

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
January 8, 2016
Held at the New River Valley Regional Jail

A. CALL TO ORDER:

The meeting of the New River Valley Regional Jail Authority was called to order at 10:00 a.m. by Chairman Mark Armentrout with twelve (12) members and six (6) alternates present.

MEMBERS PRESENT:	Bland County:	Sheriff Roseberry
	Floyd County:	Sheriff Craig; Mr. Turman
	Giles County:	Sheriff Millirons; Mr. Chidester
	Grayson County:	Mr. Sweet; Sheriff Vaughan
	Pulaski County:	Mr. Conner; Sheriff Davis
	Radford City:	Mr. Young; Sheriff Armentrout
	Wythe County:	Mr. Reeves

ALTERNATES PRESENT:	Bland County:	Ch. Dep. Turpin
	Carroll County:	Ms. Cannon
	Giles County:	Mr. Martin
	Radford City:	Major Schumaker; Mr. Humphrey
	Floyd County:	Ch. Dep. Harris

STAFF & GUESTS PRESENT:	Superintendent Gerald McPeak
	Lt. Col. Tom Lawson
	Major Marty Stallard
	Jim Cornwell-Sands, Anderson, Marks & Miller
	Robert Lyons-citizen

B. ROLL CALL:

In Sheriff Gardner's absence, Superintendent McPeak called the roll and reported a quorum present.

Mr. Turman said that Mr. Lauren Yoder has been appointed as his alternate for Floyd County. The Superintendent said that he would note it but asked if they could send something in writing to us as well.

C. APPROVAL OF DECEMBER 2015 MINUTES:

The Minutes from the December 2015 meeting were mailed to each of the board members. Chairman Armentrout asked if there were any additions or corrections to the Minutes.

Motion: Mr. Conner moved that the December 2015 Minutes be approved as presented. Sheriff Vaughan seconded the motion.

Action: The motion passed unanimously.

D. OLD BUSINESS:

Chairman Armentrout said that the only old business that he is aware of is the employee satisfaction survey and exit interviews. We are currently working on the design and set up of both surveys. They expect to have them operational within a couple of weeks.

The Superintendent gave an update on the repairs to the solar hot water system. This week he spoke with the Vice-President of Baker Renewable. Early next week, Moore's Mechanical will be giving submittals to Thompson & Litton for the pump configuration. If approved, we will move forward with scheduling pump installation. The Superintendent said that if all goes well and if weather permits, he hopes that the pumps could be installed by the next Authority meeting. If not installed, hopefully they will be purchased and we will have an idea of when they will be installed.

E. COMMITTEE REPORTS:

Personnel Committee:

Mr. Reeves gave an overview of employee activity. We have six officer vacancies and one receptionist vacancy. We have had one resignation of an officer that will be going to work for the Virginia Tech Police Department. We had one new hire officer and we filled a kitchen worker position. The inmate records position was filled by a present employee. We are now interviewing for an Assistant Director of Security position. That position was currently filled by a Captain that is retiring. There are no disciplinary actions to report. No suspensions, terminations or policy changes.

We have had a request for two tours for Radford University scheduled for 3/24/16 and 3/31/16.

We had an officer involved in a motor vehicle accident in Dublin with minor damage to the jail vehicle. The officer was charged with the accident but there were no injuries.

We do have an internal investigation going on referring to the alleged mistreatment of an inmate on suicide watch. The Superintendent is also investigating misconduct and a use of jail equipment violation on a nightshift security team.

Finance Committee:

The Finance Committee did meet and copies of the Revenue & Expenditures from July through December for this fiscal year were handed out to all members. The loss to the facility year to date is \$281,387.68. After factoring accounts receivable and accounts payable into that, it would bring us to \$512,132.77. She said that she would entertain any questions on the financials. Hearing none, the following motion was made.

Motion: On behalf of the Finance Committee, Ms. Cannon recommended the Financial Report for approval.

Action: Following a roll call vote, the motion passed unanimously.

Ms. Cannon updated the group on the VRS issue. She said that she signed the check register for the portion of the tax associated with the VRS issue and that it should be going out today. She added that we were getting closer to having that fully resolved. We are still going to have to correct W2's then wait to hear from the IRS and possibly Social Security.

Mr. Gordon Jones from Robinsons, Farmer and Cox handed out copies of the Audit and Financial Reports. He reviewed the audit thoroughly and highlighted certain points.

