

**NEVADA LEGISLATURE'S
INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS**

(NRS 209.4817)



**Friday, June 22, 2018
1:00 p.m.**

*Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada*

Videoconference to:

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

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

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****REVISED****
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: JUNE 22, 2018 – 1:00 p.m.

Place of Meeting: Grant Sawyer State Office Building
Room 4401
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 MARCH 16, 2018.

*For
Possible
Action*

IV. APPOINTMENT OF ALTERNATE MEMBERS FOR COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.

*For
Possible
Action*

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

*For
Possible
Action*

VI. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014 THROUGH MARCH 2018.

*For
Possible
Action*

VII. 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*

VIII. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDING MARCH 31, 2018.

*For
Possible
Action*

IX. STATUS OF AND PROPOSED EXPENDITURES FROM FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.

*For
Possible
Action*

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

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

*For
Possible
Action*

XI. INFORMATION ITEM: DISCUSSION OF PROPOSED NEW PRISON INDUSTRY PROGRAM – NRS 209.4818 – Ink2Work, LLC.

XII. 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.)

XIII. 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.

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.

**MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S
INTERIM FINANCE COMMITTEE'S COMMITTEE ON
INDUSTRIAL PROGRAMS FOR MARCH 16, 2018**

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
March 16, 2018**

The third meeting of the 2017-18 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 1:00 p.m. on Friday, March 16, 2018, 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
Pete Aguilar, Representing Manufacturing
James Dzurenda, Director, Nevada Department of Corrections (NDOC)
Allen J. Puliz, Representing Manufacturing
Randy Soltero, Representing Organized Labor
Beverly Williams, Representing Organized Labor

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Jeffrey Haag, Administrator, Purchasing Division, Department of Administration

COMMITTEE MEMBERS ABSENT:

Assemblyman James Oscarson
Bruce Aguilera, Representing Business

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
Donna Thomas, Secretary, Fiscal Division

OTHERS PRESENT IN LAS VEGAS:

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

OTHERS PRESENT IN CARSON CITY:

Mary Byington, Supervisor, Prison Industries, NDOC
Justin Pope, Supervisor, Prison Ranch, 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 1:03 p.m. The secretary called roll. All members were present except for Assemblyman Oscarson and Mr. Aguilera 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 DECEMBER 11, 2017.

Senator Parks requested a motion for approval of the minutes of the December 11, 2017, meeting.

ASSEMBLYWOMAN MONROE MORENO MOVED TO APPROVE THE MINUTES OF THE DECEMBER 11, 2017, MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. SOLTERO 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), page 21 of the meeting packet (Exhibit A). She noted the customer aging report was current as of December 31, 2017, and the receivables totaled \$614,349. The largest balances outstanding on the aging report were noted with an asterisk and made up the top ten accounts with balances due, and owed \$531,053 or 86 percent of the total receivables due. Seven of the top ten accounts were government agencies and the other three accounts were private customers. One of the customers shown on the chart under various customers, page 21 (Exhibit A), showed a balance of \$1,080 in the 61 to 90-day column; however, that account was now current.

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

Ms. Dastal directed the Committee to the report on the number of inmates that worked from July 2014 through December 2017, page 23 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 six months of FY 2018 had an average of 3.7 percent of the prison population working with 505 offenders. Ms. Dastal noted the prison population has decreased the last quarter with an average of 14,070 offenders in July, compared to an average of 13,325 offenders in December 2017, a reduction of 745 offenders or approximately 5 percent.

Assemblywoman Monroe Moreno asked if the drop in the number of offenders working was because the prison population decreased, and Ms. Dastal agreed.

Mr. Soltero asked if he was correct that the prison programs were not being cut at this time and the reduction in the number of inmates working was due to the decrease of the prison population.

Bill Quenga, Marketing Coordinator, Prison Industries, NDOC, replied that prison programs were not being cut and the decrease in the number of inmates working was due to the increase in inmates being released from prison. He noted there was a classification criteria inmates must meet before working in PI programs, so as inmates were being released PI was trying to fill those positions and assisting inmates through the classification process.

Chairman Parks asked if there was a waiting list for inmates that wanted to seek employment in prison industry programs, and Mr. Quenga replied there was no waiting list. He said there was a process for employment in each PI program. An announcement was posted by the caseworkers when there was an opening in a prison program, which was according to the level of the institution where inmates were qualified to work. The inmates would check with their caseworker to see if they were eligible and met the criteria; a written request (kites) was submitted to classification, and the kites, application and experience qualifications were reviewed for employment in the program.

Assemblywoman Monroe Moreno asked how long the classification process took for inmates to be qualified to work in any prison program. In addition, she asked how many inmates were finding employment upon release in the industries they worked in while incarcerated.

Mr. Quenga replied that once the job announcement was posted and an inmate applied for a position, a classification committee would review the application and the inmate was either approved or denied. He indicated the inmate could be denied because they did not have a social security card or birth certificate, or there could be something in their inmate

file. He stated that he did not have the exact number of inmates employed upon release; however, he was aware of an inmate that was released during the last six months who was employed with a steel manufacturing and fabrication company that previously worked with PI. In addition, he knew of an inmate who was working in the upholstery business at a local carpenter shop that previously worked with PI.

Jeff Haag, Administrator, Purchasing Division, Department of Administration, asked if NDOC (Department) had a goal for the number of inmates it would like to see participating in PI programs.

Mr. Quenga replied that during the 23 years he has been with the Department he has seen the number of inmates working in PI programs fluctuate from 400 inmates to 760 inmates. He indicated that laws, rules and regulations were changing so how the Department operated in the past was different from how it currently operated. In the past, inmates did not need social security cards, and when verified identity was implemented and the laws became more stringent, he lost some of the inmate workforce. He stated that his goal was to get 700 inmates working in PI, because PI needed to employ as many qualified inmates as possible. However, it was up to the classification committee in the Department to ensure the inmates were classified and appropriately screened to existing guidelines and regulations, otherwise the inmates could be a threat and dangerous.

Mr. Dzurenda commented that staff was recently added to the Department to comply with Senate Bill 268, which amended NRS 209.511, to obtain verified identity for offenders. With the implementation of the statute, the Department would see more qualified offenders, which allowed more inmates to work in PI in the near future. Currently, only 10 percent of the prison population had a birth certificate or verified identity. Mr. Dzurenda noted the issue that fluctuated for the Department was that employment was based upon the rate of return for the contractor; therefore, the number of inmates the contractor hired could change frequently. For example, if the company was losing revenue it could request that PI decrease the numbers of offenders working. Conversely, if the company was doing great it could hire more inmates. He reiterated that the Department would start to see the numbers of inmates working increase once PI started the process of verified identity.

Mr. Haag asked if the current prison population could support the new industries with the implementation of Senate Bill 268.

Mr. Dzurenda replied that space was very limited for new prison programs, which was an obstacle for adding industries. If new industries did not require large space it was easy to add companies in existing space to employ inmate workers. He indicated that as soon as space becomes available, the Department was filling the space with another program. For example, Sewing Collection, Inc., a hanger recycling operation did not require a lot of warehouse space and offered employment of inmates to sort and box hangers. He noted that as the Department researched and recruited companies, more offenders would be getting jobs as long as the Department had available space for the industries.

Assemblywoman Monroe Moreno asked if the current inmate workers would be shifted into the new industries or if workers would be added so not to take away inmates from programs already in place.

Mr. Quenga stated that PI would be adding workers to the new industries and not shifting workers from its current industries. He stated Nevada Organics, formerly Terra Firma Organics, would initially employ 15 inmates and wanted to expand in the near future; Erickson Framing would add an additional 12 inmate workers. He added that Sewing Collection was still in negotiation, but would also add inmate workers to its operation when its contract was finalized.

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, page 27, Tab VI of the meeting packet (Exhibit A). She stated that 24.5 percent of the wages for offenders were deducted for room and board; 5 percent of wages for offenders were deducted for the Victims of Crime Fund; and 5 percent of wages for offenders were deducted for the Prison Industry CIP fund. In FY 2016, \$405,016 were deducted from offenders' wages for the three funds; in FY 2017, \$450,620 in wages were deducted for the three funds; and for the first six months of FY 2018, \$247,697 in wages were deducted, which was \$175,900 for room and board; and \$35,898 was deducted for the Victims of Crime Fund and PI CIP, respectively. She noted it has taken a while for the three new industries to come on board, but PI was looking forward to the numbers increasing once the new industries were operating.

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

Ms. Dastal reviewed the financial statements from Silver State Industries, starting on page 31, Tab VII of the meeting packet (Exhibit A). She referenced the consolidated balance sheet and stated that PI cash increased approximately \$435,000, or 23 percent compared to the same period a year ago. The cash for the Prison Ranch decreased approximately \$247,000 or 18 percent, and the total of the unrestricted cash for PI and the Prison Ranch combined, increased approximately \$188,000 or 6 percent. The PI capital restricted cash balance increased by approximately \$67,000 or 20 percent. Retained earnings increased approximately \$550,000 or 18 percent.

Continuing to page 32, Consolidated Statement of Operations, Ms. Dastal stated the net income for the first two quarters of FY 2018 was approximately \$108,000, an increase of approximately \$47,000 over the same time last year. She said that PI contributed approximately \$94,000 toward program support; the Prison Ranch showed a loss of approximately \$18,000; PI Capital Projects contributed approximately \$32,000, and the

total fund equity has increased 10 percent or \$550,000 compared to the same period a year ago.

Moving to the Central Administration Statement of Operations, page 35, 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 was down approximately \$26,000, which was mainly attributed to Diamond Mountain Distributors. She noted there was a new correctional officer and his step was higher than the previous correctional officer, which meant higher pay. In addition, correctional officers received a 5 percent increase in pay beginning in 2018, in addition to overtime pay. She noted the miscellaneous revenue category was revenue from selling a machine and scrap metal from Alpine Steel. General and Administrative Expenses decreased approximately \$103,000. Central Administration earnings available for program support was always in the red; however, the loss was not as great as 2017, and decreased to \$89,000, resulting in a \$78,000 net loss for the Central Administration section.

Continuing, Ms. Dastal moved to the Northern Nevada Correctional Center (NNCC) Mattress Shop Statement of Operations, page 36, Tab VII of the meeting packet (Exhibit A), and noted the sales for the Mattress Shop decreased approximately \$75,000 or 29 percent. The mattress factory contribution toward program support decreased approximately \$52,000 and ended the half year with a \$30,000 contribution toward program support.

Mr. Quenga clarified the decrease in revenue for the mattress factory was because of the lack of department mattresses out to bid, but added there were other opportunities on the horizon. He noted that recently PI built steel beds and mattresses for a homeless shelter in the City of Sacramento, California. He said that Volunteers of America and the City of Reno referred PI to the City of Sacramento to build beds and mattresses, and now the city was looking at purchasing blankets for the homeless shelter. He added that the City of Reno was looking for property to build a larger homeless shelter, which would provide PI with revenue to support the mattress factory. In addition, PI was in discussion with another company near Truckee California for ski backpacks. The customer provided the material and a sample backpack and the inmates worked to provide a good quality product. He noted that PI provided a prototype of the backpack and the customer was happy with the quality of the prototype. Mr. Quenga hoped this industry would grow out of the mattress factory to generate more revenue for the shop.

Ms. Dastal stated that NNCC Printing/Bindery Shop sales increased approximately \$24,000 and the half year ended with approximately \$24,000 available for program support, which was flat compared to FY 2017.

Mr. Quenga stated that PI was seeing a decrease in sales for the Print Shop, and Mary Byington, Supervisor, Print Shop, was actively in discussions with other businesses to get work for PI. He stated that through conversations with the National Correctional Industries Association, there were numerous vendors that helped correctional industries obtain more business and increase revenue for the Print Shop, such as printing pamphlets

and brochures. He added the Print/Bindery Shop showroom was remodeled and the shop was working on a new uniform for correctional officers, which would be cheaper than some of the other brands currently used. The new uniforms would help reduce costs for officers and included hemming, sewing patches and badges.

