

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE COMMISSION (775) 684-6800  
JASON FRIERSON, *Assemblyman, Chairman*  
Rick Combs, *Director, Secretary*

CARSON CITY OFFICE:  
Legislative Building, 401 S. Carson Street  
Carson City, Nevada 89701-4747  
Fax No.: (775) 684-6600  
RICK COMBS, *Director* (775) 684-6800  
BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
ROCKY COOPER, *Legislative Auditor* (775) 684-6815  
MICHAEL STEWART, *Research Director* (775) 684-6825



INTERIM FINANCE COMMITTEE (775) 684-6821  
JOYCE WOODHOUSE, *Senator, Chair*  
Mark Krmpotic, *Fiscal Analyst*  
Cindy Jones, *Fiscal Analyst*

LAS VEGAS OFFICE:  
555 E. Washington Avenue, Room 4400  
Las Vegas, Nevada 89101-1072  
Fax No.: (702) 486-2810  
MELISA R. AGUON, *Legislative Services Officer* (702) 486-2800

**MEETING NOTICE AND AGENDA**

**Name of Organization:** NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S  
COMMITTEE ON INDUSTRIAL PROGRAMS (NRS 209.4817)

**Date and Time of Meeting:** March 16, 2018 – 1:00 p.m.

**Place of Meeting:** Grant Sawyer State Office Building  
Room 4412  
555 East Washington Avenue  
Las Vegas, Nevada

Note: Some members of the Committee may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

Legislative Building  
Room 3138  
401 South Carson Street  
Carson City, Nevada

*If you cannot attend the meeting, you can listen to it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "Calendar of Meetings – View."*

**Note:** Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.

**AGENDA**

**Note:** Items on this agenda may be taken in a different order than listed. Two or more agenda items may be combined for consideration. An item may be removed from this agenda or discussion relating to an item on this agenda may be delayed at any time.

I. ROLL CALL.

II. PUBLIC COMMENT.

(Because of time considerations, speakers are urged to avoid repetition of comments made by previous speakers. A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted in person or by email, facsimile, or mail before, during, or after the meeting.)

*For  
Possible  
Action*

III. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR DECEMBER 11, 2017.

*For  
Possible  
Action*

IV. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

*For  
Possible  
Action*

V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014 THROUGH DECEMBER 2017.

*For  
Possible  
Action*

VI. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2016, FY 2017, AND FY 2018 YEAR-TO-DATE.

*For  
Possible  
Action*

VII. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE QUARTER ENDING DECEMBER 31, 2017.

*For  
Possible  
Action*

VIII. STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.

*For  
Possible  
Action*

IX. DISCUSSION OF AND RECOMMENDATIONS TO THE DIRECTOR FOR APPOINTMENT OF THE DEPUTY DIRECTOR FOR INDUSTRIAL PROGRAMS, FROM AMONG THE FOLLOWING CANDIDATES – NRS 209.4818(1)(e):

- A. Michael Dang
- B. Steven McDonald
- C. William Quenga

*For  
Possible  
Action*

X. INFORMATION ITEM: DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAMS – NRS 209.4818.

- A. Terra Firma Organics, Inc.
- B. Erickson Framing Holdings, LLC.
- C. Sewing Collection, Inc.

XI. PUBLIC COMMENT.

(Because of time considerations, speakers are urged to avoid repetition of comments made by previous speakers. A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted in person or by email, facsimile, or mail before, during, or after the meeting.)

XII. ADJOURNMENT.

Note: We are pleased to make reasonable accommodations for persons with disabilities who wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call the Fiscal Analysis Division at (775) 684-6821 as soon as possible.

Notice of this meeting was posted in the following Carson City and Las Vegas, Nevada, locations: Blasdel Building, 209 East Musser Street; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Legislative Counsel Bureau, Las Vegas Office, Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was faxed, e-mailed, or hand delivered for posting to the following Carson City and Las Vegas, Nevada, locations: Capitol Press Corps, Basement, Capitol Building, 101 North Carson Street; Clark County Government Center, Administrative Services, 500 South Grand Central Parkway; and Capitol Police, Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was posted on the Internet through the Nevada Legislature's website at [www.leg.state.nv.us](http://www.leg.state.nv.us).

Supporting public material provided to Subcommittee members for this meeting may be requested from Donna Thomas, Committee Secretary, at 775-684-6822 or Carla Ulrych, Fiscal Analysis Division of the Legislative Counsel Bureau at 775-684-6821, and is/will be available at the following locations: Meeting locations and the Nevada Legislature's website at [www.leg.state.nv.us](http://www.leg.state.nv.us).



**MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S  
INTERIM FINANCE COMMITTEE'S COMMITTEE ON  
INDUSTRIAL PROGRAMS FOR DECEMBER 11, 2017**

**MINUTES OF THE  
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S  
COMMITTEE ON INDUSTRIAL PROGRAMS  
(NRS 209.4817)  
December 11, 2017**

The second meeting of the 2017-18 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 9:00 a.m. on Monday, December 11, 2017, in Room 4412 of the Grant Sawyer State Office Building in Las Vegas, Nevada. The meeting was simultaneously videoconferenced to Room 3138 of the Legislative Building in Carson City.

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Senator David Parks, Chairman  
Senator Pete Goicoechea  
Assemblywoman Daniele Monroe-Moreno  
Assemblyman James Oscarson  
Bruce Aguilera, Representing Business  
James Dzurenda, Director, Nevada Department of Corrections (NDOC)  
Jeffrey Haag, Administrator, Purchasing Division, Department of Administration  
Beverly Williams, Representing Teamsters Local 986 for Mike Magnani

**COMMITTEE MEMBERS PRESENT IN CARSON CITY:**

None

**COMMITTEE MEMBERS ABSENT:**

Pete Aguilar, Representing Manufacturing  
Allen J. Puliz, Representing Manufacturing  
Randy Soltero, Representing Organized Labor

**STAFF MEMBERS PRESENT IN LAS VEGAS:**

Kristina Shea, Program Analyst, Fiscal Analysis Division

**STAFF MEMBERS PRESENT IN CARSON CITY:**

James Penrose, Senior Principal Deputy Legislative Counsel, Legal Division  
Brody Leiser, Senior Program Analyst  
Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Division  
Donna Thomas, Secretary, Fiscal Division

**OTHERS PRESENT IN LAS VEGAS:**

Diane Dastal, Administrative Services Officer II, NDOC  
Justin Pope, Supervisor, Prison Industries, NDOC  
Bill Quenga, Marketing Coordinator, Prison Industries, NDOC

**OTHERS PRESENT IN CARSON CITY:**

Mary Byington, Supervisor, Prison Industries, NDOC

**EXHIBITS:**

Exhibit A: Agenda and Meeting Packet

**I. ROLL CALL.**

Chair Parks called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs to order at 9:04 a.m. The secretary called roll. All members were present except for Mr. Aguilar, Mr. Magnani, and Mr. Puliz, who were excused.

**II. PUBLIC COMMENT.**

There was no public comment.

**III. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 25, 2017.**

Senator Parks requested a motion for approval of the minutes of the September 25, 2017, meeting.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 25, 2017, MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

**IV. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.**

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections summarized the status report on outstanding debt owed to Prison Industries (PI), Tab IV of the meeting packet (Exhibit A). She noted the customer aging report was current as of September 30, 2017. The receivables totaled \$490,936 and there were no customers over 60 days on the aging report. She indicated the amounts on the report in parenthesis were payments made by customers. The largest balances outstanding on the aging report were noted with an asterisk and made up the top ten accounts with balances due. She stated the majority of the total balances were composed of these ten accounts and owed \$403,817 or 82 percent of the total receivables due. Seven of the top ten accounts were government agencies and were a sure pay. The other three accounts were private customers that had a lot of business with PI and the balances were paid and current.

## **V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014 THROUGH SEPTEMBER 2017.**

Ms. Dastal directed the Committee to the report on the number of inmates that worked from July 2014 through September 2017, Tab V of the meeting packet (Exhibit A). She stated in FY 2015, PI averaged 492 offenders working or 4.1 percent of the offender population; in FY 2016, PI averaged 482 offenders working or 3.6 percent of the offender population; and in FY 2017, PI averaged 465 offenders working or 3.3 percent of the total offender population. She stated the first three months of FY 2018 had an average of 3.5 percent of the prison population working with 497 offenders. Ms. Dastal noted the prison population was gradually increasing with an average of 12,876 offenders in FY 2015, while FY 2018 had 14,068 offenders, an increase of 1,192 offenders or approximately 9 percent.

## **VI. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2016, FY 2017 AND FY 2018 YEAR-TO-DATE.**

Ms. Dastal summarized the deductions from the inmate wages for room and board, the Prison Industry Capital Improvement Fund (CIP) and the Victims of Crime Fund, Tab VI of the meeting packet (Exhibit A). She stated that 24.5 percent of offenders had wages deducted for room and board; 5 percent of offenders had wages deducted for the Victims of Crime Fund; and 5 percent of offenders had wages deducted for the Prison Industry CIP fund. In FY 2016, \$405,016 was deducted from offenders' wages for the three funds; in FY 2017, \$450,620 in wages was deducted for the three funds; and \$91,142 in wages was deducted for room and board in FY 2018; \$18,601 was deducted for the Victims of Crime Fund and PI CIP, respectively. She noted if FY 2018 continued at the same pace, the year would end with a total of \$513,376 deducted from inmate wages, which was a 14 percent increase over FY 2017. However, she thought that PI would exceed the 14 percent if the three proposed new prison industries were approved.

## **VII. REVIEW SILVER STATE INDUSTRIES FINANCIAL STATEMENTS FOR THE QUARTER ENDING SEPTEMBER 30, 2017.**

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab VII of the meeting packet (Exhibit A). She referenced the consolidated balance sheet and stated that PI cash increased approximately \$721,000, or 44 percent compared to the same period a year ago. The cash for the Prison Ranch increased approximately \$49,000 or 4 percent, and the total of the unrestricted cash increased approximately \$770,000 or 27 percent. The PI capital restricted cash balance increased by approximately \$67,000 or 22 percent. Retained earnings increased approximately \$576,000 or 19 percent.

Continuing with the consolidated statement of operations, Ms. Dastal stated the net income for the first quarter of FY 2017 was \$55,603. She stated the consolidated statement of operations by budget account showed that each budget account provided a small contribution for the first three months ending September 30, 2017. She said that



PI contributed approximately \$33,000 toward program support; the Prison Ranch contributed \$13,286; PI Capital Projects contributed \$6,136, and the total fund equity has increased 11 percent or \$576,000 compared to the same time a year ago. She explained the total fund equity was the retained earnings plus the contributed capital that Nevada Department of Corrections (NDOC) had since the inception of Prison Industries.

Moving to the Central Administration Statement of Operations, Tab VII of (Exhibit A), Ms. Dastal stated that total revenue, which included license plate fees, capital improvement, rental income, administrative fees, and miscellaneous revenue were all flat. General and administrative expenses decreased approximately \$199,000, but general insurance, the state cost allocation and the first quarter purchasing assessment has not processed yet. She added that earnings for program support was actually in the black and went from a negative \$202,000 to a positive \$207,000.

Senator Goicoechea asked, since the general and administrative expenses for the Attorney General's Cost Allocation were not calculated in the report, if the numbers could be distorted, and Ms. Dastal agreed. She added the Attorney General's cost allocation recently processed and would be included in the next financial report.

Continuing, Ms. Dastal moved to the Northern Nevada Correctional Center (NNCC) Mattress Shop statement of operations and noted the sales for the Mattress Shop were relatively flat with a decrease of approximately \$10,000. The mattress factory earnings available for program support decreased approximately \$20,000 and ended the quarter with a loss of approximately \$2,000.

Chairman Parks asked the reason the mattress shop revenue decreased in the first three months of FY 2017, and Ms. Dastal replied the \$10,000 decrease could be attributed to NDOC sales. She said the NDOC does not always contact PI for bids and she recently heard that one institution in Nevada purchased its mattresses from another company.

Assemblywoman Monroe Moreno asked if the prices for the mattresses sold by PI were competitive with the other companies that NDOC purchased mattresses from, and Ms. Dastal replied the costs were very competitive with other companies. She added that material costs for the mattresses have increased, which at this point has not been passed on to the customer.

Ms. Dastal stated that NNCC Printing/Bindery Shop sales increased approximately \$17,000 and the September 30, 2017, quarter ended with approximately \$41,000 available for program support, which was flat compared to FY 2016. The statement of operations for the Furniture and Metal Shop showed the Furniture Shop revenue and contributions to general and administrative expenses were flat, and if PI used the Furniture Shop's 15 percent share of the sales and applied that percentage to general and administrative expenses, there would be a \$50,971 loss for the Furniture Shop. The Metal Shop sales increased approximately \$69,000 and its contribution to general and administrative expenses increased \$28,000. If Silver State Industries took the 85 percent share of sales from the Metal Shop and applied that percentage to general and administrative expenses, the Metal Shop had a contribution to program support of

\$39,294. Ms. Dastal noted the Furniture Shop had good customer prospects and PI expected both cost centers to end the year in the black.

