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# california prison industry authority

# fiscal year 1989 - 1990

ANNUAL REPORT

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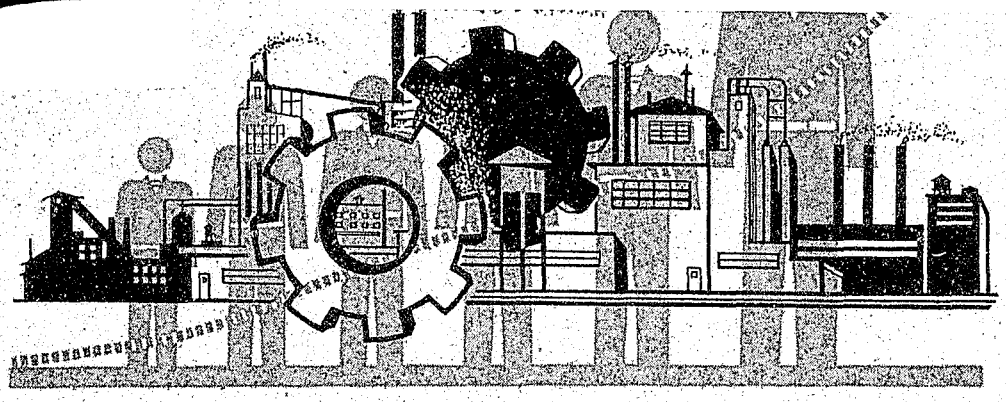

# Mission Statement

Employ California prison inmates in a private industry-like environment by:

1. Producing and selling, at a profit, quality goods and services at competitive prices with timely delivery.

2. Maintaining a safe, clean, secure, and efficient environment that promotes work ethic.

3. Expanding markets and developing new products.

# Pete Wilson
# Governor
# State of California

Joe Sandoval
Agency Secretary
Youth and Adult Correctional Agency

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# Chairman's Report

## Fiscal Year 1989-1990 A Year in Review

During the 1989-90 fiscal year, the Prison Industry Board adopted a revised mission statement for the Prison Industry Authority (PIA) that reflects its intent for PIA to operate in a more business-like manner. This new perspective, combined with efforts in the prior fiscal year to manage growth more conservatively, has brought PIA through the financial difficulties experienced in recent years. As a result, in fiscal year 1989-90 PIA realized a profit of $3.4 million on record sales of $115 million. This represented more than an 18 percent increase in sales over the prior fiscal year. Inmate employment increased by almost 9 percent to 7,726 inmates at the close of the fiscal year.

A number of changes have occurred as a result of PIA's more business oriented operating focus. Marginal enterprises are being systematically reviewed to determine their potential for profitability, with two such programs recommended for closure in fiscal year 1989-90. On the plus side, seven new enterprises were activated during this year; and a shift was added to the existing optical enterprise at the R.J. Donovan Correctional Facility. PIA will continue to review its enterprises to assure that customers receive the highest quality goods and services at competitive prices. This ongoing process of analysis will provide for PIA growth that is planned and controlled within the bounds of available resources.

PIA has also begun a major investment in its future through the implementation of a Manufacturing/Accounting Planning System (MAPS). This on-line, automated system will link institutional factories to a master computer in central office. MAPS will allow PIA to translate high level business decisions and sales forecasts into quantifiable material, labor and machinery requirements necessary to produce goods within an identified time frame. In addition, MAPS will provide direct input into a new, automated accounting system, thereby improving accuracy and processing time. Full implementation of MAPS is expected to take three years.

Another investment in PIA's future is the contract entered into this year for a private firm to represent PIA's products in selected markets. The augmentation of PIA's sales force with additional manufacturer's representatives will support ongoing efforts to increase penetration into local agency markets. Clearly, such local market sales are critical to PIA's continued growth.

In planning for its future, PIA realizes that much of the growth it has experienced in recent years has been on an ad hoc basis, largely in response to the phenomenal growth of the California Department of Corrections. This has resulted not only in expanded productive capacity, but also in augmentations to PIA's overall organization. One of the issues currently under review is whether or not the organizational structure that has resulted is best suited to accomplish PIA's revised mission. A Reorganization Task Force, comprised of management staff from central office and the field, has begun looking at the efficiency of the current organizational structure and is considering alternatives that will meet PIA's future needs more effectively.

PIA is proud of the progress that was made in the 1989-90 fiscal year. Even though major challenges still lie ahead, we are confident that the resources and dedicated staff are on hand to overcome these obstacles. As a result, PIA and its Board are looking forward to a bright future of managed growth and continued solvency.

