

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

(NRS 209.4817)



**Friday, October 11, 2019
1:30 p.m.**

*Grant Sawyer State Office Building
Room 4412
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 STATE OF NEVADA
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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: OCTOBER 11, 2019 – 1:30 p.m.

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

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

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

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

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

A G E N D A

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. SELECTION OF CHAIR AND VICE CHAIR – NRS 209.4817.

*For
Possible
Action*

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

*For
Possible
Action*

V. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 21, 2018.

*For
Possible
Action*

VI. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR DECEMBER 14, 2018.

*For
Possible
Action*

VII. OVERVIEW OF THE COMMITTEE ON INDUSTRIAL PROGRAMS' STATUTORY AUTHORITY AND DUTIES.

*For
Possible
Action*

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

*For
Possible
Action*

IX. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2015 THROUGH JUNE 2019.

*For
Possible
Action*

X. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2017, FY 2018, AND FY 2019.

*For
Possible
Action*

XI. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2019.

*For
Possible
Action*

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

*For
Possible
Action*

XIII. INFORMATION ITEM: DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAM – NRS 209.4818 – Ink2Work, LLC.

*For
Possible
Action*

XIV. DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY PROGRAM – NRS 209.4818 – Allwire, INC.

XV. 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.)

XVI. 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 Kat Therres, Committee Secretary, at 775-684-6473 or Donna Thomas, 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.

SELECTION OF CHAIR AND VICE CHAIR – NRS 209.4817.

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](#))

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

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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.
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(Added to NRS by [2001, 2390](#); A [2007, 26](#); [2013, 1805](#))

**APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM
FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 21, 2018.**

V

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
September 21, 2018**

The fifth 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, September 21, 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
Assemblywoman Daniele Monroe-Moreno
Pete Aguilar, Representing Manufacturing
Randy Soltero, Representing Organized Labor
Beverly Williams, Representing Organized Labor

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Pete Goicoechea
James Dzurenda, Director, Nevada Department of Corrections
Jeffrey Haag, Administrator, Purchasing Division, Department of Administration

COMMITTEE MEMBERS ABSENT:

Assemblyman James Oscarson
Bruce Aguilera, Representing Business
Allen J. Puliz, Representing Manufacturing

STAFF MEMBERS PRESENT IN LAS VEGAS:

Kristina Shea, Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Sarah Coffman, Principal Deputy Fiscal Analyst
Brody Leiser, Senior Program Analyst
Nick Anthony, Senior Principal Deputy Legislative Counsel, Legal Division
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:

Justin Pope, Supervisor, Prison Ranch, NDOC

Mary Byington, Supervisor, Prison Industries, NDOC

EXHIBITS:

Exhibit A: Agenda and Meeting Packet

I. ROLL CALL.

Chair Parks called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs to order at 1:05 p.m. The secretary called roll. All members were present except for Assemblyman Oscarson, Mr. Aguilera and Mr. Puliz who were excused.

II. PUBLIC COMMENT.

There was no public comment.

III. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR JUNE 22, 2018.

Chair Parks stated that he had corrections to the June 22, 2018, meeting minutes. He noted that the correct spelling for the presenter from Ink2Work was Mr. Herbert. In addition, on page 17 (Exhibit A), the percentages given in Mr. Herbert's testimony should be 0.4 percent and 0.9 percent instead of 4 percent and 9 percent.

Chair Parks requested a motion for approval of the minutes of the June 22, 2018, meeting with the noted changes.

ASSEMBLYWOMAN MONROE MORENO MOVED TO APPROVE THE MINUTES OF THE JUNE 22, 2018, MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS WITH THE NOTED CHANGES.

MR. SOLTERO SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

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

David Tristan, Acting Deputy Director, Prison Industries, stated that he wanted to thank Chair Parks and the Committee for their guidance and support of Prison Industries (PI). He noted their work was appreciated. In addition, he commended Mr. Quenga, Marketing Coordinator, Prison Industries and Ms. Dastal, Administrative Services Officer II, Nevada Department of Corrections (NDOC), and staff for the excellent work they provided while he was the Acting Deputy Director of Prison Industries. He said that he was resigning from his position at the end of the year and it was the last Committee meeting he would be

