



March 9, 2010

Mr. Matthew Cate, Secretary
California Department of Corrections
and Rehabilitation
P.O. Box 942883
Sacramento, CA 94283-0001

Dear Mr. Cate:

Final Audit Report—California Department of Corrections and Rehabilitation, Combined Inmate Welfare Fund for the Fiscal Year Ended June 30, 2008

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its financial audit of the California Department of Corrections and Rehabilitation's (Department) Inmate Welfare Fund (Fund) for the fiscal year ended June 30, 2008.

The enclosed report is for your information and use. The final report includes the Fund's Combined Balance Sheet; Combined Statement of Revenues, Expenses, and Changes in Fund Balance; and Supplemental Schedules of Revenues and Expenses by Institution.

Because there were no audit findings or issues requiring a response, we are issuing the report as final. However, we noted certain matters that we reported to Department management in a separate letter dated March 8, 2010.

In accordance with Finance's policy of increased transparency, this report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal.

We appreciate the cooperation and assistance of Department staff during our audit. If you have any questions regarding this report, please contact Cheryl Lyon, Manager, or James Kong, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Scott Kernan, Undersecretary, Administration, California Department of Corrections and Rehabilitation
Ms. Lori Gillihan, Director, Division of Support Services, California Department of Corrections and Rehabilitation
Mr. Richard Krupp, Assistant Secretary, Office of Audits and Compliance, California Department of Corrections and Rehabilitation
Ms. Kim Holt, External Audits Manager, Office of Audits and Compliance, California Department of Corrections and Rehabilitation
Mr. Tim Gilpin, Associate Director, Accounting Services, California Department of Corrections and Rehabilitation
Ms. Judy Parker, Accounting Administrator II, Accounting, Inmate Welfare Fund, California Department of Corrections and Rehabilitation

A FINANCIAL STATEMENT AUDIT

California Department of Corrections and Rehabilitation
Combined Inmate Welfare Fund
For the Fiscal Year Ended
June 30, 2008

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE AUDIT TEAM

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Manager

James Kong, CPA
Supervisor

Staff
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This report is also available on our website at <http://www.dof.ca.gov>

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EXECUTIVE SUMMARY

The Department of Finance, Office of State Audits and Evaluations, performed this audit as required by Sections 5005 and 5006 of the California Penal Code. The purpose was to audit the California Department of Corrections and Rehabilitation's (Department) Combined Balance Sheet and related Statement of Revenues, Expenses and Changes in Fund Balance of the Inmate Welfare Fund (Fund) for the fiscal year ended June 30, 2008. The audit objectives were to:

- Express an opinion on the financial statements based on our audit conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
- Verify the financial statements were prepared in conformity with the accounting practices for the Fund as prescribed by the State of California and the Department, which comprise a comprehensive basis of accounting other than *Generally Accepted Accounting Principles*.
- As necessary, report on internal control and compliance weaknesses, and provide recommendations for improving controls over Fund operations.

Audit Results

- The aforementioned financial statements are fairly presented for the fiscal year ended June 30, 2008.
- There were no material internal control or compliance weaknesses. Suggestions for improving the Fund's oversight and operations were separately reported to the Department.

This report is a public record. Requests for copies should be made to the Department.



INDEPENDENT AUDITOR'S REPORT

Mr. Matthew Cate, Secretary
California Department of Corrections
and Rehabilitation
P.O. Box 942883
Sacramento, CA 94283-0001

We have audited the accompanying Combined Balance Sheet (statutory basis) of the Inmate Welfare Fund (Fund) as of June 30, 2008, and the related Combined Statement of Revenues, Expenses and Changes in Fund Balance (statutory basis) for the year then ended. These financial statements are the responsibility of the California Department of Corrections and Rehabilitation (Department) and institution management, and present information on the activities of the Fund taken as a whole. They are not intended to be a complete presentation of all the financial activities of the Department or the individual institutions. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In connection with our audit, there are certain disclosures required by *Government Auditing Standards*. The Department of Finance (Finance) is not independent of the audited entity, as both are part of the State of California's Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. These activities impair independence. However, sufficient safeguards exist for readers of this report to rely on the information contained herein.

As described in Note 2, these financial statements were prepared in conformity with the accounting practices for the Fund as prescribed by the State of California and the Department, which comprise a comprehensive basis of accounting other than *Generally Accepted Accounting Principles*.

In our opinion, the combined statutory basis financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Fund as of June 30, 2008, and the results of its operations and changes in fund balance for the year then ended in conformity with the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Fund taken as a whole. The supplemental information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Fund. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Fund and, in our opinion, is fairly stated in all material respects in relation to the financial statements of the Fund taken as a whole.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to Department management in a separate letter dated March 8, 2010.

