



County Of San Mateo
Sheriff's Office

INTERDEPARTMENTAL MEMO

DATE: November 26, 2001
Hearing Date: December 4, 2001

TO: Honorable Board of Supervisors

FROM: Sheriff Don Horsley *DH*

SUBJECT: **ANNUAL REPORT ON THE INMATE WELFARE TRUST FUND**

Recommendation: Approve the report on the Inmate Welfare Trust Fund for the period July 1, 2000 through June 30, 2001.

Background:

The Inmate Welfare Trust Fund has been set up under section 4025 of the California Penal Code. The Fund is maintained for the express purpose of holding funds for the benefit of inmates in the County Correctional Facilities. The income for this fund is received from two main sources. These are profit derived from the sale of commissary goods to the inmates and the Inmate Telephone Commission from the vendor. Section 4025 further specifies that an itemized report of disbursements must be submitted annually to the Board of Supervisors. Also included in this report is a summary of income.

Revenue and Fund Balance

Revenue comes from two main sources: Commissary sales, which accounts for approximately 17% of the income, and the Inmate Telephone Commission, which accounts for 76%. The balance (7%) is generated from interest earned on the fund balance and other miscellaneous income. All revenue is deposited into the Inmate Welfare Trust Fund. The department has entered into a new contract with Evercom Systems, Inc. to provide inmate phone service at the County Correctional Facilities. Your Board has approved this contract. Some of the benefits of the new contract include that new contractor will provide us with a higher commission rate, approximately 20% more than the current contractor. The Fund will also get a one time signing fee of \$250,000, a guaranteed commission of

\$700,000, and commission will be paid upfront each quarter. The contractor will also install a state of the art phone system which will have a lot of features that will assist in enhancing commission revenue and security to facility staff by monitoring and recording inmate calls.

As a separate issue the department is also moving forward with its potential recovery of some of its lost revenue from the current phone provider, PacBell (now SBC Communications). We have engaged two independent auditors to review the initial audit findings. This will either confirm the initial discrepancy or negate the finding. If it supports the finding then we would be more comfortable recommending that the county counsel proceed with legal action to recover lost revenue.

The other major revenue generation is from commissary sales to the inmates. Under Title XV, an inmate commissary is operated for the purpose of providing various personal items, authorized non-prescription medicines in limited dosages, and foodstuffs to the inmates. All medication dispensed through the commissary is first approved by the medical unit staff. Other foodstuffs are also reviewed by the County dietitian and the facility Commanders before being offered for sale to the inmates. The commissary is operated from an automated computer system called COMICS. This system maintains individual inmates account balances and keeps a running balance and transaction history of all transactions for the inmate. These are either credits to the account by the inmate's family members or friends or debits for any commissary purchase.

This COMICS system was last upgraded 5-6 years ago and was becoming less efficient. We are currently in the process of upgrading this, which will allow us to later add a module to scan the inmates' orders and possibly use debit cards by inmate to buy commissary goods.

Fund Balance

We are pleased to inform the Board that for FY2000/2001, the net income for the Inmate Welfare Trust Fund was \$1,054,575. The sources to this revenue were Inmate Telephone Commission (\$803,381), Commissary (\$177,516), interest earned on fund balance (\$70,650) and miscellaneous revenue (\$3,028.) The closing fund balance as of 6/30/01 was \$851,474.78.

Disbursements: Rehabilitation, Education and Recreation

The total disbursement for the year was \$1,217,325.72. Contracted services for inmates represent 92% (\$1,119,918) and other disbursements represent 8% (\$97,407).

The Inmate Welfare Trust Fund contracts with the Mental Health and Public Health Divisions of San Mateo County Health Services to provide a chemical dependency recovery and substance abuse program (CHOICES), an AIDS prevention and treatment program, as well as a Mental Health inmate counseling program. These services are available to all inmates in County Correctional Facilities.

The Fund also contracts with the County Superintendent of Schools for operation of a GED certificate program for the inmates. A library is also maintained in the facility for the inmates and

this is contracted through the Peninsula Library System. The largest contract is with the Service League. They provide a variety of in-custody support and post-release services for inmates.