attending. Mr. Tristan shared with the Committee that he was extremely proud of Mr. Quenga and Ms. Dastal for expanding Prison Industries programs. He was aware it was difficult bringing in new businesses for PI because of all the requirements in statute in terms of not competing with the local workforce and businesses. He added that Mr. Quenga, in conjunction with individuals like Mr. Herbert from Ink2Work, have done an outstanding job promoting new industries. Mr. Tristan said that he was working with Mr. Quenga and NDOC to establish an interagency agreement between PI and NDOC. In discussions with James Dzurenda, Director, NDOC, they were working to establish teams to work on quality control for PI products because prisons may have different needs and “one size does not fit all”. He said that Harold Wickham, Deputy Director of Operations, would work with the prison wardens to ensure the products PI provided were needed with a quality that would serve the prisons well. He noted that sometimes inmates were rough on products, whether working on mattresses, linen or clothing, and PI wanted to work as a team with NDOC so that there were no disputes between the products provided and the quality of the products. He stated that hopefully, with support from the Legislature, PI could get clarification on language relative to the way the current bill was structured. Mr. Tristan stated the language was very clear to him that everything being equal relative to the price and quality of products provided with inmate labor that PI would be given preference in terms of NDOC purchasing from PI; however, there seemed to be some ambiguity for people as it related to the word preference. Mr. Tristan hoped that working with State Procurement, NDOC, the Legislature and others, that language could be crafted that would not be onerous to private industry, but at the same time serve PI and NDOC well.

Chair Parks thanked Mr. Tristan on behalf of the Committee for his comments and wished him well in his future endeavors. He added that he appreciated his hard work to help make PI programs successful.

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections summarized the status report on outstanding debt owed to PI, Tab IV of the meeting packet (Exhibit A). She noted the customer aging report was current as of June 30, 2018, and the receivables totaled \$681,809. 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 \$465,073, or 68 percent of the total receivables. Three of the top ten accounts were private customers that had continued business with PI and were good at paying within PI’s terms of net 30. Seven of the top ten accounts were government agencies and were a sure pay. She noted that all of the receivable balances listed on the customer aging report were paid in full.

Chair Parks asked about the large outstanding balances for NDOC Administration-Milk, page 23 (Exhibit A) and Northern Nevada Correctional Center (NNCC), page 24 (Exhibit A), and Ms. Dastal replied that NDOC was normally behind on its payables at the end of the fiscal year.

Senator Goicoechea asked about the customer World Class Equine, and Mr. Quenga responded that PI produced products for the company for several years using inmate labor. He noted the items made were feeding bags, clothing bags and other products related to

competition horses. He stated the items were produced at the Garment Factory, located in the Lovelock Correctional Center. He added that World Class Equine was based out of state and was a good paying customer.

Chair Parks noted that he recently visited the Lovelock Correctional Center in Winnemucca and was given an explanation and showing of the high-quality products manufactured at the facility.

V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014 THROUGH JUNE 2018.

Ms. Dastal directed the Committee to the report on the number of inmates that worked from July 2014 through June 2018, Tab V of the meeting packet (Exhibit A). She stated in FY 2015, PI averaged 492 offenders working, or 4.1 percent of the offender population; in FY 2016, PI averaged 482 offenders working, or 3.6 percent of the offender population; and in FY 2017, PI averaged 465 offenders working, or 3.3 percent of the total offender population. She stated that FY 2018 had an average of 3.6 percent of the prison population working with 494 offenders. Ms. Dastal noted the number of offenders working in FY 2018 as compared to FY 2015 was flat, and the average was two additional offenders working in FY 2018, while the prison population increased by 929 offenders. She stated that Fiscal Year 2019 should reflect an increase in offenders working with the new industries.

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.

Ms. Dastal summarized the deductions from the inmate wages for room and board, the Prison Industry Capital Improvement Fund (CIP) and the Victims of Crime Fund, Tab VI of the meeting packet (Exhibit A). She stated that 24.5 percent of 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 were deducted for the Prison Industry CIP Fund. In FY 2016, \$405,016 in wages were deducted from offenders' wages for the three funds; in FY 2017, \$450,620 in wages were deducted for the three funds; and FY 2018 improved slightly over FY 2017 with \$456,883 deducted from offenders pay, which was approximately a \$52,000 improvement over FY 2016 and an increase of about \$6,000 over FY 2017. Ms. Dastal noted that PI was optimistic about FY 2019 with the new industries that were being implemented.

VII. REVIEW SILVER STATE INDUSTRIES FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2018.

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab VII of the meeting packet (Exhibit A). She noted the financials were not finalized because NDOC staff was still working on the FY 2018 financials at the time the meeting material was due to Fiscal staff. Ms. Dastal stated that the combined industries and Prison Ranch unrestricted cash increased by \$550,000. The total cash for Prison Industries increased

approximately \$399,000, or 19 percent compared to the same period a year ago. The cash for the Prison Ranch increased about \$151,000, or 13 percent. The PI capital restricted balance increased by approximately \$72,000, or 20 percent. Ms. Dastal stated that PI retained earnings increased approximately \$482,000, or 14 percent to approximately \$4.0 million. Net income for FY 2018 was approximately \$482,123.

