

MINUTES

**South Arkansas College
Board of Trustees Meeting
ADM 309 – Board Room
January 23, 2024 3:45 p.m.**

Trustees Present: Steve Cousins, chair; Gary Griffis, vice-chair; Crystal Yeager, secretary; Wayne Gibson, Melissa Jerry

Trustees Absent: Kerri Brown; José Covas; Courtney Kelley

SouthArk Staff Present: Dr. Stephanie Tully-Dartez; Jenny Sanders; Ann Southall; Dr. Tim Kirk; Jennifer Schroeder; Cindy Meyer; Ray Winiecki; Christy Wilson; Brandi Cotterman; Cynthia Reyna; Amanda Rhodes

Others Present: Dr. Jim Bullock; Dr. Susie Bullock; Marisela Sanchez Lopez, SkillsUSA

- I. Call to Order – 3:46 p.m.
- II. Recognitions and Awards – Dr. Stephanie Tully-Dartez
 - a. Drs. Jim and Susie Bullock – Dr. Tully-Dartez requested that Gabe Schroeder, executive operations specialist & assistant to the Board of Trustees, introduce Drs. Jim and Susie Bullock. Mr. Schroeder explained that they would be working as consultants for SouthArk to assist with the presidential search process, and both Mr. Schroeder and the Bullocks noted their excitement to be working together on such a critical task. Dr. Tully-Dartez also gave appreciation to the Personnel/Planning Committee for approving the use of a consultant for the search.
 - b. Skills USA – Dr. Tully-Dartez invited Amanda Rhodes, director of criminal justice, and Marisela Sanchez Lopez, a student at SouthArk, to speak about Skills USA. They explained that Skills USA is a student led, nationally recognized program intended to better prepare students to enter the workforce by developing their professional and personal skills. SouthArk currently has roughly 40 concurrent and post-secondary students involved with Skills USA from various majors including Criminal Justice, Health Sciences, and Automotive.
 - i. Ms. Lopez shared her experience as an officer of Skills USA. She explained her involvement in various hands-on projects and community engagement. Skills USA was involved at Trunk-or-Treat, Fall Fest, delivering Christmas cards locally, and more. They will also be involved in Spring Fling and other events in the future. She went on to discuss her attendance at a Skills USA competition where, as a criminal justice student, she participated in a mock crime scene investigation. She also presented a set of pens to the Board that had been designed by another SouthArk student and won the respective Skills USA Competition.

- ii. Ms. Rhodes also noted that their chapter of Skills USA had been recognized as a chapter of excellence, and they hope to be recognized as a chapter of distinction in the near future.

III. Fiscal Year 2021/22 Legislative Audit Findings – Dr. Stephanie Tully-Dartez

- a. Dr. Tully-Dartez began by reading the Material Weakness Finding in full as follows:

“Financial Statements are the responsibility of the College’s management and should be presented fairly in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The College has policies and procedures to properly record and classify transactions in the financial statements; however, the College’s internal control did not detect or prevent material misstatements in the financial statements. The financial statements were subsequently corrected by College personnel during audit fieldwork. Key errors included:

Comparative Statement of Net Position

1. Errors and misclassifications totaling \$706,359, resulted in Other receivables being overstated by \$591,899.
2. Errors and misclassifications resulted in Net position restricted for other and Net position invested in capital assets, net of related debt being overstated \$86,709 and \$249,974 respectively. Additionally, Unrestricted net position was understated by \$248,217.

Comparative Statement of Revenues, Expenses, and Changes in Net Position

1. Errors and misclassifications totaling \$4,931,200 resulted in operating revenues being overstated by \$4,816,740.
2. Errors and misclassifications totaling \$1,657,679 resulted in operating expenses being overstated by \$1,608,529.
3. Errors and misclassifications totaling \$2,579,138 resulting in non-operating revenues (expenses) being understated by \$1,943,842.
4. Misclassifications resulted in other revenues (expenses) for Capital grants being understated by \$680,095.

Notes to the Financial Statements

1. In the College’s capital asset note disclosure (Note 5), improvements and infrastructure, net of accumulated depreciation, was understated \$1,849,410 due to classifying certain assets as right to use improvements in error when applying GASB statement No. 87, Leases.
2. In the College’s changes in long-term liabilities disclosure (Note 6) notes payable was understated and least liability was overstated by \$1,757,280, due to errors in classifying liabilities when applying GASB Statement No. 87, Leases.
3. In the College’s public fund deposits note disclosure (Note 2), insured (FDIC) coverage and collateralized coverage were understated \$250,000 and \$884,724, respectively, for the carrying amount. Additionally, insured (FDIC) coverage was understated and collateralized coverage was overstated by \$168,768 and \$250,000, respectively, for the bank balance.

A similar finding was reported in the previous seven audits.

We recommend the College implement internal controls to ensure amounts reported in the financial statements and notes to the financial statements are accurate.”

- i. Dr. Tully-Dartez stated that in response to the audit, SouthArk has changed positions to allow for a functional alignment in the Business Office, had personnel changes that are positively impacting the accuracy of financial reporting, engaged in professional development for both SouthArk staff and trustees, reformatted financial monitoring reports for the Board, and entered into a contract with Emrich & Scroggins to assist with accounting matters.
- ii. **Motion to approve the material weakness findings and SouthArk's response.**
Jerry/ Griffis – Approved.

b. Dr. Tully-Dartez then continued, reading the Reportable Finding in full as follows:

"We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with College officials during the course of our audit fieldwork and at the exit conference.