Mr. Quenga added that approximately \$75,000 in orders were recently shipped from the Furniture Shop for workforce innovations at the Douglas County Court House, Douglas County Justice Court and Pershing County Court. However, at this time that revenue was not recognized. Therefore, all the expenditures for material was recognized in the current report and the revenue would be seen in the report for the next quarter.

Senator Goicoechea asked if the revenue from the workforce innovation orders was approximately \$30,000, and Mr. Quenga replied that was the average amount.

Chairman Parks asked if a majority of the orders from the Furniture Shop were from government agencies throughout the state.

Mr. Quenga replied that currently there was a lot of work in progress with government agencies. In addition, he recently toured the Tesla site and met with the senior buyer, because Tesla was interested in having cabinets made through PI. He noted that many cabinet shops in Nevada were turning work away. He said that Tesla toured PI and the Northern Nevada Correctional Center, and PI would be on Tesla's bidders list, which could generate a lot of revenue. Mr. Quenga stated there were certain processes and guidelines in order to do business with Tesla, such as the bidding company had to be located in Nevada and within a certain mile radius to the Tesla site. He added that being on the bidders list was good; the bids would be a competitive and everyone would have a chance to bid on work so that work was not given to one company.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop statement of operations, Tab VII (Exhibit A), which showed that auto sales were only \$14,000 for the first quarter of FY 2017 because of two motorcycles that sold for \$7,000 each. She added that the Auto Shop was no longer in the motorcycle business. The Auto Shop expected to finish five vehicles before the end of December 2017, so the next financial report would reflect those completed vehicles. She said that between the Auto Shop and card sorting operation at Opportunity Village, PI experienced a combined \$63,000 net loss for program support.

Mr. Quenga stated that since PI lost the card sorting contract with Opportunity Village, he has been actively seeking an opportunity to support the Auto and Upholstery programs to make up for the lost revenue. He said PI was looking at the possibility of enhancing its card sorting operation, which was located in High Desert State Prison (HDSP) and the Southern Desert Correctional Center. He said PI was looking at producing more cards to generate more revenue to help offset the costs so the Auto Shop was not upside down. He added there was limited space at HDSP for new industries.

Moving to the Garment Factory statement of operations, Ms. Dastal noted garment sales increased 28 percent or \$69,000 compared to the same time in FY 2016; however, earnings available for program support decreased \$34,000. She stated that material costs increased 187 percent, which was due to the t-shirt material that was purchased through the CIP fund in FY 2016, which has been depleted. The Prison Ranch statement of operations showed total sales decreased approximately \$60,000 compared to the same time in FY 2016, which in part was due to the Bureau of Land Management (BLM) horse headcount, which was down 862 horses. She noted the BLM contracted with five long-term holding facilities in the Midwest to save on costs, and the BLM wanted holding facilities in all states to convert its grants into contracts and move away from the per diem rates. Ms. Dastal stated that PI was still waiting on direction from the BLM for a contract, and currently, the Prison Ranch was reimbursed a per diem rate based on a combination of the horse headcount and the price of hay. Currently, the daily per diem rate was \$3.18 per horse and the ranch manager was looking at ideas for other industries to make up for the lost revenue. However, the Prison Ranch still ended the quarter with a contribution of \$13,000 for program support.

Senator Goicoechea commented that he did not understand why the BLM and other prison holding facilities across the west continued to erode the number of horses. He indicated he would call John Ruhs, Nevada State BLM Director, to discuss this issue, because at a holding rate of \$3.18 per horse it would make sense to hold horses at the Prison Ranch to help support prison programs in Nevada. He added that U.S. Congressman Chris Stewart, State of Utah's Second Congressional District, introduced legislation giving states the option to take over the management of wild horses allowing horses to be euthanized, which he could not support because there was value to the horses. Senator Goicoechea thought PI could use the horse gentling training program as leverage to get more horses, because the program was nationally recognized. He reiterated that it did not make sense to send horses to other holding facilities when the Prison Ranch had the ability to hold approximately 1,800 horses.

Mr. Quenga explained that he and Justin Pope, Prison Ranch Manager, have been in contact with the Kansas Department of Corrections, and Colorado Department of Corrections prison industries' programs, because those states recently finished new negotiated contracts with the BLM. Mr. Quenga stated they would look at those contracts to see how they were set up to ensure Nevada was in a good position to proceed with a contract.

Senator Goicoechea suggested that Mr. Quenga talk to Nevada's federal delegation in Washington D.C., about the concerns of the Committee regarding the wild horse boarding program operated through Prison Industries.

Chairman Parks suggested a letter be sent on behalf of the Committee to Nevada's Congressional Delegation to explain that Nevada was below capacity for the wild horse boarding and gentling program, and the value the state could gain with additional horses, not only for the inmates, but also to help defray some of the costs for boarding the wild horses.

SENATOR GOICOECHEA MADE A MOTION TO SEND A LETTER TO NEVADA'S CONGRESSIONAL DELEGATION FOR ASSISTANCE IN PROMOTING NEVADA'S PARTNERSHIP WITH THE BLM IN ITS WILD HORSE PROGRAM AND INCREASE THE WILD HORSE BOARDING POPULATION IN NEVADA SO PRISON INDUSTRIES COULD CONTINUE THE VITAL PROGRAMS FOR PRISON INDUSTRIES.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Ms. Dastal continued with the Schedule of Interfund Sales, Tab VII (Exhibit A), which showed that the gross profits from PI ended the quarter with \$55,603 for program support, an increase of \$73,000 over FY 2016.

#### **VIII. STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.**

Ms. Dastal referred to Tab VIII (Exhibit A) and stated the Capital Improvement Project (CIP) balance decreased \$82,917 from FY 2014 to FY 2018. She noted that PI was able to obtain approximately \$300,000 in equipment in FY 2016, which greatly enhanced Prison Industries' operations. The beginning CIP balance at the start of FY 2018 was \$371,714; wage assessments totaled \$12,253 for two months and inmate banking has not processed September's assessment yet; interest received was \$1,055 for the first quarter of FY 2018, with an ending CIP balance of \$385,021. She stated Prison Industries was planning to submit a proposal at the next meeting to put some of the CIP funds to good use to improve the PI programs.

Chairman Parks asked if there a priority list of projects on the proposal, and Mr. Quenga replied the supervisors for the PI programs were looking at what was needed to enhance its programs. At this point, PI was soliciting three bids for different equipment and was discussing the purpose of the machinery and the customers to ensure they were going in the right direction and not competing with the private sector. He said investing in new equipment would also help the inmates learn new skills. He stated that, currently, most of the equipment used in other industries were robotics or Computer Numerical Control (CNC) machines. The PI woodshop did not have a CNC machine and used an edge bander; however, the equipment at the woodshop provided inmates' skills, such as learning how to read a tape measure. He noted they were looking at different equipment and innovations to ensure the equipment PI would be purchasing had diverse qualities.

#### **IX. DISCUSSION OF AND RECOMMENDATIONS TO THE DIRECTOR FOR APPOINTMENT OF THE DEPUTY DIRECTOR FOR INDUSTRIAL PROGRAMS NRS 209.4818(1)(e).**

Mr. Dzurenda stated that the position announcement for the Deputy Director of Prison Industries was sent to the Association of State Correctional Administrators (ASCA), and

to all states with a deadline of January 15, 2018. However, the announcement sent out by the Department of Administration, Human Resource Management, contained an error on the application process and was being corrected. He noted the announcement should be out by December 19, 2017. He stated he would share the resumes of the top candidates for the position with the Committee.

Chairman Parks asked if David Tristan, acting Deputy Director, Prison Industries, was overseeing PI, and Mr. Dzurenda replied that Mr. Tristan was currently the acting Deputy Director until a selection was made for the permanent position of Deputy Director.

Chairman Parks stated that per NRS 209.4818(1)(e), part of the duties of the Committee was to recommend three people for the position of the Deputy Director of Industrial Programs whenever a vacancy existed. He asked Mr. Dzurenda if it was possible to include the Committee in the selection process by submitting a brief resume of the potential candidates for the Committee to review at its March 2018 meeting, and Mr. Dzurenda agreed.

Senator Goicoechea asked for clarification and if the Committee had to recommend three candidates to Mr. Dzurenda, or if an additional Committee meeting was needed to make the determination.

Chairman Parks thought the Committee would be able to review the resumes of the potential candidates at its March meeting and the timeframe would work for Mr. Dzurenda. However, if the process was delayed, the Committee might have to meet after the March meeting to comply with statute.

Mr. Dzurenda stated that he believed that timeframe would work and he could have the resumes available for the March meeting.

## **X. DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY PROGRAMS – NRS 209.4818.**

Ms. Dastal referenced Tab X of the meeting packet (Exhibit A) and stated per NRS 209.459 and 209.461, the Director of the Department of Corrections obtained a detailed written analysis on the estimated impact of PI's proposed new contracts on private industry in Nevada. She thanked the Department of Employment, Training and Rehabilitation (DETR), Department of Business and Industry (DBI), the Governor's Office on Economic Development (GOED) and representatives of organized labor in the state, who all contributed to the information required per statute.

Ms. Dastal stated there were three companies that desire to use offender labor for its operations, Erickson Framing NV, LLC, Terra Firma Organics, Inc., and Sewing Collection, Inc. She explained that Erickson Framing was in the business of fabrication and assembly of wooden trusses, wall panels, doors and trim for the Nevada residential housing market. She stated that Terra Firma Organics, Inc., changed its name for the

Prison Ranch operation to Nevada Organics, LLC, and was in the business of turning organic waste such as trees, shrubs, lawn clippings, etc. into compost. The third company was Sewing Collection, Inc, which was in the business of recycling clothes hangers.

Ms. Dastal stated that DETR provided a definition of the work that individuals usually performed in a particular job classification, the number of individuals employed in the various industries, and the range of wages' workers received. The GOED provided information and graphs, Tab X (Exhibit A) illustrating the ripple effect on the economy as a whole. The model used by the GOED for all three companies was the same and illustrated how relationships developed. Referencing page 9, Tab X (Exhibit A), the model on the page showed what happened when 14 truss manufacturing jobs were created and how it impacted the economy. She stated that there were always consequences with every action and the model illustrated that adding 14 jobs provided \$684,185 as an initial effect on the economy. The direct effect of \$183,831 would be a first-level supply chain, such as when truss manufacturing purchased its supplies, such as lumber, nails and such. Many companies had different goods and services so it was what truss manufacturing would need to operate. Ms. Dastal noted that every company had inputs to make its outputs. The indirect effect of \$38,688 involved employees personally purchasing items from stores. The induced effect of \$173,279 were jobs that supported the workers, such as dentists, and grocery stores. She stated that patterns emerged that were based on relationships, such as where goods were purchased and who buys those goods. She noted the model was based on how many jobs were created and how many industries and individuals it affected.

Bob Potts, Research Director, Nevada Governor's Office on Economic Development, stated that Ms. Dastal asked him to run an economic impact analysis on the three new proposed prison industries. He explained that impact analysis was about relationships. He said the federal government constantly collected data from different industries and companies that belonged to those industries, workforce that was staffed and employed by the industries, and that data established all the relationships. He explained the information in the meeting packet (Exhibit A) specifically had to do with an industry code and their linkages both upstream and downstream – who the company bought from and sold to, how much the product sold for and the type of staffing, and based on all those relationships, he could model what might happen specific to the industry, and either add or remove employees. He noted the information in the meeting packet was specific to the new proposed prison industries in the private sector, and the Committee needed to remember the estimate provided was a best estimate based on all the existing relationships collected at the national level and regionalized back to the local level using what was called Regional Purchase Coefficients. For example, the wages shown in the meeting packet for Erickson Framing would be what they would pay in the private sector, so it would be a unique mix and the Committee needed to keep that in mind when looking at the earnings effects; however, looking at the earnings effects of the supply chain, the indirect, induced and the ripple effects, those would stay the same because those were the purchase patterns that occurred outside the specific operation. He noted the Committee had to keep all the information in the context of prison industries;

however, he thought it provided a very close approximation of what would happen. Therefore, looking at the scenario for Erickson Framing with 14 jobs that spins into 21 jobs based on the 1.53 multiplier, page 9, Tab X of the meeting packet (Exhibit A), if he took those 14 original jobs and looked at the \$684,185 in earnings that would be approximately \$49,000, which was what the industry paid on average to the workers in truss manufacturing in the real world outside of prison industries.

Senator Goicoechea stated that he believed the proposed new prison industries' programs were great programs; however, he had concerns with security for the proposed composting operation at the Prison Ranch, especially the possibility of access to contraband at the Prison Ranch.