Ms. Dastal stated that the Prison Ranch and the PI Capital Projects accounts ended FY 2018 in the black. Prison Industries contributed approximately \$366,000 toward program support; the Prison Ranch contributed approximately \$58,000; and the PI Capital Fund contributed almost \$58,000 toward program support.

Continuing, Ms. Dastal referenced the Consolidated Statement of Cash Flows from Operating Activities for FY 2018, page 37 (Exhibit A) and the total cash at the end of FY 2018 increased 17 percent, or approximately \$622,000. Central Administration Statement of Operations showed that license plate fees decreased by about \$19,000, or 3 percent. Capital Improvement, which was the offender wage assessments, increased by \$1,000, or 2 percent. Rental income decreased slightly by approximately \$5,000; and administrative fees were down by approximately \$70,000. Total revenue also decreased by \$70,000; Central Offices General and Administrative Expenses decreased \$119,000, which helped the administrative section. She noted that in FY 2018 there was no bad debt expense. The State Cost Allocation decreased by \$125,000 and although it had a net loss, there was a turnaround of approximately \$78,000.

Ms. Dastal moved to the Northern Nevada Correctional Center (NNCC) Mattress Shop Statement of Operations, Tab VII of the meeting packet (Exhibit A), and noted sales for the Mattress Shop decreased approximately \$56,000. The mattress factory's contribution toward program support decreased approximately \$36,000; however, it had a \$61,000 contribution toward program support.

Continuing with her presentation, Ms. Dastal stated that NNCC Printing/Bindery Shop sales decreased approximately \$77,000. The Print Shop still ended the year with approximately \$38,000 available for program support, a decrease of approximately \$30,000.

Ms. Dastal indicated that the Statement of Operations for the Furniture and Metal Shop showed the Furniture Shop revenue decreased approximately \$40,000. The Metal Shop revenue decreased approximately \$451,000. The Furniture Shop's share of the combined total revenue of \$811,110 was 51 percent and the Metal Shop's share was 49 percent. Applying those percentages to the general and administrative manufacturing expenses, currently the Furniture Shop experienced a \$124,000 net, while the Metal Shop had a net of \$55,749. She stated that the Furniture and Metal Shop combined contributed approximately \$179,000 for program support in FY 2018.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop Statement of Operations, Tab VII (Exhibit A), which showed that auto sales decreased approximately \$83,000. The Auto Shop contributed approximately \$1,500 to general and administrative manufacturing expenses; the card sorting contribution was approximately \$10,000, while Opportunity

Village contributed approximately \$1,400 from the small greeting card project. Allocating one-half of the general and administrative expenses to the Auto Shop, and one-half to Manpower operations, the Auto Shop ended with a \$38,000 loss, while Manpower operations had an approximate \$28,000 loss. Between the Auto and Manpower operations, the Auto Shop experienced a combined \$66,000 loss. She noted that PI was tentatively planning to add other industries if approved, such as Ink2Work and part of the hanger operation to help with the fixed expenses.

Moving to the Garment Factory Statement of Operations, Ms. Dastal noted garment sales increased about \$232,000 mainly due to a private customer. She added that the Garment Factory was the best performing shop and FY 2018 was an excellent year with a \$285,000 contribution for program support.

Ms. Dastal directed the Committee to the Prison Ranch Statement of Operations, Tab VII (Exhibit A). She said total sales decreased approximately \$278,000, which in part was due to the Bureau of Land Management (BLM) horse head count. The head count was down in FY 2018, and currently the Ranch was boarding 880 horses; 300 of the horses were recent additions to the Ranch. She indicated that the Ranch manager was told to expect 300 to 400 more horses in addition to 160 young studs. The BLM informed the Ranch manager that by November or December, the Ranch should be close to capacity with 2,000 horses. The daily per diem rate in August was \$5.50 per horse and the per diem rate in September was approximately \$4.36 per horse. Ms. Dastal noted that the Prison Ranch still ended FY 2018 with a contribution of approximately \$58,000 for program support.

Ms. Dastal continued with the Schedule of Interfund Sales, which showed that PI ended FY 2018 with \$482,123 available for program support. She added that the finalized version of the financial statement was approximately \$27,000 more than the current total, and PI ended FY 2018 with \$509,345 in earnings available for program support.

Senator Goicoechea stated he was aware that due to the emergency horse gathers the Prison Ranch would receive a lot of horses. He expressed his concern increasing from 900 horses to 2,000 horses and the increase to hay costs. He asked if the contract with the BLM had an allowance to adjust the per diem rate for increasing hay prices.

