



County Of San Mateo  
*Sheriff's Office*

***INTERDEPARTMENTAL MEMO***

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**DATE:** January 16, 2004  
**Hearing Date:** February 24, 2004

**TO:** Honorable Board of Supervisors

**FROM:** Sheriff Don Horsley

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

**Recommendation:** Approve the report on the Inmate Welfare Trust Fund for the period July 1, 2002 through June 30, 2003.

Background:

The Inmate Welfare Trust Fund has been set up under California Penal Code §4025, which provides that the Sheriff may operate a commissary in the jail, and that profits shall be deposited into an Inmate Welfare Fund. Section 4025 also provides that refund, rebate, or commission received from a telephone company for inmates' use of telephones shall be deposited into the Inmate Welfare Fund. The fund may only be used for limited purposes related to the benefit, education, and welfare of the inmates, and maintenance of county jail facilities, which includes the cost of operating programs to benefit the inmates, including, but not limited to, education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate by the sheriff. 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

The department generates revenues from 2 main sources. These are from Commissary sales and Inmate Telephone Commission. Evercom Systems, Inc provides the inmate telephone service. This company has been the Contractor for the last 2 years of a 3-year contract. The County has the option of renewing this contract for an additional two, one year terms, for which Evercom will pay not less then \$100,000 for each additional year of extension.

The Evercom telephone system has provided a number of enhancements from that of the former SBC system. All phones are working and well maintained. The Company service personnel are responsive to the Facilities needs; and the reporting function is much improved. However the commission revenue has declined by approximately 12% compared to last year. Sheriff's Office Management has put the company on notice of this reduced commission income and has asked the company for explanations. Since this is a stable source of revenue for the Inmate Welfare Fund the Department will take this into consideration when deciding on any extensions to this contract.

The other major revenue generation is from commissary sales to the inmates. Consistent with state law and regulations, the 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. The County dietitian and the facility Commanders or their designees also review other foodstuffs, before being offered for sale to the inmates. The commissary is operated from an automated computer system which maintains individual inmates account balances and keeps a running balance and transaction history of all transactions for the inmate.

The commissary employs four full time and two part 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 2002-2003 were \$1,031,606.10 with a net profit of \$180,809.97, or 17.52% of gross sales.

#### Fund Balance

We are pleased to inform the Board that for FY2002/2003, the net income for the Inmate Welfare Trust Fund was \$1,648,149.48. The sources to this revenue were: Inmate Telephone Commissions (\$1,467,339.51 – this amount includes commissions for FY2002/2003 as well as a one-time payment that was made to the Fund relating to disputed commission payments for prior fiscal years); Commissary sales (\$180,809.97); interest earned on fund balance (\$40,001.46); and miscellaneous revenue, including patient fees revenue and discounts earned (\$18,142.37). The closing fund balance as of June 30, 2003 was \$916,435.18.

#### Disbursements: Rehabilitation, Education and Recreation

The total disbursement for the year was \$1,637,265.55. Contracted services for inmates was for \$1,324,814.11 and other disbursements of \$312,451.44.

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 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. This is contracted with the Service League, which also provides 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, such as televisions and stand-alone computers, which are placed in the day rooms and

housing units throughout the Sheriff's Correctional Facilities, or used in conjunction with other special programs, such as the computer training component of the Bridges Program.

#### Administrative & Fiscal Impact.

A committee consisting of the Assistant Sheriff, the Captain of the Sheriff's Detention Division, 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) come before the Board of Supervisors for approval. The personnel budget for authorized commissary positions is contained within the Sheriff's annual budget, and is fully offset by commissary fund transfers. Since there has been a decline in telephone commissions, which account for over 80% of Inmate Welfare Revenue, the committee has asked its service providers to reduce their requests for FY2003/04 and FY2004/05 by 15% each year. This will ensure that disbursements made to service providers are within the amount of total revenue received during that year.

There is no Net County Cost to the County's General Fund for the operation of the Inmate Welfare Fund Trust.

#### Vision Alignment

The Inmate Welfare Trust Fund provides funding for activities and services to incarcerated inmates so that they continue their education and increase their sense of responsibility to the community. The inmates have access to education, healthcare and training in various activities while incarcerated. The skills learned should help inmates when they are released back into the community. They may be able to obtain a steady job and stay out of future trouble. This aligns with Goal number 4 "Residents have many educational and training opportunities beyond high school", Goal number 6 "Residents have access to healthcare and preventive care", and Goal number 8 "Help vulnerable people - the aged, disabled, mentally ill, at risk youth and others - achieve a better quality of life".

SHERIFF'S DEPARTMENT  
INMATE WELFARE FUND  
FY 2002-2003

STATEMENT OF REVENUES, DISBURSEMENTS AND CHANGES IN FUND BALANCE

REVENUES

Commissary Operations

Commissary Sales		\$1,031,606.10
Cost of Goods Sold:		
Beginning Inventory - 07/01/02	\$36,765.93	
Add: Purchases	\$525,657.71	
Cost of Goods Available for Sale	\$562,423.64	
Less: Ending Inventory - 6/30/2003	\$45,283.04	\$517,140.60
 Gross Profit		 \$514,465.50
 Operating Expenses:		
Salaries and Benefits	\$320,154.22	
Office Supplies	\$1,256.54	
Paper Products	\$233.50	
Phones	\$2,163.46	
Meetings, Conf., Training; Mileage	\$0.00	
Computer Equipment	\$1,818.59	
Automation Service	\$443.25	
Water	\$42.00	
Panasonic/MBA of CA(Copy Machine)	\$4,562.66	
Grocery Bags	\$2,981.31	\$333,655.53
 Net Profit/(Loss)		 \$180,809.97

Other Revenues

Interest Earned	\$40,001.46	
* Public Telephones	\$738,795.97	
SBC Commissions	\$670,399.71	
Patient Fees	\$12,684.61	
Discount Earned	\$3,560.56	
Misc. Revenues	\$1,897.20	\$1,467,339.51
 Total Revenues		 \$1,648,149.48

Disbursements

Contractual Services	\$1,324,814.11	
Contractual Services-La Follette 35% Recovery Amount	\$234,500.00	
JAMS Mediation Services	\$150.00	
Contingencies	\$45,659.31	
Facility Budgets	\$32,142.13	
Equipment Maintenance	\$0.00	
		\$1,637,265.55

Excess Disbursements over Revenues \$10,883.93

Add: Beginning Fund Balance - July 1, 2002		\$826,550.25
ADJUSTMENTS:		
overstated prior year payables		\$79,001.00
commissary inventory - differences		
Fund Balance as of 06/30/03		\$916,435.18

\* (including PAC BELL, AT&T, EVERCON Commissions & Signing Bonus)



SHERIFF'S DEPARTMENT  
INMATE WELFARE TRUST FUND  
BALANCE SHEET - FY 2002-2003

ASSETS

CASH	\$1,083,895.39
CLAIM ON CASH	\$7,952.70
COMMISSARY INVENTORY	\$45,283.04
ACCTS/REC.	\$0.00
INTEREST RECEIVABLE	\$10,510.33
DUE FROM OTHERS	\$0.00

TOTAL ASSETS	<u>\$1,147,641.46</u>
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DUE TO OTHERS	\$0.00
PRIOR YEAR ACCRUALS	\$0.00
ACCOUNTS PAYABLE	\$231,206.28
ACCRUED SALES TAX PAY	\$0.00
TRUST FUND BALANCE	\$916,435.18

TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,147,641.46</u>
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AS OF JUNE 30, 2003

\$0.00