

January 1, 1999

Dear Governor Janklow and Members of the 1999 Legislature:

Pursuant to SDCL 24-7-37, Pheasantland Industries presents its Annual Report for Fiscal Year 1998.

This report provides a general overview of Pheasantland Industries and its mission. Summaries of activities during the past fiscal year and financial statements are also included in this report.

Pheasantland Industries generated over \$1.9 million in sales during FY98, which resulted in a net income of \$248,000.

Improvements were made in various shops, and private sector businesses continued providing additional work opportunities for inmates.

Sincerely,

Jeff Stroup
Director

Mission

To provide products and services for the State of South Dakota and its political subdivision, to provide work opportunities for inmates, and to be a self-supporting entity.

Unique Employment

Industries in a prison environment operate differently than businesses in a free society. Strict security procedures and scheduling are set by prison officials. Industry shops operate Monday through Friday from 7:30 a.m. to 3:30 p.m. Inmate count procedures and staff scheduling prohibit overtime and most weekend work.

Inmates in traditional prison industries earn between 40 and 70 cents per hour. Federal law requires that inmates working for private industry must be paid prevailing, local market wages for the type of work performed. Inmates typically use their wages to buy toiletries, food stuffs, and craft materials. A percentage is also retained in an inmate worker's reserve account for use upon release or parole. Inmates working for private industry jobs must also use their wages to pay for incarceration costs, victim compensation funds, and family support.

At the close of Fiscal Year 1998, the Pheasantland Industries Staff consisted of 16 employees. The work force totaled 161 inmates in traditional industries and 66 inmates in private sector industries.

Traditional Industries

In Fiscal Year 1998, traditional prison industries consisted of 12 industries: upholstery, printing, sign, decal, housing, book bindery, braille unit, license plates, carpentry, machine shop, garments and data entry.

All traditional industries operate at the State Penitentiary in Sioux Falls, except the garment industry and housing project which are located at the Springfield State Prison and the data entry project which is located at the Women's Prison in Pierre. Prison industry shops are designed to meet standards established by the Occupational Safety and Health Administration. They are also inspected annually by the State Fire Marshal and must meet all standards established by that office.

By law, traditional prison industries can provide work only for government agencies and non-profit organizations.

Industry Descriptions:

Carpenter Shop: Custom made furniture including desks, credenzas, conference tables, bookshelves, and chairs.

Upholstery Shop: Recovering various types of furniture and assembling chairs.

Print Shop: Business cards, letterhead, envelopes, brochures, pamphlets, newsletters, and business forms.

Sign Shop: Highway signs for the South Dakota Department of Transportation and decals for county sheriffs, city police departments, the Highway Patrol and state vehicles.

Decals: Validation tags for vehicles.

Housing: Building affordable houses for the elderly.

Book Bindery: Every summer, an average of 65-70 school systems utilize this service. The only book bindery in South Dakota, private citizens often have their Bibles repaired here.

Braille Unit: Transcribes books, magazines, greeting cards, business cards, and brochures into braille or large print. Maps and photographs are also produced for the visually impaired. The services of the Braille unit are available to the State Library and schools, organizations, and private individuals nationwide.

License Plates: Standard auto and truck, motorcycle, trailer, apportioned vehicle, garbage hauler, tribal, and state vehicle plates are done every four years. Additional plates are done in the interim.

Machine Shop: Manufactures belly chains for law enforcement agencies throughout the United States.

Garment Shop: Produces blue jeans, jackets, t-shirts, and towels for inmates at the State Penitentiary, the Springfield State Prison, and the Women's Prison.

Data Entry: Provides data entry services for various state agencies.

Private Industry Enhancement

As the inmate population of adult corrections system grows, so does the need to provide more work opportunities for inmates. Traditional industries also have a very limited market in which to sell its goods. These two facts prompted the decision to explore private sector industry possibilities.

In June of 1989, the Department of Corrections applied for certification in the Private Sector/Prison Industries Enhancement Program. This application was forwarded to the United States Bureau of Justice Assistance after the South Dakota Legislature passed legislation permitting private sector involvement in prison industries. South Dakota was granted certification in 1990.

In addition to the State's certification, each private sector enterprise must be approved by the federal government. The application for each enterprise must include the enterprise market, the number of inmates to be employed, the wages to be paid, and verification that the venture will not impact the local market.

FY '98 Activities

Inmate wages paid in the private sector for FY98 were \$509,228. Inmates employed in these industries paid \$30,554 to the South Dakota Crime Victims' Compensation fund, \$152,769 for incarceration costs, \$30,554 in family support obligation, \$21,885 in federal taxes, and \$38,922 in social security.