Justin Pope, Ranch manager, stated that he recently purchased 2,000 tons of hay at \$168 per ton delivered, which was down from previous purchases. He indicated that he was trying to secure more places to grow hay, which was the only way the Prison Ranch could stabilize its hay market. The Ranch would know what it was paying to grow the hay or to have it custom grown, and the cost for the hay, and could keep that cost below the set per diem rate. He noted that in the current BLM contract there was no allowance for adjusting the per diem price of hay; however, if the cost of hay increased above the set per diem rate, the BLM allowed the Prison Ranch to charge that difference.

Senator Goicoechea clarified that the price of hay was currently \$168 a ton. He asked if hay ended up costing \$200 per ton if there was a mechanism in the contract to increase

the per diem rate by the additional \$40 per ton, and Mr. Pope agreed. Mr. Pope clarified that the per diem cost was built in a little higher and he took the average price of hay over the last ten years and increased it a percentage to account for inflation.

Chair Parks asked if there was an update on the Walker River land acquisition that the Nevada Division of State Parks acquired in 2017. He recalled discussion at a previous meeting about using some of the land to grow alfalfa.

Mr. Pope replied that he was in the process of completing an agreement with the Division of State Parks for a nine mile portion of the Flying M Ranch owned by the Hiltons, which had 185 acres of land with a two-pivot irrigation system that could be used for growing hay. However, the disadvantage was that the Flying M Ranch was located 60 miles from the Prison Ranch. Therefore, he thought it might be better if the hay was custom farmed for the Ranch if an agreeable rate was determined.

Mr. Pope added that the Prison Ranch completed an agreement for a 300 to 400 acre facility at Fort Churchill and was currently grazing cattle on the land. In addition, there was definitely an opportunity to bring that hay to the Ranch in the spring.

Senator Goicoechea asked if the pivot irrigation system on the Fort Churchill property had ground water rights. He thought the water rights were dedicated to the whole parcel to maintain, but the Prison Ranch would be able to use the four acre feet on one pivot without impacting the rest of the system.

Mr. Pope responded that the land had ground water rights that were retained by the state when it acquired the land. He added that apparently the group that purchased and sold the land to the state retained the decree rights, so the water flowed down the river.

Senator Goicoechea said it was his understanding that the Ranch was going to try to use the ground water for the park to maintain riparian areas, but it clearly made sense that if the Ranch farmed on the land that it was riparian area.

Mr. Pope added that the Department of Wildlife also had an interest in the Fort Churchill property and whatever the Prison Ranch did at Fort Churchill would also benefit the Department of Wildlife and its goals, at least on that particular property. He stated the Prison Ranch was hoping to get an agreement in place for the Scripps Ranch, a smaller parcel of land in Washoe Valley with the infrastructure needed. Currently, the water was running into Washoe Lake, so it was a resource and close to the Prison Ranch, and it made sense to utilize the water and land.

Jeffrey Haag, Administrator, Purchasing Division, Department of Administration commented that there were some exciting things for the Prison Ranch with the run on horses and emergency gathers, and asked if it caused the Prison Ranch to reconsider the horse facility in Ely.

Mr. Pope replied that he was always open to exploring additional programs, but at this point it did not make sense to incur the costs for the infrastructure and to hire an additional supervisor and staff, although it would definitely put offenders to work training the horses. However, he did not think the BLM would be as willing to pay for these types of programs since the Prison Ranch went to a regular contract and not an assistance agreement with the BLM.

Chair Parks asked about Opportunity Village and the opportunities it could present for PI, and Mr. Quenga replied that PI recently completed a greeting card project through Opportunity Village, which was a one-time project. Mr. Quenga stated that he was having ongoing discussions with staff from Opportunity Village on other projects for PI.

Mr. Haag asked about the 33,386 NNCC mattresses shown in the chart under finished goods, page 50 (Exhibit A), and Mr. Quenga clarified that those were dollar amounts for the raw material inventory that PI had in the mattress factory, and was not the number of finished mattresses.