Justin Pope, Prison Ranch Manager, stated that there would be limited access to the material coming into the composting operation. The composting material would be supervised by Terra Firma staff as it is brought into the facility and would be gone through before inmates had access to it. He stated the Terra Firma process was to get the composting material in the site, gone through every day, and cleaned up to ensure all the material was where it was supposed to be and in process to transport the same day. Mr. Pope stated if Terra Firma continued that process, it should be easy to keep up with the composting material, and see what was brought in to the facility and who was bringing the material in on a daily basis.

Mr. Quenga added that with the current composting operator at the Prison Ranch, the landscapers and public entered through Stewart Conservation Camp and the dairy operation before dropping off the composting material, so there was a lot of traffic and the possibility of contraband was greater. The new operation with Terra Firma would be located at the eastern side of the Stewart Conservation Camp, as opposed to the southwest side, which eliminated the traffic going through the camp. As the public entered, Terra Firma staff would be located at the entrance where the material was brought in, offloaded and screened, which offered a better control process. He added the potential for contraband would always be there, but with the new operation, the process would be much safer. He noted the Prison Ranch would ensure they were reviewing its security practices and observing what was coming in to the site, in addition to watching the inmate's behavior.

Senator Goicoechea asked if the new composting operation would use the manure from the horse facility, which was a cost savings, and Mr. Pope replied that it would be up to Terra Firma as to how much manure to remove from its facility, so at this point any manure they use would be a savings. However, he did not think that Terra Firma could completely reduce the manure bill.

Assemblyman Oscarson asked, if the proposed prison industries were approved, if there was a way to monitor the new operations to see if there was an increase in incidents at the facility.

Mr. Pope indicated that Silver State Industries could compare the number of incidents that occurred during a certain period of time compared to the prior year with the previous contractor. He said the Prison Ranch has had contraband problems with the current composting contractor and inmates get very creative with what they had to work with. For instance, recently some fruit puree residue was brought to the composting operation and the inmates figured out how to turn the residue into an alcoholic beverage. Mr. Pope believed the inmates would have less access to contraband with the way Terra Firma operated their facilities.

Mr. Aguilera asked if Erickson Framing had their own equipment and tools, and Mr. Quenga replied that Erickson Framing had a facility in Reno, NV, near the Washoe County Detention Facility, and were currently using civilian workers. He clarified they had their own equipment and the inmates would be separated from the civilian staff and only working on certain items, such as wall panels and trusses.

Chairman Parks recalled at the last Committee on Industrial Programs meeting, Reed Graham, Chief Operating Officer, Erickson Framing spoke about transporting the inmates to the Erickson facility.

Mr. Quenga added that he was in communication with the warden of the Washoe County Detention Facility, so once the program was approved, PI would work closely with the institution to ensure they agreed on safety and security practices when transporting the inmates to the work site.

Senator Goicoechea asked about the cost to transport the inmates to the Erickson Framing work site and if the details have been settled, and Mr. Quenga replied that he and Ms. Dastal have been working on a template for a contract and negotiations were still ongoing; however, at this point they were waiting approval from the Committee so they could move forward and present the proposal to the Board of Examiners.

Senator Goicoechea stated his concern transporting inmate labor from Carson City to the Erickson Framing work site in Reno, who would have to be accompanied by a correctional officer. He wanted to ensure that all costs were covered and inmates were provided with some skills. He was in favor of the program as long as PI did not experience a loss.

Mr. Quenga replied that was already discussed during the beginning process when he met with Erickson Framing. He noted that Erickson Framing was paying all expenses for transporting the inmates to the work site, which included a correctional officer. He said the inmates would start with four ten-hour shifts, so they would work for eight-hours and the two additional hours accounted for travel to and from the site. He noted the correctional officer would have one hour to get the inmates prepared and loaded in a van, and then have an hour at the end of that shift to transport the inmates back to the correctional facility where the inmates would get a shakedown.



Assemblyman Oscarson asked if the intent of the proposed new industries was to hire the inmates that were good enough to work during their term of incarceration so they could continue to work for the industries upon release. He thought that was an important part of what they were doing. He said that Director Dzurenda talked a lot about what to do with inmates when they were released and how inmates would move forward upon release to be successful. Although, it was a small number of inmates; hopefully, there would be some attrition into their ranks when released to be employable with those companies, because they were familiar with the processes of the company.

Mr. Quenga agreed and stated that the Nevada Builders Alliance has written a letter of support for the new proposed industries. He said that in addition to building wall panels and trusses, Erickson Framing also had a crew of workers that went to job sites to set up the frames in homes. He said the inmates would also have an opportunity upon release to gain employment with that crew.

Assemblyman Oscarson asked Mr. Quenga if the opportunity for inmate employment upon release was part of the contractual discussion and written into the contract, and Mr. Quenga did not think it would be included in the contract. He stated the Chief Operating Officer of Erickson Framing stated they had a similar operation with the Department of Corrections in Arizona and utilized inmates upon release. Mr. Quenga said he would look into making that part of the contractual agreement.

Assemblyman Oscarson thought there should be language in the contract to provide inmates with some hope they could actually integrate into that industry when released with the training provided from working in that industry.

Mr. Quenga stated that he would have that discussion with Erickson Framing and would report back to the Committee.

Mr. Pope added that Terra Firma Organics had a model with a composting facility in Las Vegas and could employ inmates that have been working in the program from the Prison Ranch. He noted there was a good possibility Terra Firma could employ those inmates at one of their sites upon release.

Dane Buk, Owner, Terra Firma Organics, stated that although he was aware not all inmates would be used at the facility upon release, when they find the "gems" that existed, those inmates could be employed after release. He stated that Terra Firma Organics wanted to give good operators a chance to move forward, which would be a benefit for Terra Firma, in addition to the inmates working.

Chairman Parks requested more detail about the screening process at the Terra Firma operation, and Mr. Buk replied there were screening procedures at all sites. Typically, when composting material was dropped off an attendant that would roll the material with a loader to look for anything that does not derogate, such as glass, metals and other material that could harm their equipment. He said the operation would be located in a more secure area and customers would not be driving through the middle of the

correctional site to drop off material. The material would come into a gated area, which was only accessible to the public and prison employees. The material would be dropped, rolled, inspected and moved into place. He added one reason the material was inspected was in case Terra Firma needed to add further billing to the customer, because the load was full of trash. If that was the case, Terra Firma would not accept the material and the customer would have to reload the material and remove it from the site or they would be charged. The inspection of the material was a way to capture those fees and inspect the material for safety.

Senator Parks asked for an update on the acquisition of the Full Circle Compost.

Mr. Buk explained that Terra Firma Organics was very close to the acquisition of Full Circle Compost and was waiting for the written analysis on the estimated impact of the contract on private industry in Nevada. In addition, they were waiting for the recommendation of the Committee before they moved forward, because the process was costly.

Chairman Parks asked if there was representation from Erickson Framing, and Mr. Quenga replied that due to the short timeframe, Mr. Graham was unable to attend the meeting.

Chairman Parks asked how competing with the private sector by paying inmates below market median salaries was going to be addressed, so not to create an unfair economic advantage for one individual versus the rest of the market.

Mr. Quenga responded the minimum wage the inmates would be earning was already set. He said that he checked with the National Correctional Industries Association (NCIA) and the Bureau of Justice Assistance (BJA) to see if this fell under a Prison Industry Enhancement Certification Program (PIE) certified program, which it did not fall under as long as Prison Industries obtained a letter in agreement with Erickson Framing that they would not produce any products that would cross state lines. He stated that Erickson Framing had operations in California and Arizona, so there was no need or demand for the company to ship their products across state lines. He said if any product crossed state lines, Prison Industries would be held accountable for paying the ten percent of prevailing wages for that trade. Therefore, at this point they were good with paying minimum wage after talking with NCIA, which administers and audits the PIE program.

Chairman Parks stated that apparently the median wage was \$13.65 per hour, which was considerably higher than minimum wage. Mr. Quenga stated that Erickson Framing had several employees that were making higher wages and there had to be one supervisor for each trade. For example, there was one supervisor for the wall panel operation, and one supervisor for the truss operation, and each operation had its own forklift operators and truckers. He noted that Erickson Framing was just using inmate labor to assist in the framing operation, because the housing market was currently booming with the high demand for houses, and the lack of workforce.

Senator Goicoechea expressed his concern with not being able to transport the product across state lines, because he thought that would be hard to monitor. He understood the reason for not crossing state lines, but thought tracking the merchandise could get costly.

Assemblyman Oscarson asked who was responsible for ensuring the products do not cross state lines, and if a fee was imposed, who was responsible for paying the fine. He asked if Prison Industries was held accountable for the ten percent fee in prevailing wages for the trade, in addition to the fees imposed, which could amount to a significant amount of money.

Mr. Quenga stated that language would have to be included in the contract to ensure Prison Industries was not held liable for any fees imposed. He said that PI would have to conduct random checks on the operation and include language in the contract to ensure Erickson Framing was monetarily responsible for any fees if the contract was violated.

Chairman Parks asked about the hourly wage calculation for the inmates participating in Sewing Collection, Inc. (SCI) program. He referenced the matrix under Tab X of the meeting packet (Exhibit A), Hanger Sorting by Offenders, based on an estimate of 2.2 million hangers per month and the estimated biweekly cost of \$11,000 and monthly cost of \$22,000. He was curious if there was an established hourly wage set for the inmate workers.

Mr. Quenga stated that SCI purchased and used plastic hangers from many large retail stores and wanted to employ offenders to sort the hangers by size and type, and rebox the hangers to send to their distribution center. He said SCI was currently working with the correctional industry in Ohio, which was the base for the hourly rate in the matrix. However, the hourly rate shown in the matrix does not fall under PIE, because the product has already entered commerce market and was similar to a recycle/repurpose product. He noted in the Ohio penal industry the average cost was one cent per hanger, and the amount of hangers being produced through the week was how the amount of hangers shipped per week was calculated. Therefore, Prison Industries was trying to mimic what has been done in Ohio by using the number of hangers being produced and shipped per week, which was the calculation used in the matrix, in regard to an incentive pay plan. He stated that PI needed inmates to have a mandatory production with an incentive, so if they sorted 1,000 hangers per day, and sorted 2,000 a day, there would be an incentive plan to pay more, somewhere from \$10.00 a day and up. He said, at this point, he was working with Ms. Dastal to formulate an incentive plan for the wage.

Responding to a question from Senator Goicoechea, Mr. Quenga replied there was a 10,000 square foot vacant bay at High Desert State Prison (HDSP) for the SCI operation. He said that SCI has toured the area, which was the newest facility with a loading dock and a lot of space for boxes. The floor space was open and had a high ceiling with an adjoining additional 10,000 square foot in case the operation was successful. He said SCI would start with 20 inmates in the 10,000 square foot bay, and as the learning curve

increased and more hangers were produced, SCI was interested in utilizing the additional 10,000 square foot space to employ about 70 to 100 inmates. Mr. Quenga added there would be a contract for SCI, which included a per square foot charge for the space, in addition to the salary for the correctional officer and administrative charges. He said when the contract was formulated, administrative costs were considered in the contract because NDOC accounting had to process the invoices and payments to ensure the industries were profitable for NDOC.

Chairman Parks stated he thought this would be a good program for the Florence McClure Women's Prison, but because of the additional space available, the HDSP was the best site for the operation.

Mr. Quenga agreed and said that HDSP was the best site for the SCI program because of the space and the large sally port for semi-trucks. He said that currently, Jacobs Trading Company was at the Florence McClure Women's Prison, which was at capacity.

Chairman Parks stated that Agenda Item X was an action item and required a motion from the Committee.

Senator Goicoechea said he would make the motion for the three new proposed industries as recommended by the NDOC; however, at some point when the contract was final, he hoped the contract would be gone over to ensure the industries would be profitable for NDOC.

Mr. Quenga agreed and once the Committee approved the proposed industries, NDOC would move forward with the contract, which would be submitted to the Board of Examiners for approval.

SENATOR GOICOECHEA MOVED TO APPROVE THE THREE NEW PROPOSED INDUSTRIES AS RECOMMENDED BY NDOC, WHICH WOULD ULTIMATELY BE APPROVED BY THE BOARD OF EXAMINERS AND THE PRISON COMMISSION.

ASSEMBLYWOMAN MONROE MORENO SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Assemblyman Oscarson commented that he was fully supportive of the three new proposed prison industries and thought they provided great opportunities for inmates. He expressed his concern with the contraband issue and hoped PI would track that as accurately as possible to see if there was an influx in contraband in the facilities as it relates to the programs or to specific individuals or groups that were working in these industries. In addition, he hoped the inmates had the opportunity to apply for work in the industries and look at the industries as an opportunity to continue working upon release. He wanted to ensure the recidivism rate was kept down and thought it was important and critical to employ inmates that were already trained in an industry. He hoped language was included in the contract to give the inmates an opportunity to apply for a job in the

industry upon release. In addition, he hoped the contract included language to ensure PI was not held liable for the fees imposed with crossing state lines for the framing operation.