Private sector businesses operating during FY98 included Luverne Products which manufactured various truck products at the West Farm, Trinity Corrections which has a welding operation at the Jameson Annex, M-Tron which assembles electronic components at Springfield, Niche Marketing which produced various ceramic products at the West Farm, and Vespers which assembles various wood and gift products at Springfield.

FINANCIAL SUMMARIES

Since FY87, Pheasantland Industries' total sales and net income is as follows:

FY87 - - - Total sales \$ 1,698,134
Net income \$ 148,130

FY88 - - - Total sales \$ 1,056,433
Net income \$ 113,951

FY90 - - - Total sales \$ 1,471,582
Net income \$ 107,273

FY91 - - - Total sales \$ 2,786,277
Net income \$ 97,870

FY92 - - - Total sales \$ 1,607,012
Net income \$ (43,833)

FY93 - - - Total sales \$ 1,431,378
Net income \$ 95,577

FY94 - - - Total sales \$ 1,624,301
Net income \$ (34,624)

FY95 - - - Total sales \$ 1,762,135
Net income \$ 33,645

FY96 - - - Total sales \$ 2,398,031
Net Income \$ 260,372

FY97 - - - Total sales \$ 1,588,700
Net Income \$ 145,002

FY98 - - - Total sales \$ 1,925,971
Net Income \$ 248,416

Note: A financial statement was not prepared for FY89.

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 PHEASANTLAND
 INDUSTRIES
 BALANCE SHEET
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<u>ASSETS</u>	<u>Admin. Office</u>	<u>License Plate</u>	<u>Furniture</u>	<u>Book Bindery</u>	<u>Braille Unit</u>
Cash and Cash Equivalents	\$(315,965.62)	\$1,020,573.29	\$107,630.57	\$25,281.05	\$39,352.45
Accounts Receivable			11,492.39	3,644.77	480.00
Due from other Agencies	3,287.53	50,402.64	51,882.41	356.19	211.69
Interest Receivable			-		
Due from other Funds	228,908.88		6,568.58	2,466.09	
Prepaid Expense			-		1,682.08
Inventory		293,863.40	94,419.63	8,825.76	3,085.22
Land			-		
Buildings and Improvements	124,455.34		85,774.86		
Accum Depreciation - Bldg.	(27,100.25)		(18,221.28)		
Equipment	77,327.76	442,840.90	39,554.52	107,867.68	41,555.56
Accum Depreciation - Equipment	<u>(46,044.71)</u>	<u>(317,448.22)</u>	<u>(27,805.15)</u>	<u>(77,387.34)</u>	<u>(29,966.83)</u>
TOTAL ASSETS	<u>\$ 44,868.93</u>	<u>\$1,490,232.01</u>	<u>\$351,296.53</u>	<u>71,054.20</u>	<u>56,400.17</u>

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LIABILITIES AND FUND EQUITY	Admin. <u>Office</u>	License <u>Plate</u>	<u>Furniture</u>	Book <u>Bindery</u>	Braille <u>Unit</u>
Liabilities:					
Accounts Payable	\$ 1,039.30	\$ 1,968.91	\$ 9,662.00	\$ 294.63	
Due to Other Funds	255.90	34,455.23	62,989.29	2,787.78	3,282.87
Due to Other Agencies	3,582.00	1,052.58	2,967.84	672.71	846.97
Salaries Payable	8,003.55	1,480.77	3,185.58	262.59	
Deferred Revenue					
Accrued Employee Benefits - LT	<u>30,473.48</u>	<u>9,972.82</u>	<u>14,792.74</u>	<u>7,094.70</u>	<u>-</u>
Total Liabilities	43,354.23	48,930.31	93,597.45	11,112.41	4,129.84
Fund Equity:					
Contributions	1,514.70	73,422.49	3,068.39	8,117.51	10,223.52
Unreserved Retained Earnings	<u>-</u>	<u>1,367,879.21</u>	<u>254,630.69</u>	<u>51,824.28</u>	<u>42,046.81</u>
Total Fund Equity	<u>1,514.70</u>	<u>1,441,301.70</u>	<u>257,699.08</u>	<u>59,941.79</u>	<u>52,270.33</u>
Total Liabilities and Fund Equity	<u>\$ 44,868.93</u>	<u>\$1,490,232.01</u>	<u>\$351,296.53</u>	<u>\$71,054.20</u>	<u>\$56,400.17</u>

