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Welcome, everyone. I'm going to call this meeting this meeting to order and open the discussion for December 12. This is the 352nd meeting of the Board of Regents. It is good to see your faces. We're glad you're here.

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We will start with the role.

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Okay. We are all present and accounted for. We have two action items on our agenda date. Today is the financial report we will be discussing that more in our January meeting as well. It is the basis of the other action item we're going to hear about so since it is the basis we are going to acknowledge that and Judy will get to that right now.

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As required we submitted the annual financial report for AFR's [ inaudible ] the report is due to the state by November 20 of each year and this year we submitted it November 19. In addition to our regular [ inaudible ] the controllers office issued [ inaudible ] for our external project. That is the ASF segment. Additionally, institutional reserves fun, the policy requires the administration report the ratio of reserve information along with the annual financial report. This year the ratio is 65.2% compared to a target of [ inaudible ].

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As you are aware, we typically don't bring this until January 4. With the external review project [ inaudible ] for acknowledgment and provide additional analysis and information of the January 4 meeting. [ inaudible ] the administration request they acknowledge receipt of the annual financial report with the primary reserve ratio information.

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Okay. Thank you.

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As we said we are going to discuss the AFR at our January meeting likely typically would. We went to bring it to the board for acknowledgment it has been presented to the board in the form of a recommendation. That is in your diligent workflow. Do we have a motion as it really relates to the AFR?

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Have a motion. Any discussion?

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All those in favor? Opposed? The motion carries.

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That takes us to our second action item which is to acknowledge the receipt of audit services reports and will get started with that.

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Good afternoon.

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We are bringing several reports to you today. The first is the budget special project which internal audit worked on and then a report from the external review and then a report on the statement of net position. I will start with what we have been doing related to the budget special project. This was requested by the Board of Regents in response to questions that came about the budget and the financial commission. Two give a background, most of you are aware we do report to the Board of Regents. We are not involved in the progress or financial reports or monthly financial statements. Our purposes to take an independent look at University operations and on September 12 we amended the audit plan to include this work that they wanted us to do. So as background information, there is information available on the University website regarding finances. We have approved policies related to the budget. The main ones are the approval policy, annual budget preparation, accounting responsibilities and then the institution reserve policy that Judy referred to related to the primary reserve ratio. This fiscal year budget of \$262,019,418 was approved at the July 2021 meeting and to go over that, we do have tables out with this information. [ inaudible ] it is still confidential. It is not public yet. That is what we do to protect the internal audit act. Behind the report you will see the tables I am talking about. The first one is related to the University [ inaudible ]. Basically we took information available in the budget and plugged it into one table and it details out each source of funds and each fund to get to \$262 million. One thing we did was more clearly identify the use of [ inaudible ] in the fund balance. It shows up as transfers in. For this presentation we wanted to show that the budget did include a loan balance or transfer in. Those are the revenues. On the next

page, table 2 details out expenditures considered natural classification, salaries, wages. You can see by fund 262,000 dollars. Those are the expenditures. The next thing I want to talk about is the difference between the University budget and the annual financial report that Judy just discussed. They are separate documents. The annual financial report presents the financial condition, activities, balances on an accrual basis as required by the government accounting standards Board. It is presented on an accrual basis. That means certain items, including in the financial report are not in the budget. The budget is prepared on more of a cash basis. The budget we just talked about, 262 million is an estimate of expected revenues and receipts and disbursements and expenses and the financial report is what actually happened on an accrual basis. Those of the differences in the documents. Some differences could be on the accrual basis we have to capitalize assets. We have to report bad debt and large expenses related to employee retirement and pension and liability accrual liabilities and health insurance offered to all employees. Debt accruals, employee leave accruals, vacation and time owed to employees is accrued at the end of the financial year. But Titian discounts and those are differences between cash and accrual basis. We also amended the construction project and use of role forwards. Those are not in the budget, not all of them. We did say we were going to use some of the fund balance but all accounts that roll forward are in the budget. The construction projects. All these project budgets that we have around campus you get just go out and budget. We are extending the amount. It is part of the operating budget. As far as the objective of what we did, the purpose was to let the board know of the budget. And, to be able to provide information to answer questions posed about the community about the budget and performance and analysis of the financial status. We did that using the budget. Sometimes historical information was used and other items such as and will funding reports are different systems and processes. So this specifically included review and analysis in 13 different areas that we listed out. For this work, we followed our normal auditing standards which are the international standards for internal auditing and government auditing standards. That means someone not involved in the system could look at it and understand it. We had suggestions for improvement to what the University currently does. I'm going to go over this. If you have questions, please feel free to stop me.

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If we go to section 1 dig it relates to the budget basis accounting. We budget on a cash basis and report on an accrual basis. That does lead to questions of where does the University stand. How can you make sure you know where you stand related to your financial information. And everything is not in the budget but it is in the financial report. So with both of them on a different basis of accounting it makes it hard to use the budget as a tool for decision-making. I know a lot of people have already talked about this. The University wants to have controls building and monitor expenditures. Whether it is cash or accrual you can still manage expenditures. But, within the budget, there is not been a comprehensive analysis of where expected to end the year with a cash basis budget. The revenues and expenses and the accrual entries that I talked about and then here is where we expect the fund balance to be after this budget year. We expect to make the institutional reserves and have this much left over to carry the University forward. Some analysis have been done. They have not been presented in a comprehensive manner to help us understand what the financial condition of the University is expected to be at the end of the budget year. So our recommendation is to present that in a manner closely related to the EFR, adding in some expenses accrual basis wise and it might take a couple of years to this, a net position with the cash information and carry that forward so we can have a better perspective with our budget, where we expect to start, expand, get money and and the year. So then people had questions on section 8. I'm sorry, section 2. This is a source of a lot of questions because they came to us as the auditors of the University. We realize the pandemic severely impacted our University for fiscal year 20, 21 and in July 21 there were projections made that were presented to the Board of Regents estimating the shortfall of \$19.2 million. That considered not getting federal funds to continue University operations at the same level. And, going back to remember the assumptions, it is cash pages and the financial is accrual so some was cash in some was accrual and is not real clear looking back what those estimates related to. So with the completion of the annual report we know where we started every year with beginning fund balances and everybody knows where we started. We should be okay with fall housing and enrollment numbers. Even for spring, we should know a lot of that information and we should be able to update those budget development assumptions and determine the overall effect on the overall budget considering what our reserves should be. We do this analysis and we talked about it and we see how the fiscal year budget holds up with that analysis. There may be budget adjustments with that and we will work on better analysis to bring to the board in January. They had to be able to say this is where we started and this is our ending fund balance that we start with this year. I go any questions on that? I go okay. We move forward. We also heard reports and allegations of an audible and across various areas. You have to say, were those related to accrual or

