.20	\$30,189.97	\$37,567.15	\$7,784.17

The following graph is a summary of **all** revenues flowing into the High School Activity Account. As the chart indicates, there is a substantial increase of monies flowing into this account over time. The FY 13 revenue is a 17% increase in revenue from FY 12. This increase in cash inflow (and in cash outflows) creates a need for updated systems and procedures to monitor the High School Athletic Activity Account moving forward.

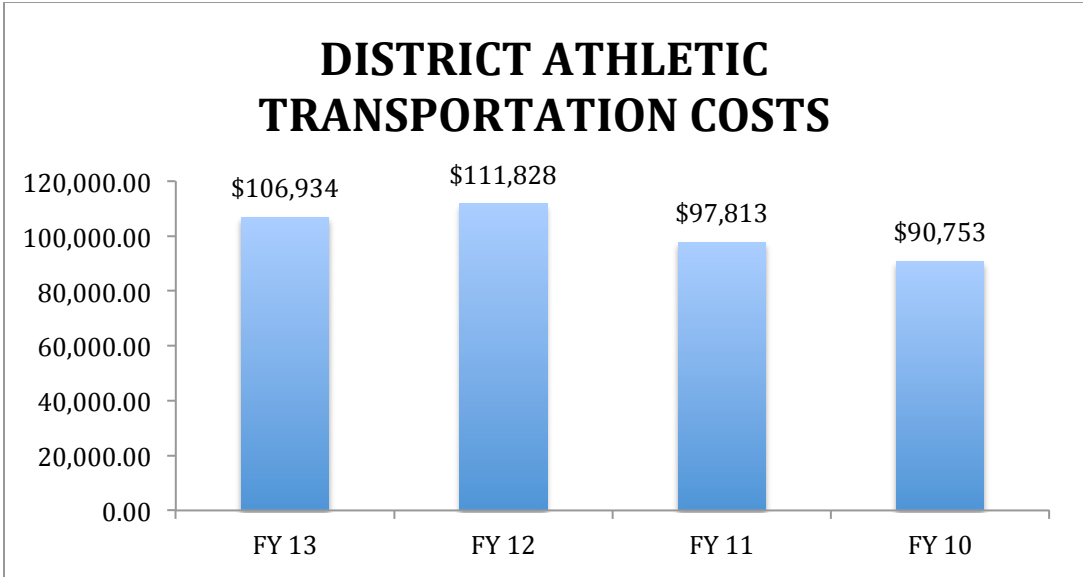


District 228 Athletic Expenditures

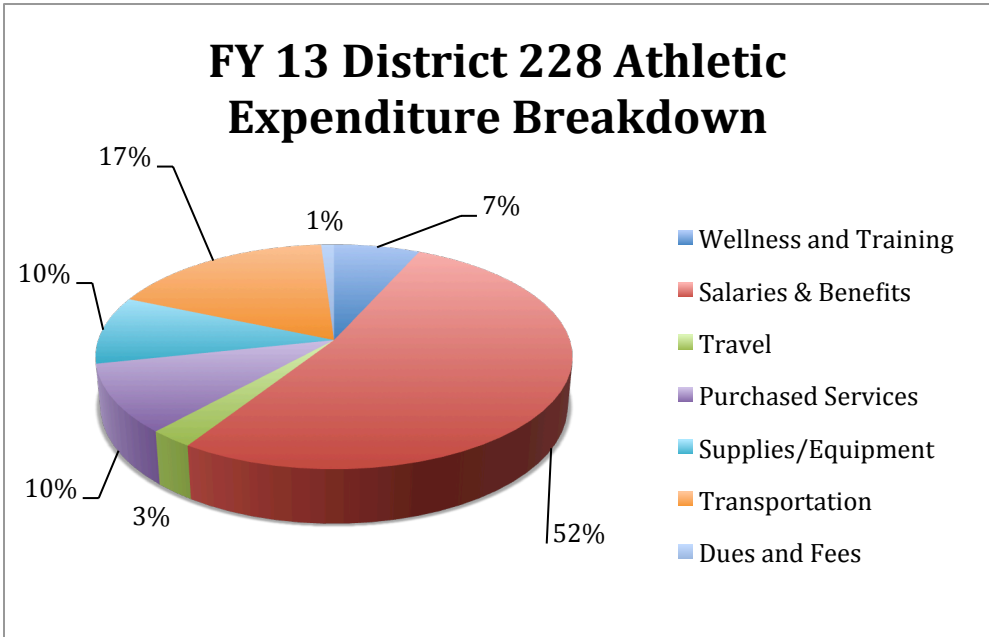
The following graph is a 4-year representation of total expenditures for High School athletics. Included in these expenditures are costs associated with the wellness program, coaches salaries and benefits, equipment and supplies, and costs associated with transportation to and from athletic events. **Since FY 10 the district has increased spending on athletics by 12.2%.**