In July 2022, the College was notified it had incurred \$211,467 in penalties and interest for failure to timely file and furnish Forms 1095C and 1094C to the Internal Revenue Service (IRS) for the 2019 tax period. In December 2022, the College was notified by the IRS that the penalties and interest would be deducted from a \$278,725 overpayment the College made on the quarterly 941 Form for the period ending September 2022."

- i. Dr. Tully-Dartez noted that the College only failed to provide documentation, and did not fail to insure employees. Documentation has now been completed as required, and SouthArk has implemented procedural and personnel changes to allow for additional checks and balances for the process of submitting these forms in the future.
- ii. **Motion to approve the reportable finding and SouthArk's response.**
Gibson/Griffis – Approved.

IV. Approval of Consent Agenda – Mr. Steve Cousins, chair

- a. The Consent Agenda was presented to the Board in full. Mr. Cousins asked if any Board member wished to pull any items from the Consent Agenda for a separate vote. Upon no requests from the Board, Mr. Cousins entertained a motion to approve the Consent Agenda. **Jerry/ Gibson – Approved.**

V. Decision Preparation

- a. Mr. Cousins and Dr. Tully-Dartez noted that while it was not an item previously on the agenda, they wished to bring an item to the table regarding one of SouthArk's facilities that sustained damage during the winter storm the week prior.

- i. Dr. Tully-Dartez then informed the Board that during the winter storm, SouthArk had three pipes burst. Two were in chiller rooms and one had already been fixed at the time of the Board meeting. The third pipe was in a house owned by SouthArk at 309 W Cedar St. which was being used as the Career Closet, a place where donated items used by SouthArk students in job interviews were stored. The items were not damaged and had been moved into another facility. They were meant to be moved regardless; the timeline was simply sped up by the damages.
 - ii. Dr. Tully-Dartez informed the Board that the building was likely going to be demolished in the next year, and she would rather not spend time and resources into repairing the building if it was going to be demolished anyway. As such, she was requesting that the Board approve an asbestos removal and the demolition of the house. **Griffis/ Jerry – Approved.**
- b. In the absence of Kerri Brown, Mr. Cousins noted that the Real Estate/ Facilities Committee had not met.
- c. Mr. Griffis stated that the Personnel/ Planning Committee had met in December 2023, but no items were being recommended to the Board.
- d. Ms. Jerry stated that the Budget/ Finance Committee had met on January 22nd, but that no items were being recommended to the Board.
- e. Mr. Cousins noted that the Policy Governance Committee had not met.
- f. Election of Officers – Mr. Cousins asked the Board if there were any nominations from the floor. Upon hearing no nominations, a motion was entertained to accept the proposal of the Nominating Committee to reappoint Mr. Cousins as chair, Mr. Griffis as vice-chair, and Ms. Yeager as secretary. **Jerry/ Gibson – Approved.**

VI. Monitoring

- a. Board Process and Performance Monitoring – Mr. Cousins noted the edits to the agenda format that were proposed by Gabe Schroeder. The changes were made to improve efficiency at the Board meetings and to ensure compliance with established Board policies.
- b. Mr. Cousins reminded the Board that the Board Performance Self-Evaluation will begin in March.
- c. Mr. Cousins also reminded the Board that their Statement of Financial Interest must be filed with the State of Arkansas by January 31, 2024.

VII. Other

- a. President's Updates – Dr. Tully-Dartez acknowledged the work of Physical Plant and the positive response of all SouthArk faculty and staff amidst the closure of the college due to inclement weather the week before the meeting. She was glad to see that SouthArk was ready to welcome students back on campus as soon as campus was accessible.

b. Administrative Reports

- i. Dr. Tully-Dartez invited Jennifer Schroeder, executive director for the career accelerator, to speak about the SHRM project. Ms. Schroeder explained that SHRM (Society for Human Resource Management) had awarded a \$125,000 grant that SouthArk, in collaboration with the El Dorado – Union County Chamber of Commerce, was utilizing to create a series of videos to show students some job opportunities that may not be common knowledge. These videos would focus on many local industries such as chemical, oil, and gas, healthcare, education, etc. The goal of the project is to get students involved in the local area rather than having them leave the area to utilize their education. Ms. Schroeder noted that she hopes to have a full launch of the videos in Fall 2024.
- ii. Dr. Tully-Dartez then invited Jenny Sanders, vice president for student affairs, to speak to the Board. Ms. Sanders informed the Board about the on-campus activities being organized by the department of student affairs. She noted the importance of campus life on student performance and the value of involving students in the local community. She listed four areas that are being prioritized for on-campus events: fun events, cultural events, transfer visits, and student organizations. She highlighted that there is an activity happening every day that students are on campus, and also noted the involvement of students in the local community.
 1. In relation to the discussion of transfer visits, Mr. Griffis asked what agreements SouthArk has with four-year institutions in the area. Dr. Tully-Dartez informed the Board that SouthArk's Associates in Arts programs can transfer to any four-year college in the state of Arkansas per state law. SouthArk also maintains agreements for individual programs with other colleges in Arkansas, as well as with colleges in Northern Louisiana.
 2. Mr. Gibson asked if non-traditional students were also participating in events on campus. Ms. Sanders stated that non-traditional students tend to be more involved with student organizations, but SouthArk has seen a large turnout of non-traditional students at specific events.
- iii. Lastly, Dr. Tully-Dartez invited Ann Southall, vice president for finance & administration, to present. Ms. Southall focused on the increase in construction and renovation projects. She noted that the Transportation Technology Center renovation had been completed, that groundbreaking had begun on the Hays Advanced Manufacturing Technology Center, and that other smaller renovations had been completed or would be completed soon.

VIII. Adjournment – Griffis/ Gibson – 4:32 p.m.