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

Ms. Dastal referred to Tab VIII (Exhibit A) and stated the Capital Improvement Project (CIP) ending balance was flat compared to FY 2014; however, in FY 2016, PI spent \$297,118 to purchase needed equipment to update and assist with PI's operations. The CIP balance at the start of FY 2018 was \$371,715, wage assessments totaled \$66,219, and interest increased \$5,687. She indicated that total revenue was \$71,906 between the inmate wage assessments and interest income and FY 2018 ended with a CIP balance of \$443,621. Per NRS 209.192, PI was required to obtain approval for expenditures from the CIP Fund from the Board of Examiners (BOE) and the Interim Finance Committee (IFC), in addition to the Committee on Industrial Programs. She recalled that all equipment, except for the feeder steers and game birds, were approved by the Committee at its June 22, 2018, meeting. She said it would be more efficient and cost effective to combine the other equipment with the feeder steers and game birds if the Committee approved them before the BOE and IFC reviewed those requests. Ms. Dastal hoped to obtain approval from the BOE and IFC for all of the items at one time. Per NRS 209.459 and 209.461, PI obtained impact studies on the proposed expansion of the Ranch to raise feeder steer and game birds. She noted the impact studies report was located on page 62 (Exhibit A).

Continuing, Ms. Dastal indicated that the Department of Employment, Training and Rehabilitation (DETR) estimated that there were 1,800 animal breeders in the Carson City (CC) area and the Prison Ranch projected it would require two offenders for the feeder steer program and two offenders for the game bird program. The breeders in the CC area earn a mean wage of \$20.98 per hour and a 10th percentile wage of \$12.30 per hour. The Governor's Office on Economic Development (GOED) used an input/output data model for the impact study. GOED projected a \$159,008 change in earnings, which would produce an initial effect of \$124,378 and a \$15,678 direct effect. The direct effect was the Ranch spending its fund on supplies needed for the program. The model determined this would

produce a \$2,902 indirect effect, which were items purchased by employees, or in this case, the offenders purchasing items from the commissary at the prison. The model determined a \$16,049 induced effect, which were the jobs that supported the employees, such as doctors and dentists. In addition, DETR broke down the local, state and federal taxes that Nevada would receive. Ms. Dastal noted the data was based on patterns that emerge based on relationships, such as where goods were purchased and who purchased the goods and every action produced consequences that rippled in the economy. Pursuant to statute, NDOC contacted the Department of Business and Industry (B&I); however, it did not perform impact studies and referred NDOC to the DETR. Beverly Williams, Teamsters Local 986, and member of the Committee on Industrial Programs, checked with organized labor and discovered that teamsters do not occupy the animal breeder occupation. Offenders would learn skills related to caring for the cattle, which included animal husbandry, range land management, disease identification and treatment, fence building, equipment operation, and livestock marketing. In addition, offenders would learn about customer service, interpersonal skills, oral communication, diversity, work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, planning and organizing, the importance of quantity and quality, safety and security, adaptability, and initiative. Furthermore, deductions from offenders' wages would contribute to room and board for NDOC and deductions would be made from inmate wages for the Victims of Crime Fund and PI Capital Improvement Fund. The program would also assist with improving PI's contribution to program support and approval of the feeder steers and games bird would be appreciated.

Kristina Shea, Program Analyst, Fiscal Analysis Division, stated at the June 22, 2018, meeting the Committee approved the recommended equipment from the CIP Fund (pages 60 through 61, Exhibit A) except for the feeder steers (\$75,000) and game birds (\$7,500) in order to allow Fiscal staff time to review the requirements due to the indication of the agency that the recommended equipment was considered a new program pursuant to NRS 209.4818. After further review, Fiscal staff with dialogue from the agency, determined that the purchase of feeder steers and game birds were an expansion to an existing program at the Prison Ranch. Currently, the Prison Ranch had a beef herd that it raised and sold at private auction. Therefore, since it was an expansion of an existing state-sponsored PI program it does not fall under the requirements of NRS 209.4818, and therefore, does not necessitate approval by the Committee under that statute. Ms. Shea added that the agency provided the impact analysis report located on pages 62 and 63 of the meeting packet (Exhibit A) for informational purposes only.

Senator Goicoechea asked if the Prison Ranch was going to purchase feeder steers and heifers from the open market, and Mr. Pope concurred. He added that he wanted to take advantage of the extra feed that PI came up with in the agreements. For instance, Fort Churchill had enough pasture to sustain the cattle since the beginning of summer, and there was still around three to four months of feed on the land; although, the Prison Ranch would pull the cattle out of Fort Churchill to calf before the cattle were done pasturing.

Senator Goicoechea asked if the Prison Ranch would purchase cattle in the spring and let the feeder steers graze through the summer on state lands. He indicated that he has been

in the cattle industry for many years and sometimes the business was lucrative and sometimes unprofitable. He believed it would be a good business for PI to try, especially if the cattle were returned to Prison Ranch after they finished grazing on state land.