James Rowland

JAMES ROWLAND, Chairman
Prison Industry Board

# Auditors' Report

Deloitte & Touche

Suite 500
1425 River Park Drive
Sacramento, California 95815-4508
Telephone: (916) 929-2228

Facsimile: (916) 920-3939

INDEPENDENT AUDITORS' REPORT

To the Prison Industry Board:

We have audited the accompanying balance sheets of Prison Industry Authority (PIA) as of June 30, 1990 and 1989, and the related statements of operations, equity and bond fund advances, and cash flows for the years then ended. These financial statements and the supplemental schedule discussed below are the responsibility of PIA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of PIA at June 30, 1990 and 1989, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operations by enterprise for the year ended June 30, 1990 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche

November 16, 1990

# Balance Sheets
## June 30, 1990 and 1989

| | NOTES | 1990 | 1989 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash | | $ 1,155,237 | $ 5,074,190 |
| Accounts receivable | 3 | 18,752,759 | 10,210,251 |
| Interest receivable | | 1,068,391 | 892,608 |
| Due from State General Fund | 7 | 5,300,000 | |
| Due from other state funds | | 361,217 | 1,029,332 |
| Inventories | 4 | 35,095,089 | 29,078,287 |
| Other | | 225,470 | 185,198 |
| Total current assets | | 61,958,163 | 46,469,866 |
| **PLANT AND EQUIPMENT** - net | 5,9 | 58,263,264 | 53,780,583 |
| **FUNDS RESTRICTED FOR PLANT AND EQUIPMENT ACQUISITIONS** | 2 | 10,555,818 | 30,517,297 |
| **TOTAL ASSETS** | | $130,777,245 | $130,767,746 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES:** | | | |
| Accounts payable | | $ 9,751,221 | $ 14,980,146 |
| Accrued liabilities | 6 | 7,951,462 | 7,112,338 |
| Due to State General Fund | 7 | 1,034,422 | 1,099,336 |
| Current portion of long-term obligations | 9 | 381,177 | 575,996 |
| Deferred revenue | | 192,075 | 1,183,844 |
| Other | | 282,629 | 181,941 |
| Total current liabilities | | 19,592,986 | 25,133,601 |
| **LONG-TERM OBLIGATIONS** | 9 | 12,982,512 | 14,463,065 |
| **BOND FUND ADVANCES** | 8 | 21,000,000 | 29,000,000 |
| **EQUITY** (excluding bond fund advances): | | | |
| Contributed capital | 8 | 71,296,633 | 59,665,339 |
| Retained earnings | | 5,905,114 | 2,505,741 |
| Total | | 77,201,747 | 62,171,080 |
| **TOTAL LIABILITIES AND EQUITY** | | $ 130,777,245 | $ 130,767,746 |

*See notes to financial statements.*

# Statements of Operations

## For the years ended June 30, 1990 and 1989

| | NOTES | 1990 | 1989 |
|---|---|---|---|
| **SALES** | 11 | $115,016,094 | $ 96,490,318 |
| **COST OF SALES** | | 96,157,403 | 82,091,995 |
| **GROSS PROFIT** | | 18,858,691 | 14,398,323 |
| **SELLING AND ADMINISTRATIVE EXPENSES** | | 14,359,127 | 12,029,058 |
| **INCOME FROM OPERATIONS** | | 4,499,564 | 2,369,265 |
| **OTHER INCOME (EXPENSE) :** | | | |
| Plant start-up costs | | (2,098,834) | (5,096,005) |
| Interest income | | 2,464,398 | 1,484,470 |
| Interest expense | | (4,564,338) | (3,076,383) |
| Refund from PERS | 10 | 2,939,450 | 3,998,752 |
| Other - net | | 159,133 | 43,745 |
| Total | | (1,100,191) | (2,645,421) |
| **NET INCOME (LOSS)** | | $ 3,399,373 | $ (276,156) |

*See notes to financial statements.*

# Statements of Equity and Bond Fund Advances

**For the years ended June 30, 1990 and 1989**

| | Bond Fund Advances | EQUITY (excluding bond fund advances) Contributed Capital | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance, June 30, 1988** | $39,851,000 | $21,785,276 | $2,781,897 | $24,567,173 |
| **Advances from PMIB** | 22,149,000 | | | |
| **Contributions:** | | | | |
| 1986 New Prison Construction Fund | (33,000,000) | 33,000,000 | | 33,000,000 |
| Other | | 4,880,063 | | 4,880,063 |
| **Net Loss** | | | (276,156) | (276,156) |
| **Balance, June 30, 1989** | 29,000,000 | 59,665,339 | 2,505,741 | 62,171,080 |
| **Contributions:** | | | | |
| 1986 New Prison Construction Fund | (8,000,000) | 8,000,000 | | 8,000,000 |
| Other | | 3,631,294 | | 3,631,294 |
| **Net Income** | | | 3,399,373 | 3,399,373 |
| **Balance, June 30, 1990** | $21,000,000 | $71,296,633 | $5,905,114 | $77,201,747 |