cash basis? We have reviewed with the account and interviewed staff in the budget office, finance division, they are knowledgeable about the accounts they use for budget. We believe allegations related to funds in the University budget general contingency accounts from previous years there was 3.5 million carried on and on used capital of \$4.5 million not included in the budget for fiscal year 2022. Those are accounts that I mentioned a while ago that are not included in the budget. That doesn't mean they are not included in the systems and coffers and the policy of the University was not to we budget from the funds. They rolled forward. We also believe there are funds in the budget that are actually in the budget that were contingencies, savings and that was 8,460,000. The other balances was 8.1 million and then 8 million of contingencies so 16 million in contingencies, savings and fund balance. When we get reports of we hear they found 1 million or 16 million or funds here, we did do a comprehensive review to see what the funds were in we believe they were not actually [ inaudible ] and they were in the budget but the general understanding of contingency and savings may not have been known across the University community. The finance office new of these funds. It was just the way it was budgeted. Other hidden funds, allegedly that we have been asked about were funds held in University related entities so SFA, the bulletin and the Association separate organizations for reporting purposes that have separate governing boards and operate from several different tax I.D. numbers. The operations are not included in the University's budget or annual financial report. So our suggestion is to identify all the resources such as fund balance and identify the contingencies and reserves even those that were already in the budget and also increase communication and understanding about University related entities with the annual financial statements to the board so we can acknowledge those. That is our report on those. I go it seems to me a number of years ago we so the financial statements for the foundation. Am I remembering that correctly? I go in the agreements it says they will be presented when questioned.

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Yes. We provide those. I don't know if they are ending up here. Those are provided one time.

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They are just not presented forward.

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Anything else?

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Okay. Let's move on. Number 4. To aid in the understanding and community budget we asked if we could help determine a common data set. It is important financial information and a different answer out of the accrual basis. We turned to the business officers natural Association. They developed this across colleges and universities. Those classifications are used for expense classification, measure and benchmarking provide reporting internally and externally. Those classifications are included in our University finance system. The fund organization count and the regular code and they are used to delineate that functional purpose. 100 is an instruction, 200 is public service. You can get down to 500 and it is all auxiliary and a division that comes in and covers expenses. It has those category standardized across all universities to use for reporting. So the classifications are included in the annual financial report. You will recall the budget presentation and it was a natural classification of salaries, wages, travel, this is a different presentation based on functional classification and its instruction, student services, research. It's the same dollars, just presented in a different way. Early we don't present them in our University budget. Using those classifications there are already out there. That would help provide a consistent way to present financial information. This is a data set for financial information. These are already included within our annual financial report and that also, because we started on this banner system, in 2009 -- or the platform for reporting expenditures and revenues, we take a look and [ inaudible ] the definition and classifications that we have used knowing what the [ inaudible ] to their account size. We have included as table 5 the AFR offered functions for the last two years. You can see how the expenditures detail the instructions and is included in the annual financial report.

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Any questions there?

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[ inaudible ].

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We presented this to the presidents cabinet and counsel and the University an audible counsel.

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Would be one fiscal year? I go yes. We can get into that again. Part of what we have done is develop audit groups that go almost line by line. We make sure that we have seen that fund and we have worked the differences. The key to going forward is an audible those codes are linked making sure they are all updated so we can go forward and report out that way. None of us can report out and [ inaudible ] and manually adjusted. The key is going to be making sure the data is correct in banner with your I.T. support group [ inaudible ] I go and that will give us greater consistency among all elements of the institution? When we ask a question -- dollars in a certain area, total salaries and wages and workforce, personnel, could that make it more consistent?

I think it can. You talk about that more in the next topic. You have classifications already in the system they are reported in the system, the system under the national Center for education and what they used to gather data for universities. If you go to their website there is all kind of information, reenrollment, expenditures, functional classifications, you have to understand the data you're looking at. So we can go into the [ inaudible ] data it is also linked off of our institutional research. Right now the latest data there is from 2020 and the financial reports. I think they are doing the spring, April or so. Then you would have comparative information for 2021. You have to understand the way it is presented. If you go into this and look at the chart data and there is a chart that shows how much we spend on each of these functional classifications on research and what we have to do is compare and understand the debt we are comparing. Within the chart data all information does not include an audible auxiliary services. They have their own expenditures and cover themselves. It performs a cost allocation realizing other administrative top areas that are allocated out for construction, research of that kind of thing. Another big imprint is those employee pension, retirement, health care liabilities I talked about the [ inaudible ] and patient liabilities. They are included for the independent institution. They are not in the independent I'm sorry the nonindependent. If you are part of the system menu pull their data, it will usually not include those pension liabilities because those amounts are carried out the system level. That does not mean the school has not contributed to pay. It means they are not on the face of that institution. It is gathered at the top. That is where you will see liability. That is a big difference between this data and our data. We picked some systems to look at and some independent schools to look at and those were the consistent differences we saw. Understanding those differences, you can then adjust and prepare apples to apples. We did that. We have not included new data in our analysis here but we have that available and presented to other different groups of how that looked.

[ Captioners transitioning ]

But on table 6 you will see the difference it makes to our universities what we had was included in our annual financial report the dotmatrix of -- [ Indiscernible -- echoing ] Out of construction out of research we had to do the allocation for [ Indiscernible ] Out of the system take out the auxiliary and we get to and adjusted iPads and [ Indiscernible ] But then to be able to compare to our peers we have to take those oh pad and pension all the way out and then the other big difference between Stephen F. Austin State University and some of our peers is athletics and how those expenditures are funded so at a lot of the schools athletics is included as auxiliary especially if they have a designated revenue source such as [ Indiscernible ] If they have an athletics fee and they are expected to cover the expenses they are included in auxiliary and as I already said [ Indiscernible ] Auxiliary is excluded so for [ Indiscernible ] Hours is included in the student services area we have to understand those differences as you look at the data and the information is there if you go deep into iPads [ Indiscernible -- too far from mic ] You can do a lot of that digging in the system and finding that information for us to use because it is available there and you have to understand how you are going to use it and what you are looking at for the comparisons so that is how we would adjust our data to look at our peer institutions. So it does help us answer the question again iPads data use that matrix of operating expenditures as included in our annual financial report as repaired on [ Indiscernible ] Follow that thing all the way through it does allow us to answer some of the questions [ Indiscernible ] What is the academic percentage of expenditures from the University to return to title VII that is in the separate area you can see that the expenditure types that when you go to find a show [ Indiscernible -- muffled ] Is the amount on an accrual basis that is allocated to what is considered to be [ Indiscernible ] Keep that number because we will talk about what it is on a budget basis so that is one question we received.