This report is intended solely for the information and use of Department and institution management, those charged with governance, and others within the Department, and is not intended to be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

February 5, 2010

BALANCE SHEET
STATUTORY BASIS

**California Department of Corrections and Rehabilitation
Inmate Welfare Fund
Combined Balance Sheet—Statutory Basis
As of June 30, 2008**

Assets

Cash	\$ 1,313,713
Deposits in Surplus Money Investment Fund	11,167,000
Accounts Receivable	6,010
Due From Other Funds	1,620,791
Canteen Merchandise for Resale	3,652,244
Equipment	2,984,046
Intangible Asset	1,350,000
Other—Prepaid Items	<u>25,032</u>
Total Assets	<u>\$22,118,836</u>

Liabilities and Fund Equity

Liabilities:

Accounts Payable	\$ 369,794
Claims Filed	2,839,195
Due to Other Funds	139,524
Advanced Collections	546,062
Uncleared Collections	<u>117</u>
Total Liabilities	3,894,692

Fund Equity:

Investment in Equipment/Intangible Asset	\$ 4,334,046
Fund Balances:	
Reserved for Inventory at Cost	3,652,244
Reserved for Prepaid Items	25,032
Unreserved/Undesignated	<u>10,212,822</u>
Total Fund Equity	<u>18,224,144</u>

Total Liabilities and Fund Equity \$22,118,836

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE—STATUTORY BASIS

**California Department of Corrections and Rehabilitation
Inmate Welfare Fund
Combined Statement of Revenues, Expenses and
Changes in Fund Balance—Statutory Basis
For the Fiscal Year Ended June 30, 2008**

Operating Activity

Net Canteen Sales	\$46,804,089
Less: Cost of Goods Sold	<u>27,048,916</u>
Gross Margin from Canteen Sales	19,755,173
Less: Personal Services	14,323,510
Supplies and Equipment	549,033
Inmate Pay	<u>107,854</u>
Total Canteen Expenses	<u>14,980,397</u>
Income from Canteen Sales	4,774,776
Photo Project Revenue	724,294
Less: Photo Project Supplies	393,716
Inmate Pay	<u>4,213</u>
Income from Photo Project	326,365
Handicraft Revenue	45,183
Less: Handicraft Supplies and Expense	6,680
Inmate Pay	<u>4,883</u>
Income from Handicraft Project	<u>33,620</u>
Income from Operating Activity	5,134,761

The accompanying notes are an integral part of the financial statements.

**California Department of Corrections and Rehabilitation
Inmate Welfare Fund
Combined Statement of Revenues, Expenses and
Changes in Fund Balance—Statutory Basis (Continued)
For the Fiscal Year Ended June 30, 2008**

Non-Operating Activity

Non-Operating Revenue:

Interest on Investments	593,357
Special Purchases Surcharge	137,245
Miscellaneous Non-Operating Revenue	<u>198,602</u>
Total Non-Operating Revenue	929,204

Non-Operating Expenses:

Trust Restitution Accounting and Canteen System	3,106,876
Administrative Expenses	2,560,432
Audit Expenses	254,549
Inmate Benefits:	
Visitor Program—Friends Outside	2,866,732
Telephone—Visitor Hotline	23,986
Library	25,762
Awards	86,480
Other Goods	14,417
Movie Rental	328,409
Entertainment	<u>3,829</u>
Total Non-Operating Expenses	<u>9,271,472</u>
(Loss) from Non-Operating Activity	(8,342,268)

Current Year Net (Loss)	(3,207,507)
Prior Year Adjustments	<u>944,531</u>
Total Net (Loss)	(2,262,976)

Fund Equity, July 1, 2007	18,696,119
Net Additions (Deletions) to Fixed Assets	<u>1,791,001</u>
Fund Equity, June 30, 2008	<u>\$ 18,224,144</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

California Department of Corrections and Rehabilitation Inmate Welfare Fund

Notes to Financial Statements—Statutory Basis For the Fiscal Year Ended June 30, 2008

1. Definition of the Reporting Entity

The Inmate Welfare Fund (Fund), administered by the California Department of Corrections and Rehabilitation (Department), was created by Chapter 102, Statutes of 1945. The Department Secretary administers the Fund through budgetary appropriations and oversight of the Fund's annual allocation to each of the correctional institutions located statewide. The warden of each correctional institution administers the institution's Fund operations.

The Department maintains separate accountability for each institution's Fund operations. The Department's Fund and Trust Accounting Section, located in Sacramento, administers the Fund as a whole, maintains centralized institution Fund accounting records, and prepares the combined financial statements.

Section 5005 of the California Penal Code authorizes the Department to establish and maintain prison canteens for sale of toilet articles, candy, notions, and other sundries to inmates. It also states that, "the sale prices of the articles offered for sale shall be fixed by the director at the amounts that will, as far as possible, render each canteen self-supporting."