The increase in overall district athletic expenditures can be attributed to the increase in athletic transportation costs. **Athletic transportation costs have increased by 20% over the past 4 years and costs associated with transportation contribute to 17% of the overall high school athletic expenditures.**

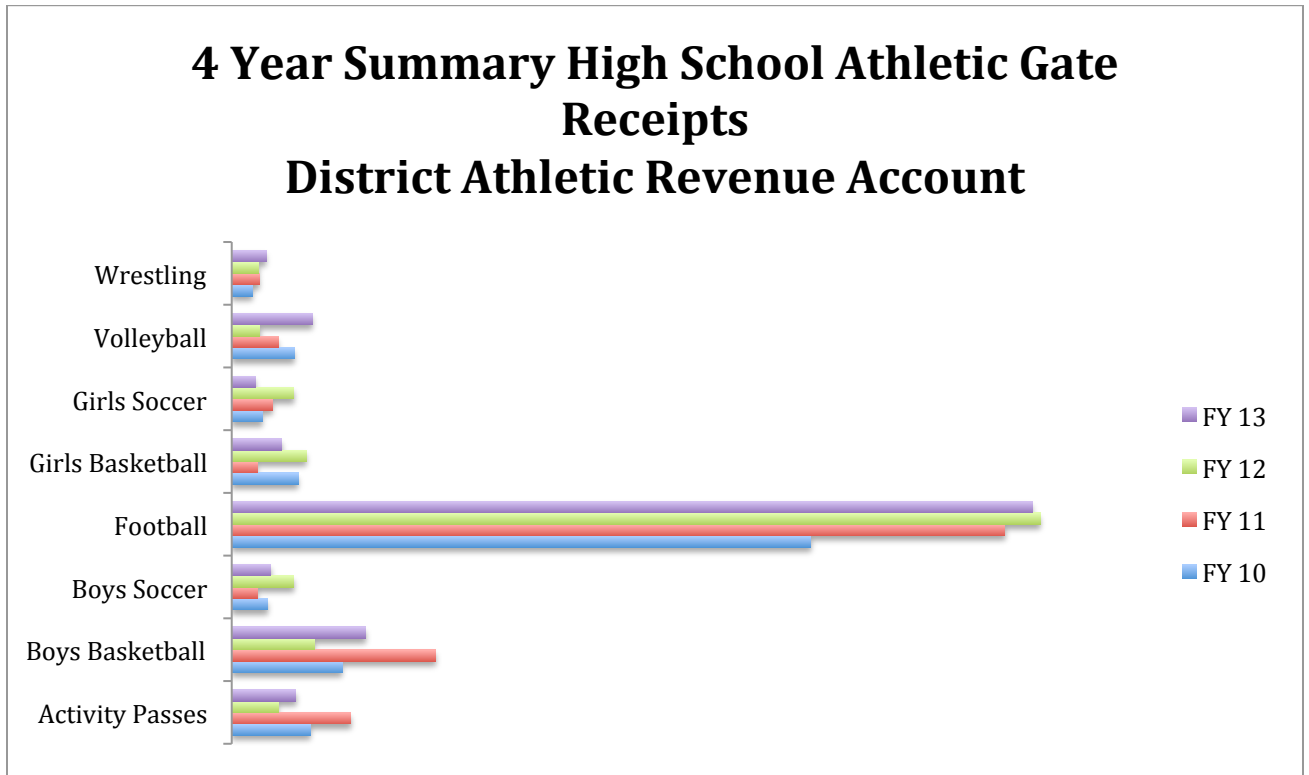


The pie chart below reveals the District expense objects from FY 13. Since FY 10 these categorical expenditures as a percent of overall spending have remained relatively constant. For instance transportation in FY 10 was slightly above 16% of the total district athletic expense budget and now transportation costs contribute to 17% of the district athletic expenditures. It is interesting to note that wellness and training comprises 10% of all district athletic expenditures, and further analysis of wellness and training may be necessary for the future.