Mr. Haag asked if the feeder steers would be an ongoing project for the Prison Ranch expansion or was it a one-time purchase, and Mr. Pope replied that it depended on the steers the Ranch purchased. The Ranch could purchase cattle and get some revenue from the sale of the cattle, and if successful, it could be an ongoing project. If the Prison Ranch purchased decent cattle with the money it had, it could keep some of the cattle for replacements to increase its herd. He said it would be advantageous to purchase bred heifers at a good price. He stated the good thing about cattle was that they could be sold if the Prison Ranch ran out of feed or had other issues, because the cattle were considered liquid and similar to cash with little or no loss in value.

Mr. Haag stated that assuming the initiative was profitable if there was a mechanism within the budget to reinvest the profit from the heifer program in a similar product.

Mr. Pope replied that the Prison Ranch spending authority was limited to how it currently operated, but the heifer program would give the Ranch the means to prove that it was able to sustain a similar program.

Chair Parks stated that Agenda Item IX was a discussion of the status of the new PI programs.

Ms. Shea reiterated that at the June 22, 2018, meeting, the Committee approved all of the items except for the feeder steers and game birds.

MR. SOLTERO MOVED TO APPROVE THE EXPENDITURES FROM THE CIP FUND FOR THE FEEDER STEERS AND GAME BIRDS AS AN ADDITION TO THE EXISTING PRISON INDUSTRY PROGRAMS APPROVED AT THE JUNE 22, 2018, COMMITTEE ON INDUSTRIAL PROGRAMS MEETING.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Senator Goicoechea commented that he wanted to ensure the feeder steer program did not take away from the wild horse program, because the horse program was a guaranteed profit for PI. He was unsure it would be the same for the feeder cattle, because that industry had a tendency to cycle. He thought the feeder steer program was worth trying, because it would put inmates to work and provided job skills.

IX. DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRIES PROGRAM – NRS 209.4818.

Ms. Dastal referenced Tab IX of the meeting packet (Exhibit A), which provided a status update on the new PI programs. She stated that Nevada Organics currently employed 17 offenders and was still operating at the old composting site while waiting approval for the new site from the Nevada Division of Environmental Protection (NDEP). She noted it was the busy composting season and business was successful. She added that the owner of Nevada Organics made a large investment and purchased a \$1.2 million grinder for the site. Ms. Dastal indicated that Erickson Framing currently employed 9 offenders; originally it employed 10 offenders; however, one worker was transferred to the restitution center. She noted that the inmate was given the opportunity to work if he decided to return to Erickson Framing. Ms. Dastal noted that Erickson Framing was very pleased with the inmate workers; the inmates were hard working and the officer in charge said the inmates seemed like a normal workforce. Ms. Dastal stated that Erickson Framing wanted to double the work crew and was adding a second shift by the end of the month with an additional 10 workers.

Continuing, Ms. Dastal stated that Sewing Collection, Inc. the hanger recycling operation, has not signed its contract because it could not meet the deadline for the October BOE meeting; however, Sewing Collection, Inc. was still interested in business with PI. She hoped Sewing Collection, Inc. would make the deadline for the November BOE meeting. Ms. Dastal added that NDOC was subject to occasional lockdowns; therefore, in order to assist with business interruptions and production delays, NDOC was proposing that the hanger operation operate out of the Southern Desert Correctional Center (SDCC) instead of High Desert State Prison (HDSP), which would also assist the Auto Shop with some of its fixed costs.

Mr. Quenga noted that he has been in contact with the Chief Operating Officer of Erickson Framing and frequently visited the Reno operation, which was going well. He noted that another officer would be added to work the second shift. In addition, 14 additional offenders from the Stewart Conservation Camp would be interviewed for the additional positions, and there was a lot of interest from the offenders to work at Erickson Framing. He added that two offenders were eligible for transitional housing and would be submitting an application upon release to work with the Erickson Framing crew to erect trusses. Mr. Quenga stated the operation was going well and a second van was obtained for the second shift, which would be effective October 8, 2018.

Mr. Soltero asked if Erickson Framing was exclusively building trusses and if the second shift would also be building trusses, and Mr. Quenga agreed. He added that Erickson Framing was behind in making trusses due to the housing boom in Northern Nevada, and there was a high turnover rate of civilian employees. Erickson Framing was pleased that the offenders showed up every day ready to work. He added the Erickson Framing wanted to have offenders trained on the use of forklifts and have added additional work, such as cutting 2 x 4's for wedges, so the company could employ more offenders.

Mr. Soltero stated that when the program was approved there was discussion on the scope of the work for the inmates and it was important to know the inmates were limited to building trusses, because he did not want private industries to be impacted by the jobs the inmates were performing.