That 110 almost 111 [ Indiscernible -- too far from mic ]

It is 60.3% of the iPads yes on the chart before the adjusted iPads. [ Indiscernible -- multiple speakers ] Yes. So then you can see how you could use the iPads information and expand it, you could add in what is the percent iPads information by college by cobra by area by non-academic areas even you could even start to include it by enrollment at TV. Once you have that common data set you can keep going by analysis we believe that the University should evaluate using this iPads data and using appropriate benchmarks and performance measures utilizing the functional classification by expenditures and include additional analysis to answer further questions and then also develop a set of data and reports that could be used from the University community that are utilizing that information presented in the report. So that is section 5. Yes.

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[ Indiscernible ]

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iPads is [ Indiscernible ] It is defined earlier in the report [ Indiscernible ]

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[ Indiscernible -- too far from mic ]

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It is the national Center for education studies, yes. There are a number of people who have already used an iPads table so it is not something that is unfamiliar to the University community it is off of our institutional research website. Okay so then we move forward to section 6. Our University budget policies so I mentioned there are a lot of policies that affect [ Indiscernible ] But there are four border regions policies [ Indiscernible ] But we notice that the language is not clear in the policies for example [ Indiscernible ] Says that the board should approve [ Indiscernible ] What does that mean? Is that [ Indiscernible ] So it is the way our policies that are written that they need to be more clear to what we expect the Board of Regents to approve and review. [ Indiscernible ] Institutional reserve requirements. They could be more clear on what [ Indiscernible ] And the Board of Regents rules and regulations in the section related to the annual budget it says that the president shall prepare and submit annually to the board [ Indiscernible ] So neither of the policies I mentioned are the Regents rules detail the requirements that the board expects [ Indiscernible ] With all the information even [ Indiscernible ] Graphs summaries terminology just a comprehensive budget presentation to [ Indiscernible ] So our suggestion is to review clarify and update those policies on [ Indiscernible ] And include the expectation in performance for that comprehensive budget presentation so then if we move on to tab seven, [ Indiscernible ] Financial statements for the Board of Regents. -- Monthly operating statement to the members of the board [ Indiscernible ] So currently a monthly financial statement is prepared but it is uploaded and diligent when it [ Indiscernible ] But it is not prepared and discussed at a Board of Regents meeting. The AFR is presented at the January meeting but without those financial statements presented on a quarterly basis there is no emphasis on the financial matters of the University related to the accounting financial statements in the budget and then also the budget is presented usually mid July sometimes earlier depending on what type of year we are in if we are in a session we are not, but a report on the budget status is not regularly given to the Board of Regents in those quarterly meetings. [ Indiscernible ] So we believed to aid in communication and understanding of the University budget and the financials that those reports should be presented and discussed. Anything on that one? Okay, the next one, section 8, budget and financial forecasting system so there has been a lot of discussion about what the University uses to forecast the budget and how they look at the budget but the Board of Regents did approve [ Indiscernible ] May recall an agenda item [ Indiscernible ] And related maintenance for \$380,000 the University did move forward and purchase the system and it kicked off the implementation of the system but due to different scenarios that happened or situations that happened, the system has not gone live, and the Board of Regents it was a follow-through that the Board of Regents knew that the University was not using a system to make projections and other things within the budget so with that amount of money already invested in the system along with significant University employee time we should evaluate whether we should move forward with the implementation of that software since we are contracted through June 2023 that system could be used to aid in presentation and [ Indiscernible ] Of the University budget.

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I was here when we did that and [ Indiscernible -- too far from mic ] I do not remember now the details. We spent almost \$400,000 on a piece of software that has not been [ Indiscernible ]

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That is correct, that is what the records show at the University.

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So the software is just sitting in the garage basically. And so apparently [ Indiscernible ] I am wondering why it was not implemented or [ Indiscernible ]

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I can respond to what was said for us [ Indiscernible ]

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I think that has to be addressed.

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Do you want to come up here?

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So the [ Indiscernible ] The intent, I was on the search committee, the intent was to find software that would assist in forecasting and [ Indiscernible ] The software was highly recommended by budget people and [ Indiscernible ] That the budget office worked closely with and [ Indiscernible ] The biggest part of the cost was the implementation. [ Indiscernible -- low volume ] And at the time that the software was demonstrated, ranked by the RFP committee [ Indiscernible ] At the meetings were considered the [ Indiscernible ] Experts for the software. By the time we made [ Indiscernible ] There were one or two people who [ Indiscernible ] All the experts had quit. They left to go out and compete with [ Indiscernible ] And we were put with people who did not really have a lot of higher education experience, and so it was one of those situations where what we intended to buy was [ Indiscernible ] Software, we were forced to buy a budget package that went with it [ Indiscernible ] And by the time we went through maybe even eight months of implementation [ Indiscernible ] We moved into the other part it was the first time we ever realized it did not work like [ Indiscernible ]

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And there was not any recourse where we saw [ Indiscernible ] Or was it just miscalculation on our part on what was really needed?

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I think, I do not know the answer to that. I was not the project lead on that. What I believe is that what we could have done a better job of is we could have done our modeling in an Excel spreadsheet [ Indiscernible ] If you cannot do it in Excel -- it was not utilized as some sort of selection or criteria [ Indiscernible ] To say can you do this this is how it is forecast and [ Indiscernible ] So we did not have a material document to say [ Indiscernible ] We just said can you model the forecast, I think probably there was too much reliance on the recommendation and I think that the service and the expertise that they received from [ Indiscernible ] Was far superior to that that we received from the same consulting group and if I am not mistaken A&M is not using the software anymore. So anyway it has been very trying process to go through, we have a lot of [ Indiscernible ] Out of Banner and into that system and making it work and we have competing priorities unfortunately. At this point I am not convinced that if we went and put another \$50,000 into it that it would work.

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So we purchased the Huron system and then we had to purchase an underlying software platform that it ran on.