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<u>ASSETS</u>	<u>Sign</u>	<u>Machine Shop</u>	<u>Agri- culture</u>	<u>Print</u>	<u>Garment</u>
Cash and Cash Equivalents	185,170.40	(6,351.99)	161,007.18	(45,021.30)	\$(202,740.59)
Accounts Receivable	950.24	4,438.48	5,617.98	3,603.13	
Due from other Agencies	12,746.77		799.73	10,555.39	35,131.11
Interest Receivable					
Due from other Funds	106.34	64.40		552.06	
Prepaid Expense	272.20				
Inventory	21,894.65	7,690.08		6,799.12	69,745.30
Land			85,550.00		
Buildings and Improvements			318,810.06		15,274.90
Accum Depreciation - Bldg.			(173,331.39)		(15,274.90)
Equipment	36,135.63	5,647.00	7,330.97	152,849.95	60,040.85
Accum Depreciation - Equipment	<u>(26,825.14)</u>	<u>(4,576.14)</u>	<u>(4,556.04)</u>	<u>(94,377.40)</u>	<u>(31,375.61)</u>
TOTAL ASSETS	<u>\$230,451.09</u>	<u>\$ 6,911.83</u>	<u>\$501,228.49</u>	<u>\$ 34,960.95</u>	<u>\$ (69,198.94)</u>

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LIABILITIES AND FUND EQUITY	<u>Sign</u>	<u>Machine Shop</u>	<u>Agri- culture</u>	<u>Print</u>	<u>Garment</u>
Liabilities:					
Accounts Payable	\$ 9.95	\$ 729.82		\$ 4,412.61	\$ 13,464.81
Due to Other Funds	10,996.29	1,492.86	6,532.12	11,036.74	41,893.27
Due to Other Agencies	4,594.75	284.58	10.62	998.14	1,691.57
Salaries Payable	1,547.57			262.60	1,331.40
Deferred Revenue			29,170.93		4,185.00
Accrued Employee Benefits - LT	<u>10,902.25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,354.48</u>
Total Liabilities	28,050.81	2,507.26	35,713.67	16,710.09	63,920.53
Fund Equity:					
Contributions	5,525.88		187,505.82	37,338.60	
Unreserved Retained Earnings	<u>196,874.40</u>	<u>4,404.57</u>	<u>278,009.00</u>	<u>(19,087.74)</u>	<u>(133,119.47)</u>
Total Fund Equity	<u>202,400.28</u>	<u>4,404.57</u>	<u>465,514.82</u>	<u>18,250.86</u>	<u>(133,119.47)</u>
Total Liabilities and Fund Equity	<u>\$230,451.09</u>	<u>\$ 6,911.83</u>	<u>\$501,228.49</u>	<u>\$ 34,960.95</u>	<u>\$ (69,198.94)</u>

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<u>ASSETS</u>	<u>Private Sector</u>	<u>Decals</u>	<u>Film Library</u>	<u>Housing</u>	<u>Tuck- Pointing</u>
Cash and Cash Equivalents	\$195,438.69	\$ 86,355.06	\$ -	\$(13,741.64)	\$(10,541.79)
Accounts Receivable	10,836.80				
Due from other Agencies	11,122.08	54,718.13		35,675.32	40,784.67
Interest Receivable					
Due from other Funds					196.15
Prepaid Expense	17,893.13				
Inventory		10,687.78			
Land					
Buildings and Improvements	91,703.39				
Accum Depreciation - Bldg.	(35,949.61)				
Equipment					2,299.00
Accum Depreciation - Equipment					(1,839.00)
	_____ -	_____ -	_____ -	_____ -	
TOTAL ASSETS	<u>\$291,044.48</u>	<u>\$151,760.97</u>	<u>\$ -</u>	<u>\$ 21,933.68</u>	<u>\$ 30,899.03</u>

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LIABILITIES AND FUND EQUITY	<u>Private Sector</u>	<u>Decals</u>	<u>Film Library</u>	<u>Housing</u>	<u>Tuck-Pointing</u>
Liabilities:					
Accounts Payable	\$ 2,194.51	\$ 373.47		\$ 302.11	\$ 1,412.36
Due to Other Funds	14,828.36	24,109.72		9.50	24,192.57
Due to Other Agencies	336.81	827.86		4,093.19	1,580.61
Salaries Payable	1,413.35	1,225.50		7,321.28	2,054.84
Deferred Revenue					
Accrued Employee Benefits - LT	<u>797.96</u>	<u>-</u>	<u>-</u>	<u>10,207.60</u>	<u>1,600.16</u>
Total Liabilities	19,570.99	26,536.55	-	21,933.68	30,840.54
Fund Equity:					
Contributions	27,074.80				
Unreserved Retained Earnings	<u>244,398.69</u>	<u>125,224.42</u>		<u>-</u>	<u>58.49</u>
Total Fund Equity	<u>271,473.49</u>	<u>125,224.42</u>	<u>-</u>	<u>-</u>	<u>58.49</u>
Total Liabilities and Fund Equity	<u>\$291,044.48</u>	<u>151,760.97</u>	<u>\$ -</u>	<u>\$21,933.68</u>	<u>\$ 30,899.03</u>