On pages 1 and 2 of the Financial Statement, he referred to the Independent Auditor's Report as a "clean report" saying that you couldn't do any better than that and there was no room for improvement there. On pages 50 and 51, he pointed out the Government Auditing Standards Report regarding internal controls. As in years past, they did report one finding related to adjustments. A new standard came out a few years back saying that the auditors couldn't be part of your internal control. So if as part of the audit, we have adjustments to perform with General Accepted Accounting Principles that would result in that finding depending on the materiality of the adjustment. The adjustment is listed on page 52. These two reports are how auditors communicate to users and are pretty important to understand. On page 3, in compliance with GASB Statement 68, in Exhibit 1, the jail had to include their liability (asset) on the book. Prior to that standard, the only thing that had to be done was to provide no disclosure related to the VRS. Now, the jail is required to put the liability on the books. The good news for the jail is there isn't a liability there is actually an asset. As listed under net pension asset of \$2,072,846 meaning the jail has overfunded the liability of VRS. That is much better than underfunding. Comparatively speaking, Western VA Regional Jail has a \$2.5 million asset and the Southwest VA Jail has about a \$250,000 liability. He added that the liability was measured as of June 30, 2014 so it's a year behind the assets. Related to GASB 68, under Deferred Outflows of Resources of \$883,062 are the contributions the jail has made to VRS for 2015. Since the asset is measured as of June 30, 2014 the amount that the jail will pay for 2015 will be deferred and recognized in future years.

The last item he spoke on was the Deferred Inflows of Resources in the amount of \$1,018,050. This is the difference in what they projected our investments at VRS to be and what they actually did. In the jail's case, the investments did that amount (\$1,018,050) better than what was projected.

He also reviewed another handout. On page 1, he reviewed the jail's net position for the past nine fiscal years. He pointed out the jail's net position for 2015 in the amount of \$22,304,314 is down from \$35,148,092 in 2011. He said that most of that is due to depreciation on the buildings. Our ratio which is current assets divided by current liability is 3.77 in 2015 down from 11.35 in 2011. He added that is mostly generated by the decrease in the jail's fund balance. The debt to equity is holding constant at 2.4. Comparatively speaking, the Southwest VA Jail is double that at 5.9 and the Western VA Regional Jail is a 2.11. Over on page 2 is the Summary of the Income Statement for the jail. The most significant portion is the Fund Balance decreased by about \$431,000. That has been decreasing over the past five years by design. The jail started off at \$9,151,819 and ended up at \$8,720,640 in fund balance and that includes the general fund and the debt service fund. Our fund balance ratio dipped from 42% in 2011 to 17% in 2015 again by design but is still at a safe level. The decrease of about \$431,000 was increased from about \$238,000 as a result of the VRS issue related on the W2's so that number has been included here. Mr. Jones reviewed the graphs illustrated on page 3. On page 4, there is the letter to Those Charged with Governance. The only negative aspect reported here are the corrections/adjustments that the auditors made to the financial statements that resulted in the findings of GAS report. On page 7, you will see the adjustments that were made that resulted in that finding. Basically the standard a few years ago said that the auditors cannot be part of the internal control. When they get the financial statements they should be ready to go and shouldn't have to be adjusted. The idea was that it would make the entity more responsible for their financial statements and wouldn't be relying on the auditors. The auditors are supposed to be independent from the process to keep it legitimate.

On page 9, are the Management comments which have been decreasing every year. They include notes on Conflict of Interest forms, bank reconciliations for inmate accounts, form 941 reporting for payroll, VRS contribution testing and a late VRS payment. Regarding the Conflict of Interest forms, the Code of Virginia requires all Board members to complete a conflict of interest by Dec 15th and June 15th of every year. The Authority should keep evidence that each member is filing the required forms with their respective jurisdictions. If a Board member isn't required to complete one for their jurisdiction, then they could complete one for the Authority.

Regarding inmate accounts, it needs to be worked on as far as reconciling it to the system that the jail has. The last three comments are related to payroll. The first one dealing with the VRS issue being withheld pretax for Social Security and Medicare purposes. That amount does not get withheld pre-tax. As a result, that's why you're correcting W2's for that. The last two comments have to do with GASB 68 which requires the auditors to do some additional VRS testing and report their findings to the state. He said that they compared the payroll to what VRS had. As a result in 2 out of 14 tested, the amounts withheld from the employee's check didn't equal what it should have been based on their salary. The last comment had to do with the VRS payment not being submitted to the state by the 10th of the following month. They checked all of the payments and only the January payment didn't get submitted until March 3, 2015.