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What we purchased was an Oracle product, and Huron is a consulting group [ Indiscernible ]

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[ Indiscernible ] And how long ago did we know that [ Indiscernible ]

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Probably a year ago. We actually engaged the consultant with [ Indiscernible ] To complete the implementation last fall. [ Indiscernible ] We did have a better experience but what we found out then was with that better experience we had a better consultant but one of the criteria that we had right at the top of our list was that [ Indiscernible ] And we were not made aware of the fact that [ Indiscernible ] When we went in and said show me how to do this and [ Indiscernible ]

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Going forward moving using that lesson as [ Indiscernible ] Would it work with our chief information officer to make sure that we have the confidence ourselves to use that I am trying to see how we would [ Indiscernible ] How would we integrate [ Indiscernible ] And keep this kind of thing from happening again?

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[ Indiscernible ] What is Oracle saying about this software package?

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They may have an update, they may already [ Indiscernible ] To get new consultants or at least make sure that their software product is not compromised just because [ Indiscernible ] [ Indiscernible -- audio cutting out ]

I would need to have that conversation or [ Indiscernible -- too far from mic ] That have just been incredible [ Indiscernible ] Another one that we will do on a future date, but it is just [ Indiscernible ] And this does not happen often, but this turned out to be in simple terms what I considered a bait and switch, but [ Indiscernible ] Could have been able to insist that we see the secondary piece of it which is that we got so bogged down in the first piece, we had a budgeting module that was [ Indiscernible ] And we have talked about the fact that we could potentially, we might be able to use that, but right now the budget software that we have in Banner is very difficult to utilize [ Indiscernible ] It is just a very inflexible piece of software and has no modeling capability at all. It was to take that data [ Indiscernible ] Model. We were never able to [ Indiscernible ] But at that point I.T. was able to back off [ Indiscernible ] And then there is a crosswalk that was to take the details and summarize them and [ Indiscernible ] Second year of implementation [ Indiscernible ] We had a very inflexible chart account that was written for private entities. And just was impossible to rectify, and so you know how [ Indiscernible ] Each subtotal had to be manually defined, and so the first six months we are trying to figure out why it did not balance it because these lines are drawing in two different subtotals, and then [ Indiscernible ] So it was literally shocking at how unusable this software seemed to be, just unfortunate that it was so far down the path that the money had been expended with Huron. I can see Anthony is raising his hand about [ Indiscernible ]

[ Indiscernible -- low volume ] [ Indiscernible -- too far from mic ]

[ Indiscernible -- too far from mic ]

With that suggestion that we look at [ Indiscernible ] Hopefully that explains some of the regents had commented we thought we did have software that could do some of these projections and things [ Indiscernible ] So moving on to tab nine, construction project budgets [ Indiscernible ] And the effect on the University [ Indiscernible ] As I previously said the University does not include a presentation [ Indiscernible ] But our University policy 1.4 does require construction projects to be [ Indiscernible ] And then the Board of Regents receives a quarterly construction update so we had already addressed some of this [ Indiscernible ] That was accepted by the board in July and included things like [ Indiscernible ] What are we expecting the Board of Regents to approve? Some of them had not been improved although expenditures had been incurred. And some construction contracts did not follow all of the adopted rules and regulations of the University as the contracts were signed that did not follow the University policy for signatures you heard all of that last July as we continued with this project what else can we do to help with the expenditures and the cost on the construction projects and the analysis and you also note that we caught [ Indiscernible ] Was not turned on for construction projects, and that detailed construction project budget information is not submitted on [ Indiscernible ] So what is the detailed budget for [ Indiscernible ] Just that details for the regents to see to find a little bit more oversight and [ Indiscernible ] And so then we also noted that the Board of Regents approved an agenda item [ Indiscernible ] So this was discussed at a building and grounds special meeting on October 21 that the Board of Regents had approved external construction project management but it has not followed through by the University and also at that same meeting our physical plan director our interim director detailed issues with construction projects and [ Indiscernible ] So all of these issues have been discussed, the interim vice president of [ Indiscernible ] Has directed for [ Indiscernible ] Judy and Jessica K, the NSF flag for [ Indiscernible ] And also with that done we also recommend that those budgets be incorporated into the University budget presentation that we reported in greater detail to the grounds committee and [ Indiscernible ] Project management so that relates to construction and then tab 10 relates to our higher education funds, we had received [ Indiscernible ] We are scheduled to receive that over 10 years those higher education funds have certain requirements for use including acquiring land equipping buildings, acquiring [ Indiscernible ] Different things that specifically be used for they can also be used to purchase cloud computing services and other attainable assets with an expected useful life over one year again the Heath budget came to the Board of Regents it just included some cloud computing services but then noted some things that should not be [ Indiscernible ] Brought a report back to the Board of Regents for the meeting that amended those items but as a follow-up to that, we had suggested that we develop a policy that [ Indiscernible ] Working on a presentation of that to the Board of Regents on [ Indiscernible ] That key policy would be things like the allocation and management of

expended funds [ Indiscernible ] To make it more clear for the University community. Since we have [ Indiscernible ] Over 10 years. Tab 11 is general budget awareness.

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[ Indiscernible ] [ Indiscernible -- too far from mic ]

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We had budgeted for them, we did not expend them. We all agreed that those did not meet the requirements.

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You do not believe [ Indiscernible ]

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We do expenditure audits [ Indiscernible ] That does not mean it has to be [ Indiscernible ] A lot of our I.T. services [ Indiscernible ] So if we found that before [ Indiscernible ] In this case it was changed before the expenditures were made. Okay so then moving onto tab 11 it is just general budget awareness, there are comments like who knows what the budget is what are our finances those type of questions we do have professional staff in [ Indiscernible ] Who are responsible for meeting [ Indiscernible ] And they understand the financial information though there have been some concerns expressed by the University community so [ Indiscernible ] We look to see what trainings we do offer [ Indiscernible ] And the budget office provides departmental training and [ Indiscernible ] We believe we should have some advanced budget trainings and [ Indiscernible ] And the University community overall, so that is budget awareness and then under tab 12 we have lots of questions about University debt. [ Indiscernible ] So we have made some tables that you will see table 8 details [ Indiscernible ] So \$204 million at [ Indiscernible ] With 95.5 million in academic buildings [ Indiscernible ] 24 million being for athletics and 84 million relating to the auxiliary so [ Indiscernible ] And you can see the graph of how that relates because those are [ Indiscernible ] So within that fiscal year '22 budget it was almost \$22 million budgeted for that service on the outstanding bond so we did again by area 8 million related to academics 1.4 related to athletics 11.4 million to auxiliary and we have some other [ Indiscernible ] But that is 22 million a year to look at and we have to meet our debt service requirements out of our University budget. And on tab 13 we just considered some additional questions that came to the University. So out of our budget which is different from our annual report [ Indiscernible ] I have already said [ Indiscernible ] 60.3% but on a cash basis without the allocations without all of the accrual that expenses that [ Indiscernible ] 30.8%. [ Indiscernible ] And then the question of athletics what is their percentage of the budget [ Indiscernible ] Athletics is 6.7%. The next question that came to us as well [ Indiscernible ] So if you go to table 11, you can see the sources of revenue for our athletics including [ Indiscernible ] It is outlined there, but designated tuition [ Indiscernible ]