Ms. Dastal indicated that the statement of operations for the Furniture and Metal Shop showed the Furniture Shop revenue increased approximately \$25,000; however, its contribution to general and administrative manufacturing expenses was flat compared to last year with a loss of \$28,000, which had a negative impact on the contribution. If PI used the Furniture Shop's 28 percent share of the sales and applied that percentage to general and administrative expenses, there would be a \$42,500 loss for the Furniture Shop. The Metal Shop sales decreased approximately \$159,000; however, it would exceed its projected sales by the end of the year. The Metal Shop contributed \$98,500 to general and administrative expenses, which was a \$14,000 increase. If PI used the Metal Shop's 72 percent share of the sales and applied that percentage to general and administrative expenses, the shop contributed approximately \$61,000 for program support. She stated that currently the Furniture Shop was busy with a large customer order and the Metal Shop was ready for its seasonal surge.

Mr. Quenga stated that he was working with the supervisor of the Furniture Shop on the c-wire cost. The Upholstery Shop was providing service for the largest casino seating company in Reno, Nevada. He noted the casino seating company sent a sample to numerous private sector operations, and ultimately, chose PI to produce the covers. He said the company recently went through the Prison Rape Elimination Act (PREA) training and Department of Corrections protocol to enter a correctional institution. He noted that PI just received the purchase order and would start with approximately 400 pieces of various types of seating seen in casinos. He noted the seating company wanted to grow from 500 to 2,500 pieces a month; therefore, PI needed more inmates to work in the Furniture Shop. He added that the company provided all the material for the seats, PI fabricated and sewed the material and the company finished the product. Therefore, the program did not fall under the Prison Industry Enhancement Certification Program (PIE) because PI was not completing the whole task but just adding value to the seats. In addition, the Furniture Shop was working with consignment companies in the local market to build custom furniture. He said that PI wanted to work in unison with the local community, and they were providing quotes and specifications to ensure they were cautious and not jumping into the project only to find out it was not what the customer wanted.

Continuing, Mr. Quenga stated the Las Vegas Metropolitan Police Department contacted PI to make shower curtains, which were manufactured out of the Mattress Factory. In addition, he has been in contact with Shannon Ricks from the University of Nevada Las Vegas, to reupholster game rooms and open area seating with different types of material. He noted that once the quote was accepted, PI would start reupholstering the seating for the university.

Mr. Quenga stated the Metal Shop fabrication was currently slow because the shop was unable to pour footers or take elevations due to inclement weather. However, PI was always looking for new opportunities to employ inmates. He noted the Metal Shop purchased a new paint booth and has been in contact with the Carson City Sheriff's Office, the Chief of the Juvenile Probation Office in Carson City, and Lyon County. He stated that South Lake Tahoe Fire Department approached PI to paint its service vehicles. He noted that some of the vehicles could not be replaced because it was not in their budget, so PI provided a quote, stripped and repainted the vehicles to look brand new. He added that fire trucks took a long time to paint because there were a lot of valves, hoses and equipment, which had to be taken off the vehicle in order to paint and then reassembled. Mr. Quenga stated that PI was working closely with many local entities and municipalities to continue to generate revenue for PI and to keep inmates working.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop Statement of Operations, page 39, Tab VII (Exhibit A), which showed that auto sales totaled \$54,000. Between the Auto Shop and card sorting operation at HDSP, PI experienced a combined \$33,000 loss, which was \$11,000 better than last year and included the two motorcycles that sold at a loss. She added that PI could re-partner with Opportunity Village on a couple projects, which would bring more revenue to the Auto Shop.

Mr. Quenga stated that he has been talking with different companies about bringing work to the Auto and Upholstery Shop. He noted that he met with Opportunity Village to have inmates sort greeting cards. He said there were approximately 650,000 cards that needed to be sorted, which consisted of the envelopes, cards, and bellyband, a translucent band to hold the card and envelope together. He noted that Opportunity Village would provide training and the inmates had to sort 21,000 cards per day with four-and-a-half weeks to complete the project. He said PI would receive the material on June 1 and would start the project on June 4 with a first shipment date of June 13; the remaining cards would be shipped on June 26. Mr. Quenga talked to the supervisor of the Auto and Upholstery Shop who said it was possible to complete the project by the required ship dates. The supervisor stated his goal was to sort at least 450,000 cards, which was approximately \$40,000 in revenue for the shop. He said the card sorting operation with Opportunity Village was consistent at this point, but when it gets closer to the holidays, and the company knew the inmates could produce quality cards, he believed the operation would be more repetitive.

Chairman Parks asked Mr. Quenga to explain the Opportunity Village card operation, and Mr. Quenga replied that the cards were greeting cards for the different seasons and holidays.

Moving to the Garment Factory Statement of Operations, Ms. Dastal noted garment sales increased 56 percent or \$224,000 compared to the same period in FY 2016. She noted the supervisor of the Garment Factory had a goal of over \$1.0 million in sales by the end of FY 2017. Earnings available for program support increased almost \$44,000 to \$164,000.

Mr. Quenga stated that the Garment Factory was located at the Lovelock Correctional Center and was doing very well with the t-shirt production for private companies and also for a Prison Industry Enhancement Certification Program (PIE) certified program. In addition, the Garment Factory produced clothing items for NDOC, which employed approximately 135 inmates. Mr. Quenga noted that he was talking with other companies to get work for the factory, so there was potential growth in the future.

Ms. Dastal directed the Committee to the Prison Ranch Statement of Operations, pages 41 and 42 of (Exhibit A). She thanked the Committee for sending the letters to Nevada's Congressional Delegation in regard to assistance with the Bureau of Land Management (BLM) wild horse boarding program operated through Prison Industries. She noted that Director Dzurenda received a response to the letter from Congressman Mark Amodei's Office and a meeting was scheduled to discuss the issue. Ms. Dastal said total sales decreased approximately \$233,000 compared to the same period in FY 2017, which in part was due to the Bureau of Land Management (BLM) horse headcount, which was down 725 horses. The daily per diem rate the Prison Ranch was currently receiving was \$3.56 per horse, and she heard before the meeting that the BLM had put out a contract, which the Prison Ranch would begin working on in the near future. In addition, the Ranch Manager was evaluating items to make up for the loss of revenue. The Prison Ranch ended the half year with a loss of approximately \$18,000.

Mr. Quenga stated that Justin Pope, Prison Ranch Manger, recently received word that the bid solicitation for the BLM horses opened up. The Prison Ranch would soon start working on the contract to increase the number of horses and employ inmates as horse trainers. He added that a representative from the Office of Congressman Mark Amodei contacted Director Dzurenda regarding the letter sent from the Committee. Mr. Quenga noted that Mr. Dzurenda forwarded the letter to him and he would schedule a conference call to discuss the issue of the wild horse-boarding program in Nevada.

Chairman Parks added that Senator Heller's Office contacted him regarding the letters sent to the Congressional Delegates and indicated that they were pursuing the issue of the wild horse boarding program in Nevada.

Mr. Puliz asked Mr. Quenga if the BLM provided a holding rate to base the bid on, and Mr. Quenga replied that he just received word that solicitation was open and no further details were provided.

Ms. Dastal continued with the Schedule of Interfund Sales, page 44 (Exhibit A), which showed that the gross profits from PI ended the half year with \$108,322 for program support, an increase of \$47,000 over FY 2017.

Justin Pope, Manager, Prison Ranch added that the Prison Ranch recently had a successful horse adoption; 13 horses were adopted at an average price of \$1,950 per horse with the highest bid at \$3,500. He welcomed the Committee members to attend the next horse adoption on June 2, 2018. He noted that he contacted the State of Nevada Bureau of Land Management (BLM) to get some insight on their budget and was told that

the BLM was currently operating on a reduced budget. He said the BLM did not have an approved budget for the current fiscal year and operated off the previous year's budget at a reduced percentage. With the reduced percentage, the Government Accountability Office (AGO) informed the BLM it needed to find a way to cut costs, and therefore, capacity for short-term holding facilities was cut to 50 percent, which included the State of Nevada, Colorado and Idaho. He noted that after the AGO implemented the 50 percent cut, horses were sent to long-term holding facilities to reduce costs because it was cheaper than short-term holding. Mr. Pope stated that 1,500 horses were gathered from the range in Eastern Nevada and the Prison Ranch expected to receive some of those horses. He noted that some of the horses were in bad shape when taken from the range and would be held in Palomino Valley until healthy. He noted at the last Committee meeting he talked about the horses taken off the range in Wyoming that came down with strangles and were being held in Axtell, Utah until their condition cleared. Mr. Pope stated that between the two horse gathers, the Prison Ranch was assured by the BLM that it would receive some horses, although, he was unsure of the amount.

Mr. Pope stated that he was looking at how the Prison Ranch operated and how many horses the BLM were going to provide to the ranch. The Prison Ranch was permitted to hold 2,000 animals, so he was looking at other options, such as moving cattle into the holding facility to generate revenue. He noted the Prison Ranch had a concentrated animal feeding operation (CAFO) permit for 2,000 animals and thought the holding area should be used for other animals to bring in revenue.

Senator Goicoechea asked if the BLM was going to reduce the short-term horses by 50 percent budgetary, and Mr. Pope agreed. Mr. Pope stated that the Prison Ranch should be at 50 percent of holding capacity and was currently under capacity.

Senator Goicoechea asked Mr. Pope if he anticipated receiving approximately 1,000 horses if the capacity was 50 percent through the short-term holding facilities, and an additional 1,000 horses could be held long-term.

Mr. Pope replied that the BLM has not indicated that, but he believed the goal of the BLM was to move the Prison Ranch up to 1,000 horses and then would look at adding more horses as its budget was finalized.

Senator Goicoechea stated that in his conversations with John Ruhs, Director, Nevada State BLM and representatives from Washington D.C., he was told that once the federal BLM provided the solicitation for a contract, and the state had the contract in place, the federal BLM would provide 1,000 short-term horses at a set price. He noted that the federal BLM was concerned because in the past there was a float in the contract and when hay prices escalated the state had the ability to raise the price for hay in the contract. He added that because he was in the livestock business, he believed the Prison Ranch would make more money feeding horses rather than cattle.

Mr. Puliz recalled approximately eight years ago there were some red numbers when hay prices increased and the Prison Ranch was on a fixed price for hay. He thought NDOC had to be smart and consider the possibility of escalating hay prices in the contract.

Mr. Pope agreed and stated the contract would have a fixed per diem price for hay. He noted that a sliding scale was developed and as the price of hay increased, the per diem rate would also increase. As the number of horses decreased, the number would go down and the per diem rate would also increase to compensate for that. He noted the Prison Ranch would still have the ability to raise the price of hay based on the number on horses, but would not have the ability to raise the price due to the price of hay. He noted that he was assured by the contractor that there were things in the contract that would allow the Prison Ranch to be compensated for hay if the price went above a certain percentage, but would really have to look at how to purchase hay at a fairly stable price.

In addition, Mr. Pope stated the Nevada Division of State Parks acquired land on the Walker River with water rights and equipment for hay production that could help to stabilize hay prices for the Prison Ranch. He said the Prison Ranch was offered 185 acres of land with a two-pivot irrigation system for growing hay. He said the Prison Ranch would work with the owners and operators of the Flying M Ranch, who were not using the equipment at this time. He also looked into a 300 to 400 acre facility at Fort Churchill with water that was available for growing hay. Mr. Pope noted it would be good to find a way to stabilize hay prices for the Prison Ranch and get at least half of the hay in the contract at a fixed price.