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<u>ASSETS</u>	<u>Data Entry</u>	<u>Total</u>
Cash and Cash Equivalents	\$(32,978.24)	\$1,193,467.52
Accounts Receivable		41,063.79
Due from other Agencies		307,673.66
Interest Receivable		-
Due from other Funds		238,862.50
Prepaid Expense		19,847.41
Inventory		517,010.94
Land		185,550.00
Buildings and Improvements		636,018.55
Accum Depreciation - Bldg.		(269,877.43)
Equipment	46,468.36	1,019,918.18
Accum Depreciation - Equipment	_____ -	_____(662,201.58)
TOTAL ASSETS	<u>\$ 13,490.12</u>	<u>\$3,227,333.54</u>

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LIABILITIES AND FUND EQUITY	<u>Data Entry</u>	<u>Total</u>
Liabilities:		
Accounts Payable	\$ 13,022.06	\$ 48,886.54
Due to Other Funds		238,862.50
Due to Other Agencies	468.06	24,008.29
Salaries Payable		28,089.03
Deferred Revenue		33,355.93
Accrued Employee Benefits -	_____ -	_____ 87,196.19
LT		
Total Liabilities	13,490.12	460,398.48
Fund Equity:		
Contributions		353,791.71
Unreserved Retained	_____ -	_____ 2,413,143.35
Earnings		
Total Fund Equity	_____ -	_____ 2,766,935.06
Total Liabilities and Fund Equity	<u>\$ 13,490.12</u>	<u>\$3,227,333.54</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	Admin. Office	License Plate	Furniture	Book Bindery	Braille Unit
Operating Revenue:					
Sales and Services	\$ -	\$ 330,019.21	\$502,054.04	\$21,666.12	27,753.90
Rent Income	8,160.00		-		
Other Revenue	<u>36,406.47</u>	<u>-</u>	<u>127.84</u>	<u>7.92</u>	<u>-</u>
Total Operating Revenue:	44,566.47	330,019.21	502,181.88	21,674.04	27,753.90
Cost of Goods Sold	<u>-</u>	<u>284,499.67</u>	<u>436,209.33</u>	<u>20,645.12</u>	<u>21,291.68</u>
Gross Profit	44,566.47	45,519.54	65,972.55	1,028.92	6,462.22
Operating Expenses:					
Personal Services and Benefits	191,914.32	36,149.69	74,215.35	8,445.29	
Travel	1,069.00	122.60	8,695.83		
Inmate Labor	3,776.80	1,799.59	1,635.33	2,673.15	5,921.00
Contractual Services	48,870.80	24,835.48	5,516.07	1,718.34	2,163.64
Supplies	9,183.09	15,070.12	12,223.54	1,274.55	2,497.28
Depreciation	26,237.84	16,262.76	5,153.48	5,737.35	5,936.22
Fixed Overhead Absorbed	<u>-</u>	<u>(126,128.82)</u>	<u>(182,798.30)</u>	<u>(14,318.17)</u>	<u>(13,469.88)</u>
Total Operating Expenses	281,051.85	(31,888.58)	(75,358.70)	5,530.51	3,048.26
Nonoperating Revenue (Expenses):					
Interest Income			-		
Other Income	235,917.96		2,865.60		
Other Expense	<u>-</u>	<u>(34,362.14)</u>	<u>(62,251.08)</u>	<u>(2,562.78)</u>	<u>(3,282.87)</u>
Total Nonoperating Revenue (Expenses)	<u>235,917.96</u>	<u>(34,362.14)</u>	<u>(59,385.48)</u>	<u>(2,562.78)</u>	<u>(3,282.87)</u>
Net Income (Loss) Before Operating Transfers	(567.42)	43,045.98	81,945.77	(7,064.37)	131.09
Operating Transfers In (Out)					
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	(567.42)	43,045.98	81,945.77	(7,064.37)	131.09
Retained Earnings at Beginning of Year	-	1,322,203.01	172,215.92	57,179.07	36657.27
Decrease in Contributed Capital	<u>567.42</u>	<u>2,630.22</u>	<u>469.00</u>	<u>1,709.58</u>	<u>5,258.45</u>
Retained Earnings at End of Year	<u>\$ 0.00</u>	<u>\$1,367,879.21</u>	<u>\$254,630.69</u>	<u>\$51,824.28</u>	<u>\$42,046.81</u>