Mr. Nazarian, Director of Operations, SCI, stated that the surety bond or personal guarantee for SCI, Inc., was approximately \$300,000. He asked, although the hanger operation was a proven model with the Ohio penal industry, if SCI worked with PI for six months and production does not meet their expectations, and SCI offered the 30-day notice to back out of operations, if they were still responsible for the \$300,000, or the following six months of the personal guarantee.

Responding to the question from Mr. Nazarian regarding terminating the contract, Jim Penrose, Senior Principal Deputy Legislative Counsel, Legal Division, stated that terminating the contract would depend on the terms of the contract between Prison Industries and SCI, Inc. However, assuming there has been compliance with the contract, there should be no issue with the surety bond if the contract was terminated, as long as the payments required under the contract have been made.

Mr. Nazarian asked for clarification, and any invoices that were generated before the contract was terminated were due and payable, but SCI would not be held responsible for the remaining personal guarantee. He said that the attorney for SCI, Inc. reviewed the contract and indicated it was very vague and needed to be modified.

#### **XI. PUBLIC COMMENT.**

There was no public comment.

#### **XII. ADJOURNMENT.**

The meeting was adjourned at 10:26 a.m.

Respectfully submitted,

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Donna Thomas, Committee Secretary

APPROVED:

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Senator David Parks, Chairman

Date: \_\_\_\_\_

**STATUS REPORT ON OUTSTANDING DEBT OWED  
TO PRISON INDUSTRIES**

# SILVER STATE INDUSTRIES

## CUSTOMER LEDGER AGING BY DUE DATE

REPORT Date: 12/31/17

Cust ID	Customer Name	0 - 30	31 - 60	61 - 90	91 - 120	121 +	Balance
		12/01 - 12/31	11/01 - 11/30	10/02 - 10/31	09/02 - 10/01	Prior - 09/01	
BU1020	BUREAU OF LAND MGT.	\$92,437.73	\$0.00	\$0.00	\$0.00	\$0.00	\$92,437.73 *
CA1008	DAIRY FARMERS OF AMERICA	\$1,653.33	\$0.00	\$0.00	\$0.00	\$0.00	\$1,653.33
CA1011	CARSON VALLEY MIDDLE SCHOOL	\$430.64	\$0.00	\$0.00	\$0.00	\$0.00	\$430.64
CA1025	CARSON JUVENILE CENTER	\$331.50	\$0.00	\$0.00	\$0.00	\$0.00	\$331.50
CH1015	CHURCHILL CO SHERIFF'S OFFICE	\$595.00	\$0.00	\$0.00	\$0.00	\$0.00	\$595.00
CI1006	CITY OF CAROSN, SHERIFF	\$1,365.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,365.00
CI1035	CITY OF YERINGTON	\$239.10	\$0.00	\$0.00	\$0.00	\$0.00	\$239.10
DA1019	DAYTON VALLEY TURF INC	\$2,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,200.00
DE1020	DESERT REGIONAL CENTER	\$435.00	\$0.00	\$0.00	\$0.00	\$0.00	\$435.00
DI1025	DIAMOND MOUNTAIN DIST.	\$54,147.40	\$0.00	\$0.00	\$0.00	\$0.00	\$54,147.40 *
DI1030	DIVAN LLC	\$2,780.25	\$0.00	\$0.00	\$0.00	\$0.00	\$2,780.25
DO1018	DOUGLAS COUNTY SHERIFF'S	\$1,218.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,218.00
EM1005	ELY EMPLOYEES' ASSOCIATION	\$144.00	\$0.00	\$0.00	\$0.00	\$0.00	\$144.00
FE1020	FERGUSON SAFETY PRODUCTS	\$2,271.82	\$0.00	\$0.00	\$0.00	\$0.00	\$2,271.82
FU1020	FULL CIRCLE COMPOST	\$6,611.47	\$0.00	\$0.00	\$0.00	\$0.00	\$6,611.47
JA1010	JACOBS TRADING CO.	\$64,747.32	\$0.00	\$0.00	\$0.00	\$0.00	\$64,747.32 *
LY1045	LYON COUNTY BUILDING DEPT	\$720.43	\$0.00	\$0.00	\$0.00	\$0.00	\$720.43
MA1008	MELODY MARCH	\$55.00	\$0.00	\$0.00	\$0.00	\$0.00	\$55.00
NO1005	NORTHAMERICAN AG PRODUC	\$16.50	\$0.00	\$0.00	\$0.00	\$0.00	\$16.50
OP1030	OPEN AIR MOVIES	\$2,485.78	\$0.00	\$0.00	\$0.00	\$0.00	\$2,485.78
RU1005	RURAL HOUSING AUTHORITY	\$3,445.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,445.00
SA1027	CITY OF SACRAMENTO	\$95,850.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95,850.00 *
UN1001	UNIVERSITY OF NEVADA RENO	\$123.00	\$0.00	\$0.00	\$0.00	\$0.00	\$123.00
VA1003	VARIOUS CUSTOMERS-COD	\$29,423.84	\$3,780.00	\$1,080.00	\$0.00	\$0.00	\$34,283.84 *
WI1002	WITTENBERG HALL	\$1,677.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,677.00
WO1035	WORLD CLASS EQUINE	\$4,657.45	\$0.00	\$0.00	\$0.00	\$0.00	\$4,657.45
YY1008	NDOC OFFENDER MANAGMNT	\$24.50	\$0.00	\$0.00	\$0.00	\$0.00	\$24.50
YY1013	VICTIM SERVICES UNIT	\$24.50	\$0.00	\$0.00	\$0.00	\$0.00	\$24.50
YY1015	HUMBOLDT CONSERVATION	\$1,680.08	\$0.00	\$0.00	\$0.00	\$0.00	\$1,680.08
YY1016	THREE LAKES CONS. CAMP	\$250.08	\$0.00	\$0.00	\$0.00	\$0.00	\$250.08
YY1017	LOVELOCK CORR CTR	\$6,770.19	\$0.00	\$0.00	\$0.00	\$0.00	\$6,770.19
YY1021	HIGH DESERT STATE PRISON	\$69,319.62	\$0.00	\$0.00	\$0.00	\$0.00	\$69,319.62 *
YY1023	NDOC ADMIN-MILK	\$32,666.40	\$0.00	\$0.00	\$0.00	\$0.00	\$32,666.40 *
YY1027	LOVELOCK CORR CTR-CANTEEN	\$1,425.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,425.50
YY1029	NO NV CORR CTR	\$26,208.53	\$0.00	\$0.00	\$0.00	\$0.00	\$26,208.53 *
YY1030	NO NV CORR CTR-CANTEEN	\$621.50	\$0.00	\$0.00	\$0.00	\$0.00	\$621.50
YY1035	NNCC REGIONAL MEDICAL FAC	\$118.37	\$0.00	\$0.00	\$0.00	\$0.00	\$118.37
YY1040	CASA GRANDE TRANSITIONAL	\$27.50	\$0.00	\$0.00	\$0.00	\$0.00	\$27.50
YY1042	NO NV TRANSITIONAL HOUSING	\$25.50	\$283.88	\$0.00	\$0.00	\$0.00	\$309.38
YY1050	PURCHASING - NDOC OFFICE	\$407.64	\$0.00	\$0.00	\$0.00	\$0.00	\$407.64
YY1051	SO DESERT CORR CTR	\$1,586.63	\$0.00	\$0.00	\$0.00	\$0.00	\$1,586.63

Cust ID	Customer Name	12/01 - 12/31	11/01 - 11/30	10/02 - 10/31	09/02 - 10/01	Prior - 09/01	Balance
YY1056	FMWCC - CANTEEN	\$2,461.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,461.00
YY1058	FLORENCE MCCLURE WOMEN'S	\$10,071.04	\$0.00	\$0.00	\$0.00	\$0.00	\$10,071.04
YY1064	PIOCHE CONS CAMP-CANTEEN	\$41.50	\$0.00	\$0.00	\$0.00	\$0.00	\$41.50
YY1067	STEWART CONS CAMP-CANTEEN	\$154.00	\$0.00	\$0.00	\$0.00	\$0.00	\$154.00
YY1070	HIGH DESERT STATE PRISON-CAN	\$2,029.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,029.50
YY1075	WARM SPRINGS CC-CANTEEN	\$472.00	\$0.00	\$0.00	\$0.00	\$0.00	\$472.00
YY1080	SO DESERT CORR CTR-CANTEEN	\$884.00	\$0.00	\$0.00	\$0.00	\$0.00	\$884.00
YY1110	TONOPAH CONS CAMP-CANTEEN	\$47.50	\$0.00	\$0.00	\$0.00	\$0.00	\$47.50
YY1115	WELLS CONSERVATION CAMP	\$79.50	\$0.00	\$0.00	\$0.00	\$0.00	\$79.50
YY1020	ELY STATE PRISON-CANTEEN	\$376.50	\$0.00	\$0.00	\$0.00	\$0.00	\$376.50
YY1135	NDOC INMATE PURCHASES	\$479.71	\$0.00	\$0.00	\$0.00	\$0.00	\$479.71
ZZ1002	ADMINISTRATIVE SERVICES	\$2,866.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,866.50
ZZ1011	ATTORNEY GENERAL'S OFFICE	\$601.25	\$0.00	\$0.00	\$0.00	\$0.00	\$601.25
ZZ1037	EMPLOYMENT, TRAINING & REH	\$228.75	(\$400.00)	\$0.00	\$0.00	\$0.00	(\$171.25)
ZZ1046	GOVERNOR'S OFFICE	\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$375.00
ZZ1055	GAMING CONTROL BOARD	\$39.75	\$0.00	\$0.00	\$0.00	\$0.00	\$39.75
ZZ1089	LEGISLATIVE COUNSEL BUREAU	\$340.00	\$0.00	\$0.00	\$0.00	\$0.00	\$340.00
ZZ1103	MOTOR VEHICLES DEPT.	\$23,094.50	\$0.00	\$0.00	\$0.00	\$0.00	\$23,094.50 *
ZZ1128	NV DEPT OF RISK MANAGEMENT	\$556.15	\$0.00	\$0.00	\$0.00	\$0.00	\$556.15
ZZ1129	SECRETARY OF STATE	\$312.00	\$0.00	\$0.00	\$0.00	\$0.00	\$312.00
ZZ1148	NEVADA STATE WELFARE	\$778.50	\$4,920.00	\$0.00	\$0.00	\$0.00	\$5,698.50
ZZ1165	DEPT OF AMINISTRATION/PUR	\$38,298.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38,298.00 *
ZZ1169	HUMAN RES-EARLY INTERVEN	\$2,556.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,556.00
ZZ1187	DIVISION OF WATER RESOURCES	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25.00
ZZ1208	DEPT OF AG ESTRAY HORSE	\$976.50	\$0.00	\$0.00	\$0.00	\$0.00	\$976.50
ZZ1221	HISTORIC PRESERVATION OFFICE	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00
ZZ1226	HEALTH & HUMAN SERVICES	\$2,236.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,236.00
ZZ1242	PUBLIC UTILITIES COMMISSION	\$76.50	\$0.00	\$0.00	\$0.00	\$0.00	\$76.50
ZZ1244	MUSEUMS, LIBRARY & ARTS	\$420.00	\$0.00	\$0.00	\$0.00	\$0.00	\$420.00
ZZ1260	PRIVATE INVESTIGATOR'S LIC	\$524.00	\$0.00	\$0.00	\$0.00	\$0.00	\$524.00
ZZ1302	NV DIVISION OF FORESTRY	\$1,566.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,566.00
AGING TOTALS:		\$604,684.75	\$8,583.88	\$1,080.00	\$0.00	\$0.00	\$614,348.63
AGING PERCENTAGES:		98.43%	1.40%	0.18%	0.00%	0.00%	100%

\* Indicates top ten customer balances



**REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014  
THROUGH DECEMBER 2017**

NDOC Industrial Programs Report of Offenders Working FY 2015														
INST	SHOP	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	FY 2015 Mo. AVG
HDSP	DMD (private)	128	131	127	121	111	106	111	114	114	128	133	140	122
LCC	Garment	99	97	96	92	88	88	87	87	85	84	83	83	89
NNCC	Metal	17	16	17	23	23	23	21	22	21	21	21	21	21
NNCC	Furniture	35	34	34	34	29	27	33	28	28	27	32	30	31
NNCC	Mattress	12	12	12	12	12	12	12	12	12	12	10	10	12
NNCC	Printing/Book Bindery	24	26	25	22	25	21	23	25	25	23	23	27	24
SCC	Ranch	22	20	21	20	21	18	17	18	22	25	24	23	21
SCC	Horses	23	21	20	24	20	17	18	17	19	19	19	17	20
SCC	Tag Plant	11	9	8	11	11	11	9	14	14	12	12	12	11
SDCC	Auto/Upholstery	23	20	18	21	21	21	21	21	22	24	23	24	22
ISCC	M-Truss (community)	3	2	2	-	1	1	-	-	-	-	-	-	1
SDCC	DMD (private)	35	35	39	35	33	34	29	29	44	43	29	27	34
SDCC	Opportunity Village	24	28	35	34	36	43	43	39	40	38	39	37	36
FMWCC	Jacobs Trading (private)	59	56	56	56	55	51	15	55	26	26	26	25	42
WSCC	DMD (private)	7	6	5	5	6	6	7	6	10	10	6	6	7
Grand Total		522	513	515	510	492	479	446	487	482	492	480	482	492
Average Offender Population		12,797	12,791	12,786	12,831	12,791	12,792	12,833	12,866	12,944	13,034	13,046	12,999	12,876
Percent of Offender Population Working		4.1%	4.0%	4.0%	4.0%	3.8%	3.7%	3.5%	3.8%	3.7%	3.8%	3.7%	3.7%	4.1%