Mr. Haag stated that he recently attended the Prison Ranch horse auction and encouraged the Committee members to attend the next horse auction in June. He said it was an excellent adoption and he was touched by the impact it had on the offenders who were participating in the program and the benefit the inmates were getting from training the horses. He applauded Mr. Pope and his team for exploring the possibility of growing hay on state land, because he shared the concern about the risk and volatility of hay prices and the impact it had on the Prison Ranch operation. He believed they should have the ability to grow hay on state land and if successful in some of the initiatives Mr. Pope shared, he felt it would drastically mitigate the risk in growing the horse population and trying to protect the Prison Ranch operation when hay prices increased. Mr. Haag encouraged Mr. Pope to continue to look at the different options mentioned at the meeting.

Chairman Parks asked if inmate labor from the Prison Ranch would be used for the hay production, and Mr. Pope agreed. He added they were looking at transporting an inmate crew to work in the field and one of the benefits offered to the Division of State Parks was that the inmate labor force could also assist the parks with projects, such as fence lines or campgrounds. He noted that at this point all the details have not been worked out. He added from 2003 to 2009 inmates worked on a hay project at the University of Nevada Reno farm and the Prison Ranch received half of the hay for the work, so he believed the deal with the Division of State Parks would be more beneficial for the ranch. He noted that the work was strenuous, involved a lot of traveling and put a strain on prison staff, but he believed that ultimately, the gain for the Prison Ranch would be worthwhile.

Senator Goicoechea asked Mr. Pope if hay prices increased by a certain amount if the BLM would allow the state to negotiate a better price for the hay.

Mr. Pope replied that he has not received a lot of information on the contract but it was his understanding that there would be a shield or protection in the contract in the case of extreme hay prices.

Senator Goicoechea responded that in his discussions with the BLM he was assured there would be the ability to negotiate a different price for hay if the price increased, because the BLM was moving away from a locked contract to allow flexibility when hay prices escalated that would trigger renegotiations and dollar amount per day.

Mr. Quenga updated the Committee and noted that the new three Prison Industries contracts were approved by the Committee and by the Board of Prison Commissioners. Nevada Organics was recently approved by the Board of Examiners; Erickson Framing was scheduled for the April 2018 Board of Examiners meeting, and he hoped to have the contract for Sewing Collection approved by the Board of Examiners in the near future.

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

Ms. Dastal referred to page 45, Tab VIII (Exhibit A) and stated the Capital Improvement Project (CIP) ending balance decreased \$53,107 from FY 2014 to FY 2018. She noted that PI was able to obtain approximately \$300,000 in equipment in FY 2017, which greatly enhanced Prison Industries' operations. The beginning CIP balance at the start of FY 2018 was \$371,715; wage assessments totaled \$40,779 for seven months and inmate banking has not processed February's assessment yet; interest received was \$2,337 for the half year FY 2018, with an ending CIP balance of \$414,831.

Mr. Quenga stated that Prison Industries was reevaluating each Prison Industry program and looking at the new market to produce better and different products, because markets were constantly changing. He said the industries were putting together a wish list and he was reviewing the needs of each shop; however, he was waiting until FY 2019 to purchase new equipment. He was looking at equipment that would provide inmates with certifications to help employ more inmates with more skills. He noted the certifications would help inmates get employed upon release.

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 he reached out to the Association of State Correctional Administrators (ASCA), and the position of Deputy Director for Industrial Programs was posted in every state. He received applicants from all over the country and looked at the minimum qualifications, which disqualified approximately 50 percent of the applications.

He selected applicants based on experience, acknowledging what the actual job entailed, the applicants experience with this type of business, and what would benefit NDOC as an agency, as well as the state. He indicated he was accepting applications through April; however, he has selected three of the top candidates at this point. Mr. Dzurenda stated he was open for recommendations from the Committee when he selected the top four candidates to interview further. He welcomed any input on the three candidates selected so far, page 47 (Exhibit A) or would accept any additional recommendations from the Committee, because there were still approximately 45 days before the application submittal deadline.

Mr. Haag asked Mr. Dzurenda if there was still an additional 45 days to receive applications and a decision would be made soon after the position announcement ended, and Mr. Dzurenda agreed. Mr. Dzurenda indicated that he would come up with a process for the interviews, and welcomed the Committee to be involved in the interview process.

Senator Goicoechea asked if he was correct that the Committee would not take an active role in the selection process, and Mr. Dzurenda agreed. He stated that he had the authority to appoint the best candidate for the Deputy Director for Industrial Programs but would take recommendations from the Committee.

Chairman Parks stated that pursuant to NRS 209.4818, the Committee shall recommend three people for consideration of appointment as Deputy Director for Industrial Programs. He added that David Tristan, was the acting Deputy Director until a selection was made for the permanent position of Deputy Director.

X. DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRIES PROGRAMS – NRS 209.4818.

Ms. Dastal explained that the three new industries were approved by the Board of Prison Commissioners on March 1, 2018, and the contract for Nevada Organics, LLC, previously Terra Firma Organics, was approved by the Board of Examiners on March 13, 2018. Nevada Organics was in the process of obtaining a composting permit from the Nevada Division of Environmental Protection, and could not move any further until the permit was obtained. Erickson Framing NV, LLC, has signed its portion of the contract and was anxious to get started. The contract would go before the Board of Examiners in April 2018. She stated that Sewing Collection, Inc., claimed its margins were tight and could not afford a surety bond and was looking at a personal guarantee. However, the president of the company thought a years' guarantee was excessive and was willing to sign a personal guarantee for the equivalent of three months of the annual contract amount. Sewing Collection encouraged PI to shut down operation after one or two months if they have not paid the amount owed. She noted that PI responded that the personal guarantee equivalent to one years' contract amount was set in the statute; therefore, PI hands were tied. She noted that at this point, Sewing Collection has not signed its contract.

Mr. Quenga stated that he was still talking with Sewing Collection and was aware they just opened an operation in Oregon. He expressed his concern that Sewing Collection might

be branching out to other states. However, with the one year 100 percent surety bond and the personal guarantee in statute, that amount did seem high compared to businesses in the private sector and discouraged companies that wanted to do business with PI.

Mr. Pope clarified for the Committee that Nevada Organics assumed the existing composting company, Full Circle Compost, and was waiting for a composting permit that was relative to the location of the operation. He noted the permit needed from the Nevada Division of Environmental Protection was because the composting site moved to another area on the Prison Ranch. He stressed Nevada Organics would start operating immediately after the permit was issued.

Mr. Aguilar asked if there was a backup plan to utilize the space if Sewing Collection backed out of the contract.

Mr. Quenga stated that PI was trying hard to get the contract with Sewing Collection, but was in touch with another company that wanted to utilize the space. He noted that he held the company back because PI was already negotiating and drafted the contract with Sewing Collection. He said if PI abandoned the contract with Sewing Collection, he would move to the next company interested in working with PI. He noted he was proactive in finding companies that would bring jobs to PI and employ the inmates.

XI. PUBLIC COMMENT.

There was no public comment.

XII. ADJOURNMENT.

The meeting was adjourned at 12:12 p.m.

Respectfully submitted,

Donna Thomas, Committee Secretary

APPROVED:

Senator David Parks, Chairman

Date: _____

**APPOINTMENT OF ALTERNATE MEMBERS FOR
COMMITTEE ON INDUSTRIAL PROGRAMS**

NRS 209.4817 Committee on Industrial Programs: Creation; members; terms of appointed members; appointment of alternate members; payment of compensation, allowances and travel expenses.

1. The Committee on Industrial Programs is hereby created.
2. The Committee consists of the Director of the Department, the Administrator of the Purchasing Division of the Department of Administration and nine regular members appointed by the Interim Finance Committee as follows:
 - (a) Two members of the Senate.
 - (b) Two members of the Assembly.
 - (c) Two persons who represent manufacturing in this State.
 - (d) One person who represents business in this State.
 - (e) Two persons who represent organized labor in this State.
3. The regular members of the Committee shall select a Chair from among their membership.
4. Each regular member of the Committee appointed by the Interim Finance Committee must be appointed to a term of 2 years and may be reappointed.
5. At the first meeting of the Committee following each regular session of the Legislature, the Chair of the Committee may appoint nine alternate members to serve in the place of regular members who are unable to attend a meeting or perform their duties, as follows:
 - (a) Two members of the Senate, each of whom may serve in the place of a member of the Senate appointed pursuant to paragraph (a) of subsection 2.
 - (b) Two members of the Assembly, each of whom may serve in the place of a regular member of the Assembly appointed pursuant to paragraph (b) of subsection 2.
 - (c) Two persons who represent manufacturing in this State, each of whom may serve in the place of a person appointed pursuant to paragraph (c) of subsection 2.
 - (d) One person who represents business in this State, who may serve in the place of the person appointed pursuant to paragraph (d) of subsection 2.
 - (e) Two persons who represent organized labor in this State, each of whom may serve in the place of a person appointed pursuant to paragraph (e) of subsection 2.
- ↪ Each alternate member appointed by the Chair must be appointed to a term of 2 years and may be reappointed.
6. Except during a regular or special session of the Legislature, each Legislator who is a regular member or an alternate member of the Committee is entitled to receive the compensation provided for a majority of the members of the Legislature during the first 60 days of the preceding regular session for each day or portion of a day during which the Legislator attends a meeting of the Committee or is otherwise engaged in the work of the Committee. Each nonlegislative regular member or alternate member appointed by the Interim Finance Committee or the Chair of the Committee on Industrial Programs is entitled to receive compensation for the member's service on the Committee on Industrial Programs in the same amount and manner as the legislative regular members or alternate members whether or not the Legislature is in session. Each nonlegislative regular member or alternate member of the Committee is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally. Each Legislator who is a regular member or an alternate member of the Committee is entitled to receive the per diem allowance provided for state officers and employees generally and the travel expenses provided pursuant to [NRS 218A.655](#). All compensation, allowances and travel expenses must be paid from the Fund for Prison Industries.
(Added to NRS by [2001, 2390](#); A [2007, 26](#); [2013, 1805](#))