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DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Sign</u>	<u>Machine Shop</u>	<u>Agri- culture</u>	<u>Print</u>
Operating Revenue:				
Sales and Services	90,519.67	12,620.88		88,094.17
Rent Income			54,992.36	
Other Revenue	<u>-</u>	<u>-</u>	<u>231.19</u>	<u>137.81</u>
Total Operating Revenue:	90,519.67	12,620.88	55,223.55	88,231.98
Cost of Goods Sold	<u>68,628.53</u>	<u>9,232.01</u>	<u>-</u>	<u>67,117.69</u>
Gross Profit	21,891.14	3,388.87	55,223.55	21,114.29
Operating Expenses:				
Personal Services and Benefits				16,193.48
Travel				
Inmate Labor		1,328.60		2,457.90
Contractual Services	3,433.93	305.01	5,714.35	3,926.60
Supplies	6,082.46	758.56		8,907.97
Depreciation	3,884.86	384.00	13,877.75	12,629.06
Fixed Overhead Absorbed	<u>(25,716.46)</u>	<u>(8,214.65)</u>	<u>-</u>	<u>(37,908.58)</u>
Total Operating Expenses	(12,315.21)	(5,438.48)	19,592.10	6,206.43
Nonoperating Revenue (Expenses):				
Interest Income				
Other Income				
Other Expense	<u>(10,707.12)</u>	<u>(1,492.86)</u>	<u>(6,532.12)</u>	<u>(10,420.22)</u>
Total Nonoperating Revenue (Expenses)	<u>(10,707.12)</u>	<u>(1,492.86)</u>	<u>(6,532.12)</u>	<u>(10,420.22)</u>
Net Income (Loss) Before Operating Transfers	23,499.23	7,334.49	29,099.33	4,487.64
Operating Transfers In (Out)				
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	23,499.23	7,334.49	29,099.33	4,487.64
Retained Earnings at Beginning of Year	170,388.13	(2,929.92)	248,909.67	(32,815.47)
Decrease in Contributed Capital	<u>2,987.04</u>	<u>-</u>	<u>-</u>	<u>9,240.09</u>
Retained Earnings at End of Year	<u>\$196,874.40</u>	<u>\$4,404.57</u>	<u>\$ 278,009.00</u>	<u>\$(19,087.74)</u>

STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998

	<u>Garment</u>	<u>Private Sector</u>	<u>Decals</u>	<u>Film Library</u>	<u>Housing</u>
Operating Revenue:					
Sales and Services	329,454.24	125,361.00	212,951.48		
Rent Income					
Other Revenue	<u>15.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenue:	329,469.81	125,361.00	212,951.48	-	-
Cost of Goods Sold	<u>362,589.03</u>	<u>-</u>	<u>187,486.90</u>	<u>-</u>	<u>-</u>
Gross Profit	(33,119.22)	125,361.00	25,464.58	-	-
Operating Expenses:					
Personal Services and Benefits	31,918.46	31,096.29	29,456.12		
Travel					
Inmate Labor	1,710.51		2,920.67		
Contractual Services	1,145.81	5,290.32	4,933.94		
Supplies	5,244.41	141.81	5,424.52		
Depreciation	8,549.57	9,170.34			
Fixed Overhead Absorbed	<u>(101,561.41)</u>		<u>(67,219.80)</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	(52,992.65)	45,698.76	(24,484.55)	-	-
Nonoperating Revenue (Expenses):					
Interest Income					
Other Income					
Other Expense	<u>(38,969.51)</u>	<u>(14,828.36)</u>	<u>(22,172.85)</u>	<u>(7,009.08)</u>	<u>-</u>
Total Nonoperating Revenue (Expenses)	<u>(38,969.51)</u>	<u>(14,828.36)</u>	<u>(22,172.85)</u>	<u>(7,009.08)</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	(19,096.08)	64,833.88	27,776.28	(7,009.08)	-
Operating Transfers In (Out)					
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	(19,096.08)	64,833.88	27,776.28	(7,009.08)	-
Retained Earnings at Beginning of Year	(114,023.39)	175,174.30	97,448.14	7009.08	