The Fund also pays for the purchase of some items that are used for and by the inmates for recreation and self-development. A few of the items purchased are televisions and computers. These are placed in the day rooms and housing units throughout the Sheriff's Correctional Facilities, or used in conjunction with other special programs, i.e. the Bridges Program.

Sheriff's Office also operates an Inmate Commissary Service. This allows inmates to purchase items from their own funds to supplement those that are provided by the facilities. Commissary inventory includes hygienic items, supplementary food items, and sundry items. Net profits from this operation go into the Inmate Welfare Trust Fund to finance part of the cost of providing services and purchases as listed above. This fiscal year, the net profit derived from this operation was \$177,516.30. The major expense for commissary is staff salaries, which accounts for 95% of the total operating expense \$346,482.55. The commissary employs five full time staff and they provide commissary service at least twice a week to approximately 1200 inmates. Apart from this the Sheriff's Fiscal Unit also provides fiscal and administrative support for this operation. The total commissary sales for year 2000-2001 were \$1,102,850 with a net profit of \$177,516, or 16.09% of gross sales.

Administrative & Fiscal Impact.

A committee consisting of the Assistant Sheriff, the Captain of Detention and a Community Representative oversees the Inmate Welfare Trust Fund operation. The committee approves yearly fund requests from the service providers and the facilities. The committee also makes recommendations for award of contracts, most of which (because of the dollar amount) comes before the Board of Supervisors for adoption. The personnel budget for authorized commissary positions is contained within the Sheriff's annual budget, and is fully offset by commissary fund transfers.

Therefore, there is no Net County Cost on the County's General Fund for the operation of the Inmate Welfare Fund Trust.

This report has been reviewed by County Counsel as to form.

SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
FY 2000-2001

STATEMENT OF REVENUES, DISBURSEMENTS AND CHANGES IN FUND BALANCE

REVENUES

Commissary Operations

Commissary Sales		\$1,102,850.80
Cost of Goods Sold:		
Beginning Inventory - 07/01/00	\$32,578.91	
Add: Purchases	\$578,476.32	
Cost of Goods Available for Sale	\$611,055.23	
Less: Ending Inventory - 6/30/01	\$32,203.28	\$578,851.95
Gross Profit		\$523,998.85
Operating Expenses:		
Salaries and Benefits	\$329,154.54	
Office Supplies	\$602.92	
Cellular Phones	\$306.03	
Meetings, Conf., Training, Mileage	\$1,287.34	
Water	\$72.40	
Panasonic	\$9,196.17	
Grocery Bags	\$5,863.15	\$346,482.55
Net Profit/(Loss)		\$177,516.30

Other Revenues

Interest Earned	\$70,650.90	
Public Telephones	\$803,380.50	
Misc. Revenues	\$3,027.92	\$877,059.32
Total Revenues		\$1,054,575.62

Disbursements

Contractual Services	\$1,119,918.81	
Contingencies	\$65,645.29	
Facility Budgets	\$31,761.62	
Equipment Maintenance	\$0.00	
		\$1,217,325.72

Excess Disbursements over Revenues (\$162,750.10)

Add: Beginning Fund Balance - July 1, 2000 \$951,802.80

ADJUSTMENTS:

overstated prior year payables		\$62,303.87
commissary inventory - differences		\$128.21

Fund Balance as of 06/30/01 \$851,484.78

SHERIFF'S DEPARTMENT
INMATE WELFARE TRUST FUND
BALANCE SHEET - FY 2000-2001

ASSETS

CASH	\$988,498.55
CLAIM ON CASH	\$0.00
COMMISSARY INVENTORY	\$32,203.28
ACCTS/REC.	\$0.00
DUE FROM OTHERS	\$0.00
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TOTAL ASSETS	<u>\$1,020,701.83</u>

DUE TO OTHERS	\$1,364.93
PRIOR YEAR ACCRUALS	\$0.00
ACCOUNTS PAYABLE	\$183,794.75
ACCRUED SALES TAX PAY	\$0.00
TRUST FUND BALANCE	\$835,542.15
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,020,701.83</u>

AS OF JUNE 30, 2001

\$0.00