The Fund's primary revenue-generating activity is canteen sales of food and non-food items to inmates. Through the operation of the canteens in all correctional institutions and other activities such as photo projects, the Fund provides benefits, education, and welfare for the inmates. Benefits include the purchase of publications, rental of movies, work opportunities, and other inmate programs.

These financial statements present information on the combined financial activities of the Fund with a supplemental schedule of revenues and expenses by institution. They do not represent all the financial activities of the Department or of individual institutions.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements present the financial position of the Fund as of June 30, 2008 and the results of its operations and changes in fund balance for the year then ended. These financial statements have been prepared in compliance with State of California laws and accounting procedures. In accordance with the State of California's

fund classification, the Fund is classified as a *Nongovernmental Trust and Agency Fund* for financial reporting purposes.

B. Basis of Accounting

The accounting method used for the Fund is in compliance with the statutory basis of accounting prescribed by the California State Administrative Manual, Inmate Welfare Fund Manual, and California Government Code, which comprise a comprehensive basis of accounting other than *Generally Accepted Accounting Principles (GAAP)*.

Income

Canteen sales are recognized at the time of sale at the canteen. Money is collected in advance from the inmates' trust accounts and is recorded as a liability in the Advance Collections account until sales are made. Photo Project sales are recognized at the time photo tickets are sold.

Expenses

During the fiscal year, expenses are recognized when claims to the State Controller are filed against the current year appropriation, or when funds are transferred to the State Payroll Revolving Fund for the payment of salaries and wages. Valid expense commitments including encumbrances are accrued as accounts payable at June 30.

Equipment and Intangible Asset

Equipment and software (assets) are expensed in the year of acquisition; however, assets valued at \$500 or over and with an estimated useful life of 12 months or more are capitalized and fully reserved on the balance sheet. The intangible asset—Restitution Accounting and Canteen System (TRACS)—is the cost of the TRACS software only. Other costs incurred during the TRACS' application development stage such as payroll and consultation fees were not capitalized.

The Department has elected not to depreciate the Fund's capitalized assets or recognize the associated depreciation/amortization expense. This is a departure from GAAP, which requires assets to be expensed over their useful life by an appropriate method. The effects of this departure from GAAP could not be reasonably determined. The Department is in the process of converting to the newly implemented accounting information system (SAP), which will include the Fund's capitalized assets. When the process is complete, the Fund plans to recognize the associated depreciation/amortization expense.

C. Allocated Costs

Fund expenses incurred in providing centralized accounting and administrative services and certain inmate benefits are allocated to each institution to more accurately report the total costs for each institution's Fund operations. The allocation of the centralized accounting and administrative costs is based on each institution's proportional share of the total Fund's cost of goods sold; and the allocation of statewide inmate benefits is based on each institution's proportional share of the total statewide average inmate population. The effect on the financial statements is to increase each institution's

expenses and decrease each institution's net income; however, there is no effect on the combined Fund net income.

D. Prior Year Adjustments

The Prior Year Adjustments Account is used to record income and expense adjustments made for a prior fiscal year. These adjustments usually reflect under-accruals, over-accruals, and corrections of errors and estimates made at the prior fiscal year-end. Accruals and changes in estimates are not prior period adjustments under GAAP. For statutory reporting purposes, these adjustments are shown as a separate line item between "Current Year Net Income" and "Total Net Income."

E. Retirement Plan

The Department's civil service employees are members of the California Public Employees' Retirement System (CalPERS), which is a defined benefit, contributory retirement plan. Retirement contributions by employees are set by statute as a percentage of payroll (Tier I and Safety employees), or are zero (Tier II employees). Retirement contributions by the employer to CalPERS are actuarially determined under a program where total contributions plus CalPERS investment earnings will provide the necessary funds to pay retirement benefits when incurred. Each institution's employer contributions are included in the cost of personal services. For further information, refer to the annual single audit of the State of California, and to the CalPERS Comprehensive Annual Financial Report.

F. Vacation and Sick Leave

Under the statutory basis of accounting, the State does not record the costs of vacation, annual leave, and sick leave at the time the benefits are accumulated. When leave is used, it is expensed as a personal services cost. Under GAAP, the accumulation of employees' vacation and personal leave credits is accrued as a liability.

G. Budgetary Control

The Fund's annual budget is legally adopted through the Budget Act. While the appropriations contained in the Budget Act are the primary sources of spending authority, the budget can be amended throughout the year. Appropriations are available for expenses or encumbrances in the year appropriated. Encumbrances not liquidated within two years from the end of the period when the appropriation is made available lapse, and the unused appropriation is returned to the Fund.