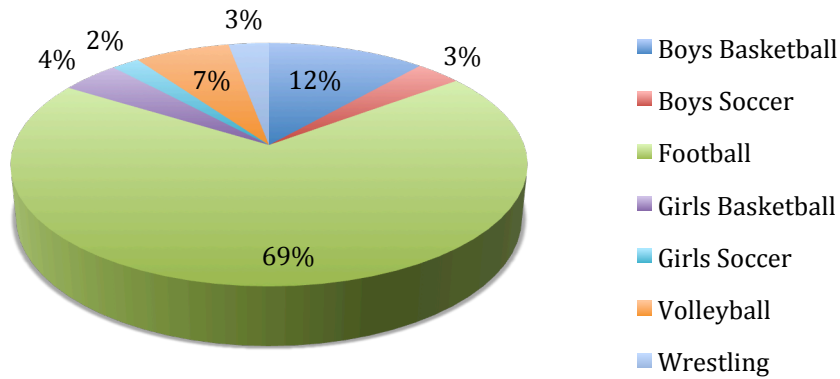


District 228 Athletic Revenues

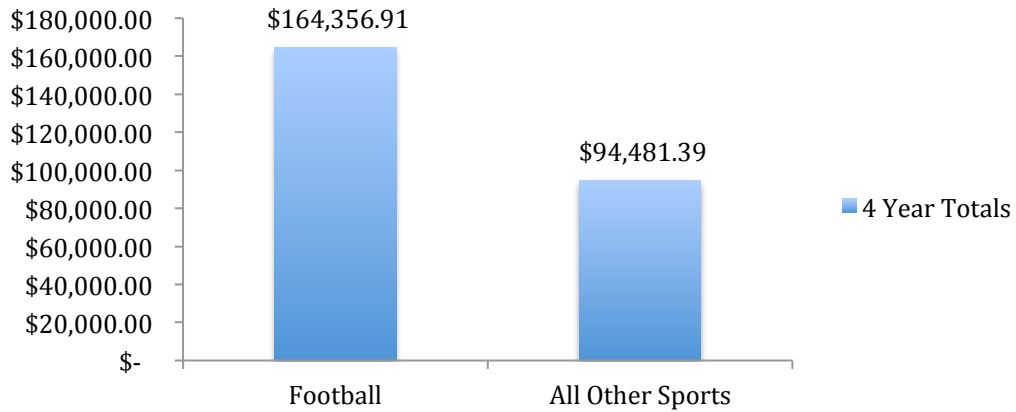
Below is a 4-year breakdown of gate receipts generated by individual sports programs. These revenues are deposited into the District Athletic account and are used to offset expenditures related to athletics through board of education approval. Football by far is the greatest gate revenue generator, producing in FY 13 69% of all gate receipts. **Football alone brings in more gate revenue than all other sports programs combined** averaging close to \$40,000 per year over the past 4 years.