Decrease in Contributed Capital	<u>-</u>	<u>4,390.51</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained Earnings at End of Year	<u>\$(133,119.47)</u>	<u>\$244,398.69</u>	<u>\$125,224.42</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Tuck- Pointing</u>	<u>Data Entry</u>	<u>Total</u>
Operating Revenue:			
Sales and Services	185,476.40		\$1,925,971.11
Rent Income			63,152.36
Other Revenue	<u>-</u>	<u>-</u>	<u>36,926.80</u>
Total Operating Revenue:	185,476.40	-	2,026,050.27
Cost of Goods Sold	<u>-</u>	<u>-</u>	<u>1,457,699.96</u>
Gross Profit	185,476.40	-	568,350.31
Operating Expenses:			
Personal Services and Benefits	59,274.20		478,663.20
Travel	18,635.88		28,523.31
Inmate Labor	4,784.51		29,008.06
Contractual Services	26,112.92		133,967.21
Supplies	52,476.32		119,284.63
Depreciation			107,823.23
Fixed Overhead Absorbed	<u>-</u>	<u>-</u>	<u>(577,336.07)</u>
Total Operating Expenses	161,283.83	-	319,933.57
Nonoperating Revenue (Expenses):			
Interest Income			-
Other Income			238,783.56
Other Expense	<u>(24,192.57)</u>		<u>(238,783.56)</u>
Total Nonoperating Revenue (Expenses)	<u>(24,192.57)</u>	<u>-</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	0.00	-	248,416.74
Operating Transfers In (Out)			
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	0.00	-	248,416.74
Retained Earnings at Beginning of Year	58.49		2,137,474.30
Decrease in Contributed Capital	<u>-</u>	<u>-</u>	<u>27,252.31</u>
Retained Earnings at End of Year	<u>\$ 58.49</u>	<u>\$ -</u>	<u>\$2,413,143.35</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF CASH FLOWS
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	Admin. Office	License Plate	Furniture	Book Bindery	Braille Unit
Cash Flows from Operating Activities:					
Operating Income (Loss)	(567.42)	43,045.98	81,945.77	(7,064.37)	131.09
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	26,237.84	16,262.76	5,153.48	5,737.35	5,936.22
Decrease/(Increase) in Assets:					
Receivable	1,428.43	(10,148.14)	(29,795.90)	2,571.16	2,872.86
Due From Other Funds	11,560.25)	4,198.80	9,323.96	333.21	
Prepaid Expenses			-		(294.24)
Inventory		(148,984.62)	10,364.52)	1,152.54	(330.86)
Increase (Decrease) in Liabilities:					
Accounts Payable	(206.58)	39.50	1,935.01	(295.70)	1,014.50)
Due to other Funds	255.90	(2,750.57)	(1,820.37)	1,499.24)	(1,310.35)
Due to other Agencies	(1,995.97)	534.43)	(781.52)	(679.61)	(729.64)
Salaries Payable	317.52	(115.92)	58.53	(1,243.14)	
Accrued Leave Liability	4,259.10	378.79	1,603.67	825.56	
Deferred Revenue	-	(1,777.12)	9,600.00)		
Net Cash Provided (Used) by Operating Activities	<u>18,168.57</u>	<u>(100,384.97)</u>	<u>47,658.11</u>	<u>(162.24)</u>	<u>5,260.58</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets	(16,217.00)	1,114.66)	(2,256.00)	(1,114.66)	
Sale of Capital Assets	8,151.99	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(8,065.01)</u>	<u>(1,114.66)</u>	<u>(2,256.00)</u>	<u>(1,114.66)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers In			-		
Operating Transfers Out			-		
Other Expense			-		
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	10,103.56	101,499.63)	45,402.11	(1,276.90)	5,260.58
Cash and Cash Equivalents at Beginning of Year	(326,069.18)	1,122,072.92	62,228.46	26557.95	34,091.87