Fund management is responsible for exercising budgetary control and ensuring appropriations are not overspent. Actual expenses did not exceed appropriations in fiscal year 2007-08. However, as described in Note 2.D, prior year expense accruals can differ from actual amounts paid in the current year. The differences are not material.

H. Canteen Merchandise at Cost

Canteen Merchandise at Cost represents the value of canteen merchandise inventory available for resale to inmates. Canteen merchandise is maintained under a perpetual inventory system and is valued by the moving average cost method of inventory

valuation. In addition, prompt-payment discounts, vendor rebates, and other adjustments are posted to cost of sales. These are departures from GAAP, which requires discounts to be posted to inventory and inventories to be valued at cost or at current market value, whichever is less. The impact on the financial statements of these differences to cost of goods sold is immaterial.

3. Deposits in Surplus Money Investment Fund

Investments consist of available non-inmate Fund moneys on deposit in the Surplus Money Investment Fund (SMIF). All earnings derived from investments of the SMIF are apportioned to the contributing fund as provided in the Government Code.

The Fund participates in the State of California's Pooled Money Investment Program (PMIP), whereby Fund cash on deposit in the State Treasury determined to be in excess of the Fund's immediate needs are transferred to the SMIF for investment purposes. The fair value of securities in the PMIP generally is based on quoted market prices. The State Treasurer's Office reports its investments at fair value.

4. Investment of Inmate Trust Moneys

Section 5008 of the California Penal Code states the Department's Director (Director) may combine the funds of any inmate with the funds of other inmates, for purposes of deposit or investment only. The code section further requires the Director to deposit interest or increment accruing to such investments in the Fund. The Director suspended this practice after inmates filed a 1996 lawsuit alleging that by failing to pay interest on funds deposited in their individual inmate trust accounts, the Director violated the Fifth Amendment Taking Clause and their equal protection rights.

In October 1998, the Director returned \$6,100,000 of inmate trust funds held by the Fund and invested in the Surplus Money Investment Fund to the respective accounts held at individual institutions. On March 22, 2000, the court granted a summary judgment that the prisoners' interest had not been taken without just compensation.

In subsequent litigation, the California Attorney General briefed the Ninth Circuit Court that the U.S. Supreme Court had dismissed a similar case on the basis that failure to pay interest on funds held in trust to the owner of the principal did not violate the Fifth Amendment Taking Clause. The Attorney General further argued that the cost of operating the trust fund system and/or the cost of distributing the interest to the individual accounts is more than the interest earned on the inmate trust funds.

In 2005, the parties settled the case, with the Director agreeing to provide interest on inmates' accounts through a proposed Trust Restitution Accounting and Canteen System (TRACS).

The Trust portion of TRACS has been designed to meet these goals: (1) manage accounting of money received on behalf of inmates, (2) manage accounting of money disbursed from inmate trust accounts, and (3) provide decentralized and centralized reporting of all trust account activities. TRACS has been implemented at all institutions since November 2008.

SUPPLEMENTAL INFORMATION

California Department of Corrections and Rehabilitation, Inmate Welfare Fund
Supplemental Schedules of Revenues and Expenses by Institution
For the Fiscal Year Ended June 30, 2008