NDOC Industrial Programs Report of Offenders Working FY 2016														
INST	SHOP	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	FY 2016 Mo. AVG
HDSP	DMD (private)	273	115	103	103	144	143	139	132	131	130	125	123	139
LCC	Garment	83	91	90	89	86	87	68	84	82	98	119	104	91
NNCC	Metal	22	22	21	28	22	23	23	23	24	24	24	24	24
NNCC	Furniture	34	31	29	34	31	31	29	28	27	29	30	30	31
LCC	Mattress	10	11	11	12	12	12	12	12	11	11	13	13	13
NNCC	Printing/Book Bindery	27	26	26	27	25	30	28	26	27	29	27	26	28
SCC	Ranch	27	23	22	24	26	24	20	19	30	19	19	20	24
SCC	Horses	22	21	20	21	22	26	26	28	34	31	31	31	27
SCC	Tag Plant	15	15	15	15	12	16	16	15	15	14	16	16	16
SDCC	Auto/Upholstery	22	20	19	16	18	17	18	17	16	16	16	17	19
SDCC	DMD (private)	32	7	26	20	25	20	20	20	19	18	17	16	21
SDCC	Opportunity Village	39	39	36	36	37	33	34	31	31	32	31	33	35
FMWCC	Jacobs Trading (private)	22	20	19	19	16	16	16	15	15	15	15	15	18
WSCC	DMD (private)	7	8	8	8	8	8	8	8	9	8	7	7	9
Grand Total		635	449	445	452	484	486	457	458	471	474	490	475	482
Average Offender Population		13,082	13,156	13,133	13,251	13,290	13,413	13,413	13,432	13,558	13,624	13,646	13,685	13,391
Percent of Offender Population Working		4.9%	3.4%	3.4%	3.4%	3.6%	3.6%	3.4%	3.4%	3.5%	3.5%	3.6%	3.5%	3.6%

NDOC Industrial Programs Report of Offenders Working FY 2017														
		Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY 2017 Mo. AVG
INST	SHOP													
HDSP	DMD (private)	120	108	96	88	88	131	136	140	141	135	127	125	121
LCC	Garment	100	100	106	95	104	104	102	102	93	137	110	111	106
NNCC	Metal	24	24	26	25	24	27	27	26	27	29	27	27	27
NNCC	Furniture	29	30	28	28	30	31	27	26	29	27	38	32	31
NNCC	Mattress	13	12	11	11	12	12	12	12	12	13	12	12	13
NNCC	Printing/Book Bindery	26	27	34	26	25	38	33	33	31	31	31	31	31
SCC	Ranch	20	22	21	26	20	22	23	22	23	21	27	28	24
SCC	Horses	30	29	25	28	26	27	25	25	26	23	23	26	27
SCC	Tag Plant	14	14	19	18	18	18	15	15	18	17	17	18	18
SDCC	Auto/Upholstery	16	16	17	17	21	19	18	18	20	21	20	20	20
SDCC	DMD (private)	30	25	25	26	24	31	31	33	36	34	36	36	32
SDCC	Opportunity Village	9	0	0	0	0	0	0	0	0	0	0	0	2
FMWCC	Jacobs Trading (private)	15	15	14	14	19	17	17	18	18	18	18	18	18
WSCC	DMD (private)	9	8	8	7	7	9	9	9	8	9	10	10	10
Grand Total		455	430	430	409	418	486	475	479	482	515	496	494	465
Average Offender Population		13,686	13,697	14,021	14,050	14,094	14,153	14,091	14,108	14,169	14,151	14,179	14,117	14,096
Percent of Offender Population Working		3.3%	3.1%	3.1%	2.9%	3.0%	3.4%	3.4%	3.4%	3.4%	3.6%	3.5%	3.5%	3.3%

NDOC Industrial Programs Report of Offenders Working FY 2018														
INST	SHOP	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	FY 2018 Mo. AVG
HDSP	DMD (private)	131	129	148	165	164	163							150
LCC	Garment	110	109	101	104	114	114							109
NNCC	Metal	28	27	27	25	28	21							26
NNCC	Furniture	33	31	31	32	32	24							31
NNCC	Mattress	12	12	12	11	11	11							12
NNCC	Printing/Book Bindery	35	30	33	29	28	29							31
SCC	Ranch	25	25	24	22	28	27							25
SCC	Horses	23	28	29	26	22	22							25
SCC	Tag Plant	18	18	16	16	15	14							16
SDCC	Auto/Upholstery	19	19	18	18	16	16							18
SDCC	DMD (private)	34	34	33	33	34	33							34
FMWCC	Jacobs Trading (private)	18	18	18	18	18	18							18
WSCC	DMD (private)	10	10	10	9	9	9							10
Grand Total		496	490	500	508	519	501							505
Average Offender Population		14,070	14,060	14,074	13,681	13,592	13,325							13,800
Percent of Offender Population Working		3.5%	3.5%	3.6%	3.7%	3.8%	3.8%							3.7%

**REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD,  
THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND,  
AND THE VICTIMS OF CRIME FUND  
FY 2016, FY 2017 AND FY 2018 YTD**

NEVADA DEPARTMENT OF CORRECTIONS  
Prison Industries Payroll Assessments

	FY 2016				FY 2017				FY 2018 YTD December 31, 2017			
	a) R & B	b) VCF	c) PICI	Total	a) R & B	b) VCF	c) PICI	Total	a) R & B	b) VCF	c) PICI	Total
Northern Nevada Correctional Ctr.	\$ 64,712.00	\$ 13,206.00	\$ 13,206.00	\$ 91,124.00	\$ 68,549.00	\$ 13,990.00	\$ 13,990.00	\$ 96,529.00	\$ 30,465.61	\$ 6,217.47	\$ 6,217.47	\$ 42,900.55
Stewart Conservation Camp	\$ 53,018.00	\$ 10,820.00	\$ 10,820.00	\$ 74,658.00	\$ 58,650.00	\$ 11,970.00	\$ 11,970.00	\$ 82,590.00	\$ 26,488.58	\$ 5,405.85	\$ 5,405.85	\$ 37,300.28
Lovelock Correctional Ctr.	\$ 52,849.00	\$ 10,785.00	\$ 10,785.00	\$ 74,419.00	\$ 64,550.00	\$ 13,173.00	\$ 13,173.00	\$ 90,896.00	\$ 49,601.54	\$ 10,122.76	\$ 10,122.76	\$ 69,847.06
Florence McClure Womens' Correctional Ctr.	\$ 39,131.00	\$ 7,986.00	\$ 7,986.00	\$ 55,103.00	\$ 54,187.00	\$ 11,058.00	\$ 11,058.00	\$ 76,303.00	\$ 31,784.86	\$ 6,486.70	\$ 6,486.70	\$ 44,758.26
Southern Desert Correctional Ctr.	\$ 28,571.00	\$ 5,831.00	\$ 5,831.00	\$ 40,233.00	\$ 23,453.00	\$ 4,786.00	\$ 4,786.00	\$ 33,025.00	\$ 12,333.33	\$ 2,517.04	\$ 2,517.04	\$ 17,367.41
Warm Springs Correctional Ctr.	\$ 2,875.00	\$ 587.00	\$ 587.00	\$ 4,049.00	\$ 3,670.00	\$ 749.00	\$ 749.00	\$ 5,168.00	\$ 1,505.34	\$ 307.23	\$ 307.23	\$ 2,119.80
High Desert State Prison	\$ 46,464.00	\$ 9,483.00	\$ 9,483.00	\$ 65,430.00	\$ 46,947.00	\$ 9,581.00	\$ 9,581.00	\$ 66,109.00	\$ 23,721.14	\$ 4,841.07	\$ 4,841.07	\$ 33,403.28
Total	\$ 287,620.00	\$ 58,698.00	\$ 58,698.00	\$ 405,016.00	\$ 320,006.00	\$ 65,307.00	\$ 65,307.00	\$ 450,620.00	\$ 175,900.40	\$ 35,898.12	\$ 35,898.12	\$ 247,696.64

a) Room and Board (R & B)

Twenty-Four and one-half percent of the offender's gross wages are assessed to defray some of the costs incurred by the State to house the offenders.

b) Victims of Crime Fund (VCF)

Five percent of the offender's gross wages are assessed for the Fund for Compensation of Victims of Crime.

c) Prison Industries Capital Improvement Fund (PICI)

Five percent of the offenders' gross wages are assessed for capital projects to house new or expanded Prison Industry programs.





**REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS  
FOR THE QUARTER ENDING DECEMBER 31, 2017**

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES**

**FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDING  
DECEMBER 31, 2017  
WITH COMPARATIVE DECEMBER 31, 2016  
FINANCIAL STATEMENTS**

**NEVADA DEPARTMENT OF CORRECTIONS**  
**SILVER STATE INDUSTRIES**

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**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CONSOLIDATED BALANCE SHEETS**  
As of December 31, 2017 and 2016

<b>ASSETS</b>			<b>Increase (Decrease)</b>	
	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>Percent</b>
<b>Current Assets:</b>				
Cash - Unrestricted				
Prison Industries	\$ 2,273,621	\$ 1,838,938	\$ 434,683	23.6%
Prison Ranch	1,101,716	1,348,380	\$ (246,664)	-18.3%
Total Unrestricted Cash	\$ 3,375,337	\$ 3,187,318	\$ 188,019	5.9%
Accounts Receivable	614,349	672,343	\$ (57,994)	-8.6%
Less Allowance for Doubtful Accounts	(4,953)	(4,953)	\$ -	0.0%
Net Accounts Receivable	609,396	667,390	\$ (57,994)	-8.7%
Treasurer's Interest Receivable	8,901	1,339	\$ 7,562	564.7%
Prepaid Expenses	95,995	28,978	\$ 67,017	231.3%
PI Capital Revenue Receivable	11,850	9,411	\$ 2,439	25.9%
Deposits - Business Licenses	15,000	15,000	\$ -	0.0%
Livestock	287,790	281,110	\$ 6,680	2.4%
Inventories	634,241	763,405	\$ (129,164)	-16.9%
Ranch's Hay (Purchased & Harvested)	384,205	126,326	\$ 257,879	204.1%
Total Current Assets	5,422,715	5,080,277	\$ 342,438	6.7%
<b>Land, land improvements, property and equipment at cost</b>	4,207,844	4,207,844	\$ -	0.0%
Less accumulated depreciation	(3,660,248)	(3,540,152)	\$ (120,096)	3.4%
Net Property and Equipment	547,596	667,692	\$ (120,096)	-18.0%
<b>Other Assets:</b>				
Cash - Restricted - PI Capital	397,296	330,285	\$ 67,011	20.3%
Total Other Assets	397,296	330,285	\$ 67,011	20.3%
<b>Total Assets</b>	<b>\$ 6,367,607</b>	<b>\$ 6,078,254</b>	<b>\$ 289,353</b>	<b>4.8%</b>
<b>LIABILITIES AND CAPITAL BALANCE</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 216,045	\$ 428,354	\$ (212,309)	-49.6%
Unearned Revenue	69,635	165,982	\$ (96,347)	-58.0%
Rent and Other Deposits	9,400	9,400	\$ -	0.0%
Wages Payable	64,840	-	\$ 64,840	100.0%
Current Accrued Compensated Absences	84,616	86,036	\$ (1,420)	-1.7%
Total Current Liabilities	444,536	689,772	\$ (245,236)	-35.6%
<b>Long-Term Liabilities:</b>				
Accrued Compensated Absences	73,962	89,498	\$ (15,536)	-17.4%
Total Long-Term Liabilities	73,962	89,498	\$ (15,536)	-17.4%
Total Liabilities	518,498	779,270	\$ (260,772)	-33.5%
<b>Capital:</b>				
Contributed Capital	\$ 2,193,440	2,193,440	\$ -	0.0%
Retained Earnings	3,655,669	3,105,544	\$ 550,125	17.7%
Total Capital	5,849,109	5,298,984	\$ 550,125	10.4%
<b>Total Liabilities and Capital Balance</b>	<b>\$ 6,367,607</b>	<b>\$ 6,078,254</b>	<b>\$ 289,353</b>	<b>4.8%</b>

