



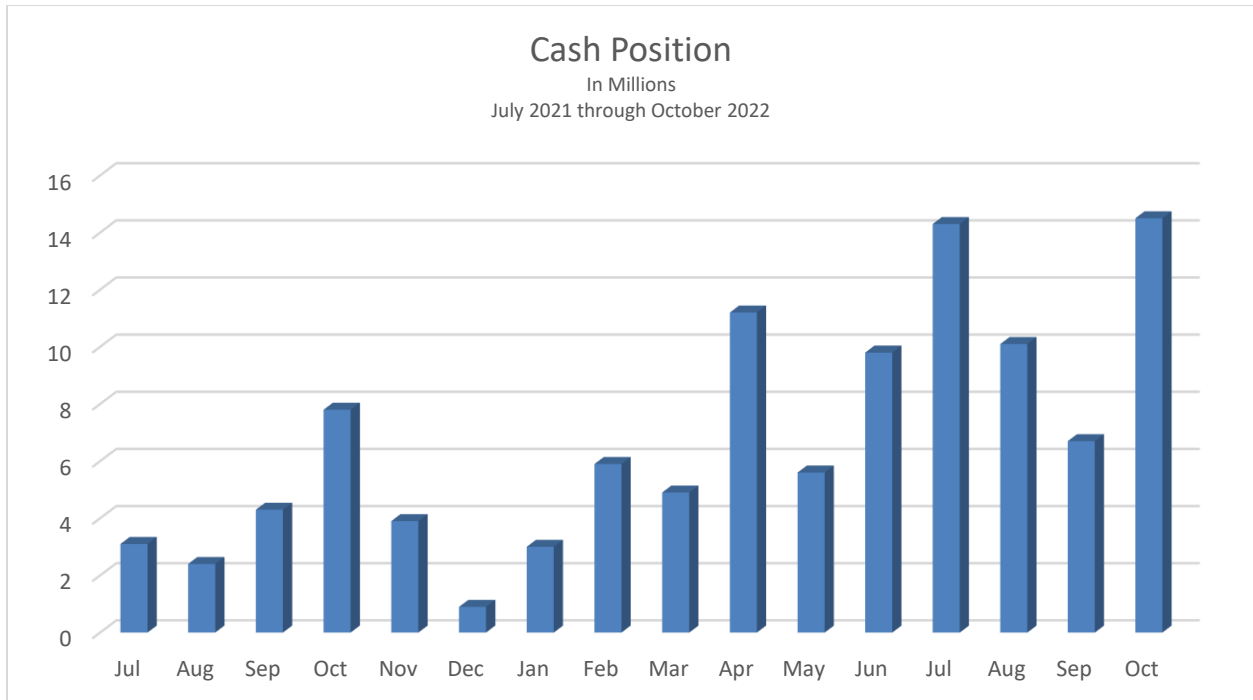
Monthly Financial Update

Kentucky State University

November 2022

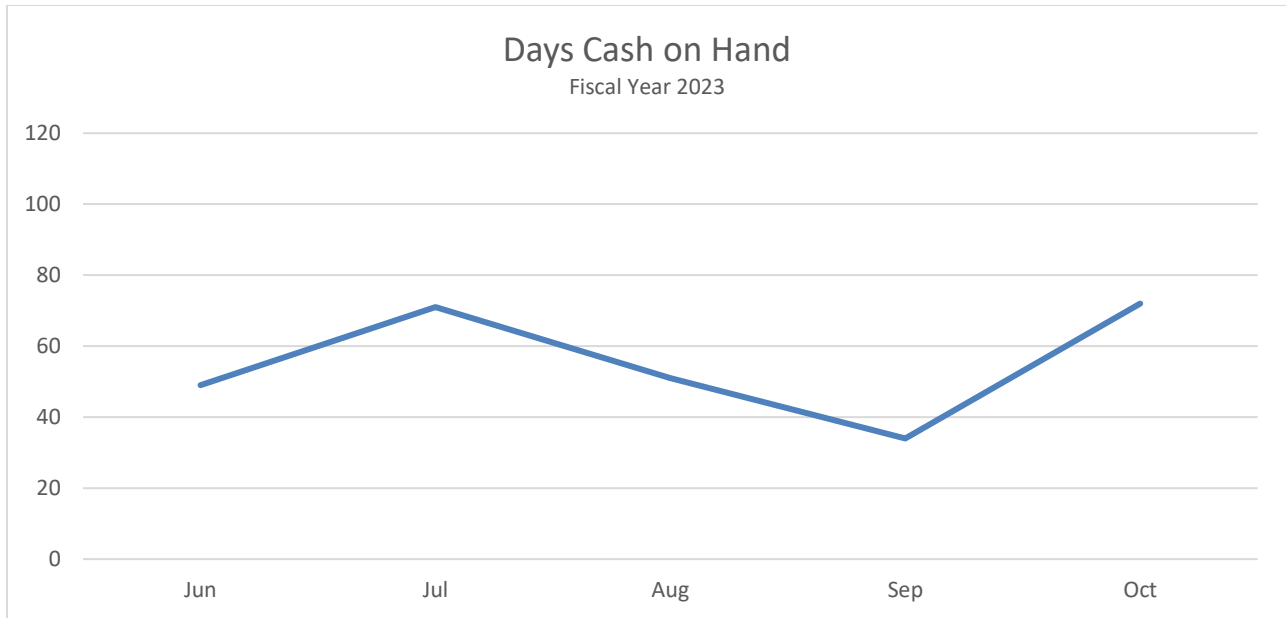
HB 250, enacted in the 2022 Regular Session of the Kentucky General Assembly, directs the Kentucky Council on Postsecondary Education to provide a monthly financial update on Kentucky State University to the Legislative Research Commission and the Office of the Governor.