Cash and Cash Equivalents at End of Year

<u>(315,965.62)</u>	<u>1,020,573.29</u>	<u>107,630.57</u>	<u>25,281.05</u>	<u>39,352.45</u>
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**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF CASH FLOWS
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Sign</u>	<u>Machine Shop</u>	<u>Agri-culture</u>	<u>Print</u>	<u>Garment</u>
Cash Flows from Operating Activities:					
Operating Income (Loss)	23,499.23	7,334.49	29,099.33	4,487.64	(19,096.08)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	3,884.86	384.00	13,877.75	12,629.06	8,549.57
Decrease/(Increase) in Assets:					
Receivable	(2,501.17)	(3,897.74)	(2,001.40)	(10,064.13)	(11,303.03)
Due From Other Funds	19,267.97	(64.40)		0.29	1,761.02
Prepaid Expenses	(272.20)				
Inventory	10,307.67	(4,563.47)		(2,435.11)	34,851.40
Increase (Decrease) in Liabilities:					
Accounts Payable	(837.33)	459.82		3,936.61	12,286.01
Due to other Funds	(2,067.20)	(120.74)	1,074.91	(728.91)	12,833.15
Due to other Agencies	4,238.49	(158.34)	(3.67)	(257.54)	29.95
Salaries Payable	79.62			(1,128.70)	142.99
Accrued Leave Liability	1,082.96			(7,371.58)	694.86
Deferred Revenue					4,185.00
Net Cash Provided (Used) by Operating Activities	<u>56,682.90</u>	<u>(626.38)</u>	<u>42,046.92</u>	<u>(932.37)</u>	<u>44,934.84</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets	(417.00)			(2,688.66)	(1,091.81)
Sale of Capital Assets	-	-	-		
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(417.00)</u>	<u>-</u>	<u>-</u>	<u>(2,688.66)</u>	<u>(1,091.81)</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers In					
Operating Transfers Out					
Other Expense					
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	56,265.90	(626.38)	42,046.92	(3,621.03)	43,843.03
Cash and Cash Equivalents at Beginning of Year	128,904.50	(5,725.61)	118,960.26	(41,400.27)	(246,583.62)
Cash and Cash Equivalents at End of Year	<u>185,170.40</u>	<u>(6,351.99)</u>	<u>161,007.18</u>	<u>(45,021.30)</u>	<u>(202,740.59)</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF CASH FLOWS
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Decals</u>	<u>Film Library</u>	<u>Housing</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	27,776.28	(7,009.08)	-
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	-	-
Decrease/(Increase) in Assets:			
Receivable	(32,721.44)	1,717.44	(4,075.68)
Due From Other Funds			
Prepaid Expenses			
Inventory	92,172.12		
Increase (Decrease) in Liabilities:			
Accounts Payable	(1,081.58)	(18.30)	51.23
Due to other Funds	(26,096.96)	(3,689.03)	(1,751.52)
Due to other Agencies	(914.89)	(233.60)	1,253.64
Salaries Payable	1,225.50		3,670.31
Accrued Leave Liability			5,961.74
Deferred Revenue			
Net Cash Provided (Used) by Operating Activities	<u>60,359.03</u>	<u>(9,232.57)</u>	<u>5,109.72</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets			
Sale of Capital Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities	_____ -	_____ -	_____ -
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In			
Operating Transfers Out			
Other Expense			
Net Cash Provided (Used) by Noncapital Financing Activities:	_____ -	_____ -	_____ -
Cash Flows from Investing Activities:	_____ -	_____ -	_____ -
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	60,359.03	(9,232.57)	5,109.72
Cash and Cash Equivalents at Beginning of Year	25,996.03	9,232.57	(18,851.36)
Cash and Cash Equivalents at End of Year	<u>86,355.06</u>	<u>_____ -</u>	<u>(13,741.64)</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF CASH FLOWS
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Tuck- Pointing</u>	<u>Data Entry</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	0.00	-	248,416.74
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	-	107,823.23
Decrease/(Increase) in Assets:			-
Receivable	(18,990.95)		(102,597.25)
Due From Other Funds	(196.15)		23,064.45
Prepaid Expenses			3,906.85
Inventory			(28,194.85)
Increase (Decrease) in Liabilities:			-
Accounts Payable	(4,364.31)	13,022.06	24,585.09
Due to other Funds	11,448.93	-	(23,064.45)
Due to other Agencies	1,118.28	468.06	717.21
Salaries Payable	83.20		3,124.33
Accrued Leave Liability	668.35		8,158.63
Deferred Revenue			(7,192.12)
Net Cash Provided (Used) by Operating Activities	<u>(10,232.65)</u>	<u>13,490.12</u>	<u>258,747.86</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(460.00)	(46,468.36)	(71,828.15)
Sale of Capital Assets			8,151.99
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(460.00)</u>	<u>(46,468.36)</u>	<u>(63,676.16)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In			-
Operating Transfers Out			-
Other Expense			-
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	(10,692.65)	(32,978.24)	195,071.70
Cash and Cash Equivalents at Beginning of Year	150.86	0	998,395.82
Cash and Cash Equivalents at End of Year	<u>(10,541.79)</u>	<u>(32,978.24)</u>	<u>1,193,467.52</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
BALANCE SHEET
06/30/1998**

ASSETS	Carpentry	Upholstery	Truck	Total
Cash and Cash Equivalents	\$ 36,537.01	67,011.81	4,081.75	107,630.57
Accounts Receivable	9,698.68	1,793.71		11,492.39
Due from other Agencies	45,009.88	6,872.53		51,882.41
Interest Receivable				-
Due from other Funds	2,074.48	3,892.33	601.77	6,568.58
Prepaid Expense				-
Inventory	60,685.86	33,733.77		94,419.63
Land				-
Buildings and Improvements	85,774.86			85,774.86
Accum Depreciation - Bldg.	(18,221.28)			(18,221.28)
Equipment	27,723.35	11,831.17		39,554.52
Accum Depreciation - Equipment	(19,929.83)	(7,875.32)	-	(27,805.15)
TOTAL ASSETS	\$ 229,353.01	\$ 117,260.00	\$4,683.52	\$ 351,296.53
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 9,209.67	356.44	95.89	9,662.00
Due to Other Funds	38,899.54	19,518.80	4570.95	62,989.29
Due to Other Agencies	2,163.57	787.59	16.68	2,967.84
Salaries Payable	1,629.61	1,555.97		3,185.58
Accrued Employee Benefits - LT	1,386.25	13,406.49	-	14,792.74
Total Liabilities	53,288.64	35,625.29	4,683.52	93,597.45
Fund Equity:				
Contributions	2,680.89	387.50		3,068.39
Unreserved Retained Earnings	173,383.48	81,247.21	-	254,630.69
Total Fund Equity	176,064.37	81,634.71	-	257,699.08
Total Liabilities and Fund Equity	\$ 229,353.01	\$ 117,260.00	\$4,683.52	\$ 351,296.53