	ASP	CAL	CCC	CCI	CCWF	CEN	CIM	CIW	CMC	CMF
Operating Activity										
Net Canteen Sales	\$2,326,252	\$1,085,623	\$1,623,759	\$ 1,333,717	\$1,911,477	\$1,563,881	\$1,329,859	\$1,066,764	\$2,392,868	\$ 744,241
Less: Cost of Goods Sold	<u>1,340,350</u>	<u>620,076</u>	<u>948,456</u>	<u>771,161</u>	<u>1,093,408</u>	<u>878,357</u>	<u>753,391</u>	<u>630,707</u>	<u>1,428,405</u>	<u>428,319</u>
Gross Margin from Canteen Sales	985,902	465,547	675,303	562,556	818,069	685,524	576,468	436,057	964,463	315,922
Less: Personal Services	636,018	397,531	508,051	520,514	385,275	418,601	425,902	220,751	416,398	168,042
Supplies and Equipment	22,776	13,871	26,027	16,201	8,985	24,926	15,033	17,990	31,231	12,586
Inmate Pay	<u>3,906</u>	<u>3,495</u>	<u>3,971</u>	<u>2,121</u>	<u>2,622</u>	<u>2,406</u>	<u>3,796</u>	<u>1,599</u>	<u>12,901</u>	<u>3,919</u>
Total Canteen Expenses	<u>662,700</u>	<u>414,897</u>	<u>538,049</u>	<u>538,836</u>	<u>396,882</u>	<u>445,933</u>	<u>444,731</u>	<u>240,340</u>	<u>460,530</u>	<u>184,547</u>
Income from Canteen Sales	323,202	50,650	137,254	23,720	421,187	239,591	131,737	195,717	503,933	131,375
Photo Project Revenue	35,024	30,442	15,154	9,929	19,587	20,546	3,183	23,539	49,587	10,912
Less: Photo Project Supplies	22,418	16,222	8,481	1,168	10,099	13,302	3,041	12,698	21,227	17,331
Inmate Pay	-	-	118	-	-	-	-	346	621	-
Income from Photo Project	12,606	14,220	6,555	8,761	9,488	7,244	142	10,495	27,739	(6,419)
Handicraft Revenue	89	1,178	5,063	2,019	1,034	-	-	8,253	1,943	84
Less: Handicraft Supplies and Expense	-	-	-	1,138	-	-	-	2,205	395	-
Inmate Pay	-	550	-	632	181	-	-	704	-	-
Income from Handicraft Project	89	628	5,063	249	853	-	-	5,344	1,548	84
Income from Operating Activity	335,897	65,498	148,872	32,730	431,528	246,835	131,879	211,556	533,220	125,040
Non-Operating Activity										
Non-Operating Revenue:										
Interest on Investments	29,708	13,689	22,698	18,374	24,269	18,183	16,702	13,348	31,017	9,174
Special Purchases Surcharge	4,041	2,217	13,732	2,117	11,106	2,210	1,569	4,567	7,655	1,565
Miscellaneous Non-Operating Revenue	<u>4,453</u>	<u>9,656</u>	<u>5,003</u>	<u>3,825</u>	<u>6,064</u>	<u>2,320</u>	<u>10,840</u>	<u>5,919</u>	<u>36,845</u>	<u>2,231</u>
Total Non-Operating Revenue	38,202	25,562	41,433	24,316	41,439	22,713	29,111	23,834	75,517	12,970
Non-Operating Expenses:										
Trust Restitution Actg. and Canteen Sys.	153,037	75,196	113,897	93,841	123,818	96,535	87,400	77,234	158,615	49,469
Administrative Expenses	131,328	61,839	96,973	79,789	102,159	76,546	72,557	56,724	129,159	39,005
Audit Expenses	12,688	6,032	9,601	7,661	10,343	7,884	7,130	5,782	13,349	3,973
Inmate Benefits:										
Visitor Program - Friends Outside	131,082	74,142	105,729	100,776	69,808	86,013	112,431	45,637	114,495	53,330
Telephone-Visitor Hotline	1,096	621	884	843	585	720	940	382	958	447
Library	-	-	-	-	981	-	2,257	392	-	-
Awards	5,106	3,381	2,247	2,184	3,117	3,727	4,594	460	1,396	2,688
Other Goods	-	-	-	-	-	-	-	-	13,695	-
Movie Rental	10,338	9,538	14,170	11,760	9,240	10,878	12,360	-	4,234	9,736
Entertainment	-	-	359	-	-	-	-	220	225	-
Total Non-Operating Expenses	<u>444,675</u>	<u>230,749</u>	<u>343,860</u>	<u>296,854</u>	<u>320,051</u>	<u>282,303</u>	<u>299,669</u>	<u>186,831</u>	<u>436,126</u>	<u>158,648</u>
Income (Loss) from Non-Operating Activity	(406,473)	(205,187)	(302,427)	(272,538)	(278,612)	(259,590)	(270,558)	(162,997)	(360,609)	(145,678)
Current Year Net Income (Loss)	(70,576)	(139,689)	(153,555)	(239,808)	152,916	(12,755)	(138,679)	48,559	172,611	(20,638)
Prior Year Adjustment	<u>32,249</u>	<u>28,879</u>	<u>32,158</u>	<u>32,368</u>	<u>21,562</u>	<u>31,554</u>	<u>38,088</u>	<u>13,914</u>	<u>45,159</u>	<u>17,844</u>
Total Net Income (Loss)	\$ (38,327)	\$ (110,810)	\$ (121,397)	\$ (207,440)	\$ 174,478	\$ 18,799	\$ (100,591)	\$ 62,473	\$ 217,770	\$ (2,794)

California Department of Corrections and Rehabilitation, Inmate Welfare Fund
Supplemental Schedules of Revenues and Expenses by Institution
For the Fiscal Year Ended June 30, 2008