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

SILVER STATE INDUSTRIES
 CUSTOMER LEDGER AGING BY DUE DATE
 REPORT Date: 03/31/18
 Days Past Due

Cust ID	Customer Name	0 - 30	31 - 60	61 - 90	91 - 120	121 +	Balance
BU1020	BUREAU OF LAND MGT.	\$99,389.00	\$0.00	\$0.00	\$0.00	\$0.00	\$99,389.00 *
CA1008	DAIRY FARMERS OF AMERICA	\$774.89	\$0.00	\$0.00	\$0.00	\$0.00	\$774.89
CA1020	CARSON CITY SCHOOL DIST.	\$3,215.63	\$0.00	\$0.00	\$0.00	\$0.00	\$3,215.63
CA1025	CARSON JUVENILE CENTER	\$1,504.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,504.50
ca1047	CARSON CITY TREASURER	\$313.83	\$0.00	\$0.00	\$0.00	\$0.00	\$313.83
CI1006	CITY OF CAROSN, SHERIFF	\$1,384.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,384.50
DA1019	DAYTON VALLEY TURF INC	\$2,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,200.00
DE1020	DESERT REGIONAL CENTER	\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$375.00
DI1025	DIAMOND MOUNTAIN DIST.	\$39,289.45	\$0.00	\$0.00	\$0.00	\$0.00	\$39,289.45 *
DO1001	DOUGLAS COUNTY HUMAN RES.	\$413.07	\$0.00	\$0.00	\$0.00	\$0.00	\$413.07
DO1018	DOUGLAS COUNTY SHERIFF'S	\$1,218.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,218.00
EM1008	EMPLOYEES' ASSOCIATION	\$60.00	\$0.00	\$0.00	\$0.00	\$0.00	\$60.00
FE1020	FERGUSON SAFETY PRODUCTS	\$10,880.47	\$0.00	\$0.00	\$0.00	\$0.00	\$10,880.47 *
FU1020	FULL CIRCLE COMPOST	\$5,341.35	\$0.00	\$0.00	\$0.00	\$0.00	\$5,341.35
GE1015	GENOA LIVESTOCK	\$1,124.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,124.50
JA1010	JACOBS TRADING CO.	\$23,812.66	\$0.00	\$0.00	\$0.00	\$0.00	\$23,812.66 *
LI1035	LITTLE SMUDGEZ LLC	\$208.80	\$0.00	\$0.00	\$0.00	\$0.00	\$208.80
LY1040	LYON COUNTY LIBRARY SYSTEM	\$27.50	\$0.00	\$0.00	\$0.00	\$0.00	\$27.50
LY1045	LYON COUNTY BUILDING DEPT	\$71.30	\$0.00	\$0.00	\$0.00	\$0.00	\$71.30
OP1030	OPEN AIR MOVIES	\$1,175.11	\$986.25	\$0.00	\$0.00	\$0.00	\$2,161.36
UN1001	UNIVERSITY OF NEVADA RENO	\$2,106.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,106.00
VA1003	VARIOUS CUSTOMERS-COD	(\$332.41)	\$77.50	\$0.00	\$0.00	\$0.00	(\$254.91)
VI1000	VINYL PRODUCTS	\$72.00	\$0.00	\$0.00	\$0.00	\$0.00	\$72.00
VV1005	VIETNAM VETERANS #989	\$820.00	\$0.00	\$0.00	\$0.00	\$0.00	\$820.00
WI1002	WITTENBERG HALL	\$819.00	\$0.00	\$0.00	\$0.00	\$0.00	\$819.00
WO1035	WORLD CLASS EQUINE	\$7,027.32	\$0.00	\$0.00	\$0.00	\$0.00	\$7,027.32 *
YY1007	NDOC CENTRAL TRANSPORT	\$155.10	\$0.00	\$0.00	\$0.00	\$0.00	\$155.10
YY1011	ELY STATE PRISON	\$11,872.50	\$3,561.75	\$0.00	\$0.00	\$0.00	\$15,434.25 *
YY1012	ELY CONSERVATION CAMP	\$1,628.40	\$0.00	\$0.00	\$0.00	\$0.00	\$1,628.40
YY1016	THREE LAKES CONS. CAMP	\$17.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.00
YY1020	JEAN CONSERVATION CAMP	\$274.00	\$0.00	\$0.00	\$0.00	\$0.00	\$274.00
YY1021	HIGH DESERT STATE PRISON	\$21,763.19	\$0.00	\$0.00	\$0.00	\$0.00	\$21,763.19 *

Cust ID	Customer Name	0 - 30	31 - 60	61 - 90	91 - 120	121 +	Balance
YY1023	NDOC ADMIN-MILK	\$32,903.20	\$66,499.35	\$0.00	\$0.00	\$0.00	\$99,402.55 *
YY1027	LOVELOCK CORR CTR-CANTEEN	\$391.50	\$0.00	\$0.00	\$0.00	\$0.00	\$391.50
YY1029	NO NV CORR CTR	\$2,682.55	\$0.00	\$0.00	\$48.00	\$0.00	\$2,730.55
YY1030	NO NV CORR CTR-CANTEEN	\$127.00	\$0.00	\$0.00	\$0.00	\$0.00	\$127.00
YY1038	PI STORE/NSP TRADING POST	-\$112.50	\$0.00	\$0.00	\$0.00	\$0.00	(\$112.50)
YY1040	CASA GRANDE TRANSITIONAL	\$3,993.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,993.00
YY1045	WARM SPRINGS C.C.	\$621.24	\$0.00	\$0.00	\$0.00	\$0.00	\$621.24
YY1049	PIOCHE CONSERVATION CAMP	\$1,524.60	\$0.00	\$0.00	\$0.00	\$0.00	\$1,524.60
YY1050	PURCHASING - NDOC OFFICE	\$656.02	\$0.00	\$0.00	\$0.00	\$0.00	\$656.02
YY1051	SO DESERT CORR CTR	\$7,019.40	\$0.00	\$0.00	\$0.00	\$0.00	\$7,019.40 *
YY1052	NDOC SOUTHERN ADMIN.	\$23.25	\$0.00	\$0.00	\$0.00	\$0.00	\$23.25
YY1056	FMWCC - CANTEEN	\$581.50	\$0.00	\$0.00	\$0.00	\$0.00	\$581.50
YY1067	STEWART CONS CAMP-CANTEEN	\$48.00	\$0.00	\$0.00	\$0.00	\$0.00	\$48.00
YY1070	HIGH DESERT STATE PRISON-CAN	\$1,616.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,616.00
YY1072	PI CASA GRANDE STORE	\$590.50	\$0.00	\$0.00	\$0.00	\$0.00	\$590.50
YY1080	SO DESERT CORR CTR-CANTEEN	\$952.50	\$0.00	\$0.00	\$0.00	\$0.00	\$952.50
YY1110	TONOPAH CONS CAMP-CANTEEN	\$49.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49.00
YY1020	ELY STATE PRISON-CANTEEN	\$202.00	\$0.00	\$0.00	\$0.00	\$0.00	\$202.00
YY1135	NDOC INMATE PURCHASES	\$74.21	\$10.00	\$55.00	\$0.00	\$109.99	\$249.20
ZZ1011	ATTORNEY GENERAL'S OFFICE	\$87.50	\$0.00	\$0.00	\$0.00	\$0.00	\$87.50
ZZ1037	EMPLOYMENT, TRAINING & REH	\$1,213.25	\$0.00	\$0.00	\$0.00	\$0.00	\$1,213.25
ZZ1039	ECONOMIC DEVELOPMENT	\$12.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12.00
ZZ1046	GOVERNOR'S OFFICE	\$83.54	\$0.00	\$0.00	\$0.00	\$0.00	\$83.54
ZZ1089	LEGISLATIVE COUNSEL BUREAU	\$800.25	\$0.00	\$0.00	\$0.00	\$0.00	\$800.25
ZZ1103	MOTOR VEHICLES DEPT.	\$36,979.25	\$0.00	\$0.00	\$0.00	\$0.00	\$36,979.25 *
ZZ1110	DEPT OF PUBLIC SAFETY	\$2,289.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,289.00
ZZ1121	NV STATE PURCHASING	\$5,814.28	\$0.00	\$0.00	\$0.00	\$0.00	\$5,814.28
ZZ1141	TRANSPORTATION DEPT.	\$805.00	\$0.00	\$0.00	\$0.00	\$0.00	\$805.00
ZZ1145	STATE LANDS	\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$375.00
ZZ1148	NEVADA STATE WELFARE	\$584.00	\$0.00	\$0.00	\$0.00	\$0.00	\$584.00
ZZ1153	DIVISION OF WILDLIFE	\$980.00	\$0.00	\$0.00	\$0.00	\$0.00	\$980.00
ZZ1176	ENVIRONMENTAL PROTECTION	\$95.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95.00
ZZ1208	DEPT OF AG ESTRAY HORSE	\$180.00	\$0.00	\$0.00	\$0.00	\$0.00	\$180.00
ZZ1242	PUBLIC UTILITIES COMMISSION	\$38.25	\$0.00	\$0.00	\$0.00	\$0.00	\$38.25
ZZ1244	MUSEUMS, LIBRARY & ARTS	\$1,162.25	\$0.00	\$0.00	\$0.00	\$0.00	\$1,162.25
AGING TOTALS:		<u>\$344,443.20</u>	<u>\$71,134.85</u>	<u>\$55.00</u>	<u>\$48.00</u>	<u>\$109.99</u>	<u>\$415,791.04</u>
AGING PERCENTAGES:		82.84%	17.11%	0.01%	0.01%	0.03%	100%

* Indicates top ten customer balances

**REVIEW THE NUMBER OF INMATES THAT WORKED
JULY 2014 THROUGH MARCH 2018**

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

INST	SHOP	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
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	144	151	146				149
LCC	Garment	110	109	101	104	114	114	108	99	102				107
NNCC	Metal	28	27	27	25	28	21	20	20	21				24
NNCC	Furniture	33	31	31	32	32	24	28	24	25				29
NNCC	Mattress	12	12	12	11	11	11	11	10	9				11
NNCC	Printing/Book Bindery	35	30	33	29	28	29	28	25	23				29
SCC	Ranch	25	25	24	22	28	27	29	28	26				26
SCC	Horses	23	28	29	26	22	22	24	29	26				25
SCC	Tag Plant	18	18	16	16	15	14	14	14	14				15
SDCC	Auto/Upholstery	19	19	18	18	16	16	15	13	45				20
SDCC	DMD (private)	34	34	33	33	34	33	33	31	32				33
FMWCC	Jacobs Trading (private)	18	18	18	18	18	18	18	17	18				18
WSCC	DMD (private)	10	10	10	9	9	9	9	8	8				9
Grand Total		496	490	500	508	519	501	481	469	495				495
Average Offender Population		14,070	14,060	14,074	13,681	13,592	13,325	13,804	13,800	13,838				13,805
Percent of Offender Population Working		3.5%	3.5%	3.6%	3.7%	3.8%	3.8%	3.5%	3.4%	3.6%				3.6%

**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 March 31, 2018			
	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	13,206	13,206	91,124	68,549	13,990	13,990	96,529	39,555	8,072	8,072	55,699
Stewart Conservation Camp	53,018	10,820	10,820	74,658	58,650	11,970	11,970	82,590	38,393	7,835	7,835	54,063
Lovelock Correctional Ctr.	52,849	10,785	10,785	74,419	64,550	13,173	13,173	90,896	72,595	14,815	14,815	102,225
Florence McClure Womens' Correctional Ctr.	39,131	7,986	7,986	55,103	54,187	11,058	11,058	76,303	45,191	9,223	9,223	63,637
Southern Desert Correctional Ctr.	28,571	5,831	5,831	40,233	23,453	4,786	4,786	33,025	19,048	3,887	3,887	26,822
Warm Springs Correctional Ctr.	2,875	587	587	4,049	3,670	749.0	749.0	5,168.0	1,753	358	358	2,469
High Desert State Prison	46464	9483	9483	65,430	46947	9581	9581	66,109	34474	7036	7036	48,546
Total	\$ 287,620	\$ 58,698	\$ 58,698	\$ 405,016	\$ 320,006	\$ 65,307	\$ 65,307	\$ 450,620	\$ 251,009	\$ 51,226	\$ 51,226	\$ 353,461

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 NINE MONTHS ENDING MARCH 31, 2018**

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

**FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDING
MARCH 31, 2018
WITH COMPARATIVE MARCH 31, 2017
FINANCIAL STATEMENTS**

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

TABLE OF CONTENTS

	Page
Consolidated Balance Sheet	1
Consolidated Statements of Operations (With Interfund Sales Eliminated)	2
Consolidated Statements of Operations (by Budget Account with Interfund Sales Eliminated)	3
Consolidated Statements of Changes in Retained Earnings	4
Statements of Operations:	
Central Administration	5
NNCC Mattress	6
NNCC Printing/Bindery	7
NNCC Furniture and Metal	8
SDCC Auto and Upholstery	9
LCC Garment	10
Prison Ranch	11
Schedule of Interfund Sales	13

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED BALANCE SHEETS**
As of March 31, 2018 and 2017