Assemblywoman Monroe Moreno asked how the additional officer required for the second shift would impact the manpower at the NNCC since there was a shortage of correctional officers.

Mr. Quenga replied that according to the warden at the NNCC, the officer for the second shift was from the NNCC, and the institution could afford to have the officer work the second shift.

Mr. Haag asked if the new site for Nevada Organics would allow for public drop off, and why it took the NDEP six months to complete the assessment.

Mr. Pope replied that, because of the proximity of the composting site to the Carson River and waterways of the United States, which involved ground water monitoring and a storm water collection basin, obtaining the permit was a lengthy and complicated process and also required public input and comment.

Mr. Haag asked if the new composting facility, once approved by the NDEP, would allow for public drop off, and Mr. Pope agreed. He added that he was unsure if the public could drop off material, but was aware there were contracts with landscapers, waste management and other companies to drop off material at the site.

Chair Parks asked if the biomass generator was still located at the Prison Ranch, and Mr. Quenga replied that the generator was still at the Prison Ranch; although, currently it was non-operable. He spoke with Dane Buk, Owner, Nevada Organics, who showed interest in possibly working with NDOC and PI to see if the generator could be restored as a cost savings for NDOC. However, the generator was owned by NDOC not PI. He has discussed the issue with John Borrowman, Deputy Director, Support Services, NDOC, because Forestry, NDEP, and others also showed interest in the generator, although that interest has recently dwindled. He noted the NDOC was not interested in the biomass generator. Mr. Quenga reiterated that Mr. Buk has shown interest in the biomass generator, and he, Mr. Pope and Mr. Borrowman would be discussing the issue to see what Mr. Buk wanted proposed to operate the generator and offer some skill to offenders.

Chair Parks asked about the Sewing Collection, Inc. proposal and if the guarantee of payment had been resolved, and Mr. Quenga replied that Sewing Collection Inc. would provide a personal guarantee. Currently, Sewing Collection was looking at other opportunities for its business in California. The company was obtaining other contracts to ensure it was financially set up with enough customers once the operation was closed in Mexico and was ready to operate in Nevada.

James Dzurenda, Director, NDOC, asked Mr. Quenga that before he agreed to the second shift with Erickson Framing if language could be included in the contract to ensure Erickson Framing hired a specific percentage of inmates upon discharge, so PI was not just providing labor and there was a benefit for the inmates.

Mr. Quenga replied that language was in the contract to ensure Erickson Framing had the opportunity to hire a percentage of offenders when released. He said PI did not want the offenders in custody working outside the operation, which was not the scope of the work. However, once the offenders were released, either in transitional housing or released from NDOC, they had the opportunity to work with the crew that installed the trusses. He added that Erickson was short-handed, which caused a backlog in production.

X. DISCUSSION AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY PROGRAM – NRS 209.4818 – Ink2Work, LLC.

Ms. Dastal stated that Tab X of the meeting packet (Exhibit A) contained the Impact Studies for Ink2Work, LLC. She stated that Ink2Work recycled larger printer cartridges for businesses. Currently, Ink2Work had operations in Belmarsh Prison in London, Indian Creek Correctional Center in Virginia, and in Ventura California. However, Ink2Work would like to shut down that location and partner with PI in Nevada. Per NRS 209.459 and 209.461, the Director of NDOC obtained an impact study from DETR, GOED, B&I, and representatives of organized labor on the impact of the contract on private industry in Nevada. She noted that B&I referred her to GOED, and organized labor stated that it did not occupy this occupation. Ink2Work projected that it would need one office clerk, and 9 to 14 assemblers. DETR estimated that there are 20,820 office clerks in Clark County who earned a mean wage \$16.94 per hour and a 10th percentile wage of \$9.50 per hour. DETR estimated that there were 2,880 assemblers and fabricators in Clark County. Assemblers and fabricators earned a mean wage of \$16.48 per hour and a 10th percentile wage of \$9.81 per hour.

Continuing, Ms. Dastal stated that GOED based its data on 10 jobs in the computer and office machine repair and maintenance category. GOED's input/output model came up with a 1.62 multiplier that would result in an \$836,273 change in earnings to the economy, which produced an additional 17 jobs in the state and an additional \$76,566 in local state and federal taxes. Pages 78 through 84 (Exhibit A) illustrated the effect of earnings from adding 10 jobs to computer and office repair and maintenance. Page 78 broke down the \$836,273 change in earnings from adding the 10 jobs, which resulted in an initial \$515,705 positive effect to the economy. In addition, it created a \$72,027 direct effect, which was the first-level supply chain and included items that Ink2Work purchased from suppliers for production. The indirect effect was \$21,679, which were purchases made by employees; and the induced effect was \$226,862, which were jobs that support employees, such as doctors and dentists. GOED's model broke down the effect on the 17 jobs and there would be 10 initial jobs, and 2 additional jobs would be added as a direct result, and the induced effect would be 5 additional jobs added to Nevada's economy. She noted the effect on taxes for production and imports from adding 10 jobs was \$36,666 for local; \$29,383 state; and \$10,516 federal. Offenders would learn assembling skills, remanufacturing ink