*See notes to financial statements.*

# Statements of Cash Flows

## For the years ended June 30, 1990 and 1989

| | 1990 | 1989 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income (loss) | $ 3,399,373 | $ (276,156) |
| Adjustments to reconcile to cash used by operating activities: | | |
| Depreciation and amortization | 5,696,726 | 4,517,982 |
| Net effect of changes in: | | |
| Accounts receivable | (8,542,508) | (2,999,498) |
| Interest receivable | (175,783) | (700,108) |
| Inventories | (6,016,802) | (1,259,117) |
| Accounts payable | (5,228,925) | 1,695,917 |
| Accrued liabilities | 839,124 | 2,468,407 |
| Deferred revenue | (991,769) | (6,409,382) |
| Other - net | 60,416 | (57,913) |
| Cash (used) by operating activities | (10,960,148) | (3,019,868) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Long - term obligations: | | |
| Borrowings | | 1,000,000 |
| Repayments | (1,675,372) | (846,598) |
| Bond fund advances (repayments) - net | (8,000,000) | (10,851,000) |
| Capital contributions (excluding bond fund advances) | 11,631,294 | 37,880,063 |
| Due from/to State General Fund | (5,364,914) | 180,279 |
| Due from other state funds | 668,115 | |
| Cash provided(used) by financing activities | (2,740,877) | 27,362,744 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Acquisitions of plant and equipment | (10,179,407) | (17,478,452) |
| Decrease (increase) in funds restricted for plant and equipment acquisitions | 19,961,479 | (7,895,701) |
| Cash provided (used) for investing activities | 9,782,072 | (25,374,153) |
| **DECREASE IN CASH** | (3,918,953) | (1,031,277) |
| **CASH, BEGINNING OF YEAR** | 5,074,190 | 6,105,467 |
| **CASH, END OF YEAR** | $ 1,155,237 | $ 5,074,190 |
| **OTHER INFORMATION:** | | |
| Cash paid during the year for interest | $ 4,521,663 | $ 3,015,520 |
| Non - cash financing and investing activity: | | |
| Equipment acquired through capital leases | | $ 73,344 |

*See notes to financial statements*

# Notes to Financial Statements

## 1. ORGANIZATION

Prison Industry Authority (PIA) was established on January 1, 1983 as the successor to the California Correctional Industries (CCI). It is under the policy direction of an eleven-member board of directors and operates within the California State Department of Corrections (CDC). PIA consists of enterprises that employ inmates at California's penal institutions. Administrative offices are located in Folsom, California. The products manufactured by PIA's operations are sold primarily to departments of the State of California and other governmental entities.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Revenues and expenses are recorded using the accrual basis of accounting.

Cash consists of deposits in the custody of the State Treasurer. Interest earned on cash invested in the State Treasurer's Surplus Money Investment Fund is prorated to PIA based on its average cash balance.

Inventories are stated principally at the lower of first-in, first-out (FIFO) cost or market.

Plant and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives of two to 20 years for equipment, 20 years for buildings and leasehold improvements, two and one-half years for livestock, and 25 years for orchards.

Deferred revenues represent advance payments from state agencies for the future delivery of products.

Funds restricted for plant and equipment acquisitions represent the unexpended cash proceeds from certain long-term obligations (Note 9) and contributed capital. Such amounts are in the custody of the State Treasurer.



(Continued)

# Notes to Financial Statements

## 3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30 consist of amounts due as follows:

| | 1990 | 1989 |
|---|---|---|
| CDC | $ 9,026,799 | $ 4,483,062 |
| California Department of Motor Vehicles | 2,207,397 | 855,543 |
| Other | 7,518,563 | 4,871,646 |
| **Total** | **$ 18,752,759** | **$ 10,210,251** |

## 4. INVENTORIES

Inventories at June 30 consist of:

| | 1990 | 1989 |
|---|---|---|
| Raw materials | $ 10,434,753 | $ 8,538,658 |
| Work-in-process | 11,372,269 | 8,984,605 |
| Finished goods | 8,662,932 | 9,588,857 |
| Agricultural products | 1,610,702 | 376,464 |
| Manufacturing supplies | 3,014,433 | 1,589,703 |
| **Total** | **$ 35,095,089** | **$ 29,078,287** |

## 5. PLANT AND EQUIPMENT

Plant and equipment at June 30 consist of:

| | 1990 | 1989 |
|---|---|---|
| Equipment | $ 58,471,607 | $ 54,018,404 |
| Building and improvements | 23,097,068 | 18,245,808 |
| Livestock | 1,161,985 | 432,315 |
| Orchards | 77,970 | 101,260 |
| **Total** | **82,808,630** | **72,797,787** |
| Accumulated depreciation | (24,545,366) | (19,017,204) |
| **Plant and equipment - net** | **$ 58,263,264** | **$ 53,780,583** |

(Continued)

# Notes to Financial Statements

As of June 30, 1990 and 1989 equipment under capital lease obligations (see Note 9) had an aggregate net book value of approximately $ 1,179,000 and $ 1,323,000, respectively.

Capitalized interest related to the construction of facilities was $ 245,000 in 1989. There was no interest capitalized in 1990.

## 6. ACCRUED LIABILITIES

Accrued liabilities at June 30 consist of:

| | 1990 | 1989 |
|---|---|---|
| Support charges due to CDC | $ 3,586,277 | $ 3,196,223 |
| Accrued vacation | 2,692,543 | 2,329,894 |
| Sales and use tax | 696,179 | 792,534 |
| Inmate pay | 452,480 | 415,120 |
| Personal services | 224,740 | 202,894 |
| Other | 299,243 | 175,673 |
| **Total** | **$ 7,951,462** | **$ 7,112,338** |

## 7. DUE TO/FROM STATE GENERAL FUND

Amounts due from the State General Fund consist primarily of short-term loans (non-interest bearing) made from the Prison Industry Revolving Fund.