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The difference here is you see [ Indiscernible ] We cannot use our education and general appropriations to fund athletics and auxiliary services. You can see [ Indiscernible ] Budgeted into that area but designated tuition cannot be used for any lawful purpose of the University. [ Indiscernible ] Can be designated to other areas and you can see that here regarding some of [ Indiscernible ] The next question we asked related to [ Indiscernible ] How are we budgeted across those [ Indiscernible ] So you can see the largest part of the designated tuition gets to institutional support followed by student services athletic services [ Indiscernible ] And you can see how that is budgeted, the designated tuition. So going back to the front of our report, the regents asked us to take this look to see [ Indiscernible ] What is the way we can look at a common data set across the University after we ask questions of the University and we believe that [ Indiscernible ] There is plenty more work that needs to be done there is so much more analysis [ Indiscernible ] And let the analysis occur at a different level, so one more thing, we are not including these as formal audit [ Indiscernible ] You will see here is the background here is our recommendation [ Indiscernible ] These are suggestions for how we can [ Indiscernible ] How we can get information out so we have not included them as formal audit recommendations. That does not mean we cannot follow-up if [ Indiscernible ] Or reports cannot [ Indiscernible ] We are able to take that independent look and [ Indiscernible ] This has been September 12 to now. [ Indiscernible ] Who is our data guru has helped with a lot of this especially the iPads work and [ Indiscernible ] Who delayed retiring to stay around and do the annual financial report. How many people would do that? It is a sacrifice, she stayed her here to make sure our financial reporting can be done in an accurate way and [ Indiscernible ] It would have been hard for the people left [ Indiscernible ] In between them doing all that we were asking all these questions, why is that, why is this and [ Indiscernible ] We would call it come down and defend your dissertation. She answered all of our questions, but we really do appreciate [ Indiscernible ]



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[ Indiscernible ] [ Indiscernible -- too far from mic ]

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It is really critical for us also to understand [ Indiscernible ] I would like to make sure that [ Indiscernible ]

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I appreciate you saying that because I forgot to read our suggestion, we have a university website related to debt, but we believe more [ Indiscernible ] Information should be included and it is included in our financial report, but we do feel like presentation of that information on that University debt website will help understanding and communication across [ Indiscernible ] So thank you for pointing that out, because [ Indiscernible ]

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Would you go back over all the sources of funds for the construction projects that everyone sees on campus? I know it is here under tab 10 but I would like [ Indiscernible ] Where does the money come from?

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We do not have a graph of that, but we have our [ Indiscernible ] Bonds the new projects on campus were just bonds under the general university that we issue without state funding so projects like the basketball performance facility [ Indiscernible ] And I know we have new money coming in, it is no longer called a TRV.

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[ Indiscernible ]

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Capital construction assistance project.

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The information within the annual financial report shows what type of bond it is, and the source, and all of that would help in understanding if it was on the debt website and [ Indiscernible ]

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A lot of our funds are restricted in how we can use them, that is correct. It has been a massive project. [ Indiscernible ] So we are glad to present this and move on to [ Indiscernible ]

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I have a question. How will that affect the rest of the audits that we have and do we need to allocate something because [ Indiscernible ]

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We are going to do that analysis after we figure out a time at the end of December [ Indiscernible ] We are still going to have about four audits to present to you in January, that we have ongoing, but we will probably see in April, but we have so many required audits, we still have to do the NCA required audit and [ Indiscernible ] All of that stuff is still in process and moving forward.

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That is my next question, is there a value that we need to recognize that the University has spent a certain amount of funds to try to gather this information before [ Indiscernible ] I guess since you have been working on this [ Indiscernible ] And how it flows through the University, and during your process did you have moments that you learned where the numbers come from and what we are doing and I am not saying you did not already know but allowed you to formulate this presentation in such a way that helps us? I am trying to make sure, I guess my question is more of when others look at data and they are trying to data mine and look through it there are a lot of things that you have to come across [ Indiscernible ] And I want to caution people who look at data and if they are out there data mining and trying to come up with numbers, sometimes it is the way it is formatted [ Indiscernible ] And they do not always line up where we have seen numbers at 30% and 60% the intention is to report the same information and [ Indiscernible ] That will change that percentage and I want to caution and make sure people understand that that it is not just [ Indiscernible ] For this particular area.

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And as the University's auditors, we have access to lots of systems at the University because we have to have that unrestricted access if we need to do an investigation or a project and [ Indiscernible ] To be able to pull information out because sometimes we need to be able to pull information without having to ask somebody for it. So we do have a higher level of access then anyone else across the University [ Indiscernible ] So yes that caution of how you pull information [ Indiscernible ]

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We thank you so much for this. A big take away that I have heard in these presentations is that there are national industry standards that are applied to the SFA budget and that is what your group and [ Indiscernible ] To apply the national standards in an objective way and [ Indiscernible ] So just to confirm that, that is correct.

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It can be done, we did it because we were able to have access to that information and utilize it in Excel, and that is where we are saying somebody else has to take it and we have to have that data set available for others to use where [ Indiscernible ] And have it out there for others to use.

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So these are great suggestions that we have gotten as a board, and at this point those suggestions will be held with the finance and audit committee for further analysis.

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[ Indiscernible ] Because we report to the finance and audit committee. [ Indiscernible ] Go ahead and be working on [ Indiscernible ] We also have University committees [ Indiscernible ] They may have a role in one of these areas depending on the charge, so it is just getting here, being able to figure out some of the ways it could be improved and [ Indiscernible ] To follow up and look for other options basically, we know that there are some options that [ Indiscernible ]

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[ Indiscernible ] We will endeavor to do that.

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[ Indiscernible -- too far from mic ] There are funds in that that have actually not been used [ Indiscernible -- background noise ] Right now this is the way that they are allocated and [ Indiscernible ]

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That is the way they were issued for that purpose, yes.