Cash Position



The university's cash balance (unaudited) on October 31, 2022, was \$14,482,817.99.

As the university moves into the second quarter, cash reserves continue to be significantly higher than the prior year. Additionally, 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 expenditures.



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.

FY 2021 and 2022 Audit Update

The university selected a new external auditor and they are expected to begin work next month. FY 2021 statements are ready to be audited. FY 2022 statements are still being compiled and are expected to be ready for audit by mid-December.

The university also issued a request for proposal (RFP) for a firm to provide accounting consulting and advisory services. This contract is intended to support the university's efforts to train staff, improve and document policies, and ensure that all reconciliations and postings are current. These services are a component of the Management Improvement Plan adopted by the Council on Postsecondary Education (CPE) on October 31, 2022.

FY 23 Financial Reporting

As noted in the September and October 2022 updates, CPE and KSU staff have collaborated on a task list to improve timely financial reporting. The university has now 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.

Throughout the year, the university has faced staffing challenges in the accounting area. With the hiring of a controller in October, these challenges have begun to be addressed. The following positions have been filled or and in the process of being filled:

- Director of Accounting – start date December 1
- Grant Manager – start date December 1
- Grant Accountant – started October 3
- Grant Accountant – interview scheduled this week
- Senior Grant Accountant – interview scheduled this week
- Accounts Payable Clerk – interview scheduled this week

Areas of Concern

As of November 17, 2022, university registration reports show 172 students with an outstanding balance greater than \$3,500, the maximum outstanding balance allowed per current university policy. Outstanding balances for this group total approximately \$988,000. This creates concern as these balances historically have been difficult for the university to collect. While this will be a focus of CPE staff as the spring semester begins, the current year's university budget may need to be adjusted to account for this higher-than-expected exposure to uncollectible accounts. The adopted budget assumed that approximately \$1 million in tuition revenue would not be collected this year; however, given the fall results, the uncollectible amount may be closer to \$1.5 to \$2 million.

Another potential budget issue is related to the new residence hall scheduled to open for the spring 2023 semester. It is now reported that the hall will not open until a few weeks into the semester. It also appears that there is some price resistance from students considering the hall. As the approved budget assumed almost full occupancy of that facility for the entire semester, the budget may require an adjustment down once actual occupancy is known.

Financial Project Plan - Kentucky State University
18-Nov-22

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 completed and entered into Banner	2,3	Protiviti/Accounting	Supporting documentation from Protiviti and entries
2	Reconcile all bank accounts	In Progress	Jan-2023	All bank reconciliations should be current each month.		Protiviti/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	In Progress	Dec-2022	the draft of the financials are complete with the exception of the notes (in progres)	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	In Progress	Jan-2023	Closing calendar is established. And working on getting all recons completed before close.Should include all reconciliations and month end close process in banner	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 is half way through FY22 audit requests (158 requests) Bank 56 w(vendor acct reconciled for entire year) then identify adjusting entries -trial balance tie out/mapping then drafted FS	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 is half way through FY22 audit requests (158 requests) Bank 56 w(vendor acct reconciled for entire year) then identify adjusting entries -trial balance tie out/mapping then drafted FS	2,3,7	Protiviti/Accounting	
9	Purchase Requisitions	In Progress	Jan-2023	Protocols put in place; streamline process-Purchasing and accounting been communicating regarding month end close to streamline process and procedures. -WIP		Purchasing/Budget/Accounting	
10	Adjust Budget for Enrollment	Hasn't begun	Feb-2023	As soon as drop for non-payment is complete	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	Hasn't begun	Feb-2023		11a	Budget/Payroll/HR	
12	Budget Amounts for Each Departments	Hasn't begun	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	