Amounts due to the State General Fund at June 30 consist of:

| | 1990 | 1989 |
|---|---|---|
| Advance to the CCI prior to PIA's inception | $ 353,267 | $ 353,267 |
| Accrued interest on loans payable to the State General Fund (see Note 9) | 681,155 | 746,069 |
| **Total** | **$ 1,034,422** | **$ 1,099,336** |



(Continued)

# Notes to Financial Statements

## 8. BOND FUNDS

In 1986, the California electorate approved the sale of $62 million of general obligation prison construction bonds, the proceeds of which were appropriated for PIA. Subsequent legislation provided for advance funding from the Pooled Money Investment Board (PMIB) to cover eligible costs prior to the issuance of the bonds. Such advances bear interest at 8.5% per annum and advances are repaid by the 1986 New Prison Construction Fund as bonds are sold. Through June 30, 1990, PIA had been advanced $62 million from the PMIB of which $41 million had been repaid from bond sale proceeds. Bonds totaling $21 million remain to be sold at June 30, 1990.

The bond fund advances were presented within the equity section of the balance sheet in the previously issued 1989 financial statements. The advances are shown as a liability in the 1989 and 1990 financial statements herein, as PIA believes that the advances should be presented as equity as bonds are sold.

## 9. LONG-TERM OBLIGATIONS

Long-term obligations at June 30 consist of:

| | 1990 | 1989 |
|---|---|---|
| Loans from State General Fund: | | |
| 9.47%, due in annual installments from November 1991 to 2005 | $ 12,095,883 | $ 12,095,883 |
| Other - repaid in 1990 | | 1,125,000 |
| Equipment financing: | | |
| Capital lease obligations | 302,859 | 818,178 |
| Building financing: | | |
| 7.54% due in semi-annual installments through 1999 | 964,947 | 1,000,000 |
| **Total** | **13,363,689** | **15,039,061** |
| Less current portion | (381,177) | (575,996) |
| **Long-term portion** | **$ 12,982,512** | **$ 14,463,065** |

(Continued)

# Notes to Financial Statements

The 9.47% loan from the State General Fund (New Industries Revolving Account) is being used to finance new prison industry projects. The loan agreement requires payments of interest only for the first five years. Thereafter, payments of interest (at a floating rate adjusted every five years to the earnings rate of the Pooled Money Investment Account) and principal are due annually. Certain inventory, livestock and equipment are pledged as security for the loans.

The equipment financing arrangement consists of borrowings under a master equipment lease/purchase agreement with a private corporation. Title to such equipment will pass to PIA at the end of the leases.

The building financing arrangement consists of borrowings under a secured installment note with a private lender for the construction of PIA's administrative offices in Folsom, California. Certain equipment is pledged as security for the borrowings.

The present value of minimum lease payments under capital leases for 1991 is $302,859.

Annual principal maturities of all long-term obligations for future fiscal years are:

| | |
|---|---|
| 1992 | $ 481,271 |
| 1993 | 525,344 |
| 1994 | 573,476 |
| 1995 | 626,041 |
| Thereafter | 10,776,380 |
| **Total** | **$ 12,982,512** |

## 10. PENSION PLAN

At June 30, 1990, PIA employed 740 civil service employees. Of these, 543 were classified as safety, 184 as industrial, and 13 as youth-aides. PIA's civil service payroll was approximately $36 million during 1990.



(Continued)

# Notes to Financial Statements

All permanent employees participate in the Public Employees' Retirement System (PERS), a multiple-employer defined benefit retirement plan, which provides retirement, disability, and death benefits based on years of service, age, and final compensation. Employees vest after five years of service and are entitled to receive retirement benefits at age 50. 727 employees were active participants at June 30,1990.

The amounts of pension benefit obligations and net assets available for benefits are not separately available for PIA. PIA, based on a valuation by PERS actuaries, is required to contribute to the Fund 6% and 5% of payroll for its covered safety and industrial employees, respectively. PIA industrial personnel, who also contribute to social security, are required to contribute 5% of their annual earnings in excess of $6,156. Safety personnel and industrial personnel who do not contribute to social security are required to contribute 6% of their annual earnings in excess of $3,804. Total pension expense and funded contributions were approximately $4,531,000 in 1990 and $4,032,000 in1989.

During 1990 and 1989, PIA received refunds of excess contributions related to prior years, which totaled approximately $2,939,000 and $3,999,000, respectively. These amounts have been included in the accompanying financial statements as other income.

## 11. RELATED PARTY SALES

During 1990 and 1989, sales to the CDC were approximately $57.4 million and $43.9 million, respectively. PIA paid support charges to the CDC totalling $2.4 million in 1990 and $1.0 million in 1989. Additionally, in 1990, the CDC advanced approximately $270,000 to PIA to finance new prison industry projects.

## 12. CONTINGENCIES

PIA is subject to litigation and other contingent liabilities in the normal course of business. PIA is not involved in any legal proceedings which it believes will have a material adverse effect on its financial condition or results of operations.