Mr. Sweet asked if they should ask questions and added that typically the staff takes this opportunity to share what actions have been taken to remedy these findings. The Superintendent said that he wasn't aware until Gordon notified him of these things. He said that the one that concerned him the most was the late VRS payment. He said that Ms. Cannon spoke to it in the Finance Meeting that this is a pretty complicated process to report but we don't want it to happen again. It was something that got by the Director of Finance that time. Two out of three were made on time so it doesn't seem to be a pattern. The Superintendent said one of the other

concerns was that our payroll system is somewhat antiquated and that may be something that we need to address with a new system. What we have is still functioning and still working but we will need to make a little more effort to double check things and have another set of eyes on it. Mr. Sweet said that we want to resolve these issues whether the answer is to invest in new software, a new system or new processes that this may be a good opportunity to look at that. The Superintendent said that is something that we would like to do in our budget process which will be beginning very soon. He hopes to include the cost for a new system so when data is entered the changes would be made through the system and take away some of the element of human error out of it. Mr. Sweet said that his personal opinion is that these findings aren't overly concerning unless you saw them year after year.

Gordon Jones said that the last two pages include the reports that were sent to the APA (Auditor of Public Accounts) that documents the testing performed on VRS. The 941 form issue wasn't included because it was a Social Security issue and not an APA issue. He asked if there were any questions regarding anything he had discussed. Chairman Armentrout asked if alternate members were also required to file Conflict of Interest forms. Mr. Jones said that it wasn't stated clearly in the Code of Virginia. Jim Cornwell said yes that alternates are considered Authority members.

Design and Construction Committee:

The Design and Construction Committee did not meet today.

F. SUPERINTENDENT'S REPORT:

The Superintendent reviewed his report in detail. He gave the inmate totals for each jurisdiction. We've seen a little decrease in our population as of late and our headcount today is 847. There were no escapes, assaults or disturbances for the month. Our next basic training class begins on February 22nd. He also reviewed all current inmate programs and gave the total participants in each program.

For the last couple of years, the Superintendent has been coming down to see the officers working on Christmas Eve and Christmas Day. This year he was here on Christmas Eve and was made aware of a situation we were having with our water system. Thankfully we had enough bottled water to supply all of the inmates. There was a water main break in the town of Pulaski near the town/county line and affected water supply to the town of Dublin. The problem occurred around noon on Christmas Eve and no one notified us. The Superintendent had previously met with county officials and they assured us that they would let us know of any problems. Had they done so, we could have cut things off, notified the town so they could have bled the hydrants and kept this water from getting into the jail but that didn't happen. The Superintendent contacted the County Administrator Mr. Pete Huber and also the gentleman over the water department to remind them of their promise to let us know of these situations. There was a breakdown in communications due to the holidays and folks being away at family functions. It did create a problem for us here and it took about 24 hours to get the water cleared up. All we need to do now is to replenish our inmate water supply.

His last topic of discussion was an update on the total of video arraignments for the year. This year we conducted 2, 298 video arraignments which equals 209 full van loads of inmates that didn't have to leave the facility. By not having to transport these inmates, we were able to increase public safety and also decrease our fuel costs, time going back and forth for staff here at the jail. He added that we appreciate everyone's support and participation in our video arraignment program. It has been running smoothly for some time now and continues to be a cost savings for all of the jurisdictions.

G. NEW BUSINESS:

H. CITIZEN'S COMMENTS:

I. OTHER BUSINESS OR INFORMATIONAL ITEMS:

Chairman Armentrout said that Bland County had sent a letter to the Authority reappointing Eric Workman and also appointing Rodney Ratliff as Mr. Workman's alternate.

Sheriff Tom Roseberry introduced his new Chief Deputy Jerry Turpin and Sheriff Brian Craig introduced his new Chief Deputy Chad Harris. Both of these gentlemen will also serve as alternates for their respective sheriffs.

The Superintendent said that the flash drives given to each member prior to the meeting today were supplied by Sands, Anderson, Marks and Miller. Mr. Cornwell said that they contained copies of the current edition of the Conflict of Interest Act, the Virginia Procurement Act and the Freedom of Information Act. There is also a short synopsis of the changes from last year. He encouraged everyone to take the time to review the Acts and the synopsis.

J. ADJOURNMENT:

Chairman Armentrout asked if there was a motion from the floor to adjourn.

Motion: Mr. Conner made the motion to adjourn the meeting.
Sheriff Millirons seconded the motion.

Action: The motion passed unanimously.

There being no further business to come before the Board, Chairman Armentrout adjourned the meeting at 10:34 am.

Secretary, Sheriff Gardner

