



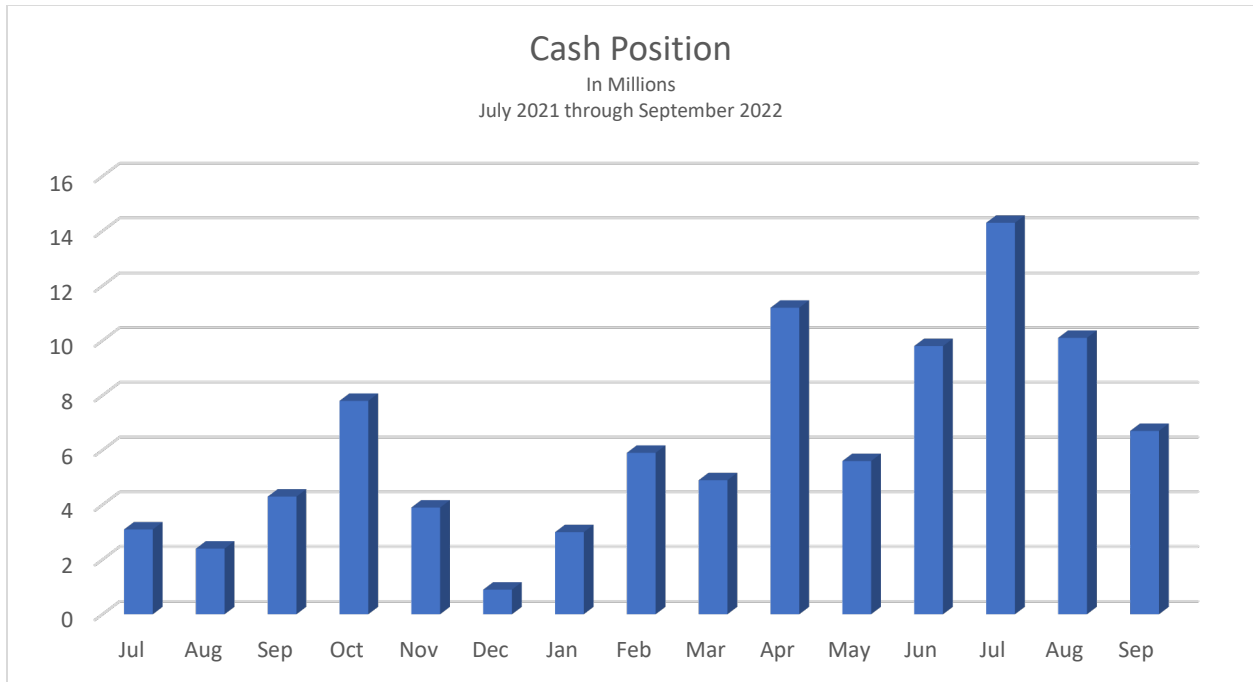
# Monthly Financial Update

Kentucky State University

October 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 September 30, 2022, was \$6,710,220.87.

As expected, university cash reserves are continuing to decrease until the second quarter state allotment becomes available on October 1, 2022. Cash reserves are still significantly higher than in September 2021. Also, cash balances in September 2021 were artificially high due to an advancement of the fourth quarter allotment to address a significant cash flow crisis in July 2021.



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 in December 2021. It is significant to note that 34 days of cash on hand is well below the expected target of 90 days.

## **FY 2021 and 2022 Audit Update**

Protiviti, the contractor engaged by the university, completed work for fiscal year 2021. The records for that year are now ready for external audit. Protiviti expects to complete the work for the fiscal year 2022 financial statements by the end of November 2022.

The university issued an RFP for the selection of an external auditor and expects to negotiate a contract by the end of October. Once the new auditor is engaged, an audit timeline and projected completion date will be determined.

## **FY 2023 Areas of Concern**

As noted in the September 2022 update, CPE and KSU staff have collaborated on a task list to improve timely financial reporting. This task list is included in this document. CPE expected to receive projected completion dates for completion of these tasks by the submission date of this report. However, the university has not provided estimates at this point. Deadlines for completion of these tasks will be incorporated into the Management Plan that will be submitted on November 1, 2022. These tasks must be completed before any financial information presented by the university can be considered final.

As cash and clearing accounts are not yet reconciled for FY 2022 and are not yet being reconciled each month, the information presented to the board may not reflect the financial position of the university. As a result, any reported budget to actual amounts should be considered preliminary and subject to change.

A controller has been hired and will join KSU staff on October 1st. Additional support and consulting staff are being negotiated and may not be in place until November (this is a delay from the expected start date in October). These issues are resulting in delays in payroll processing, federal fund drawdowns, transfers to construction projects, etc. They also create several concerns relating to tracking the university's current year financial position and need to be addressed.

## **Student Enrollment and Outstanding Balances**

As of October 13, 2022, university registration reports show 211 students with an outstanding balance greater than \$3,500, the maximum outstanding balance allowed per current university policy. The total outstanding balance for this group is \$1,249,849.

There are usually some delays in updating this information in the university accounting system, so some of these balances may be in the process of being resolved. University leadership will present a plan to the KSU Board of Regents to address students with remaining balances. These included the use of additional institutional aid, endowment funds and use of remaining Higher Education Emergency Relief Funds (HEERF). CPE staff will work with university staff to assess whether this threshold is appropriate or should be reduced for the spring 2023 or fall 2023 semesters. Since HEERF is time limited, these types of interventions may not be available for these students in the fall 2023 semester.