	COR	CRC	CTF	CVSP	DVI	FSP	HDSP	ISP	KVSP	LAC
Operating Activity										
Net Canteen Sales	\$1,560,467	\$1,238,716	\$1,866,615	\$ 1,025,513	\$ 949,250	\$1,388,989	\$ 972,918	\$1,494,140	\$1,439,911	\$1,254,874
Less: Cost of Goods Sold	895,895	693,301	1,090,872	597,059	542,068	831,560	570,852	871,935	811,088	715,637
Gross Margin from Canteen Sales	664,572	545,415	775,743	428,454	407,182	557,429	402,066	622,205	628,823	539,237
Less: Personal Services	595,709	414,618	571,575	385,335	351,590	400,108	456,110	420,333	481,349	417,044
Supplies and Equipment	13,395	12,370	25,710	7,107	14,863	17,243	15,800	11,894	8,807	17,067
Inmate Pay	4,094	3,699	7,014	1,099	2,210	2,750	1,745	3,369	2,928	2,339
Total Canteen Expenses	613,198	430,687	604,299	393,541	368,663	420,101	473,655	435,596	493,084	436,450
Income from Canteen Sales	51,374	114,728	171,444	34,913	38,519	137,328	(71,589)	186,609	135,739	102,787
Photo Project Revenue	33,153	26,652	37,194	21,359	5,202	37,408	13,736	19,658	40,867	7,420
Less: Photo Project Supplies	16,352	13,431	25,948	9,609	1,920	20,988	6,503	9,878	21,433	-
Inmate Pay	405	-	573	-	-	382	27	-	257	-
Income from Photo Project	16,396	13,221	10,673	11,750	3,282	16,038	7,206	9,780	19,177	7,420
Handicraft Revenue	-	-	1,988	10	2,804	27	69	513	-	759
Less: Handicraft Supplies and Expense	-	-	-	-	2,942	-	-	-	-	-
Inmate Pay	-	-	440	-	926	598	-	-	-	-
Income from Handicraft Project	-	-	1,548	10	(1,064)	(571)	69	513	-	759
Income from Operating Activity	67,770	127,949	183,665	46,673	40,737	152,795	(64,314)	196,902	154,916	110,966
Non-Operating Activity										
Non-Operating Revenue:										
Interest on Investments	19,443	14,870	25,191	13,367	12,334	18,272	12,679	19,176	17,912	15,439
Special Purchases Surcharge	3,261	882	5,354	1,596	5,106	2,565	4,312	869	2,671	911
Miscellaneous Non-Operating Revenue	4,152	2,297	21,011	6,376	2,740	3,796	2,136	2,899	5,555	4,251
Total Non-Operating Revenue	26,856	18,049	51,556	21,339	20,180	24,633	19,127	22,944	26,138	20,601
Non-Operating Expenses:										
Trust Restitution Acctng. and Canteen Sys.	102,721	79,466	130,323	70,924	63,366	95,383	67,072	98,795	94,335	81,708
Administrative Expenses	84,589	65,743	109,443	58,717	53,334	77,656	56,302	81,190	77,619	66,699
Audit Expenses	8,338	6,537	10,850	5,739	5,236	7,777	5,413	8,121	7,708	6,601
Inmate Benefits:										
Visitor Program - Friends Outside	96,066	79,709	122,859	68,903	68,081	71,319	81,603	82,092	84,888	80,718
Telephone-Visitor Hotline	805	667	1,027	574	570	597	683	686	710	677
Library	-	1,240	909	700	1,358	1,266	1,032	-	1,850	1,587
Awards	2,676	2,294	4,031	1,593	953	1,732	-	2,005	2,998	3,547
Other Goods	-	-	361	-	-	-	-	-	-	-
Movie Rental	5,901	10,920	12,462	10,070	9,215	10,344	10,290	11,874	10,920	9,675
Entertainment	-	-	590	-	1,045	-	-	-	-	-
Total Non-Operating Expenses	301,096	246,576	392,855	217,220	203,158	266,074	222,395	284,763	281,028	251,212
Income (Loss) from Non-Operating Activity	(274,240)	(228,527)	(341,299)	(195,881)	(182,978)	(241,441)	(203,268)	(261,819)	(254,890)	(230,611)
Current Year Net Income (Loss)	(206,470)	(100,578)	(157,634)	(149,208)	(142,241)	(88,646)	(267,582)	(64,917)	(99,974)	(119,645)
Prior Year Adjustment	29,238	24,895	49,126	23,477	19,848	21,506	25,687	32,019	44,884	23,420
Total Net Income (Loss)	\$ (177,232)	\$ (75,683)	\$ (108,508)	\$ (125,731)	\$ (122,393)	\$ (67,140)	\$ (241,895)	\$ (32,898)	\$ (55,090)	\$ (96,225)

California Department of Corrections and Rehabilitation, Inmate Welfare Fund
Supplemental Schedules of Revenues and Expenses by Institution
For the Fiscal Year Ended June 30, 2008