	ASSETS		Increase (Decrease)	
	2018	2017	Change	Percent
Current Assets:				
Cash - Unrestricted				
Prison Industries	\$ 2,653,808	\$ 2,128,956	\$ 524,852	24.7%
Prison Ranch	1,140,037	1,226,823	\$ (86,786)	-7.1%
Total Unrestricted Cash	<u>\$ 3,793,845</u>	<u>\$ 3,355,779</u>	\$ 438,066	13.1%
Accounts Receivable	415,791	526,732	\$ (110,941)	-21.1%
Less Allowance for Doubtful Accounts	(4,953)	(4,953)	\$ -	0.0%
Net Accounts Receivable	410,838	521,779	\$ (110,941)	-21.3%
Treasurer's Interest Receivable	10,298	2,726	\$ 7,572	277.8%
Prepaid Expenses	54,260	18,056	\$ 36,204	200.5%
PI Capital Revenue Receivable	11,304	9,807	\$ 1,497	15.3%
Deposits - Business Licenses	15,000	15,000	\$ -	0.0%
Livestock	301,120	290,280	\$ 10,840	3.7%
Inventories	682,234	679,861	\$ 2,373	0.3%
Ranch's Hay (Purchased & Harvested)	297,358	347,488	\$ (50,130)	-14.4%
Total Current Assets	<u>5,576,257</u>	<u>5,240,776</u>	\$ 335,481	6.4%
Land, land improvements, property and equipment at cost	4,207,844	4,207,844	\$ -	0.0%
Less accumulated depreciation	(3,690,273)	(3,570,176)	\$ (120,097)	3.4%
Net Property and Equipment	<u>517,571</u>	<u>637,668</u>	\$ (120,097)	-18.8%
Other Assets:				
Cash - Restricted - PI Capital	414,831	346,916	\$ 67,915	19.6%
Total Other Assets	414,831	346,916	\$ 67,915	19.6%
Total Assets	<u>\$ 6,508,659</u>	<u>\$ 6,225,360</u>	\$ 283,299	4.6%
	LIABILITIES AND CAPITAL BALANCE			
Current Liabilities:				
Accounts Payable	\$ 260,523	\$ 348,222	\$ (87,699)	-25.2%
Unearned Revenue	76,332	151,174	\$ (74,842)	-49.5%
Rent and Other Deposits	9,400	9,400	\$ -	0.0%
Wages Payable	67,228	59,632	\$ 7,596	12.7%
Current Accrued Compensated Absences	84,616	86,036	\$ (1,420)	-1.7%
Total Current Liabilities	498,099	654,464	\$ (156,365)	-23.9%
Long-Term Liabilities:				
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	572,061	743,962	\$ (171,901)	-23.1%
Capital:				
Contributed Capital	\$ 2,193,440	2,193,440	\$ -	0.0%
Retained Earnings	3,743,158	3,287,958	\$ 455,200	13.8%
Total Capital	5,936,598	5,481,398	\$ 455,200	8.3%
Total Liabilities and Capital Balance	<u>\$ 6,508,659</u>	<u>\$ 6,225,360</u>	\$ 283,299	4.6%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(With Interfund Sales Eliminated)
For the nine months ending March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	Increase (Decrease)	
			Change	Percent
Revenue from Operations:				
Industry Sales	\$ 2,071,695	\$ 2,317,430	\$ (245,735)	-10.6%
Less Cost of Sales	<u>(1,472,601)</u>	<u>(1,557,121)</u>	\$ 84,520	-5.4%
Gross Profit from Industry sales	<u>\$ 599,094</u>	<u>760,309</u>	\$ (161,215)	-21.2%
Ranch Sales	1,558,273	1,618,853	\$ (60,580)	-3.7%
Less Cost of Sales	<u>(1,125,436)</u>	<u>(1,169,703)</u>	\$ 44,267	-3.8%
Gross Profit from Ranch sales	<u>432,837</u>	<u>449,150</u>	\$ (16,313)	-3.6%
Industry Freight	2,398	3,874	\$ (1,476)	-38.1%
General Manufacturing Expenses:	<u>(739,511)</u>	<u>(800,194)</u>	\$ 60,683	-7.6%
Net Income from Operations:	294,819	413,137	\$ (118,318)	-28.6%
General and Administrative Expenses:	(838,816)	(972,614)	\$ 133,798	-13.8%
Other Income and Expenses	<u>739,808</u>	<u>803,167</u>	\$ (63,359)	-7.9%
Net Income	<u>\$ 195,811</u>	<u>\$ 243,690</u>	\$ (47,879)	-19.6%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
By Budget Account
(With Interfund Sales Eliminated)
For the nine months ending March 31, 2018 and 2017**

Budget Account 3719 - Prison Industries

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	Increase (Decrease)	
			Change	Percent
Revenue from Operations:				
Industry Sales	\$ 2,071,695	\$ 2,317,430	\$ (245,735)	-10.6%
Less Cost of Sales	(1,472,601)	(1,557,121)	\$ 84,520	-5.4%
Gross Profit from Industry sales	<u>\$ 599,094</u>	<u>760,309</u>	\$ (161,215)	-21.2%
Industry Freight	2,398	3,874	\$ (1,476)	-38.1%
Institutional Overhead Expenses:	(342,322)	(377,576)	\$ 35,254	-9.3%
Net Income from Operations:	259,170	386,607	\$ (127,437)	-33.0%
General and Administrative Expenses:	(838,816)	(972,614)	\$ 133,798	-13.8%
Other Income and Expenses	694,650	764,680	\$ (70,030)	-9.2%
Net Income (Loss)	<u>\$ 115,004</u>	<u>\$ 178,673</u>	\$ (63,669)	-35.6%

Budget Account 3727 - Prison Ranch

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	Increase (Decrease)	
			Change	Percent
Revenue from Operations:				
Ranch Sales	\$ 1,558,273	\$ 1,618,853	\$ (60,580)	-3.7%
Less Cost of Sales	(1,125,436)	(1,169,703)	\$ 44,267	-3.8%
Gross Profit from Ranch sales	<u>\$ 432,837</u>	<u>449,150</u>	\$ (16,313)	-3.6%
Institutional Overhead Expenses:	(397,189)	(422,618)	\$ 25,429	-6.0%
Net Income	<u>\$ 35,648</u>	<u>\$ 26,532</u>	\$ 9,116	34.4%

Budget Account 3728 - P I Capital Projects

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	Increase (Decrease)	
			Change	Percent
Revenue:				
Offender Wage Assessments	\$ 52,083	\$ 47,429	\$ 4,654	9.8%
Capital Improvements (Depreciation)	\$ (10,757)	\$ (10,757)	\$ -	0.0%
Other Income (Interest)	3,832	1,816	\$ 2,016	111.0%
Net Income	<u>\$ 45,158</u>	<u>\$ 38,488</u>	\$ 6,670	17.3%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS**
For the nine months ending March 31, 2018 and 2017

	March 31, 2018	March 31, 2017	Increase (Decrease)	
			Change	Percent
Unreserved Retained Earnings at Beginning of Year	\$ 3,547,347	\$ 3,044,268	\$ 503,079	16.5%
Current Period Net Income	195,811	243,690	\$ (47,879)	-19.6%
Prior Period Adjustment	-	-	\$ -	0.0%
Unreserved Retained Earnings at End of Year	<u>3,743,158</u>	<u>3,287,958</u>	<u>\$ 455,200</u>	<u>13.8%</u>
Contributed Capital	<u>2,193,440</u>	<u>2,193,440</u>	\$ -	0.0%
Total Fund Equity	<u>\$ 5,936,598</u>	<u>\$ 5,481,398</u>	<u>\$ 455,200</u>	<u>8.3%</u>

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

Statements of Operations

For the nine months ending March 31, 2018 and 2017

	March 31, 2018	2017	Increase (Decrease)	
			Change	Percent
Revenue:				
License Plate Fees	\$ 526,494	\$ 545,863	\$ (19,369)	-3.5%
Capital Improvement	52,083	47,427	\$ 4,656	9.8%
Rental Income:				
Dayton Valley Turf	19,800	19,800	\$ -	0.0%
Jacob's Trading Company	5,400	5,400	\$ -	0.0%
Diamond Mountain Distributors at SDCC	18,900	22,500	\$ (3,600)	-16.0%
Diamond Mountain Distributors at HDSP	45,000	45,000	\$ -	0.0%
Total Rental Income	89,100	92,700	\$ (3,600)	-3.9%
Administrative Fees: (Net of reimbursements)				
Jacob's Trading Company	15,238	18,612	\$ (3,374)	-18.1%
Miscellaneous Programs	-	552	\$ (552)	-100.0%
Diamond Mountain Distributors	(26,385)	50,527	\$ (76,912)	-152.2%
Prison Ranch	-	36,000	\$ -	0.0%
Total Administrative Fees	24,853	105,691	\$ (80,838)	-76.5%
Miscellaneous Revenue	10,869	-	\$ 10,869	100.0%
Total Revenue	\$ 703,399	\$ 791,681	\$ (88,282)	-11.2%
General and Administrative Expenses:	March 31, 2018	2017		
Staff Salaries	\$ 388,941	\$ 349,994	\$ 38,947	11.1%
Staff Fringe Benefits and other Payroll expenses	154,333	151,623	\$ 2,710	1.8%
Travel expenses	3,601	6,356	\$ (2,755)	-43.3%
Rent	46,341	28,096	\$ 18,245	64.9%
Office expenses	1,709	1,959	\$ (250)	-12.8%
Telephone	5,726	10,440	\$ (4,714)	-45.2%
Postage and Mailing	927	750	\$ 177	23.6%
Advertising/Public Relations	139	7,860	\$ (7,721)	-98.2%
Insurance	7,531	86	\$ 7,445	8657.0%
Vehicle Operating expenses	7,806	3,760	\$ 4,046	107.6%
Dues and Subscriptions	2,556	1,277	\$ 1,279	100.2%
Depreciation expense	64,934	64,934	\$ -	0.0%
Bad Debt expense	-	70,000	\$ (70,000)	-100.0%
Utilities	2,618	2,356	\$ 262	11.1%
State Cost Allocation	108,761	220,556	\$ (111,795)	-50.7%
Attorney General Cost Allocation	28,189	40,032	\$ (11,843)	-29.6%
EITS Assessment	4,139	3,723	\$ 416	11.2%
Purchasing Assessment	4,341	4,327	\$ 14	0.3%
Credit Card Processing Fees	5,351	5,118	\$ 233	4.6%
Equipment Rental	2,691	2,691	\$ -	0.0%
Miscellaneous expenses	1,531	1,197	\$ 334	27.9%
Total General and Administrative Expenses	\$ (842,165)	(977,135)	\$ 134,970	-13.8%
Net Loss from Operations	(138,766)	(185,454)	\$ 46,688	-25.2%
Other Income (Expense)				
Capital Improvement (Depreciation)	(10,757)	\$ (10,757)	\$ -	0.0%
Interest Revenue	38,503	19,093	\$ 19,410	101.7%
Finance Charges	80	113	\$ (33)	-29.2%
Earnings available for program support (Net Loss)	\$ (110,940)	\$ (177,004)	\$ 66,064	-37.3%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC MATTRESS SHOP
Statements of Operations
For the nine months ending March 31, 2018 and 2017**