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[ Indiscernible ]

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I think Brandon may know it off the top of his head, but [ Indiscernible ]

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39 of the 84 [ Indiscernible ]

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In addition to that when you have [ Indiscernible ] That pie chart is as of August 31, 2021.

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[ Indiscernible ] Right now that had not been used.

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I think that that pie chart could shift.

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[ Indiscernible -- too far from mic ]

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Thank you so much, this is a Herculean effort.

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We actually enjoyed it.

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Thank you for that, we have [ Indiscernible ] Up next but I think what we might do is take a short break before he starts [ Indiscernible ] So let's reconvene at 5:35.

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[ The event is on a recess. The session will reconvene at 5:35 pm CT. Captioner on standby ]a recess. The session will reconvene at 5:35 pm CT. Captioner on standby ]

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We are back in session in our meeting and [ Indiscernible ]

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We are moving on to the review of the annual financial study so [ Indiscernible ] Under tab 14. [ Indiscernible ] Explained early on how there are annual financial reports and annual financial statements, the difference is that [ Indiscernible ] So Judy talked about the annual financial report and [ Indiscernible ] But if you will recall we had a meeting back on September 12 of this fall and the board of regents made this motion [ Indiscernible ] And at

the time that was done I asked the Board of Regents, it is going to be a fast project by the time the finance division gets done with [ Indiscernible ] Presents them to the state of Texas by November 20 led us take a piece of [ Indiscernible ] We can have an independent perspective but we have to contract out this other piece so under government code [ Indiscernible ] Because they have the first right of approval, that they want to do the audit themselves since we are part of the agency and we are an agency in the state of Texas our financial statements are included in the comprehensive financial report that is audited by the state auditor's office each year so the separate financial review that we were doing is just a look at [ Indiscernible ] And I can tell you we are currently being audited and the focus is on our federal financial aid in this period. We have information due to them this week we are still being audited by the state auditor as part of that, this was a separate look a separate review of SF eight on its own, so on September 14 after the meeting on September 12 I requested that audit delegation from the state auditor and on September 27 we received the response back that they would need to delegate approval for us to get an outside auditor they already had [ Indiscernible ] There resources were allocated they approved us to do that, we are required to have a competitive selection process so SFA was able to use the request for qualifications that was issued by the Texas Tech [ Indiscernible ] That helped us to be able to contract faster because the board wanted the information out there about our financial condition, so we looked at who else out there has issued a request for qualifications for audit services we saw that Texas Tech had, [ Indiscernible ] Was one of the firms that they had selected we had used them for our fiscal year 2020 and fiscal year 2019 review of the University financial statements so [ Indiscernible ] Which you will see helps in the analysis of where we are and trend information and so we contracted with them as an external auditor, they can do but when they are providing assurance such as in this review [ Indiscernible ] Which require them to be independent of the entity that they are reviewing so with that, BHP have extensive background in providing external services to toxic Texas public universities [ Indiscernible ] When they had a financial situation back in 2007, but currently they have assist Midwestern in transitioning its final financial information [ Indiscernible ] They are currently working on the University of Houston, [ Indiscernible ] They are turned to as an expert in financial statement reviews, we have signed a contract with them on October 5. We provided as much information as we could, you have to realize that until [ Indiscernible ] As for my previous presentation we have to do all those accrual journal entries with [ Indiscernible ] It does not necessarily come until October some of these large [ Indiscernible ] They actually received the financials, the annual financial report which is different from [ Indiscernible ] But next week [ Indiscernible ] And they started work they start looking at analytical review and analysis but they did not receive the annual financial statement with the notes until December 7, that was last Tuesday, they have worked so hard, I do not know how many texts I have gotten from Robert Bell about information needed the next day and these people with all of this have acquired that information last night. So this has been an effort by the whole group so we thank Robert Bell for realizing how important this was to the whole University. There were times we were getting texts, were we going to make the deadline? So with that we finished up the review last night and [ Indiscernible ] Report to present so I will turn it over to [ Indiscernible ]

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Thank you it is an honor to be here again first of all I want to briefly mention [ Indiscernible -- too far from mic ] When you are performing an audit you are an auditor, when you are performing [ Indiscernible ] So the reviewer [ Indiscernible ] But the review standards or the independent standard require [ Indiscernible ] Very important so we do not have any biases here. [ Indiscernible ] I think there were some concerns about previous audits that needed done for SFA and [ Indiscernible ] No issues out there for [ Indiscernible ] Any scenario whatsoever out there, and it is something that is not significant enough [ Indiscernible ] And I think we are all trying to achieve the same objective [ Indiscernible ] Everyone is welcome to their own opinions of those facts but [ Indiscernible ] Aspiring to transparency accuracy and excellence and that is where we are all trying to get to, so [ Indiscernible ] So again we are preparing this to say that the University's financial statements were prepared in accordance with [ Indiscernible ] And that they are materially correct. It is worth note and bringing up again that the first document was submitted by the University [ Indiscernible ] The comptrollers requirements generally [ Indiscernible ] Governmental accounting standards Board's [ Indiscernible ] There are a couple of exceptions with [ Indiscernible ] And those areas are where the comptrollers office already has information so they do not need the University to supply it, so in this particular case because we had already talked to [ Indiscernible ] To comply with its [ Indiscernible ] We did the same approach with [ Indiscernible ] There were some additional things that we had to do to make it fully compliant with [ Indiscernible ] But those were the same procedures that we do for every other university that is going through this process so that is not anything unusual about that process. In performing our work, and our work consists of basically making inquiries about [ Indiscernible ] And

analytic review, those are the two primary things we are doing when performing a review. As auditors [ Indiscernible ] We are confirming bank balances, there is a lot we do as auditors, so there is a big difference between a financial statement audit and a review audit, and there are pros and cons with each. One of the pros of doing a review is you can do it very quickly and under this time period that is what was needed. You want to get instant feedback, a review is the way to go. [ Indiscernible ] The other part is if you still need an audit you can always add an audit onto review but you cannot go backward from an audit to review for cost savings, so if you want to build on, you can. Getting back to the actual findings [ Indiscernible ] We did have two significant adjustments as we have [ Indiscernible ] Both of those adjustments were in the net position section the first item was for \$150 million and although that sounds like a very large amount, what the University had done to try to provide [ Indiscernible ]