# Supplemental Schedule of Operations by Enterprise

**For the year ended June 30, 1990**

| ENTERPRISE | SALES | COST OF SALES | GROSS PROFIT |
|---|---|---|---|
| **Avenal State Prison** | | | |
| Laundry | $ 415,248 | $ 558,326 | $ (143,078) |
| Swine production | 738,638 | 780,801 | (42,163) |
| Chicken production | 314,403 | 495,900 | (181,497) |
| Egg production | 561,660 | 764,806 | (203,146) |
| Wood products | 248,171 | 654,524 | (406,353) |
| Metal products | 495,200 | 534,766 | (39,566) |
| Specialty woods | 61,871 | 190,612 | (128,741) |
| **Total** | **2,835,191** | **3,979,735** | **(1,144,544)** |
| **California Correctional Institution** | | | |
| Textile products | 5,839,950 | 3,919,489 | 1,920,461 |
| Silk screen | 108,630 | 208,681 | (100,051) |
| Wood products | 3,417,617 | 2,639,531 | 778,086 |
| Mulch production | 1,493 | 6,957 | (5,464) |
| **Total** | **9,367,690** | **6,774,658** | **2,593,032** |
| **California Institution for Men** | | | |
| Dairy/Farm | 3,846,707 | 3,854,560 | (7,853) |
| Wood products | 1,649,073 | 1,560,364 | 88,709 |
| Laundry | 1,734,612 | 2,910,059 | (1,175,447) |
| Textile products | 552,540 | 634,961 | (82,421) |
| **Total** | **7,782,932** | **8,959,944** | **(1,177,012)** |
| **California Men's Colony** | | | |
| Knitting mill | 2,108,163 | 1,015,532 | 1,092,631 |
| Shoe factory | 4,657,642 | 3,924,640 | 733,002 |
| Laundry | 1,449,667 | 860,915 | 588,752 |
| Textile products | 4,382,447 | 3,046,672 | 1,335,775 |
| Specialty printing | 2,428,550 | 1,133,865 | 1,294,685 |
| **Total** | **15,026,469** | **9,981,624** | **5,044,845** |
| **California Medical Facility** | | | |
| Orchard | 164,841 | 256,078 | (91,237) |
| Micrographics | 236,239 | 538,981 | (302,742) |
| Lens grinding | 604,139 | 589,705 | 14,434 |
| Metal products | 3,364,663 | 3,862,681 | (498,018) |
| Bindery | 3,151,143 | 2,238,288 | 912,855 |
| Concrete precast | 645,776 | 483,230 | 162,546 |
| Vehicle reconditioning | 313,803 | 599,957 | (286,154) |
| Laundry | 1,580,273 | 1,089,540 | 490,733 |
| Bakery | 413,402 | 659,656 | (246,254) |
| **Total** | **10,474,279** | **10,318,116** | **156,163** |



(Continued)

# Supplemental Schedule of Operations by Enterprise

## For the year ended June 30, 1990

| ENTERPRISE | SALES | COST OF SALES | GROSS PROFIT |
|---|---|---|---|
| **California State Prison - Corcoran** | | | |
| Dairy | 1,024,555 | 775,822 | 248,733 |
| Laundry | 1,039,169 | 1,418,411 | (379,242) |
| Textile products | 2,156,911 | 1,800,817 | 356,094 |
| Wood products | 197,505 | 93,904 | 103,601 |
| Distribution center | 2,974 | 2,974 | — |
| **Total** | **4,421,114** | **4,091,928** | **329,186** |
| **California Rehabilitation Center** | | | |
| Textile products | 4,175,340 | 2,981,425 | 1,193,915 |
| Reupholstery | 157,754 | 137,524 | 20,230 |
| **Total** | **4,333,094** | **3,118,949** | **1,214,145** |
| **California State Prison - Folsom (New)** | | | |
| Furniture assembly | 736,508 | 709,033 | 27,475 |
| Wood products | 1,002,694 | 2,012,894 | (1,010,200) |
| Bindery | 42,198 | 161,908 | (119,710) |
| Paper products | 425,972 | 557,178 | (131,206) |
| Printing | 752,410 | 697,336 | 55,074 |
| Laundry | 975,839 | 1,114,075 | (138,236) |
| **Total** | **3,935,621** | **5,252,424** | **(1,316,803)** |
| **California State Prison - Folsom (Old)** | | | |
| Metal products | 3,889,797 | 3,277,417 | 612,380 |
| Metal signs | 372,870 | 318,286 | 54,584 |
| License plates | 10,527,924 | 6,286,663 | 4,241,261 |
| **Total** | **14,790,591** | **9,882,366** | **4,908,225** |
| **California Institution for Women** | | | |
| Textile products | 2,890,687 | 1,507,794 | 1,382,893 |
| Reupholstery | 43,290 | 33,456 | 9,834 |
| **Total** | **2,933,977** | **1,541,250** | **1,392,727** |
| **Correctional Training Facility** | | | |
| Dairy | 2,471,120 | 2,299,110 | 172,010 |
| Wood products | 3,683,662 | 2,086,018 | 1,597,644 |
| Textile products | 6,862,618 | 3,793,151 | 3,069,467 |
| **Total** | **13,017,400** | **8,178,279** | **4,839,121** |
| **Chuckawalla Valley State Prison** | | | |
| Laundry | 491,887 | 371,803 | 120,084 |
| Farm | 5,005 | 150,758 | (145,753) |
| **Total** | **496,892** | **522,561** | **(25,669)** |

(Continued)