	March 31, 2018	March 31, 2017	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales - Mattress	\$ 238,970	\$ 333,837	\$ (94,867)	-28.4%
Less Cost of Sales:				
Direct Labor	\$ 10,601	14,599	\$ (3,998)	-27.4%
Materials	151,458	172,183	\$ (20,725)	-12.0%
Overhead	17,782	18,255	\$ (473)	-2.6%
Total Cost of Sales	(179,841)	(205,037)	\$ 25,196	-12.3%
Gross Profit	59,129	128,800	\$ (69,671)	-54.1%
Freight Revenues	8,806	17,715	\$ (8,909)	-50.3%
Freight Expenses	(12,943)	(13,858)	\$ 915	-6.6%
Freight (Net of Revenues/Expenses)	(4,137)	3,857	\$ (7,994)	-207.3%
Contribution to G & A expenses - Mattress	\$ 54,992	\$ 132,657	\$ (77,665)	-58.5%
General and Administrative Manufacturing Expenses:				
Salaries	11,961	12,636	\$ (675)	-5.3%
Fringe Benefits and other Payroll expenses	6,482	4,873	\$ 1,609	33.0%
Offender Labor - Office	2,695	4,611	\$ (1,916)	-41.6%
Offender Workers' Compensation Insurance	651	854	\$ (203)	-23.8%
Office expenses	933	954	\$ (21)	-2.2%
Dues and Subscriptions	232	802	\$ (570)	-71.1%
Improvements and Small Equipment	-	646	\$ (646)	-100.0%
Building & Grounds Improvements	195	16	\$ 179	1118.8%
Utilities	3,136	3,123	\$ 13	0.4%
Miscellaneous expenses	1,450	1,559	\$ (109)	-7.0%
Capitalized Institutional Overhead	146	(1,492)	\$ 1,638	-109.8%
Total General and Administrative Manufacturing Expenses	(27,881)	(28,582)	\$ 701	-2.5%
Earnings available for program support	\$ 27,111	\$ 104,075	\$ (76,964)	-74.0%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC PRINTING/BINDERY SHOP
Statements of Operations
For the nine months ending March 31, 2018 and 2017**

Revenue:	March 31, 2018		March 31, 2017		Increase (Decrease)	
					Change	Percent
Sales		\$ 348,047		\$ 387,795	\$ (39,748)	-10.2%
Less Cost of Sales:						
Direct Labor	\$ 19,865		25,277		\$ (5,412)	-21.4%
Materials	182,476		192,042		\$ (9,566)	-5.0%
Overhead	34,771		46,329		\$ (11,558)	-24.9%
Total Cost of Sales		(237,112)		(263,648)	\$ 26,536	-10.1%
Gross Profit		110,935		124,147	\$ (13,212)	-10.6%
Freight Revenues	7,680		8,672		\$ (992)	-11.4%
Freight Expenses	(6,983)		(7,970)		\$ 987	-12.4%
Freight (Net of Revenues/Expenses)		697		702	\$ (5)	-0.7%
Contribution to G & A expenses		\$ 111,632		\$ 124,849	\$ (13,217)	-10.6%
General and Administrative Manufacturing Expenses:						
Salaries		54,944		53,372	\$ 1,572	2.9%
Fringe Benefits and other Payroll expenses		17,945		16,525	\$ 1,420	8.6%
Offender Labor - Office		5,667		5,579	\$ 88	1.6%
Offender Workers' Compensation Insurance		789		857	\$ (68)	-8.0%
Miscellaneous Office expenses		1,926		513	\$ 1,413	275.4%
Postage and Mailing		298		457	\$ (159)	-34.8%
Dues and Subscriptions		152		488	\$ (336)	-68.9%
Buildings & Grounds Improvements		319		-	\$ 319	100.0%
Utilities		4,174		1,094	\$ 3,080	281.5%
Miscellaneous expenses		1,041		1,092	\$ (51)	-4.7%
Capitalized Institutional Overhead		4		128	\$ (124)	-96.9%
Total General and Administrative Manufacturing Expenses		(87,259)		(80,105)	\$ (7,154)	8.9%
Earnings available for program support		\$ 24,373		\$ 44,744	\$ (20,371)	-45.5%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC FURNITURE AND METAL
Statements of Operations
For the nine months ending March 31, 2018 and 2017**

	March 31, 2018	March 31, 2017	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales - Furniture	\$ 163,056	\$ 195,481	\$ (32,425)	-16.6%
Less Cost of Sales:				
Direct Labor	\$ 9,108	11,513	\$ (2,405)	-20.9%
Materials	137,475	142,340	\$ (4,865)	-3.4%
Overhead	34,747	41,293	\$ (6,546)	-15.9%
Total Cost of Sales	(181,330)	(195,146)	\$ 13,816	-7.1%
Gross Profit	(18,274)	335	\$ (18,609)	-5554.9%
Freight Revenues	9,925	5,121	\$ 4,804	93.8%
Freight Expenses	(4,239)	(2,784)	\$ (1,455)	52.3%
Freight (Net of Revenues/Expenses)	5,686	2,337	\$ 3,349	143.3%
Contribution to G & A expenses	\$ (12,588)	2,672	\$ (15,260)	-571.1%
Sales - Metal	363,623	687,844	\$ (324,221)	-47.1%
Less Cost of Sales:				
Direct Labor	26,293	73,756	\$ (47,463)	-64.4%
Materials	198,837	368,095	\$ (169,258)	-46.0%
Overhead	42,663	72,793	\$ (30,130)	-41.4%
Total Cost of Sales	(267,793)	(514,644)	\$ 246,851	-48.0%
Gross Profit - Metal	95,830	173,200	\$ (77,370)	-44.7%
Freight Revenues	-	-	\$ -	0.0%
Freight Expenses	(5,911)	-	\$ (5,911)	-100.0%
Freight (Net of Revenues/Expenses)	(5,911)	-	\$ (5,911)	-100.0%
Contribution to G & A expenses	89,919	173,200	\$ (83,281)	-48.1%
General and Administrative Manufacturing Expenses:				
Salaries	23,923	25,273	\$ (1,350)	-5.3%
Fringe Benefits and other Payroll expenses	12,965	9,745	\$ 3,220	33.0%
Offender Labor - Office	6,580	7,190	\$ (610)	-8.5%
Offender Workers' Compensation Insurance	2,386	3,248	\$ (862)	-26.5%
Travel expenses	463	485	\$ (22)	-4.5%
Office expenses	5,162	4,878	\$ 284	5.8%
Inspections and Certifications	865	-	\$ 865	100.0%
Insurance Expense	300	500	\$ (200)	-40.0%
Dues and Subscriptions	130	173	\$ (43)	-24.9%
Buildings & Grounds Improvements	95	387	\$ (292)	-75.5%
Utilities	15,298	14,926	\$ 372	2.5%
Miscellaneous expenses	5,429	-	\$ 5,429	100.0%
Capitalized Institutional Overhead	(5,274)	24,044	\$ (29,318)	-121.9%
Total General and Administrative Manufacturing Expenses	(68,322)	(90,849)	\$ 22,527	-24.8%
Earnings available for program support (Net Loss)	\$ 9,009	\$ 85,023	\$ (76,014)	-89.4%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SDCC AUTO AND UPHOLSTERY SHOP
Statements of Operations**
For the nine months ending March 31, 2018 and 2017

Revenue:	March 31, 2018	March 31, 2017	Increase (Decrease)	
			Change	Percent
Sales From Auto/Upholstery	\$ 84,511	\$ 112,661	\$ (28,150)	-25.0%
Less Cost of Sales:				
Direct Labor	13,318	3,984	\$ 9,334	234.3%
Materials	41,173	26,654	\$ 14,519	54.5%
Overhead	14,597	25,550	\$ (10,953)	-42.9%
Total Cost of Sales	(69,088)	(56,188)	\$ (12,900)	23.0%
Gross Profit	15,423	56,473	\$ (41,050)	-72.7%
Contribution to G & A expenses - Auto/Upholstery	\$ 15,423	\$ 56,473	\$ (41,050)	-72.7%
Net Proceeds from Manpower Operations:				
Diamond Mountain Distributors	8,583	3,114	\$ 5,469	175.6%
Opportunity Village	-	(78)	\$ 78	-100.0%
Contribution to G & A expenses - Manpower Operations	8,583	3,036	\$ 5,547	182.7%
General and Administrative Manufacturing Expenses:				
Salaries	26,733	36,413	\$ (9,680)	-26.6%
Fringe Benefits and other Payroll expenses	9,087	22,248	\$ (13,161)	-59.2%
Offender Labor - Office	7,826	6,669	\$ 1,157	17.3%
Insurance Expense--Other		500	\$ (500)	-100.0%
Offender Workers' Compensation Insurance	619	621	\$ (2)	-0.3%
Miscellaneous Office expenses	294	1,189	\$ (895)	-75.3%
Telephone	537	380	\$ 157	41.3%
Postage and Mailing	205	649	\$ (444)	-68.4%
Dues and Subscriptions	26	327	\$ (301)	-92.0%
Utilities	10,405	10,405	\$ -	0.0%
Miscellaneous expenses	3,172	3,033	\$ 139	4.6%
Capitalized Institutional Overhead	(8,080)	(5,913)	\$ (2,167)	36.6%
Warranty expense	1,608	188	\$ 1,420	755.3%
Total General and Administrative Manufacturing Expenses	(52,432)	(76,709)	\$ 24,277	-31.6%
Earnings available for program support (Net Loss)	\$ (28,426)	\$ (17,200)	\$ (11,226)	65.3%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
LCC GARMENT FACTORY
Statements of Operations**
For the nine months ending March 31, 2018 and 2017

Revenue:	March 31, 2018		March 31, 2017		Increase (Decrease)		
					Change	Percent	
Sales	\$	888,479	\$	613,105	\$	275,374	44.9%
Less Cost of Sales:							
Direct Labor	\$	232,031		120,080	\$	111,951	93.2%
Materials		236,824		145,679	\$	91,145	62.6%
Overhead		78,943		63,079	\$	15,864	25.1%
Total Cost of Sales		(547,798)		(328,838)	\$	(218,960)	66.6%
Gross Profit		340,681		284,267	\$	56,414	19.8%
Freight Revenues		48,119		17,146	\$	30,973	180.6%
Freight Expenses		(42,056)		(20,168)	\$	(21,888)	108.5%
Freight (Net of Revenues/Expenses)		6,063		(3,022)	\$	9,085	-300.6%
Contribution to G & A expenses		\$ 346,744		281,245	\$	65,499	23.3%
General and Administrative Manufacturing Expenses:							
Salaries		45,470		44,165	\$	1,305	3.0%
Fringe Benefits and other Payroll expenses		28,142		26,419	\$	1,723	6.5%
Offender Labor - Office		13,093		10,838	\$	2,255	20.8%
Offender Workers' Compensation Insurance		7,022		4,379	\$	2,643	60.4%
Travel		140		279	\$	(139)	-49.8%
Miscellaneous Office expenses		5,235		4,871	\$	364	7.5%
Postage and Mailing		68		304	\$	(236)	-77.6%
Building and Grounds Improvements		127		3,039	\$	(2,912)	-95.8%
Utilities		10,129		10,129	\$	-	0.0%
Miscellaneous expenses		2,362		2,508	\$	(146)	-5.8%
Capitalized Institutional Overhead		(1,388)		(3,206)	\$	1,818	-56.7%
Total General and Administrative Manufacturing Expenses		(110,400)		(103,724)	\$	(6,676)	6.4%
Earnings available for program support		\$ 236,344		\$ 177,521	\$	58,823	33.1%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
PRISON RANCH
Statements of Operations
For the nine months ending March 31, 2018 and 2017**