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-- It changed the presentation of the overall [ Indiscernible ] And I think ultimately we concluded Friday night at some point or Saturday morning that in fact [ Indiscernible ] Had been posted in 2020 was not made in 2021 and the amount of that adjustment was \$15.3 million. So that resulted in a positive increase to unrestricted net position. None of those items I talked about changed the bottom line for the net position line item it is just [ Indiscernible ] Within that category. But as we are going to talk about in a minute, [ Indiscernible ] You are going to better understand [ Indiscernible ] I am not going to get into the actual financial statements [ Indiscernible ] I am going to talk about some additional things that we looked at. One of the things I want to do is provide the board of regents some of the benefits of me performing those types of engagements and looking at [ Indiscernible ] And trying to figure out [ Indiscernible ] You have to evaluate if an entity is not going to be around and there is a specific modification we have to make [ Indiscernible ] And so we can carefully monitor if we think the clients will make it until the next year, so we are looking at a lot of ratios and [ Indiscernible ] But the first thing I again want to mention, I mentioned this last time, the governmental accounting standards Board's issued standards under 68 and 75 [ Indiscernible ] The issue both of these standards and they required the first time that you had to [ Indiscernible ] If you had a 1-year-old child and you figured out it is going to cost \$100,000 to send them to college and I am going to bring that number [ Indiscernible ] The purpose of it was to help bring attention to promises made by governmental agencies [ Indiscernible ] It has caused a lot of problems throughout the United States so when you look at SFA had a negative [ Indiscernible ] Can I get the right page here? I negative unrestricted net position amount at [ Indiscernible ] A deficit 42 point [ Indiscernible ] That would tend to make your stomach turn to suggest that there is a problem and because we brought these two long-term liabilities on the book [ Indiscernible ] It reduced their net position number and formed many of them, it made them have negative unrestricted net position numbers. So to put it on a report I looked at [ Indiscernible ] What their net position number was, and it was -109 billion dollars in the state of Texas \$527 million negative net position number.

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[ Indiscernible -- too far from mic ]

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So if you feel bad at least you are in good company. So the next thing is there information that we can draw out of this that [ Indiscernible ] There are a number of techniques used that basically we can go behind and evaluate [ Indiscernible ] And then how much of that operating reserve is in comparison to their total expenses to find out how many days of expenditures you have [ Indiscernible ] And so there are different benchmarks out there. 30 days would generally be considered pretty low, if you have a 30 day reserve that anything unusual happens [ Indiscernible ] There may be a chance your borrowing money to make payroll. 60 days is generally considered pretty good. 90 days would be very good. [ Indiscernible ] Uses a 90 day threshold amount. And we just recently went through accreditation and passed with flying colors. So with the help of the University [ Indiscernible ] When [ Indiscernible ] Has a very specific way in which they calculate what they call the adjusted unrestricted net position [ Indiscernible ] And in their calculations what they do is [ Indiscernible ] They allow you to back out [ Indiscernible ] They compare that net number to operating expenses and then [ Indiscernible ] A 90 day threshold amount. On page 3 if you are following along there is [ Indiscernible ] This graph represents the past eight years [ Indiscernible ] The blue on it is unrestricted net position and you will notice that it is rocking along pretty good and all of a sudden it starts to go downhill, and you can still you can tell when it started going downhill [ Indiscernible -- too far from mic ] So once you adjust out the pensions and everything else, the adjusted UNP stays pretty constant over the year and [ Indiscernible ] About \$120 million so that is a good position to be in. If you simply went by the blue line at the bottom you will see it has been in a negative number

the last three years. Looking over to page 4. This is where we compare using the 90 day, the very good very safe number, 90 days which is 25% the 90 day reserve that is the redline going all the way across the page, this is your benchmark and this is showing your percentage [ Indiscernible ] They want you to be at 25% and you are at 36.8 [ Indiscernible ] By the time you get to 2021 it is 45.4 I believe.

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That is correct.

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And if you look at that 45.4, what that tells me is you are almost double what is considered to be the very safe frame for your adjusted net position, so that is an amazing position to be in. I have prepared the same calculation, and I went through 2020 financial statements and pulled that off of [ Indiscernible ] As well as the state of Texas is number and I made all the same computations and adjustments for SFA that [ Indiscernible ] In my calculation basically indicating that SFA is [ Indiscernible ] Had 124 days of monies on hand in reserve and [ Indiscernible ] So SFA is obviously in a better position than the state of Texas. On page 6 I did a server analysis for August State University and [ Indiscernible ] I tried to make this information line up exactly with how it appears on the [ Indiscernible ] I have provided the website link to [ Indiscernible ] So anybody who wanted to can go out there and reconstruct it and look at these numbers, you will be able to find that data so I will [ Indiscernible ] And then on page 7 it is the bargraph [ Indiscernible ] Again the redline says 25% benchmark [ Indiscernible ] Everyone was above the benchmark with the exception of Texas Southern University [ Indiscernible ] So they are the only ones who were below. There were four universities that were [ Indiscernible ] Out of everyone else that being University of Texas A&M and [ Indiscernible ] Everyone else was [ Indiscernible ] Pretty much clustered together in that analysis. So you are very close to all your peers in how you stack up. So that concluded my results but the whole point of that is saying there is so much concern about the negative net position number that when you drill it down and you get it back to the [ Indiscernible ] Stephen F. Austin State University is in solid shape. It is better than many of its peers, it is in good shape and this is the primary number that most people use when they are looking at the accreditation process, so that tells me that you are in very good shape.

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[ Indiscernible -- too far from mic ]

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The 2021 --

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So 45.4 is in the fiscal year 21. So that would put us in much better shape on that bar chart [ Indiscernible ]

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I think you will generally see a trend, when you mentioned [ Indiscernible ] Numbers -- as well as all the grant money [ Indiscernible ] There were winners and losers in distribution of grant money. [ Indiscernible -- too far from mic ]

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I think I would prefer the state of Texas was in great shape to bail us all out, which is obviously not going to happen. So in thinking for the future, first of all, are the [ Indiscernible ] That are obligations for retired Stephen F. Austin State University employees, are they the liability of the state of Texas or is our institution narrowly and to what degree is this a shared liability with other state agencies?

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I think it is a shared liability. And then your proportionate share is reflected in [ Indiscernible ]

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So it is basically an accounting entry for us because I am sat around this table for multiple meetings thinking about, I guess you can start with [ Indiscernible ] But that is small consolation when you are still starting. So I was wondering what can we do as a board as a separate institution to try to get back on even keel with [ Indiscernible ] To move that toward a balance where we have reserves we are a private corporation [ Indiscernible ] And we are governed by [ Indiscernible ] That number is a real number, that number is one that you have to report on your financial statements and your quarterly and annual reports, so in America private corporations have to meet their obligations and account for them, but apparently public institutions do not have to, or else we would all be kind of bankrupt otherwise.