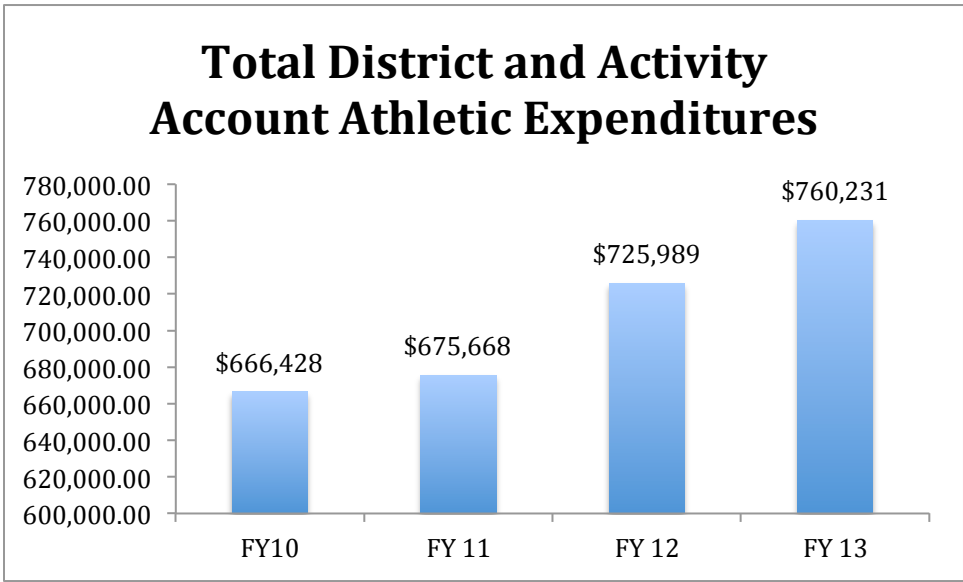
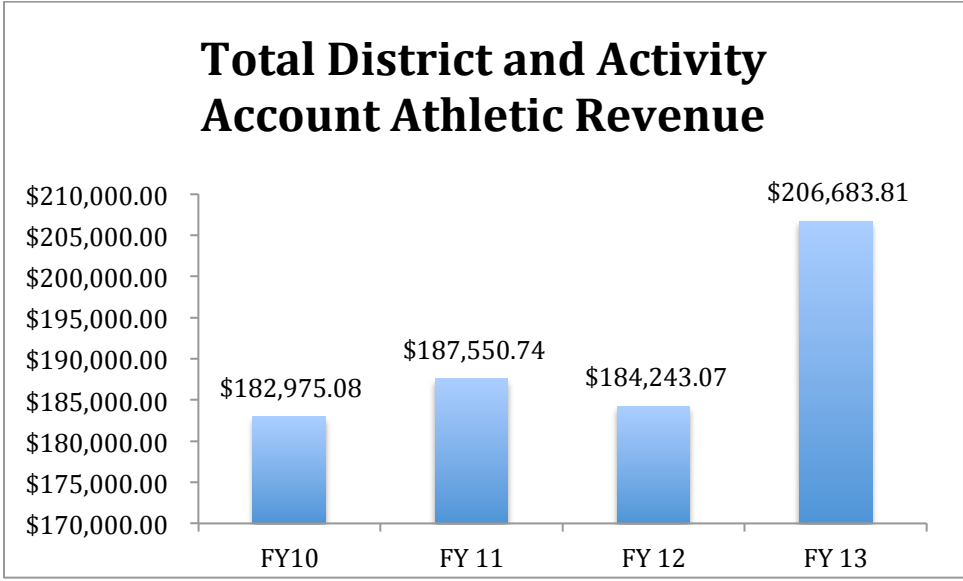
FY 13 Gate Receipts by Program



4 Year Cumulative Totals District Gate Receipts



Analyzing the entire high school athletic revenue from all sources and all accounts (district and athletic activity accounts) the district on average absorbs roughly \$516,000 per year to fund high school athletics. **Overall expenditures on high school athletics are rising on average at roughly 4.52% per year over the past 4 years**, with overall revenues averaging a 4.24% increase during this time frame. The graphs below illustrate these macro revenue and expenditures since FY 10.



Recommendations

This baseline study and analysis of the High School Athletic Activity account and the District 228 High School Athletic accounts reveals the following needs assessment:

1. Create a system of checks and balances for cash management protocols associated to the High School Athletic Activity Account. This system should include:
 - A monthly log documenting all revenues, expenditures, and deposits.
 - Written protocols developed in collaboration with the high school athletic director and administrative assistant for spending out of the Athletic Activity Account and cash count room protocols following athletic events.
2. A further study and analysis of high school athletic transportation costs needs to be conducted in the future. As this cost function continues to increase, the district may need to explore options for athletic transportation.
3. As the high school athletic programs continue to be a major revenue and expenditure item from the activity account it is feasible to explore options for producing programs in-house to reduce input costs and increase profit margins.
4. Conduct a productivity study on the Wellness and Training expense category to determine a baseline cost/benefit analysis. The data collected and analyzed will provide a framework for future decisions regarding Wellness and Training.