**NEVADA DEPARTMENT OF CORRECTIONS**  
**SILVER STATE INDUSTRIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(With Interfund Sales Eliminated)  
For the six months ending December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Increase (Decrease) Change	Percent
<b>Revenue from Operations:</b>				
<b>Industry Sales</b>	\$ 1,588,989	\$ 1,553,639	\$ 35,350	2.3%
Less Cost of Sales	(1,149,405)	(1,123,949)	\$ (25,456)	2.3%
Gross Profit from Industry sales	<u>\$ 439,585</u>	<u>429,690</u>	\$ 9,895	2.3%
<b>Ranch Sales</b>	925,152	1,158,443	\$ (233,291)	-20.1%
Less Cost of Sales	(666,730)	(823,861)	\$ 157,131	-19.1%
Gross Profit from Ranch sales	<u>258,422</u>	<u>334,582</u>	\$ (76,160)	-22.8%
<b>Industry Freight</b>	6,515	3,355	\$ 3,160	94.2%
<b>General Manufacturing Expenses:</b>	(523,149)	(544,069)	\$ 20,920	-3.8%
<b>Net Income from Operations:</b>	<b>181,373</b>	<b>223,558</b>	\$ (42,185)	-18.9%
<b>General and Administrative Expenses:</b>	(578,068)	(681,416)	\$ 103,348	-15.2%
<b>Other Income and Expenses</b>	505,017	519,134	\$ (14,117)	-2.7%
<b>Net Income</b>	<u><b>\$ 108,322</b></u>	<u><b>\$ 61,276</b></u>	\$ 47,046	76.8%

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
By Budget Account  
(With Interfund Sales Eliminated)  
For the six months ending December 31, 2017 and 2016**

**Budget Account 3719 - Prison Industries**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>Increase (Decrease)</b>	
			<b>Change</b>	<b>Percent</b>
<b>Revenue from Operations:</b>				
<b>Industry Sales</b>	\$ 1,588,989	\$ 1,553,639	\$ 35,350	2.3%
Less Cost of Sales	<u>(1,149,405)</u>	<u>(1,123,949)</u>	\$ (25,456)	2.3%
Gross Profit from Industry sales	\$ 439,585	429,690	\$ 9,895	2.3%
<b>Industry Freight</b>	6,515	3,355	\$ 3,160	94.2%
<b>Institutional Overhead Expenses:</b>	<u>(247,184)</u>	<u>(275,504)</u>	\$ 28,320	-10.3%
<b>Net Income from Operations:</b>	<b>198,916</b>	<b>157,541</b>	\$ 41,375	26.3%
<b>General and Administrative Expenses:</b>	(578,068)	(681,416)	\$ 103,348	-15.2%
<b>Other Income and Expenses</b>	<u>473,475</u>	<u>494,201</u>	\$ (20,726)	-4.2%
<b>Net Income (Loss)</b>	<b>\$ 94,323</b>	<b>\$ (29,674)</b>	\$ 123,997	-417.9%

**Budget Account 3727 - Prison Ranch**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>		
<b>Revenue from Operations:</b>				
<b>Ranch Sales</b>	\$ 925,152	\$ 1,158,443	\$ (233,291)	-20.1%
Less Cost of Sales	<u>(666,730)</u>	<u>(823,861)</u>	\$ 157,131	-19.1%
Gross Profit from Ranch sales	\$ 258,422	334,582	\$ (76,160)	-22.8%
<b>Institutional Overhead Expenses:</b>	<u>(275,965)</u>	<u>(268,565)</u>	\$ (7,400)	2.8%
<b>Net Income</b>	<b>\$ (17,543)</b>	<b>\$ 66,017</b>	\$ (83,560)	-126.6%

**Budget Account 3728 - P I Capital Projects**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>		
<b>Revenue:</b>				
<b>Offender Wage Assessments</b>	\$ 36,376	\$ 30,946	\$ 5,430	17.5%
<b>Capital Improvements (Depreciation)</b>	\$ (7,171)	\$ (7,171)	\$ -	0.0%
<b>Other Income (Interest)</b>	<u>2,337</u>	<u>1,158</u>	\$ 1,179	101.8%
<b>Net Income</b>	<b>\$ 31,542</b>	<b>\$ 24,933</b>	\$ 6,609	26.5%

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS**  
For the six months ending December 31, 2017 and 2016

	<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>Increase (Decrease) Change</b>	<b>Percent</b>
<b>Unreserved Retained Earnings at Beginning of Year</b>	\$ 3,547,347	\$ 3,044,268	\$ 503,079	16.5%
Current Period Net Income	108,322	61,276	\$ 47,046	76.8%
Prior Period Adjustment	-	-	\$ -	0.0%
<b>Unreserved Retained Earnings at End of Year</b>	<u>3,655,669</u>	<u>3,105,544</u>	<u>\$ 550,125</u>	<u>17.7%</u>
<b>Contributed Capital</b>	<u>2,193,440</u>	<u>2,193,440</u>	<u>\$ -</u>	<u>0.0%</u>
<b>Total Fund Equity</b>	<u>\$ 5,849,109</u>	<u>\$ 5,298,984</u>	<u>\$ 550,125</u>	<u>10.4%</u>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CENTRAL ADMINISTRATION  
Statements of Operations**

For the six months ending December 31, 2017 and 2016

	<b>December 31, 2017</b>	<b>2016</b>	<b>Increase (Decrease)</b>	
			<b>Change</b>	<b>Percent</b>
<b>Revenue:</b>				
License Plate Fees	\$ 349,989	\$ 347,581	\$ 2,408	0.7%
Capital Improvement	36,376	30,946	\$ 5,430	17.5%
<b>Rental Income:</b>				
Dayton Valley Turf	13,200	13,200	\$ -	0.0%
Jacob's Trading Company	3,600	3,600	\$ -	0.0%
Diamond Mountain Distributors at SDCC	12,600	15,000	\$ (2,400)	-16.0%
Diamond Mountain Distributors at HDSP	30,000	30,000	\$ -	0.0%
Total Rental Income	59,400	61,800	\$ (2,400)	-3.9%
<b>Administrative Fees:</b> (Net of reimbursements)				
Jacob's Trading Company	9,295	17,042	\$ (7,747)	-45.5%
Miscellaneous Programs	-	552	\$ (552)	-100.0%
Diamond Mountain Distributors	(3,980)	27,672	\$ (31,652)	-114.4%
Prison Ranch	24,000	24,000	\$ -	0.0%
Total Administrative Fees	29,315	69,266	\$ (39,951)	-57.7%
Miscellaneous Revenue	8,369	-	\$ 8,369	100.0%
<b>Total Revenue</b>	<b>\$ 483,449</b>	<b>\$ 509,593</b>	<b>\$ (26,144)</b>	<b>-5.1%</b>
<b>General and Administrative Expenses:</b>	<b>December 31, 2017</b>	<b>2016</b>		
Staff Salaries	\$ 272,127	\$ 224,948	\$ 47,179	21.0%
Staff Fringe Benefits and other Payroll expenses	104,134	91,976	\$ 12,158	13.2%
Travel expenses	3,049	5,239	\$ (2,190)	-41.8%
Rent	30,894	18,731	\$ 12,163	64.9%
Office expenses	1,246	1,345	\$ (99)	-7.4%
Telephone	3,691	5,718	\$ (2,027)	-35.4%
Postage and Mailing	586	532	\$ 54	10.2%
Advertising/Public Relations	92	4,035	\$ (3,943)	-97.7%
Insurance	5,030	86	\$ 4,944	5748.8%
Vehicle Operating expenses	7,126	3,089	\$ 4,037	130.7%
Dues and Subscriptions	1,933	409	\$ 1,524	372.6%
Depreciation expense	43,289	43,289	\$ -	0.0%
Improvements and Small Equipment	1,156	-	\$ 1,156	100.0%
Bad Debt expense	-	70,000	\$ (70,000)	-100.0%
Utilities	1,620	2,321	\$ (701)	-30.2%
State Cost Allocation	72,508	178,150	\$ (105,642)	-59.3%
Attorney General Cost Allocation	18,793	20,016	\$ (1,223)	-6.1%
EITS Assessment	2,759	2,482	\$ 277	11.2%
Purchasing Assessment	2,894	2,885	\$ 9	0.3%
Credit Card Processing Fees	3,824	3,651	\$ 173	4.7%
Miscellaneous expenses	1,928	2,925	\$ (997)	-34.1%
<b>Total General and Administrative Expenses</b>	<b>\$ (578,679)</b>	<b>(681,827)</b>	<b>\$ 103,148</b>	<b>-15.1%</b>
<b>Net Loss from Operations</b>	<b>(95,230)</b>	<b>(172,234)</b>	<b>\$ 77,004</b>	<b>-44.7%</b>
<b>Other Income (Expense)</b>				
Capital Improvement (Depreciation)	(7,171)	\$ (7,171)	\$ -	0.0%
Interest Revenue	23,890	12,052	\$ 11,838	98.2%
Finance Charges	80	113	\$ (33)	-29.2%
<b>Earnings available for program support (Net Loss)</b>	<b>\$ (78,431)</b>	<b>\$ (167,240)</b>	<b>\$ 88,809</b>	<b>-53.1%</b>



**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
NNCC MATTRESS SHOP  
Statements of Operations**  
For the six months ending December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Increase (Decrease)	
			Change	Percent
<b>Revenue:</b>				
<b>Sales - Mattress</b>	\$ 180,295	\$ 255,225	\$ (74,930)	-29.4%
Less Cost of Sales:				
Direct Labor	\$ 8,492	12,181	\$ (3,689)	-30.3%
Materials	109,939	129,879	\$ (19,940)	-15.4%
Overhead	12,828	13,254	\$ (426)	-3.2%
Total Cost of Sales	(131,259)	(155,314)	\$ 24,055	-15.5%
Gross Profit	49,036	99,911	\$ (50,875)	-50.9%
Freight Revenues	7,271	13,295	\$ (6,024)	-45.3%
Freight Expenses	(6,072)	(10,663)	\$ 4,591	-43.1%
Freight (Net of Revenues/Expenses)	1,199	2,632	\$ (1,433)	-54.4%
<b>Contribution to G &amp; A expenses - Mattress</b>	<b>\$ 50,235</b>	<b>\$ 102,543</b>	<b>\$ (52,308)</b>	<b>-51.0%</b>
<b>General and Administrative Manufacturing Expenses:</b>				
Salaries	8,256	8,114	\$ 142	1.8%
Fringe Benefits and other Payroll expenses	4,468	3,005	\$ 1,463	48.7%
Offender Labor - Office	1,872	2,646	\$ (774)	-29.3%
Offender Workers' Compensation Insurance	480	589	\$ (109)	-18.5%
Office expenses	530	432	\$ 98	22.7%
Dues and Subscriptions	232	802	\$ (570)	-71.1%
Building & Grounds Improvements	179	-	\$ 179	100.0%
Utilities	2,636	1,954	\$ 682	34.9%
Miscellaneous expenses	1,212	1,169	\$ 43	3.7%
Capitalized Institutional Overhead	(139)	1,648	\$ (1,787)	-108.4%
Total General and Administrative Manufacturing Expenses	(19,726)	(20,359)	\$ 633	-3.1%
<b>Earnings available for program support</b>	<b>\$ 30,509</b>	<b>\$ 82,184</b>	<b>\$ (51,675)</b>	<b>-62.9%</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
NNCC PRINTING/BINDERY SHOP**

**Statements of Operations**

For the six months ending December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Increase (Decrease)	
			Change	Percent
<b>Revenue:</b>				
<b>Sales</b>	\$ 263,799	\$ 240,061	\$ 23,738	9.9%
Less Cost of Sales:				
Direct Labor	\$ 16,112	17,012	\$ (900)	-5.3%
Materials	134,941	118,939	\$ 16,002	13.5%
Overhead	25,717	31,268	\$ (5,551)	-17.8%
Total Cost of Sales	(176,770)	(167,219)	\$ (9,551)	5.7%
Gross Profit	87,029	72,842	\$ 14,187	19.5%
Freight Revenues	5,501	5,899	\$ (398)	-6.7%
Freight Expenses	(6,026)	(5,749)	\$ (277)	4.8%
Freight (Net of Revenues/Expenses)	(525)	150	\$ (675)	-450.0%
<b>Contribution to G &amp; A expenses</b>	<b>\$ 86,504</b>	<b>72,992</b>	<b>\$ 13,512</b>	<b>18.5%</b>
<b>General and Administrative Manufacturing Expenses:</b>				
Salaries	38,437	34,674	\$ 3,763	10.9%
Fringe Benefits and other Payroll expenses	12,301	9,875	\$ 2,426	24.6%
Offender Labor - Office	3,949	3,666	\$ 283	7.7%
Offender Workers' Compensation Insurance	618	567	\$ 51	9.1%
Miscellaneous Office expenses	1,160	400	\$ 760	190.0%
Postage and Mailing	230	457	\$ (227)	-49.7%
Dues and Subscriptions	152	98	\$ 54	55.1%
Buildings & Grounds Improvements	319	-	\$ 319	100.0%
Utilities	4,030	729	\$ 3,301	452.8%
Miscellaneous expenses	892	554	\$ 338	61.0%
Capitalized Institutional Overhead	4	131	\$ (127)	-96.9%
Total General and Administrative Manufacturing Expenses	(62,092)	(51,151)	\$ (10,941)	21.4%
<b>Earnings available for program support</b>	<b>\$ 24,412</b>	<b>\$ 21,841</b>	<b>\$ 2,571</b>	<b>11.8%</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
NNCC FURNITURE AND METAL  
Statements of Operations**  
For the six months ending December 31, 2017 and 2016