	MCSP	NKSP	PBSP	PVSP	RJD	SAC	SATF	SCC	SOL	SQ
Operating Activity										
Net Canteen Sales	\$1,256,607	\$1,310,216	\$ 917,414	\$ 1,555,593	\$1,234,257	\$ 827,957	\$2,226,058	\$1,572,322	\$1,811,561	\$1,444,717
Less: Cost of Goods Sold	728,249	749,049	523,357	904,177	732,340	477,369	1,279,876	874,379	1,062,779	854,261
Gross Margin from Canteen Sales	528,358	561,167	394,057	651,416	501,917	350,588	946,182	697,943	748,782	590,456
Less: Personal Services	425,964	424,864	381,915	383,242	367,344	322,863	740,590	444,968	488,150	565,550
Supplies and Equipment	7,232	13,651	14,177	18,693	17,310	14,331	32,053	9,696	22,483	10,445
Inmate Pay	4,598	2,576	1,896	4,156	3,173	2,172	3,733	1,425	3,702	2,572
Total Canteen Expenses	437,794	441,091	397,988	406,091	387,827	339,366	776,376	456,089	514,335	578,567
Income from Canteen Sales	90,564	120,076	(3,931)	245,325	114,090	11,222	169,806	241,854	234,447	11,889
Photo Project Revenue	24,990	4,820	14,253	28,247	12,761	24,815	42,173	25,950	39,333	10,177
Less: Photo Project Supplies	14,746	2,284	10,856	15,495	5,394	5,705	23,671	7,124	23,993	3,736
Inmate Pay	-	-	-	-	-	-	380	-	-	230
Income from Photo Project	10,244	2,536	3,397	12,752	7,367	19,110	18,122	18,826	15,340	6,211
Handicraft Revenue	92	-	-	3,548	-	-	587	3,769	5,953	2,272
Less: Handicraft Supplies and Expense	-	-	-	-	-	-	-	-	-	-
Inmate Pay	-	-	-	-	-	-	-	-	-	852
Income from Handicraft Project	92	-	-	3,548	-	-	587	3,769	5,953	1,420
Income from Operating Activity	100,900	122,612	(534)	261,625	121,457	30,332	188,515	264,449	255,740	19,520
Non-Operating Activity										
Non-Operating Revenue:										
Interest on Investments	15,555	16,004	11,454	19,219	15,607	10,449	27,422	18,562	24,152	18,191
Special Purchases Surcharge	2,438	865	4,697	4,348	488	2,802	8,351	9,688	17,562	2,187
Miscellaneous Non-Operating Revenue	2,137	2,531	8,588	8,322	4,449	1,655	4,647	3,036	3,118	3,609
Total Non-Operating Revenue	20,130	19,400	24,739	31,889	20,544	14,906	40,420	31,286	44,832	23,987
Non-Operating Expenses:										
Trust Restitution Acctng. and Canteen Sys.	81,960	84,124	61,261	100,690	83,364	55,731	144,137	97,742	121,764	96,518
Administrative Expenses	67,614	69,745	50,611	81,509	66,795	45,195	119,145	80,932	104,355	78,841
Audit Expenses	6,699	6,860	4,940	8,229	6,731	4,469	11,828	8,121	10,226	7,837
Inmate Benefits:										
Visitor Program - Friends Outside	67,881	95,681	60,748	90,450	81,109	54,672	129,495	108,088	105,033	91,737
Telephone-Visitor Hotline	568	801	508	757	679	457	1,083	905	878	768
Library	1,084	1,450	1,189	-	-	-	846	1,503	2,046	1,220
Awards	2,817	2,761	1,959	3,863	2,689	1,679	4,247	2,414	4,405	1,542
Other Goods	-	-	-	-	-	-	-	-	-	-
Movie Rental	9,890	10,138	8,740	10,908	11,928	9,568	12,050	12,240	10,437	11,519
Entertainment	-	64	-	-	-	-	-	650	-	97
Total Non-Operating Expenses	238,513	271,624	189,956	296,406	253,295	171,771	422,831	312,595	359,144	290,079
Income (Loss) from Non-Operating Activity	(218,383)	(252,224)	(165,217)	(264,517)	(232,751)	(156,865)	(382,411)	(281,309)	(314,312)	(266,092)
Current Year Net Income (Loss)	(117,483)	(129,612)	(165,751)	(2,892)	(111,294)	(126,533)	(193,896)	(16,860)	(58,572)	(246,572)
Prior Year Adjustment	21,738	29,485	19,636	38,787	19,757	5,993	41,547	34,935	35,654	18,402
Total Net Income (Loss)	\$ (95,745)	\$ (100,127)	\$ (146,115)	\$ 35,895	\$ (91,537)	\$ (120,540)	\$ (152,349)	\$ 18,075	\$ (22,918)	\$ (228,170)