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Carpentry</u>	<u>Upholstery</u>	<u>Truck</u>	<u>Total</u>
Operating Revenue:				
Sales and Services	\$323,112.09	164,972.69	13,969.26	\$502,054.04
Rent Income				\$ -
Other Revenue	<u>127.84</u>	<u>-</u>	<u>-</u>	<u>\$ 127.84</u>
Total Operating Revenue:	323,239.93	164,972.69	13,969.26	502,181.88
Cost of Goods Sold	<u>307,694.34</u>	<u>128,514.99</u>	<u>-</u>	<u>436,209.33</u>
Gross Profit	15,545.59	36,457.70	13,969.26	65,972.55
Operating Expenses:				
Personal Services and Benefits	35,507.50	38,707.85		74,215.35
Travel	23.50		8,672.33	8,695.83
Inmate Labor	317.03	1,318.30		1,635.33
Contractual Services	1,722.00	3,068.09	725.98	5,516.07
Supplies	11,612.13	558.41	53.00	12,223.54
Depreciation	4,373.09	780.39		5,153.48
Fixed Overhead Absorbed	<u>(134,020.29)</u>	<u>(48,778.01)</u>	<u>-</u>	<u>(182,798.30)</u>
Total Operating Expenses	(80,465.04)	(4,344.97)	9,451.31	(75,358.70)
Nonoperating Revenue (Expenses):				
Interest Income				-
Other Income	1,897.03	968.57		2,865.60
Other Expense	<u>(38,219.33)</u>	<u>(19,513.80)</u>	<u>(4,517.95)</u>	<u>(62,251.08)</u>
Total Nonoperating Revenue (Expenses)	<u>(36,322.30)</u>	<u>(18,545.23)</u>	<u>(4,517.95)</u>	<u>(59,385.48)</u>
Net Income (Loss) Before Operating Transfers	59,688.33	22,257.44	0.00	81,945.77
Operating Transfers:				
Operating Transfers In				
Operating Transfers Out	-	-	-	-
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	59,688.33	22,257.44	0.00	81,945.77
Retained Earnings at Beginning of Year	113,301.15	58,914.77	-	172,215.92
Decrease in Contributed Capital	<u>394.00</u>	<u>75.00</u>	<u>-</u>	469.00
Retained Earnings at End of Year	<u>\$173,383.48</u>	<u>\$ 81,247.21</u>	<u>\$ 0.00</u>	<u>\$254,630.69</u>

**STATE OF SOUTH DAKOTA
DEPARTMENT OF CORRECTIONS
PHEASANTLAND INDUSTRIES
STATEMENT OF CASH FLOWS
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998**

	<u>Carpentry</u>	<u>Upholstery</u>	<u>Truck</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Operating Income (Loss)	59,688.33	22,257.44	0.00	81,945.77
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	4,373.09	780.39	-	5,737.35
Decrease/(Increase) in Assets:				
Receivable	(28,832.80)	(963.10)		(29,795.90)
Due From Other Funds	(2,074.48)	(3,442.33)	14,840.77	9,323.96
Prepaid Expenses				-
Inventory	(10,724.81)	360.29		(10,364.52)
Increase (Decrease) in Liabilities:				
Accounts Payable	4,631.94	(2,695.80)	(1.13)	1,935.01
Due to Other Funds	(5,633.73)	230.44	3,582.92	(1,820.37)
Due to Other Agencies	(84.25)	(662.12)	(35.15)	(781.52)
Salaries Payable	(21.15)	79.68		58.53
Accrued Leave Liability	(439.10)	2,042.77		1,603.67
Deferred Revenue	(9,600.00)	-	0	(9,600.00)
Net Cash Provided (Used) by Operating Activities	<u>11,283.04</u>	<u>17,987.66</u>	<u>18,387.41</u>	<u>47,658.11</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets	(1,141.34)	(1,114.66)		(2,256.00)
Sale of Capital Assets				-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,141.34)</u>	<u>(1,114.66)</u>	<u>-</u>	<u>(2,256.00)</u>
Cash Flows from Noncapital Financing Activities:				
Operating Transfers In				
Operating Transfers Out				
Other Expense				
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	10,141.70	16,873.00	18,387.41	45,402.11
Cash and Cash Equivalents at Beginning of Year	26,395.31	50,138.81	(14,305.66)	62,228.46
Cash and Cash Equivalents at End of Year	<u>36,537.01</u>	<u>67,011.81</u>	<u>4,081.75</u>	<u>107,630.57</u>