		December 31, 2016	Increase (Decrease)	
	December 31, 2017		Change	Percent
<b>Revenue:</b>				
<b>Sales - Furniture</b>	\$ 132,874	\$ 107,944	\$ 24,930	23.1%
Less Cost of Sales:				
Direct Labor	\$ 8,187	11,024	\$ (2,837)	-25.7%
Materials	123,333	94,821	\$ 28,512	30.1%
Overhead	27,256	31,197	\$ (3,941)	-12.6%
Total Cost of Sales	(158,776)	(137,042)	\$ (21,734)	15.9%
Gross Profit	(25,902)	(29,098)	\$ 3,196	-11.0%
Freight Revenues	3,180	3,721	\$ (541)	-14.5%
Freight Expenses	(5,136)	(2,106)	\$ (3,030)	143.9%
Freight (Net of Revenues/Expenses)	(1,956)	1,615	\$ (3,571)	-221.1%
<b>Contribution to G &amp; A expenses</b>	<b>\$ (27,858)</b>	<b>(27,483)</b>	<b>\$ (375)</b>	<b>1.4%</b>
 <b>Sales - Metal</b>	 346,440	 505,074	 \$ (158,634)	 -31.4%
Less Cost of Sales:				
Direct Labor	27,338	62,029	\$ (34,691)	-55.9%
Materials	188,651	295,217	\$ (106,566)	-36.1%
Overhead	33,942	63,443	\$ (29,501)	-46.5%
Total Cost of Sales	(249,931)	(420,689)	\$ 170,758	-40.6%
Gross Profit - Metal	96,509	84,385	\$ 12,124	14.4%
Freight Revenues	4,725	-	\$ -	100.0%
Freight Expenses	(2,733)	-	\$ -	-100.0%
Freight (Net of Revenues/Expenses)	1,992	-	\$ 1,992	-100.0%
<b>Contribution to G &amp; A expenses</b>	<b>98,501</b>	<b>84,385</b>	<b>\$ 14,116</b>	<b>16.7%</b>
 <b>General and Administrative Manufacturing Expenses:</b>				
Salaries	16,511	16,227	\$ 284	1.8%
Fringe Benefits and other Payroll expenses	8,937	6,010	\$ 2,927	48.7%
Offender Labor - Office	4,593	4,772	\$ (179)	-3.8%
Offender Workers' Compensation Insurance	1,849	2,109	\$ (260)	-12.3%
Travel expenses	404	327	\$ 77	100.0%
Office expenses	4,182	3,677	\$ 505	13.7%
Inspections and Certifications	865	-	\$ 865	100.0%
Insurance Expense	300	-	\$ 300	100.0%
Dues and Subscriptions	130	173	\$ (43)	-24.9%
Buildings & Grounds Improvements	-	387	\$ (387)	-100.0%
Utilities	8,656	10,059	\$ (1,403)	-13.9%
Miscellaneous expenses	3,893	-	\$ 3,893	100.0%
Capitalized Institutional Overhead	2,218	30,880	\$ (28,662)	-92.8%
Total General and Administrative Manufacturing Expenses	(52,538)	(74,621)	\$ 22,083	-29.6%
<b>Earnings available for program support (Net Loss)</b>	<b>\$ 18,105</b>	<b>\$ (17,719)</b>	<b>\$ 35,824</b>	<b>-202.2%</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
SDCC AUTO AND UPHOLSTERY SHOP  
Statements of Operations**  
For the six months ending December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Increase (Decrease)	
			Change	Percent
<b>Revenue:</b>				
<b>Sales From Auto/Upholstery</b>	\$ 54,182	\$ 54,452	\$ (270)	-0.5%
Less Cost of Sales:				
Direct Labor	9,341	10,345	\$ (1,004)	-9.7%
Materials	33,197	11,625	\$ 21,572	185.6%
Overhead	8,618	21,978	\$ (13,360)	-60.8%
Total Cost of Sales	(51,156)	(43,948)	\$ (7,208)	16.4%
Gross Profit	3,026	10,504	\$ (7,478)	-71.2%
<b>Contribution to G &amp; A expenses - Auto/Upholstery</b>	<b>\$ 3,026</b>	<b>\$ 10,504</b>	<b>\$ (7,478)</b>	<b>-71.2%</b>
<b>Net Proceeds from Manpower Operations:</b>				
Diamond Mountain Distributors	4,769	4,625	\$ 144	3.1%
Opportunity Village	-	(78)	\$ 78	-100.0%
<b>Contribution to G &amp; A expenses - Manpower Operations</b>	<b>4,769</b>	<b>4,547</b>	<b>\$ 222</b>	<b>4.9%</b>
<b>General and Administrative Manufacturing Expenses:</b>				
Salaries	22,328	23,413	\$ (1,085)	-4.6%
Fringe Benefits and other Payroll expenses	8,425	13,642	\$ (5,217)	-38.2%
Offender Labor - Office	5,498	3,976	\$ 1,522	38.3%
Offender Workers' Compensation Insurance	440	369	\$ 71	19.2%
Miscellaneous Office expenses	234	449	\$ (215)	-47.9%
Telephone	399	232	\$ 167	72.0%
Postage and Mailing	137	308	\$ (171)	-55.5%
Insurance	-	400	\$ (400)	-100.0%
Dues and Subscriptions	26	26	\$ -	0.0%
Utilities	6,936	6,936	\$ -	0.0%
Miscellaneous expenses	1,735	1,799	\$ (64)	-3.6%
Capitalized Institutional Overhead	(7,108)	7,500	\$ (14,608)	-194.8%
Warranty expense	1,532	188	\$ 1,344	714.9%
Total General and Administrative Manufacturing Expenses	(40,582)	(59,238)	\$ 18,656	-31.5%
<b>Earnings available for program support (Net Loss)</b>	<b>\$ (32,787)</b>	<b>\$ (44,187)</b>	<b>\$ 11,400</b>	<b>-25.8%</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
LCC GARMENT FACTORY  
Statements of Operations**  
For the six months ending December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Increase (Decrease)	
			Change	Percent
<b>Revenue:</b>				
<b>Sales</b>	\$ 623,755	\$ 399,767	\$ 223,988	56.0%
Less Cost of Sales:				
Direct Labor	\$ 155,401	80,716	\$ 74,685	92.5%
Materials	180,839	83,691	\$ 97,148	116.1%
Overhead	53,828	43,078	\$ 10,750	25.0%
Total Cost of Sales	(390,068)	(207,485)	\$ (182,583)	88.0%
Gross Profit	233,687	192,282	\$ 41,405	21.5%
Freight Revenues	30,657	10,016	\$ 20,641	206.1%
Freight Expenses	(24,852)	(11,058)	\$ (13,794)	124.7%
Freight (Net of Revenues/Expenses)	5,805	(1,042)	\$ 6,847	-657.1%
<b>Contribution to G &amp; A expenses</b>	<b>\$ 239,492</b>	<b>191,240</b>	<b>\$ 48,252</b>	<b>25.2%</b>
<b>General and Administrative Manufacturing Expenses:</b>				
Salaries	31,809	28,692	\$ 3,117	10.9%
Fringe Benefits and other Payroll expenses	19,525	16,398	\$ 3,127	19.1%
Offender Labor - Office	8,780	7,457	\$ 1,323	17.7%
Offender Workers' Compensation Insurance	4,798	2,790	\$ 2,008	72.0%
Travel	140	140	\$ -	100.0%
Miscellaneous Office expenses	4,021	3,435	\$ 586	17.1%
Postage and Mailing	68	183	\$ (115)	-62.8%
Building and Grounds Improvements	25	3,039	\$ (3,014)	-99.2%
Utilities	6,753	6,753	\$ -	0.0%
Miscellaneous expenses	1,603	1,463	\$ 140	9.6%
Capitalized Institutional Overhead	(2,088)	510	\$ (2,598)	-509.4%
Total General and Administrative Manufacturing Expenses	(75,434)	(70,860)	\$ (4,574)	6.5%
<b>Earnings available for program support</b>	<b>\$ 164,058</b>	<b>\$ 120,380</b>	<b>\$ 43,678</b>	<b>36.3%</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
PRISON RANCH**

**Statements of Operations**

For the six months ending December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Increase (Decrease)	
			Change	Percent
<b>Revenue:</b>				
<b>Revenue - Livestock</b>				
Cash Sales	\$ 57,624	\$ 52,099	\$ 5,525	10.6%
Non-Cash Inventory Adjustments	(9,980)	(6,960)	\$ (3,020)	43.4%
Total Revenue	\$ 47,644	45,139	\$ 2,505	5.5%
Less Cost of Sales:				
Direct Labor	2,754	2,577	\$ 177	6.9%
Materials	25,232	16,644	\$ 8,588	51.6%
Overhead	7,371	5,825	\$ 1,546	26.5%
Total Cost of Sales	(35,357)	(25,046)	\$ (10,311)	41.2%
<b>Contribution to G &amp; A expenses - Livestock</b>	<b>\$ 12,287</b>	<b>20,093</b>	<b>\$ (7,806)</b>	<b>-38.8%</b>
<b>Sales - Dairy</b>	270,625	281,770	\$ (11,145)	-4.0%
Less Cost of Sales:				
Direct Labor	32,272	24,024	\$ 8,248	34.3%
Materials	105,514	116,763	\$ (11,249)	-9.6%
Overhead	91,053	64,849	\$ 26,204	40.4%
Total Cost of Sales	(228,839)	(205,636)	\$ (23,203)	11.3%
<b>Contribution to G &amp; A expenses - Dairy</b>	<b>41,786</b>	<b>76,134</b>	<b>\$ (34,348)</b>	<b>-45.1%</b>
<b>Revenue - Crops</b>				
Sales	92,526	44,292	\$ 48,234	108.9%
Non-Cash Inventory Adjustments	(20,028)	37,042	\$ (57,070)	-154.1%
Total Revenue	72,499	81,334	\$ (8,835)	-10.9%
Less Cost of Sales:				
Direct Labor	13,629	16,323	\$ (2,694)	-16.5%
Materials	4,710	-	\$ 4,710	100.0%
Overhead	25,864	56,425	\$ (30,561)	-54.2%
Total Cost of Sales	(44,203)	(72,748)	\$ 28,545	-39.2%
<b>Contribution to G &amp; A expenses - Crops</b>	<b>28,296</b>	<b>8,586</b>	<b>\$ 19,710</b>	<b>229.6%</b>
<b>Boarding Fees - Estray Horses</b>	7,839	7,101	\$ 738	10.4%
Less Cost of Sales:				
Direct Labor	-	-	\$ -	0.0%
Materials	3,244	1,544	\$ 1,700	110.1%
Overhead	-	-	\$ -	0.0%
Total Cost of Sales	(3,244)	(1,544)	\$ (1,700)	110.1%
<b>Contribution to G &amp; A expenses - Estray Horse Boarding</b>	<b>4,595</b>	<b>5,557</b>	<b>\$ (962)</b>	<b>-17.3%</b>
<b>Boarding Fees - BLM (Wild) Horses</b>	574,811	749,050	\$ (174,239)	-23.3%
Less Cost of Sales:				
Direct Labor	40,577	67,806	\$ (27,229)	-40.2%
Materials	257,498	381,081	\$ (123,583)	-32.4%
Overhead	119,463	88,903	\$ 30,560	34.4%
Total Cost of Sales	(417,538)	(537,790)	\$ 120,252	-22.4%
<b>Contribution to G &amp; A expenses - BLM Wild Horse Boarding</b>	<b>157,273</b>	<b>211,260</b>	<b>\$ (53,987)</b>	<b>-25.6%</b>
<b>Composting Project</b>	29,013	22,704	\$ 6,309	27.8%
Less Cost of Sales:				
Direct Labor	14,828	9,752	\$ 5,076	52.1%
Materials	-	-	\$ -	0.0%
Overhead	-	-	\$ -	0.0%
Total Cost of Sales	(14,828)	(9,752)	\$ (5,076)	52.1%
<b>Contribution to G &amp; A expenses - Composting Project</b>	<b>\$ 14,185</b>	<b>\$ 12,952</b>	<b>\$ 1,233</b>	<b>9.5%</b>