California Department of Corrections and Rehabilitation, Inmate Welfare Fund
Supplemental Schedules of Revenues and Expenses by Institution
For the Fiscal Year Ended June 30, 2008

	SVSP	VSPW	WSP	COMBINED
Operating Activity				
Net Canteen Sales	\$ 914,901	\$1,623,531	\$1,539,121	\$46,804,089
Less: Cost of Goods Sold	<u>521,496</u>	<u>934,347</u>	<u>894,340</u>	<u>27,048,916</u>
Gross Margin from Canteen Sales	393,405	689,184	644,781	19,755,173
Less: Personal Services	403,288	368,475	415,443	14,323,510
Supplies and Equipment	8,229	13,202	33,649	549,033
Inmate Pay	<u>1,979</u>	<u>1,990</u>	<u>1,899</u>	<u>107,854</u>
Total Canteen Expenses	<u>413,496</u>	<u>383,667</u>	<u>450,991</u>	<u>14,980,397</u>
Income from Canteen Sales	(20,091)	305,517	193,790	4,774,776
Photo Project Revenue	9,596	23,006	3,621	724,294
Less: Photo Project Supplies	7,560	18,961	2,142	393,716
Inmate Pay	<u>423</u>	<u>-</u>	<u>451</u>	<u>4,213</u>
Income from Photo Project	1,613	4,045	1,028	326,365
Handicraft Revenue	-	3,129	-	45,183
Less: Handicraft Supplies and Expense	-	-	-	6,680
Inmate Pay	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,883</u>
Income from Handicraft Project	-	3,129	-	33,620
Income from Operating Activity	(18,478)	312,691	194,818	5,134,761
Non-Operating Activity				
Non-Operating Revenue:				
Interest on Investments	11,213	20,797	18,887	593,357
Special Purchases Surcharge	2,645	2,258	610	137,245
Miscellaneous Non-Operating Revenue	<u>6,066</u>	<u>3,950</u>	<u>4,125</u>	<u>198,602</u>
Total Non-Operating Revenue	19,924	27,005	23,622	929,204
Non-Operating Expenses:				
Trust Restitution Acctng. and Canteen Sys.	60,563	106,188	99,699	3,106,876
Administrative Expenses	48,788	88,099	81,432	2,560,432
Audit Expenses	4,811	8,853	8,182	254,549
Inmate Benefits:				
Visitor Program - Friends Outside	79,968	68,695	103,494	2,866,732
Telephone-Visitor Hotline	668	575	867	23,986
Library	-	1,366	1,486	25,762
Awards	2,327	-	5,048	86,480
Other Goods	361	-	-	14,417
Movie Rental	9,135	7,875	10,056	328,409
Entertainment	<u>472</u>	<u>-</u>	<u>107</u>	<u>3,829</u>
Total Non-Operating Expenses	<u>207,093</u>	<u>281,651</u>	<u>310,371</u>	<u>9,271,472</u>
Income (Loss) from Non-Operating Activity	(187,169)	(254,646)	(286,749)	(8,342,268)
Current Year Net Income (Loss)	(205,647)	58,045	(91,931)	(3,207,507)
Prior Year Adjustment	<u>26,467</u>	<u>32,755</u>	<u>31,500</u>	<u>944,531</u>
Total Net Income (Loss)	\$ (179,180)	\$ 90,800	\$ (60,431)	\$ (2,262,976)

Institution Name Legend:

ASP	=	Avenal State Prison
CAL	=	Calipatria State Prison
CCC	=	California Correctional Center
CCI	=	California Correctional Institution
CCWF	=	Central California Women's Facility
CEN	=	Centinela State Prison
CIM	=	California Institution for Men
CIW	=	California Institution for Women
CMC	=	California Men's Colony
CMF	=	California Medical Facility
COR	=	Corcoran State Prison
CRC	=	California Rehabilitation Center
CTF	=	Correctional Training Facility
CVSP	=	Chuckawalla Valley State Prison
DVI	=	Deuel Vocational Institution
FSP	=	Folsom State Prison
HDSP	=	High Desert State Prison
ISP	=	Ironwood State Prison
KVSP	=	Kern Valley State Prison
LAC	=	California State Prison, Los Angeles Co
MCSP	=	Mule Creek State Prison
NKSP	=	North Kern State Prison
PBSP	=	Pelican Bay State Prison
PVSP	=	Pleasant Valley State Prison
RJD	=	R.J. Donovan Correctional Facility
SAC	=	California State Prison, Sacramento
SATF	=	Substance Abuse Treatment Facility, Corcoran
SCC	=	Sierra Conservation Center
SOL	=	California State Prison, Solano
SQ	=	San Quentin State Prison
SVSP	=	Salinas Valley State Prison
VSPW	=	Valley State Prison for Women
WSP	=	Wasco State Prison