# Supplemental Schedule of Operations by Enterprise

**For the year ended June 30, 1990**

| ENTERPRISE | SALES | COST OF SALES | GROSS PROFIT |
|---|---|---|---|
| **Deuel Vocational Institution** | | | |
| Dairy | 3,031,490 | 2,306,837 | 724,653 |
| Mattress | 677,705 | 632,511 | 45,194 |
| Metal products | 3,965,369 | 3,315,364 | 650,005 |
| Textile products | 1,331,660 | 897,427 | 434,233 |
| **Total** | **9,006,224** | **7,152,139** | **1,854,085** |
| **Mule Creek State Prison** | | | |
| Laundry | 487,643 | 431,864 | 55,779 |
| Fiberglass products | 68,785 | 373,992 | (305,207) |
| Meat processing | 2,173,013 | 3,593,374 | (1,420,361) |
| Coffee roasting | 86,363 | 50,838 | 35,525 |
| **Total** | **2,815,804** | **4,450,068** | **(1,634,264)** |
| **Northern California Women's Facility** | | | |
| Laundry | 1,500,314 | 1,265,020 | 235,294 |
| Key data entry | 658,431 | 368,350 | 290,081 |
| **Total** | **2,158,745** | **1,633,370** | **525,375** |
| **Pelican Bay State Prison** | | | |
| Laundry | 71,092 | 134,282 | (63,190) |
| **Richard J. Donovan Correctional Facility** | | | |
| Laundry | 1,432,728 | 1,229,491 | 203,237 |
| Vehicle reconditioning | 403,667 | 936,598 | (532,931) |
| Bakery | 1,019,868 | 1,105,473 | (85,605) |
| Lens grinding | 1,744,888 | 1,415,243 | 329,645 |
| **Total** | **4,601,151** | **4,686,805** | **(85,654)** |
| **San Quentin State Prison** | | | |
| Wood products | 3,178,439 | 2,762,306 | 416,133 |
| Mattress | 866,394 | 643,946 | 222,448 |
| Cleaning products | 1,952,919 | 1,462,541 | 490,378 |
| **Total** | **5,997,752** | **4,868,793** | **1,128,959** |
| **Sierra Conservation Center** | | | |
| Textile products | 950,076 | 630,112 | 319,964 |
| **TOTAL ALL INSTITUTIONS** | **$115,016,094** | **$ 96,157,403** | **$ 18,858,691** |

# Plans for Changes in Existing Operations

During the next fiscal year, PIA will continue the process of analysis and adjustment to bring our enterprises in line with market demand and to respond to changing economic conditions. This is expected to be largely a process of fine-tuning rather than major changes. Anticipated adjustments include:

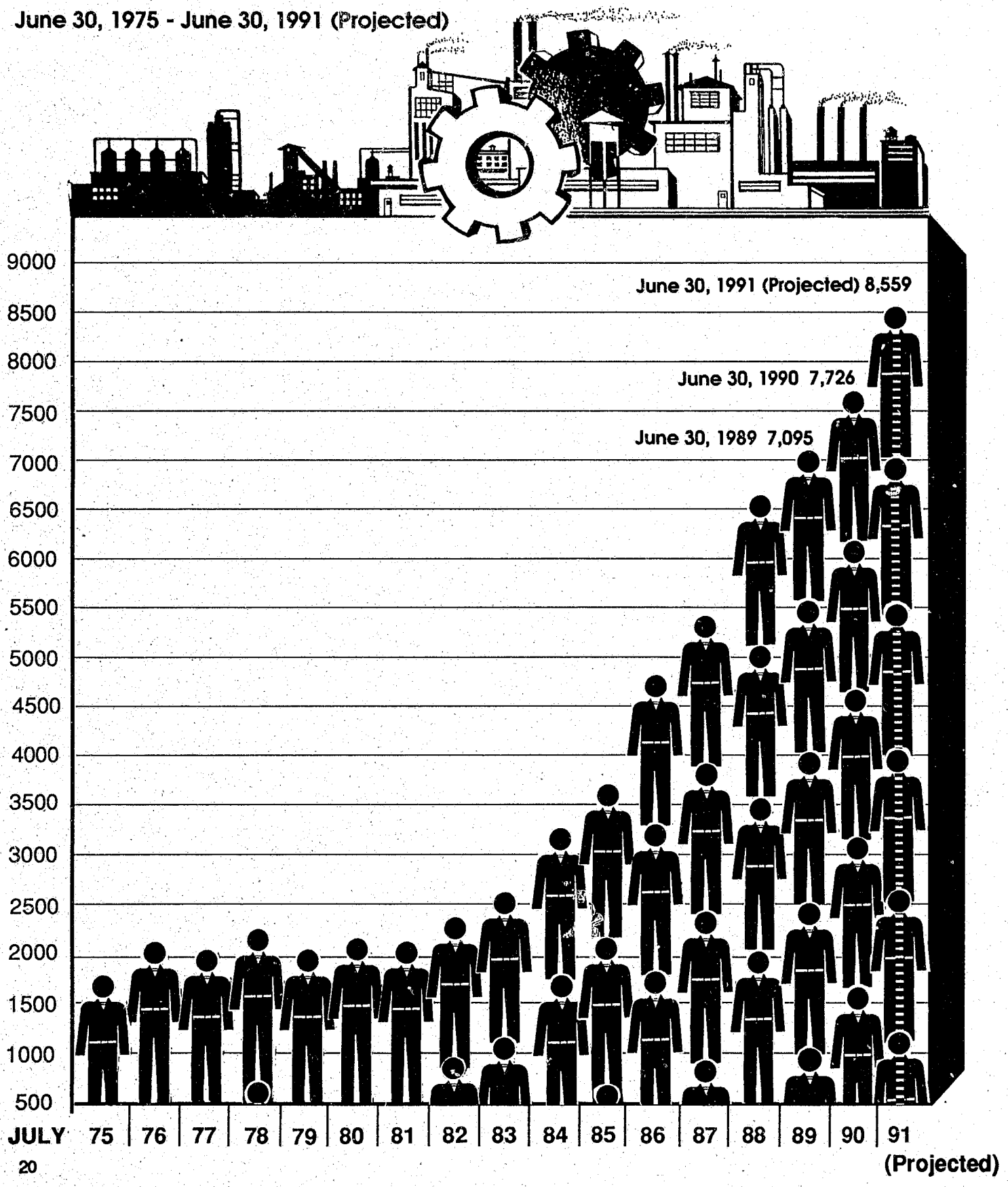
- Meat Processing is expected to expand its production capacity and the range of products produced.
- Precast Concrete is expected to increase its output to near maximum capacity in response to the needs of the State's prison construction program.
- Metal product demand is expected to result in an additional shift being added to at least one factory. The increased demand will result from the State's prison construction program and local detention facility construction.
- Fiberglass production will be expanding its product base of standard and custom items. This aggressive effort is expected to dramatically increase sales in this enterprise.