**NEVADA DEPARTMENT OF CORRECTIONS**  
**SILVER STATE INDUSTRIES**  
**PRISON RANCH**  
**Statements of Operations**  
For the six months ending December 31, 2017 and 2016  
(Continued)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Increase (Decrease)</u>	
			<u>Change</u>	<u>Percent</u>
<b>General and Administrative Ranch Expenses:</b>				
Salaries - Staff	\$ 130,943	\$ 131,383	\$ (440)	-0.3%
Fringe Benefits and other Payroll expenses	59,557	49,392	\$ 10,165	20.6%
Offender Labor - Office	4,058	7,943	\$ (3,885)	-48.9%
Offender Workers' Compensation Insurance	2,562	2,955	\$ (393)	-13.3%
Travel expenses	534	1,979	\$ (1,445)	-73.0%
Miscellaneous Office expenses	854	1,501	\$ (647)	-43.1%
Telephone Expenses	208	311	\$ (103)	-33.1%
Postage and Mailing	5	38	\$ (33)	-86.8%
Insurance	5,288	2,625	\$ 2,663	101.4%
Dues and Subscriptions	-	328	\$ (328)	328.0%
Buildings and Grounds Improvements	65	1,048	\$ (983)	-93.8%
Utilities	34,635	29,977	\$ 4,658	15.5%
EITS Assessment	872	460	\$ 412	89.6%
Purchasing Assessment	3,478	3,699	\$ (221)	-6.0%
State Cost Allocation	8,697	9,365	\$ (668)	-7.1%
Administration Fees	24,000	24,000	\$ -	0.0%
Miscellaneous expenses	209	1,561	\$ (1,352)	-86.6%
Total General and Administrative Manufacturing Expenses	<u>\$ (275,965)</u>	<u>\$ (268,565)</u>	<u>\$ (7,400)</u>	<u>2.8%</u>
<b>Earnings available for program support (Net Loss)</b>	<u><b>\$ (17,543)</b></u>	<u><b>\$ 66,017</b></u>	<u><b>\$ (83,560)</b></u>	<u><b>-126.6%</b></u>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
SCHEDULE OF INTERFUND SALES**  
For the six months ending December 31, 2017 and 2016

	PER STATEMENTS OF OPERATIONS		INTERFUND SALES	AFTER REMOVING INTERFUND SALES		December 31, 2016	Increase (Decrease) Change Percent	
	December 31, 2017							
<b>Revenue:</b>								
<b>Industry Sales</b>	\$ 1,601,345	\$ (12,356)	\$ 1,588,989			\$ 1,553,639	\$ 35,350	2.3%
Less Cost of Sales	(1,157,960)	8,556	(1,149,405)			(1,123,949)	\$ (25,456)	2.3%
Gross Profit from Industry Sales	443,385	(3,800)	439,585	\$ 439,585		429,690	\$ 9,895	2.3%
<b>Ranch Sales</b>	1,002,431	(77,279)	925,152			1,158,443	\$ (233,291)	-20.1%
Less Cost of Sales	(744,009)	77,279	(666,730)			(823,861)	\$ 157,131	-19.1%
Gross Profit from Ranch Sales	258,422	0		258,422		334,582	\$ (76,160)	-22.8%
Freight (Net of Revenues/Expenses)	6,515			6,515		3,355	\$ 3,160	94.2%
<b>General Manufacturing Expenses:</b>								
Staff Salaries	248,284		248,284			242,503	\$ 5,781	2.4%
Staff Fringe Benefits and other Payroll expenses	113,213		113,213			98,322	\$ 14,891	15.1%
Offender Labor--Office	28,750		28,750			30,460	\$ (1,710)	-5.6%
Offender Workers' Compensation Ins.	10,747		10,747			9,379	\$ 1,368	14.6%
Travel expenses	1,078		1,078			2,446	\$ (1,368)	-55.9%
Office expenses	10,981	(3,189)	7,792			9,169	\$ (1,377)	-15.0%
Telephone	607		607			543	\$ 64	11.8%
Postage and Mailing	440		440			986	\$ (546)	-55.4%
Inspections and Certifications	865		865			-	\$ 865	100.0%
Insurance	5,588		5,588			3,025	\$ 2,563	84.7%
Dues and Subscriptions	540		540			1,427	\$ (887)	-62.2%
Buildings & Grounds Improvements	588		588			4,474	\$ (3,886)	-86.9%
Utilities	63,646		63,646			56,408	\$ 7,238	12.8%
EITS Assessment-Ranch	872		872			460	\$ 412	89.6%
Purchasing Assessment-Ranch	3,478		3,478			3,699	\$ (221)	-6.0%
State Cost Allocation-Ranch	8,697		8,697			9,365	\$ (668)	-7.1%
Administrative Fees	24,000		24,000			24,000	\$ -	0.0%
Miscellaneous expenses	9,544		9,544			6,546	\$ 2,998	45.8%
Capitalized Institutional Overhead	(7,113)		(7,113)			40,669	\$ (47,782)	-117.5%
Warranty expense	1,532		1,532			188	\$ 1,344	714.9%
Total General Manufacturing Expenses:	(526,337)	(3,189)		(523,149)		(544,069)	\$ 20,920	-3.8%
<b>Net Income from   Operations:</b>	<b>\$ 181,984</b>	<b>\$ 611</b>		<b>\$ 181,373</b>		<b>\$ 223,558</b>	<b>\$ (42,185)</b>	<b>-18.9%</b>



**NEVADA DEPARTMENT OF CORRECTIONS**  
**SILVER STATE INDUSTRIES**  
**SCHEDULE OF INTERFUND SALES**  
For the six months ending December 31, 2017 and 2016  
(Continued)

	PER STATEMENTS OF OPERATIONS	ELIMINATION ENTRIES	AFTER REMOVING INTERFUND SALES			
				December 31, 2016	Increase (Decrease) Change	Percent
	December 31, 2017					
General and						
Administrative Expenses:						
Staff Salaries	\$ 272,127		\$ 272,127	\$ 224,948	\$ 47,179	21.0%
Staff Fringe Benefits and other Payroll expenses	104,134		104,134	91,976	\$ 12,158	13.2%
Travel expenses	3,049		3,049	5,239	\$ (2,190)	-41.8%
Rent	30,894		30,894	18,731	\$ 12,163	64.9%
Office expenses	1,246	\$ (20)	1,226	1,345	\$ (119)	-8.8%
Telephone	3,691		3,691	5,718	\$ (2,027)	-35.4%
Postage and Mailing	586		586	532	\$ 54	10.2%
Advertising/Public Relations	92	\$ (92)	-	3,831	\$ (3,831)	-100.0%
Insurance	5,030		5,030	86	\$ 4,944	5748.8%
Vehicle expenses	7,126	(499)	6,627	2,882	\$ 3,745	129.9%
Dues and Subscriptions	1,933		1,933	409	\$ 1,524	372.6%
Depreciation expense	43,289		43,289	43,289	\$ -	0.0%
Improvements and Small Equipment	1,156		1,156	-	\$ 1,156	100.0%
Bad Debt expense	-		-	70,000	\$ (70,000)	-100.0%
Utilities	1,620		1,620	2,321	\$ (701)	-30.2%
State Cost Allocation	72,508		72,508	178,150	\$ (105,642)	-59.3%
Attorney General Cost Allocation	18,793		18,793	20,016	\$ (1,223)	-6.1%
EITS Assessment	2,759		2,759	2,482	\$ 277	11.2%
Purchasing Assessment	2,894		2,894	2,885	\$ 9	0.3%
Credit Card Processing Fees	3,824		3,824	3,651	\$ 173	4.7%
Miscellaneous expenses	1,928		1,928	2,925	\$ (997)	-34.1%
Total General and Administrative Expenses	(578,679)	(611)	\$ (578,068)	(681,416)	\$ 103,348	-15.2%
Other Income (Expenses)						
Interest Revenue	23,890		23,890	12,052	\$ 11,838	98.2%
Finance Charges	80		80	113	\$ (33)	-29.2%
License Plate Fees	349,989		349,989	347,581	\$ 2,408	0.7%
Capital Improvement (net)	29,205		29,205	23,775	\$ 5,430	22.8%
Rental Income	59,400		59,400	61,800	\$ (2,400)	-3.9%
Administrative Fees	34,084		34,084	73,813	\$ (39,729)	-53.8%
Miscellaneous Revenue	8,369		8,369	-	\$ 8,369	100.0%
Earnings Available for Program Support	\$ 108,322	\$ 0	\$ 108,322	61,276	\$ 47,046	76.8%

**STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR  
PRISON INDUSTRIES – NRS 209.192**

**FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES**  
Historical Revenues and Expenditures for FY 2014 through FY 2018

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<i>Beginning Balance:</i>	\$373,827	\$467,938	\$539,940	\$303,821	\$371,715
Revenue:					
Inmate Wage Assessments:	\$93,385	\$70,282	\$58,508	\$65,161	\$40,779
Interest Income:	\$726	\$1,720	\$2,490	\$2,725	\$2,337
Rebate:				\$7	
<i>Total Revenue:</i>	<u>\$94,111</u>	<u>\$72,002</u>	<u>\$60,999</u>	<u>\$67,893</u>	<u>\$43,116</u>
Expenditures Incurred:	\$0	\$0	\$297,118	\$0	\$0
<i>Ending Balance:</i>	<u>\$467,938</u>	<u>\$539,940</u>	<u>\$303,821</u>	<u>\$371,715</u>	<u>\$414,831</u>



**INFORMATION ITEM:  
DISCUSSION OF AND RECOMMENDATIONS TO THE DIRECTOR FOR  
APPOINTMENT OF THE DEPUTY DIRECTOR FOR INDUSTRIAL PROGRAMS  
FROM AMONG THE FOLLOWING CANDIDATES  
NRS 209.4818(1)(e)**

# Industrial Relations Deputy Director

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## **Michael G. Dang, MBA, JD**

Mr. Dang has over 15 years of experience in program development, compliance, supervision and operations experience. This includes providing leadership, developing strategic visions and action plans, workforce and budget management expertise. Previously, Mr. Dang served as the Chief of Federal and State Programs for Nevada Housing and Chief of Business Enterprises Program. Currently, he serves as the Director of Business Operations and Business Development for the Governor's Office of Economic Development (GOED). Mr. Dang has a Master of Business Administration and Juris Doctorate.

## **Steven McDonald, MBA, JD**

Mr. McDonald has experience in regulatory compliance, conducting administrative hearings and overseeing management of programs. He previously served as the State of Nevada Deputy State Treasurer; the Department of Business and Industry Unclaimed Property Administrator, the Assistant Administrator of the Division of Industrial Relations, and the Deputy Administrator for the Department of Employment, Training and Rehabilitation (DETR) Bureau of Vocational Rehabilitation. Mr. McDonald has a Master of Business Administration and a Juris Doctorate.

## **William Quenga**

Mr. Quenga has over 23 years working at the Nevada Department of Corrections and serves as the Marketing Coordinator to manage, direct and supervise over 400 inmates in the State of Nevada Prison Industry Program. This includes planning, implementing, organizing, directing and developing new industrial programs throughout the State. Mr. Quenga has received United State Department of Justice, National Institute of Corrections Correctional Industries, Certified Director's Training; completed Peace Officer Standards Training (POST); and completed the LEAN Manufacturing, Plant Operations and Re-Entry Program at Truckee Meadows Community College, Nevada.

**NRS 209.4818 Committee on Industrial Programs: Duties.**

1. The Committee on Industrial Programs shall:
  - (a) Be informed on issues and developments relating to industrial programs for correctional institutions;
  - (b) Submit a semiannual report to the Interim Finance Committee before July 1 and December 1 of each year on the status of current and proposed industrial programs for correctional institutions;
  - (c) Report to the Legislature on any other matter relating to industrial programs for correctional institutions that it deems appropriate;
  - (d) Meet at least quarterly and at the call of the Chair to review the operation of current and proposed industrial programs;
  - (e) Recommend three persons to the Director for appointment as the Deputy Director for Industrial Programs whenever a vacancy exists;
  - (f) Before any new industrial program is established by the Director, review the proposed program for compliance with the requirements of subsections 2, 3, 4 and 7 of [NRS 209.461](#) and submit to the Director its recommendations concerning the proposed program; and
  - (g) Review each state-sponsored industry program established pursuant to subsection 2 of [NRS 209.461](#) to determine whether the program is operating profitably. If the Committee determines that a program has incurred a net loss in 3 consecutive fiscal years, the Committee shall report its finding to the Director with a recommendation regarding whether the program should be continued or terminated. If the Director does not accept the recommendation of the Committee, the Director shall submit a written report to the Committee setting forth his or her reasons for rejecting the recommendation.
2. Upon the request of the Committee on Industrial Programs, the Director and the Deputy Director for Industrial Programs shall provide to the Committee any information that the Committee determines is relevant to the performance of the duties of the Committee.
3. As used in this section, "state-sponsored industry program" means a program for the vocational training or employment of offenders which does not include a contract of employment with a private employer.  
(Added to NRS by [2001, 2391](#); A [2007, 68](#); [2013, 1806](#))