



Monthly Financial Update

Kentucky State University

December 2022

HB 250, enacted in the 2022 Regular Session of the Kentucky General Assembly, directs the Kentucky Council on Postsecondary Education to provide a monthly financial update on Kentucky State University to the Legislative Research Commission and the Office of the Governor.

Cash Position

The university's cash balance (unaudited) on November 30, 2022, was \$11,847,951.26.

Cash reserves continue to be significantly higher than in the prior year. Cash balances for the first nine months of fiscal year 2022 were artificially high due to an advancement of the fourth quarter allotment to address a significant cash flow crisis in July 2021. It is important to note that approximately \$1.8 million of the current cash balance is reserved for asset preservation projects and is not available for general expenditure.



Days cash on hand is still following the expected pattern at this point in the year. Current projections indicate that December and June will represent the lowest levels during the fiscal year. However, it is expected that days cash on hand in December 2022 will be significantly higher than they were in December 2021.

Days cash on hand for the second quarter is tracking ahead of the first quarter which is a positive sign. However, timing differences in the drawdown of federal funds can result in some variation from month to month.



FY 2021 and FY 2022 Audit Update

Blue and Company LLC began requesting information on FY 2021 and is in the process of auditing that year. Initial estimates were for completion in a three-to-six-month timeframe. At the time of this report, Protiviti was completing the draft of the FY 2022 financial statements and had prepared most of the FY 2022 records for audit.

A contract was finalized with an accounting consultant, and he/she will be on-site at the end of December and working with university staff to improve accounting procedures and reporting. The university continues to work toward reconciling the current payroll with the approved budget. This task needs to be completed no later than September once final enrollment for the fall semester is determined.

FY 2023 Financial Reporting

As noted in prior updates, CPE and KSU staff have collaborated on a task list to improve timely financial reporting. The university has provided the status of each task on this list; the updated list is attached to this document. The university has reported improvement in expenditure patterns and budget performance this year. However, the tasks on the attached list must be completed before any financial information presented by the university can be considered final.

Concerns

The lack of complete financial reporting continues to be a concern in accurately assessing the university's financial status. As can be seen from the task list, the situation is improving and with additional accounting support, we expect more accurate year-to-date results to be reported in the next update.

Student collections and spring enrollment are areas of concern, along with the occupancy date and occupancy rate of the new residence hall. Once these factors are known, CPE expects that a revised budget for FY 2023 will be presented to the board for review.

Task Number	Task	Progress	Due Date	Notes	Dependency (if Applicable)	Responsibility	Resources Needed
1	Enter adjusting entries for FY 2021 into Banner	Completed	Dec-2022	Entries are complete and entered into Banner	2,3	Protiviti/Accounting	Supporting documentation from Protiviti and entries
2	Reconcile all bank accounts	In Progress	Jan-2023	Bank 52,53,54,57,60 all reconciled through November Bank 55 - No Activity Bank 56,58,59 Reconciled through October (November In Progress)		Accounting	
3	Reconcile all clearing accounts and subsidiary ledgers	In Progress	Jan-2023	All clearing account reconciliations and subsidiary ledgers should be reconciled each month. Subsidiary ledgers are reconciled to date in Banner - there's a subsidiary general ledger control report that is generated out of Banner weekly that show control accounts reconciled or not (errors) Clearing Accounts WIP		Protiviti/Accounting	
4	Complete Draft financial statements (including notes) and all audit prep for FY 2021	Completed	Dec-2022	the draft of the financials are complete with notes (notes need reviewing)	1,2,3	Protiviti/Accounting	
5	Post all payroll information to Banner	In Progress	Jan-2023	Needs to be posted within one to two days of each payroll run		Payroll and Payroll Consultant	
6	Implement month end close process	Complete	Jan-2023	Closing calendar is established. And we are closing every month on the tenth business day.	2,3,5	Protiviti/Accounting	All other departments completed tasks so accounting can proceed with month end close
7	Enter adjusting entries for FY 2022 into Banner	In Progress	Jan-2023	Entries should be complete, entered into Banner and reconcile GASB statements to Banner. Protiviti will have this completed by Friday Dec. 16th	2,3	Protiviti/Accounting	
8	Complete Draft financial statements (including notes) and all audit prep for FY 2022	In Progress	Jan-2023	Entries should be complete, entered into Banner and reconcile GASB statements to Banner. Protiviti will have this completed by Friday Dec. 16th	2,3,7	Protiviti/Accounting	
9	Purchase Requisitions	Complete	Jan-2023	We have protocols put in place; Purchasing and accounting been communicating regarding month end close to streamline process and procedures.		Purchasing/Budget/Accounting	
10	Adjust Budget for Enrollment	In Progress	Feb-2023	For Spring 23, we must wait until after KSU's census date to review enrollment and make any budget adjustments.	16	Budget	
11	Reconcile current payroll to budget	In Progress	Jan-2023	Create master list of funded positions approved by board. No position can be filled that is not on the funded list (funded lines). List to be reconciled to budget by department.	11a, 11b	Budget/Payroll/HR	
11a	Create list of budgeted positions (lines)	In Progress	Jan-2023	Reconcile positions to approved budget by department		Budget/Payroll/HR	
11b	Obtain board approval of budgeted positions (lines) - Master list of funded positions	In Progress	Feb-2023		11a	Budget/Payroll/HR	
12	Budget Amounts for Each Departments	In Progress	Jan-2023	Access to 50% for departments now, then will fill in later when enrollment solidifies.	10,11	CFO	
13	External Financial Reporting Template	In progress	Jan-2023	Draft provided to Dr. Burnette for feedback on August 26th		CPE/KSU	
14	FY to FY Expenditure Comparisons	In Progress	Jan-2023	Compare FY to FY expenditures YTD. Month to month trends. Budget to Actual and then month to month expenditure comparisons	2,3,5,6,10,11,12	CFO	
15	Financial Metrics	Hasn't begun	Mar-2023	ex. days cash on hand		CPE/KSU	
16	Financially Cleared Students	In Progress	Jan-2023	Bursar must code in banner, IR numbers not reconciling, housing needs info, financially cleared should be criteria for receiving housing		Bursar/Fin Aid/Housing/Registrar	
17	Chart of Accounts and Trial Balance	In Progress	Mar-2023	Milestones and Deadlines for each year to ensure that a timeline audit can be completed. Part of Banner Optimization		CFO	
18	ADP to Banner Transition	In Progress	Jan-2023	Map out plan with phases and due dates; identify resources needed		CFO	