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You could go off the record basically, but the ultimate solution is at the state level with the promises that have been made and the open ended promises that have been made, and an example I was giving earlier, if you promised [ Indiscernible ] But if an actuary gets a hold of those calculations [ Indiscernible ] And so it is the actuarial and open-ended opportunities to run out the numbers to the maximum that they can be, so part of it has to be going in and putting in a sensible catch where it is appropriate, limitations on how much [ Indiscernible ] To come up with a balanced approach that would allow the governmental index to keep the intent of the promises they made 20 years from now. [ Indiscernible ] And basically say, hey what numbers here are they running up the highest [ Indiscernible ] And then they were able to talk about \$9 million off of [ Indiscernible ] And it looked like [ Indiscernible ] Really turned things around, so I think that is what has to happen at the state level.

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It has not happened to date. That is way above my pay grade when trying to identify what our obligations are and the promises that we made and it sounds like it is above the power of this body to make those changes. [ Indiscernible ]

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If you look in behind tab 14 in the financial statements and one of the footnotes in page 46, it is the sensitivity of the University's performance [ Indiscernible ] It shows you at the current discount rate that was used for the actuary 7.25% [ Indiscernible -- too far from mic ] That is a difference of \$25 million so [ Indiscernible ] And it affects our net position in the same thing [ Indiscernible ] So you can see the fluctuation in those large amounts. [ Indiscernible -- too far from mic ]

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I also understand that that number is apportioned base and based on a percentage [ Indiscernible ] Versus the institutions or other parties that are part of the retirement system [ Indiscernible ] 4544 basis points that gets us to that number and my question is as we calculate that number, our payrolls change if our amount of benefits in a given year go down and are out proportioned would go down with that total high that they are trying to distribute within the state of Texas is that how that works?

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There are several different buckets when putting monies in but --

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I guess my question [ Indiscernible ] What is the impact if someone goes out and [ Indiscernible ] And they are no longer part of [ Indiscernible ] What effect does that have on [ Indiscernible ] To the institution?

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I am not sure off the top of my head.

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Okay. Another question on page two on tab 15, it shows on on 2019 the net pension liability [ Indiscernible ] And then it went back down on the 2021 to 47 million [ Indiscernible ] Was that a restatement, was that something that one year we were required [ Indiscernible ] We were low we jumped up and then [ Indiscernible ] Is there an answer to that and maybe make an answer later?

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19 I believe. This 64 million in [ Indiscernible ] It jumped to 64 and then went back down to 4747 [ Indiscernible ] I do not know what the 64 because if that number changes that percentage actually changes for that one year dramatically.

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[ Indiscernible ] Was mentioning a minute ago that there is a sensitivity off the table and [ Indiscernible ] It basically shows you [ Indiscernible -- too far from mic ] If you look at the numbers they are huge numbers. I do not like having these numbers on the financial statement it is like a pinball machine it is just going up and down up and down [ Indiscernible ] And it is just so volatile. And so you will see that with those numbers if [ Indiscernible ]

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I agree and that is why I wanted to pointed out in our section of the AFS or AFR we have to be very careful when we start trying to look at that net position change because of [ Indiscernible ] Can make a huge difference and [ Indiscernible ] Take out some of the other things and saying what are our real operating expenses what are our controlled expenses and [ Indiscernible ] It looks as though we are not performing effectively and/or

consistently and that is wrong and I want to make sure that the whole community recognizes that our statements do have [ Indiscernible ] So a lot of those are not controllable [ Indiscernible ] Thank you.

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[ Captioners transitioning ]Spoke we are going to recap because we did not go over the detail so as a quick recap, the annual financial statements, the net position went from \$61 million in 2020 up to \$70.6 million in 2021. That is a \$70 million increase and it includes the offset of all the stuff we've been talking about. What he discussed was adjusting the net position for the compensated access [ Indiscernible ] so our adjusted net position in 2021 is [ Indiscernible ] compared to in 2020, I think it says 86,229,375. He talked about the days and the percentages. So the adjusted unrestricted net position and percent of operating expenses was 34.4% in 2020, the reserve benchmark is 25%, so at the end of FY 21 it shows we were over reserved above the benchmark I think by about 20.4%. Then he mentioned the state of Texas will release the financial statements on March 1st and he mentioned the 2020 information that was operated on hand. So at the end of FY 20 we were 34 days over the benchmark. At the end of 2021 we had 164 days and we were 74 days over the benchmark. [ Indiscernible ]. To recap all of that, does anybody have any other questions? Yes?

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To further recap, this was what was asked was a review of the University's financial position, so we will get the financial position looked at at the financial statement. And you can look at it from two different perspectives. The analysis is we are in a solid position and we have the percentages we went through that are well above the goal. That is the statement on our financial position. And that is different than reviewing the budget. So we have not really taken that topic because that is not with this review is for. This was what is the University's financial position? And we got a great review on that. What is the next step? As I briefly mentioned, now we know what the net position is and we will look at unrestricted and includes 30 million for unrestricted. Now the finance division, you can compare the budget [ Indiscernible ] what are the estimated revenues and redo the analysis of the budget assumptions. What was the fall Roman fall enrollment. But it is a project to be done in January and a solid financial position for the University, what adjustments or amendments are needed for the budget, what reserves do we want to [ Indiscernible ] what is the net position that we want it budget to have and doesn't release any additional [ Indiscernible ] what should the reserves be and what should the budget look like moving forward. So it's more additional analysis.

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We can expect to talk about that at the January meeting. Any other questions? So this is an action item that we have before us and it is action item number 2. And there is a recommendation that the board knowledge receipts that the audit services reports pending consideration by the financing audit. And we have a motion to that of that? We have a second by several people, all those in favor say aye. Those opposed? The motion carries. With that, we are through the action items and it is time for us to recess to executive session. Before we do that, we have a lot of visitors here. I don't expect that we have any business after the executive session. So you are welcome to stay through executive session and we will reconvene, but we don't have any other action items. So we will reconvene just to adjourn. So at this point we were going to executive session and there will be no other business that will be voted on tonight. With that, we will go to executive session. Why don't we take a 10 minute break.

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[ The event is on a break. The session will reconvene at 5:33 p.m. MST. Captioner on a break. The session will reconvene at 5:33 p.m. MST. Captioner on standby.] Brought a break for 10 minutes now

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[ The event is in executive session. Captioner on in executive session. Captioner on standby. ][ Event concluded ]