In the 1989-90 fiscal year, PIA embarked on the initial implementation of its integrated Management/Accounting Planning System (MAPS).
MAPS is an automated system that translates high level business decisions and sales forecasts into quantifiable material, labor and machine requirements necessary to produce goods within an identifiable time frame. To support this system, Central Office will acquire a new dedicated mini computer with an on-line network of distributed terminals located in each institution. This system will be protected from unauthorized use through dedicated phone lines and encryption devices to scramble the signals transmitted between central office and the factories.

This system will provide the timely, detailed information required to effectively monitor ongoing operations. Plans for fiscal year 1990-91 include the complete implementation of all financial systems at central office and the first manufacturing resource planning (MRP) system at the Deuel Vocational Institution (DVI) in Tracy. DVI was selected as the pilot institution primarily because of the mixture of manufacturing and agriculture enterprises, as well as staff's prior experience with MRP in planning and controlling inventories. DVI is expected to be implemented in April 1991 with the remaining institutions coming on-line over a three-year period.

# Inmate Employment

June 30, 1975 - June 30, 1991 (Projected)



# Inmate Employment in Existing Enterprises

## Year ended June 30, 1990

| Avenal State Prison (ASP) - Avenal | Assigned |
|---|---|
| Administration | 9 |
| Laundry | 39 |
| Maintenance | 7 |
| Metal products | 160 |
| Chicken production | 118 |
| Specialty Woods | 32 |
| Swine Production | 93 |
| Warehouse | 16 |
| Wood Products | 102 |
| Egg Production | 69 |
| Chick Hatchery | 14 |
| **Total Assigned** | **659** |
| **California Correctional Institution (CCI) - Tehachapi** | |
| Administration | 3 |
| Medium Textile products - Unit 1 | 183 |
| Minimum Textile products - Unit 2 | 133 |
| Warehouse | 13 |
| Chair Assembly - Unit 3 | 98 |
| Maximum Textile products - Unit 4A | 209 |
| Silk screen | 33 |
| Wood Products - Unit 4B | 207 |
| **Total Assigned** | **879** |
| **California Institution for Men (CIM) - Chino** | |
| Administration | 7 |
| Dairy | 62 |
| Textile products | 15 |
| Farm Crew | 47 |
| Furniture Factory No. 1 | 112 |
| Furniture Factory No. 2 | 28 |
| Laundry | 85 |
| Vocational Support | 5 |
| Warehouse | 19 |
| **Total Assigned** | **380** |
| **California Institution for Women (CIW) - Frontera** | |
| Fabric Products | 198 |
| Reupholstery | 18 |
| **Total Assigned** | **216** |
| **California Men's Colony (CMC) - San Luis Obispo** | |
| Administration | 15 |
| Textile products | 250 |
| Knitting Mill | 111 |
| Laundry | 97 |
| Maintenance | 18 |
| Specialty printing | 64 |
| Shoe factory | 114 |
| Warehouse | 14 |
| **Total Assigned** | **683** |
| **California Rehabilitation Center (CRC)-Norco** | |
| Sewing Machine Repair | 5 |
| Administration | 7 |
| Textile products (men) | 159 |
| Textile products (women) | 45 |
| Reupholstery | 37 |
| **Total Assigned** | **253** |
| **Sierra Conservation Center (SCC)-Jamestown** | |
| Administration | 2 |
| Textile products | 90 |
| **Total Assigned** | **92** |