Revenue:	March 31, 2018		March 31, 2017		Increase (Decrease)	
					Change	Percent
Revenue - Livestock						
Cash Sales	\$ 75,434		\$ 64,988	\$ 10,446	16.1%	
Non-Cash Inventory Adjustments	(23,230)		3,110	\$ (26,340)	-846.9%	
Total Revenue	\$ 52,204		68,098	\$ (15,894)	-23.3%	
Less Cost of Sales:						
Direct Labor	4,710		4,589	\$ 121	2.6%	
Materials	43,903		34,722	\$ 9,181	26.4%	
Overhead	8,938		8,292	\$ 646	7.8%	
Total Cost of Sales	(57,551)		(47,603)	\$ (9,948)	20.9%	
Contribution to G & A expenses - Livestock	\$ (5,347)		20,495	\$ (25,842)	-126.1%	
Sales - Dairy	406,564		399,570	\$ 6,994	1.8%	
Less Cost of Sales:						
Direct Labor	47,538		36,660	\$ 10,878	29.7%	
Materials	168,092		175,487	\$ (7,395)	-4.2%	
Overhead	113,558		90,452	\$ 23,106	25.5%	
Total Cost of Sales	(329,188)		(302,599)	\$ (26,589)	8.8%	
Contribution to G & A expenses - Dairy	77,376		96,971	\$ (19,595)	-20.2%	
Revenue - Crops						
Sales	112,301		79,891	\$ 32,410	40.6%	
Non-Cash Inventory Adjustments	(55,681)		1,934	\$ (57,615)	-2979.1%	
Total Revenue	56,620		81,824	\$ (25,204)	-30.8%	
Less Cost of Sales:						
Direct Labor	17,721		22,016	\$ (4,295)	-19.5%	
Materials	4,710		-	\$ 4,710	100.0%	
Overhead	37,127		74,641	\$ (37,514)	-50.3%	
Total Cost of Sales	(59,558)		(96,657)	\$ 37,099	-38.4%	
Contribution to G & A expenses - Crops	(2,938)		(14,833)	\$ 11,895	-80.2%	
Boarding Fees - Estray Horses	9,405		8,321	\$ 1,084	13.0%	
Less Cost of Sales:						
Direct Labor	-		1,221	\$ (1,221)	-100.0%	
Materials	4,998		2,319	\$ 2,679	115.5%	
Overhead	-		-	\$ -	0.0%	
Total Cost of Sales	(4,998)		(3,540)	\$ (1,458)	41.2%	
Contribution to G & A expenses - Estray Horse Boarding	4,407		4,781	\$ (374)	-7.8%	
Boarding Fees - BLM (Wild) Horses	1,108,656		1,138,864	\$ (30,208)	-2.7%	
Less Cost of Sales:						
Direct Labor	56,611		93,684	\$ (37,073)	-39.6%	
Materials	527,805		562,105	\$ (34,300)	-6.1%	
Overhead	187,061		162,194	\$ 24,867	15.3%	
Total Cost of Sales	(771,477)		(817,983)	\$ 46,506	-5.7%	
Contribution to G & A expenses - BLM Wild Horse Boarding	337,179		320,881	\$ 16,298	5.1%	
Composting Project	46,845		35,250	\$ 11,595	32.9%	
Less Cost of Sales:						
Direct Labor	24,685		14,396	\$ 10,289	71.5%	
Materials	-		-	\$ -	0.0%	
Overhead	-		-	\$ -	0.0%	
Total Cost of Sales	(24,685)		(14,396)	\$ (10,289)	71.5%	
Contribution to G & A expenses - Composting Project	\$ 22,160		\$ 20,854	\$ 1,306	6.3%	

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
PRISON RANCH
Statements of Operations
For the nine months ending March 31, 2018 and 2017
(Continued)**

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	Increase (Decrease)	
			Change	Percent
General and Administrative Ranch Expenses:				
Salaries - Staff	\$ 186,854	\$ 217,076	\$ (30,222)	-13.9%
Fringe Benefits and other Payroll expenses	85,932	80,854	\$ 5,078	6.3%
Offender Labor - Office	5,442	12,458	\$ (7,016)	-56.3%
Offender Workers' Compensation Insurance	3,714	4,296	\$ (582)	-13.5%
Travel expenses	534	1,979	\$ (1,445)	-73.0%
Miscellaneous Office expenses	1,636	2,162	\$ (526)	-24.3%
Telephone Expenses	364	466	\$ (102)	-21.9%
Postage and Mailing	5	39	\$ (34)	-87.2%
Insurance	10,791	3,890	\$ 6,901	177.4%
Dues and Subscriptions	-	347	\$ (347)	-100.0%
Buildings and Grounds Improvements	86	2,950	\$ (2,864)	-97.1%
Utilities	45,925	37,005	\$ 8,920	24.1%
EITS Assessment	1,308	786	\$ 522	66.4%
Purchasing Assessment	5,217	5,452	\$ (235)	-4.3%
State Cost Allocation	13,046	14,047	\$ (1,001)	-7.1%
Administration Fees	36,000	36,000	\$ -	0.0%
Miscellaneous expenses	335	2,811	\$ (2,476)	-88.1%
Total General and Administrative Manufacturing Expenses	<u>\$ (397,189)</u>	<u>\$ (422,618)</u>	<u>\$ 25,429</u>	<u>-6.0%</u>
Earnings available for program support (Net Loss)	<u>\$ 35,648</u>	<u>\$ 26,531</u>	<u>\$ 9,117</u>	<u>34.4%</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES**
For the nine months ending March 31, 2018 and 2017

	PER STATEMENTS OF OPERATIONS		INTERFUND SALES		AFTER REMOVING INTERFUND SALES		March 31, 2017		Increase (Decrease)	
			March 31, 2018						Change	Percent
Revenue:										
Industry Sales	\$ 2,086,686	\$ (14,991)	\$ 2,071,695		\$ 2,317,430		\$ (245,735)			-10.6%
Less Cost of Sales	(1,482,962)	10,361	(1,472,601)		(1,557,121)		\$ 84,520			-5.4%
Gross Profit from Industry Sales	603,724	(4,630)	599,094	\$ 599,094	760,309		\$ (161,215)			-21.2%
Ranch Sales	1,680,294	(122,021)	1,558,273		1,618,853		\$ (60,580)			-3.7%
Less Cost of Sales	(1,247,457)	122,021	(1,125,436)		(1,169,703)		\$ 44,267			-3.8%
Gross Profit from Ranch Sales	432,837	0	432,837		449,149		\$ (16,312)			-3.6%
Freight (Net of Revenues/Expenses)	2,398		2,398		3,874		\$ (1,476)			-38.1%
General Manufacturing Expenses:										
Staff Salaries	349,885		349,885		388,935		\$ (39,050)			-10.0%
Staff Fringe Benefits and other Payroll expenses	160,553		160,553		160,664		\$ (111)			-0.1%
Offender Labor--Office	41,303		41,303		47,345		\$ (6,042)			-12.8%
Offender Workers' Compensation Ins.	15,181		15,181		14,255		\$ 926			6.5%
Travel expenses	1,137		1,137		2,743		\$ (1,606)			-58.5%
Office expenses	15,186	(3,666)	11,520		12,562		\$ (1,042)			-8.3%
Telephone	901		901		846		\$ 55			6.5%
Postage and Mailing	576		576		1,449		\$ (873)			-60.2%
Advertising/Public Relations	-		-		(388)		\$ 388			-100.0%
Inspections and Certifications	865		865		-		\$ 865			100.0%
Insurance	11,091		11,091		4,890		\$ 6,201			126.8%
Dues and Subscriptions	540		540		2,137		\$ (1,597)			-74.7%
Improvements and Small Equipment	-		-		646		\$ (646)			-100.0%
Improvements	822		822		6,392		\$ (5,570)			-87.1%
Utilities	89,067		89,067		76,682		\$ 12,385			16.2%
EITS Assessment-Ranch	1,308		1,308		786		\$ 522			66.4%
Purchasing Assessment-Ranch	5,217		5,217		5,452		\$ (235)			-4.3%
State Cost Allocation-Ranch	13,046		13,046		14,047		\$ (1,001)			-7.1%
Administrative Fees	36,000		36,000		36,000		\$ -			0.0%
Miscellaneous expenses	13,789	(306)	13,483		11,003		\$ 2,480			22.5%
Capitalized Institutional Overhead	(14,592)		(14,592)		13,561		\$ (28,153)			-207.6%
Warranty expense	1,608		1,608		188		\$ 1,420			755.3%
Total General Manufacturing Expenses:	(743,483)	(3,972)	(739,511)		(800,195)		\$ 60,684			-7.6%
Net Income from Operations:	\$ 295,477	\$ 658	\$ 294,819		\$ 413,137		\$ (118,318)			-28.6%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES**
For the nine months ending March 31, 2018 and 2017
(Continued)

	PER STATEMENTS OF OPERATIONS		ELIMINATION ENTRIES		AFTER REMOVING INTERFUND SALES		Increase (Decrease)	
	March 31, 2018				March 31, 2017		Change	Percent
General and								
Administrative Expenses:								
Staff Salaries	\$	388,941	\$	388,941	\$	349,994	\$ 38,947	11.1%
Staff Fringe Benefits and other Payroll expenses		154,333		154,333		151,623	\$ 2,710	1.8%
Travel expenses		3,601		3,601		6,356	\$ (2,755)	-43.3%
Rent		46,341		46,341		28,096	\$ 18,245	64.9%
Office expenses		1,709	\$ (20)	1,689		1,959	\$ (270)	-13.8%
Telephone		5,726		5,726		10,440	\$ (4,714)	-45.2%
Postage and Mailing		927		927		750	\$ 177	23.6%
Advertising/Public Relations		139	\$ (139)	-		3,750	\$ (3,750)	-100.0%
Insurance		7,531		7,531		86	\$ 7,445	8657.0%
Vehicle expenses		7,806	(499)	7,307		3,349	\$ 3,958	118.2%
Dues and Subscriptions		2,556		2,556		1,277	\$ 1,279	100.2%
Depreciation expense		64,934		64,934		64,934	\$ -	0.0%
Improvements and Small Equipment		-		-		-	\$ -	0.0%
Bad Debt expense		-		-		70,000	\$ (70,000)	-100.0%
Utilities		2,618		2,618		2,356	\$ 262	11.1%
State Cost Allocation		108,761		108,761		220,556	\$ (111,795)	-50.7%
Attorney General Cost Allocation		28,189		28,189		40,032	\$ (11,843)	-29.6%
EITS Assessment		4,139		4,139		3,723	\$ 416	11.2%
Purchasing Assessment		4,341		4,341		4,327	\$ 14	0.3%
Credit Card Processing Fees		5,351		5,351		5,118	\$ 233	4.6%
Miscellaneous expenses		1,531		1,531		3,888	\$ (2,357)	-60.6%
Total General and Administrative Expenses		(839,474)	(658)	\$ (838,816)		(972,614)	\$ 133,798	-13.8%
Other Income (Expenses)								
Interest Revenue		38,503		38,503		19,093	\$ 19,410	101.7%
Finance Charges		80		80		113	\$ (33)	-29.2%
License Plate Fees		526,494		526,494		545,863	\$ (19,369)	-3.5%
Capital Improvement (net)		41,326		41,326		36,671	\$ 4,655	12.7%
Rental Income		89,100		89,100		92,700	\$ (3,600)	-3.9%
Administrative Fees		33,436		33,436		108,727	\$ (75,291)	-69.2%
Miscellaneous Revenue		10,869		10,869		-	\$ 10,869	100.0%
Earnings Available for Program Support	\$	195,811	\$ (0)	\$ 195,811		243,690	\$ (47,879)	-19.6%

**STATUS OF AND PROPOSED EXPENDITURES FROM 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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<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	\$61,149
Interest Income:	\$726	\$1,720	\$2,490	\$2,725	\$3,832
Rebate:				\$7	
<i>Total Revenue:</i>	\$94,111	\$72,002	\$60,999	\$67,893	\$64,981
Expenditures Incurred:	\$0	\$0	\$297,118	\$0	\$0
<i>Ending Balance:</i>	\$467,938	\$539,940	\$303,821	\$371,715	\$436,696