# Inmate Employment in Existing Enterprises

## Year ended June 30, 1990

| | Assigned |
|---|---|
| **California Medical Facility (CMF)-Vacaville** | |
| Orchard | 15 |
| **California Medical Facility-South (CMF-S)** | |
| Administration | 13 |
| Bakery | 32 |
| Bindery | 100 |
| Laundry | 130 |
| Maintenance | 15 |
| Metal products | 190 |
| Micrographics | 73 |
| Lens grinding | 40 |
| Concrete precast | 108 |
| Vehicle Reconditioning | 50 |
| Warehouse | 12 |
| **Total Assigned** | **778** |
| **California State Prison-Corcoran** | |
| Administration | 6 |
| Dairy | 46 |
| Farm | 9 |
| Farm Shop | 9 |
| Laundry | 152 |
| Maintenance | 8 |
| Milk Processing | 21 |
| Textile products | 110 |
| Warehouse | 23 |
| Wood Products | 68 |
| **Total Assigned** | **452** |
| **California State Prison-Folsom (New)** | |
| Administration | 11 |
| Drafting | 31 |
| Furniture Assembly | 72 |
| Laundry | 118 |
| Paper Products | 30 |
| Printing | 38 |
| Maintenance | 23 |
| Warehouse | 14 |
| Wood Products | 122 |
| **Total Assigned** | **459** |
| **Chuckawalla Valley State Prison (CVSP)-Blythe** | |
| Farm | 50 |
| Laundry | 43 |
| Warehouse | 2 |
| **Total Assigned** | **95** |
| **Correctional Training Facility (CTF)-Soledad** | |
| Administration | 24 |
| Dairy | 51 |
| Farm | 29 |
| Textile products (North) | 217 |
| Textile products (Central) | 193 |
| Warehouse | 10 |
| Wood Products | 263 |
| **Total Assigned** | **787** |
| **San Quentin State Prison (SQ)-San Quentin** | |
| Administration | 13 |
| Cleaning products | 22 |
| Wood products | 182 |
| Mattress | 21 |
| Warehouse | 18 |
| **Total Assigned** | **256** |

# Inmate Employment in Existing Entrerprises

## Year ended June 30, 1990

| Deuel Vocational Institution (DVI)-Tracy | Assigned |
|---|---|
| Administration | 9 |
| Dairy | 59 |
| Distribution Center | 20 |
| Textile products | 64 |
| Farm | 15 |
| Metal products | 243 |
| Mattress | 26 |
| Warehouse | 27 |
| **Total Assigned** | **463** |

| California State Prison - Folsom (Old) | |
|---|---|
| Administration | 21 |
| License Plates | 122 |
| Maintenance | 22 |
| Metal products | 125 |
| Product Design and Development | 4 |
| Metal Signs | 19 |
| Tool and Die | 32 |
| Warehouse | 8 |
| **Total Assigned** | **353** |

| Mule Creek State Prison (MCSP)-Ione | |
|---|---|
| Administration | 4 |
| Fiberglass products | 29 |
| Laundry | 30 |
| Maintenance | 7 |
| Meat Processing | 77 |
| Warehouse | 12 |
| Coffee Roasting | 17 |
| **Total Assigned** | **176** |

| Northern California Women's Facility (NCWF)-Stockton | |
|---|---|
| Key Data Entry | 85 |
| Laundry | 129 |
| **Total Assigned** | **214** |

| Pelican Bay State Prison (PBSP) | |
|---|---|
| Administration | 3 |
| Laundry | 21 |
| Optical | 1 |
| Maintenance | 10 |
| **Total Assigned** | **35** |

| | |
|---|---|
| **Prison Industry Authority (PIA) Central Office** | 32 |

| Richard J. Donovan Correctional Facility (RJDCF)-San Diego | |
|---|---|
| Administration | 7 |
| Bakery | 50 |
| Laundry | 118 |
| Maintenance and Repair | 12 |
| Lens grinding | 111 |
| Textile Mill Tenant Improvements | 77 |
| Vehicle Reconditioning | 81 |
| Warehouse | 8 |
| **Total Assigned** | **464** |

| | |
|---|---|
| **TOTAL ALL** | **7,726** |

# Plans for Development of New Enterprises

**In fiscal year 1990-91, the development of new enterprises will focus on new institutions being activated by CDC. The table below identifies the institutions, enterprises and the inmate employment anticipated.**

| Facility | Planned Enterprise | Planned Inmate Employment |
|---|---|---|
| Pelican Bay State Prison | Laundry | 30 |
| | Optical | 120 |
| | Casual Shoes (Footwear) | 50 |
| California State Prison, Wasco | Laundry | 60 |
| | Crops Farm | 15 |
| California State Prison, Imperial | Optical | 60 |
| | Dental | 60 |
| | Laundry | 30 |
| | Crops Farm | 35 |
| Central California Women's Facility | Dental | 30 |
| | Crops Farm | 35 |
| | Sewing | 100 |
| California State Prison, Madera II | Laundry | 30 |

**PIA is continuing its efforts to develop enterprises to recycle municipal refuse. An engineering firm has completed the preliminary concept report with the full feasibility report due early in the 1990-1991 fiscal year. In addition, a pilot project is being conducted by the University of California, Davis, to demonstrate the potential of biological conversion of the organic portion of the municipal solid waste stream. The end products of this pilot project will be methane gas and a compost soil amendment. PIA anticipates that this enterprise concept could lead to its initial activation in the 1991-92 fiscal year.**

**Planning for new enterprises continues to be an ongoing effort, consistent with the ability to remain profitable. The increase in the projected inmate population and the subsequent need for additional prisons will continue the demand for PIA to identify new enterprise opportunities.**

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*Printed by: Prison Industry Authority, California Mens Colony, San Luis Obispo, CA*