Silver State Industries Proposed Purchases from CIP Fund						
Proposed Equipment	Shop	Total Dollar Amount	Description	New or Existing Program	Number of Additions	Skills Learned
Feeder Steers	SCC Ranch	\$ 75,000	Feeder Steers would be raised for approximately six months before sold for a profit. Goal is to increase their weight by 1.9 lbs. per day.	New	2	Calf health & care, range management, facility maintenance, horsemanship, equipment operation
Barn Relocation	SCC Ranch	\$ 30,000	Currently using tents to house calves. A permanent structure would get the calves out of the wind. China Springs Youth Camp has a barn in Gardnerville that they would donate to us. Funds would go towards dismantling the barn, transportation, site assessment and preparation, and erecting the structure on Ranch property.	Existing	4 to 5 during dismantling & resurrecti	General construction processes, equipment/tool operation
Game Birds	SCC Ranch	\$ 7,500	Raising game birds would need initial start-up costs of birds and site development. Birds would be purchased at young age and would be sold to the public once matured.	New	2	Best practices for raising game birds, producing viable stock for sale while keeping death loss to a minimum
Bar tack Machines	LCC Garment	\$ 9,080	Two each bar tack machines used to reinforce stress points on all products manufactured by the Garment factory.	Existing	2	Use and development of skills with an industry standard sewing machine.
Button Holler	LCC Garment	\$ 4,505	Buttonholler would be utilized on pant and shirt line to expedite production.	Existing	1	Use and development of skills with an industry standard sewing machine.
Off Arm Machine	LCC Garment	\$ 3,720	Off arm machine used for pants, jumpsuits, boxers, and scrubs to assist with production increase.	Existing	1	Use and development of skills with an industry standard sewing machine.
Off Arm Machine	LCC Garment	\$ 7,440	Two each off arm machine to expand t-shirt production line.	Existing	2	Use and development of skills with an industry standard sewing machine.
Cutting Knife	LCC Garment	\$ 2,800	Cutting knife will be utilized on private production lines to increase daily production.	Existing	1	Use and development of skills with an industry standard sewing machine.
Waistbander	LCC Garment	\$ 2,690	Products require waistbanders to attach waistbands to boxers, jumpsuits, and other clothing to assist with production increase.	Existing	1	Use and development of skills with an industry standard cutting machine.
Ultra Overlock HS	LCC Garment	\$ 2,840	Two each overlock machines surges together material using multiple lines to create durable seam. Will assist with t-shirt production.	Existing	2	Use and development of skills with an industry standard sewing machine.
Cover stitch flat machine	LCC Garment	\$ 3,790	Two each cover stitch machine seams together layers of fabric with a double stitch in a crisscross pattern for maximum durability.	Existing	2	Use and development of skills with an industry standard sewing machine.
Top/Bottom Cover stitch	LCC Garment	\$ 4,180	Two each top/bottom cover stitch machines would assist with keeping up with production.	Existing	2	Use and development of skills with an industry standard sewing machine.
Task Station Chairs	LCC Garment	\$ 1,450	Ten each chairs for offender workers to accompany new machines.	Existing	0	Used for the garment factory machines above
Sewing Stations	LCC Garment	\$ 5,620	Ten each sewing stations for offender workers to accompany new machines.	Existing	0	Used for the garment factory machines above
Plasma Cutter	SDCC Auto	\$ 600	Current plasma cutter is 10-years-old and past its useful life. It is needed for auto restoration jobs.	Existing	0	Plasma cutter skills pertaining to automotive body repair.
MIG Welder	SDCC Auto	\$ 2,935	Current MIG welder is 10-years-old and past its useful life. It is needed for auto restoration jobs.	Existing	0	Welding skills pertaining to automotive body repair. Possibly obtain welding certification.
TIG Welder	SDCC Auto	\$ 2,839	Current TIG welder is 10-years-old and past its useful life. It is needed for auto restoration jobs.	Existing	0	Welding skills pertaining to automotive body repair. Possibly obtain welding certification.
Computers	SDCC Auto	\$ 1,500	Two computer workstations @ \$500 each and one server @ \$500. Current computers are approximately ten-years-old and well past their useful life. Computers are needed to conduct day-to-day operations in the auto shop.	Existing	0	Computer skills, generate quotes, help track materials for jobs
Tape Edge Head	NNCC Mattress	\$ 7,990	Sewing machine head for Tape Edge machine which applies seam tape to connect border and panel on a mattress would improve quality of mattress products.	Existing	0	Sewing machine skills and procedure for border and tape edging on mattresses.
Sewing Machine	NNCC Mattress	\$ 2,995	Current single needle sewing machine is approximately 20-years-old and beyond its useful life. Will assist with production of products.	Existing	0	Sewing machine skills and different types of sewing applications.
Box Spring Binder Machine	NNCC Mattress	\$ 16,044	Applies mattress tape for box spring cover. Current machine is approximately 20-years-old and has outlived its useful life. Repairs are costly and result in loss of productivity.	Existing	0	Different types of sewing applications.
Dust Collection System	NNCC Furniture	\$ 1,204	Collects wood chips and saw dust from all machines being used in shops. Currently they are forced to unattach and reattach fittings to different machines. Will assist with cleaning the air and reduces dust contamination. Will result in increased safety for all workers.	Existing	0	Assists with keeping offenders healthy and reduces respiratory claims. This is a health issue. Could prevent respiratory medical claims in the future.
Heavy Duty Filtration System	NNCC Furniture	\$ 1,429	Four each air filters for shops. This would assist with the elimination of dust problems. Collects particles throughout the shop. Reduces health hazards.	Existing	0	Assists with keeping offenders healthy and reduces respiratory claims. This is a health issue. Could prevent respiratory medical claims in the future.
High Pressure Steamer	NNCC Furniture	\$ 392	Steamer revives foam on old furniture and takes wrinkles out of materials. Current model has exceeded its life expectancy. Have large customer that requires steamer to work with their product.	Existing	2	Produce and manufacture better quality products.
Heavy Duty Mortise Machir	NNCC Furniture	\$ 1,664	Dedicated Mortise machine allows for consistent and accurate mortising on all wood work. Currently use chisel. Will allow for more production of custom and existing products.	Existing	1	Current technology and more precise manufacturing and production.
Saw Stop Cabinet Saw	NNCC Furniture	\$ 4,790	Table saw with safety integrated. Detects human contact and stops saw blade to prevent or reduce injury. Would reduce personal injury, provide safer wood cutting environment.	Existing	1	How to cut materials in a safer manner and produce quality products.
Baileigh Box and Pan Brake	NNCC Metal	\$ 9,987	Allows for precision bends on sheet metal. The metal shop currently outsources any materials that require precision bends. Allows PI to manufacture more products and to reduce costs from outsourcing.	New	1	Precision bends at different angles and produce quality products.
Full Pen Prep Plate	NNCC Metal	\$ 2,410	Used for preparation of structural wide flange beams to be full penetration welded. Will result in uniform product and will save considerable time. Will reduce labor cost and that time would allow us to produce more product.	Existing	2	Obtain AWS Full Penetration Welding Certification.
MIG Welders	NNCC Metal	\$ 8,901	Two at \$4,450.38 each welders would replace worn out welders which are constantly breaking down and require costly parts, resulting in a loss of production.	Existing	1	Welding skills. May obtain an AWS Welding certification
Pressure Abrasive Blaster	NNCC Metal	\$ 725	Sandblaster unit used in preparation of products to be powder coated and painted. Current sandblaster has outlived its useful life and continues to need costly repairs. Increase production of product for preparation of powder coating and painting.	Existing	1	Prepare products to be powder coated or painted.

Roller Conveyors	NNCC Metal	\$ 660	Four each conveyors would allow larger beams to move safely in and out of horizontal saw would result in added safety for maneuvering large flange beams to be moved and prepared for precision cuts with our horizontal beam saw.	Existing	1	Create safer environment and how to make a more precise cut.
Air Compressor	NNCC Metal	\$ 4,550	Compressor for sandblaster unit. Currently using compressor for other functions that have to be stopped when sandblasting. Needed in unison with pressure abrasive blaster and current compressors. Existing compressors are beyond capacity. Would allow to operate all functions that require air in auto shop, auto body paint, and upholstery shop.	Existing	0	Prepare products to be powder coated and painted.
Welding Gun	NNCC Metal	\$ 1,085	Welding gun specific for use in aluminum welding. Current equipment produces dirty welds which require extensive labor to clean and make cosmetically pleasing. We have been approached by customers to weld aluminum products.	Existing	1	Work on specialty metal welding. May obtain an AWS welding certification.
Total requests		\$ 233,315			29	

NRS 209.192 Fund for New Construction of Facilities for Prison Industries.

1. There is hereby created in the State Treasury a Fund for New Construction of Facilities for Prison Industries as a capital projects fund. The Director shall deposit in the Fund the deductions made pursuant to paragraph (c) of subsection 1 or paragraph (b) of subsection 2 of [NRS 209.463](#). The money in the Fund must only be expended:

- (a) To house new industries or expand existing industries in the industrial program to provide additional employment of offenders;
- (b) To relocate, expand, upgrade or modify an existing industry in the industrial program to enhance or improve operations or security or to provide additional employment or training of offenders;
- (c) To purchase or lease equipment to be used for the training of offenders or in the operations of prison industries;
- (d) To pay or fund the operations of prison industries, including, without limitation, paying the salaries of staff and wages of offenders if the cash balance in the Fund for Prison Industries is below the average monthly expenses for the operation of prison industries;
- (e) To advertise and promote the goods produced and services provided by prison industries; or
- (f) For any other purpose authorized by the Legislature.

2. Before money in the Fund may be expended:

(a) As described in paragraphs (b) to (e), inclusive, of subsection 1, the Director shall submit a proposal for the expenditure to the Committee on Industrial Programs and the State Board of Examiners.

(b) For construction, the Director shall submit a proposal for the expenditure to the State Board of Examiners.

3. Upon making a determination that the proposed expenditure is appropriate and necessary, the State Board of Examiners shall recommend to the Interim Finance Committee, or the Senate Standing Committee on Finance and the Assembly Standing Committee on Ways and Means when the Legislature is in general session, that the expenditure be approved. Upon approval of the appropriate committee or committees, the money may be so expended.

4. If any money in the Fund is used as described in paragraph (d) of subsection 1, the Director shall repay the amount used as soon as sufficient money is available in the Fund for Prison Industries.

5. The interest and income earned on the money in the Fund, after deducting any applicable charges, must be credited to the Fund.

6. As used in this section, "Fund" means Fund for New Construction of Facilities for Prison Industries.

(Added to NRS by [1991, 1586](#); A [1993, 422](#); [1995, 2591](#); [1997, 3177](#); [2001, 2391](#); [2010, 26th Special Session, 5](#); [2015, 398](#))

**INFORMATION ITEM:
DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAMS**

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

X &
XI

**INFORMATION ITEM:
DISCUSSION OF PROPOSED NEW PRISON INDUSTRY PROGRAM
Ink2Work, LLC.**

Northern Administration
5500 Snyder Ave.
Carson City, NV 89701
(775) 887-3285

Southern Administration
3955 W. Russell Rd.
Las Vegas, NV 89118
(702) 486-9938



Brian Sandoval
Governor

James Dzurenda
Director

**State of Nevada
Department of Corrections**

May 15, 2018

Re: Status update of new industries

Erickson Framing NV, LLC.

Erickson Framing's contract was approved by the BOE in April. The contract has now been fully executed. The hiring process of both a correctional officer and offenders was started the first week in May. Erickson will start with 12 offender workers. A work start date is projected for June 1, 2018.

Nevada Organics Inc.

Nevada Organics' contract was approved in March. It has been fully executed and compost work operating under Nevada Organics started in April. They currently have ten offender workers. They are using the old Full Circle Compost site as they await approval for the new site from the Nevada Division of Environmental Protection.

Sewing Collection Inc.

Sewing Collection Inc. (SCI) has not signed their contract yet. The end of March they requested that we give them a couple of more months.

Ink2Work, LLC

Ink2Work, LLC would like to partner with Prison Industries. They toured both SDCC and HDSP. They have not made a decision on which location they would like to request to work out of yet. Ink2Work recycles the larger ink cartridges for businesses. They currently operate out of Ventura, California; however, they would like to shut down that location. They also operate out of Belmarsh prison in London and Indian Creek Correctional Center in Virginia.