cartridges, customer service, interpersonal skills, oral communication, diversity, work ethic, responsibility, dependability, team work, strategic thinking, motivation, planning and organizing, professionalism, importance of quality and quantity, safety and security, adaptability and initiative. In addition to providing the offenders with viable job training, the program would assist the NDOC with room and board as deductions were taken out of the worker's pay. Additionally, more contributions would be made to the Victims of Crime Fund and PI's Capital Improvement Fund, and PI's financial position would also be enhanced. The operation would assist with reducing government operating costs and provide offenders the skills necessary to successfully reenter society and enhance the safe operation of correctional facilities. Mr. Dastal added that Terry Herbert, Ink2Work was present at the meeting to answer any questions about the Ink2Work operation.

Terry Herbert, Ink2Work, clarified the facility in Ventura, California that was being closed belonged to one of Ink2Works' customers, and the customer acquired the lease through an acquisition of another company, which expired before Ink2Work starting operation. He clarified that Ink2Work was not looking to close the Ventura facility to start up business in Nevada. Currently, the Ventura operation was being performed by a subcontractor in Dallas, Texas, which was far from ideal for servicing customers on the West Coast, which was why he felt that Nevada was a more appropriate and optimal location. He noted that Ink2Work was eager to move forward, it was a great opportunity and he believed that Ink2Work would work well in Nevada.

Chair Parks recalled that Mr. Herbert provided a detailed presentation on the Ink2Work program to the Committee at its June 22, 2018, meeting, which was appreciated.

Chair Parks asked Mr. Herbert to discuss how Ink2Work would market the remanufactured toner cartridges and the ability to sell those cartridges to users who may be restricted to using a product directly from the manufacturer.

Mr. Herbert responded that looking at the environment in which Ink2Work operated, it was dominated by one company, Hewlett Packard, in addition to Cannon and Xerox, and together those companies have spent a lot of money creating what was called "fear, uncertainty and doubt" for remanufactured cartridge products. Therefore, it was one influencing factor in Ink2Work's ability to sell to customers. On the contrary, looking at the type of customers that Ink2Work sold cartridges to in other states, those customers valued the triple bottom line benefits that Ink2Work delivered. First, it was a cost reduction and typically, Ink2Work offered a 20 to 25 percent cost savings over buying new cartridges. In most organizations, the cost of print consumables was approximately 10 percent of its IT budget. Therefore, it was a significant cost reduction for large private sector customers, educational establishments, and government agencies. Second, customers valued the environmental impact of how Ink2Work operated. Looking at the large printer cartridges that were being replaced by laser printers, it typically took about three quarts of oil to make one of the cartridge shells, and if a new cartridge was purchased from the original equipment manufacturer, then returned to the manufacturer, the cartridge would be crushed at the end of the process. Therefore, there was a significant savings by reusing cartridges multiple times. Similarly, looking at the lifecycle of a printer cartridge, when buying from one of the three large manufacturers, initially the cartridge would be produced

in China, shipped to the United States to be consumed, and then returned to China to be crushed, which could be done locally with Ink2Work. For example, if Ink2Work provided the Legislature with printer cartridges, the cartridge could be transported from the prison, which was approximately 40 miles away, then returned to the prison when empty to be remanufactured, so it was a great improvement in sustainability. In addition, Mr. Herbert stated that remanufacturing the cartridges also had social benefits, which for PI was rehabilitation of offenders. Increasingly, Ink2Work heard from public and private sector customers that were very enthusiastic with enhancing its corporate social responsibility credentials by supporting this type of initiative within government.

Mr. Herbert noted that Ink2Work was confident providing the remanufactured cartridges. Ink2Work has done it before in different locations and the environmental conditions were no different in Nevada, so he believed the program would be successful in the state. He noted that in Virginia, there were 22 different two-year community colleges, including one of second largest community colleges in the country, and by the end of the month, Ink2Work would supply all 22 community colleges with remanufactured cartridges. He added that the State of Virginia looked at this industry as very compelling, and he believed it could work in Nevada too.

Mr. Haag stated that he shared Chair Parks concern with the customer base, and believed that target audience was more the desktop printer user and less of the network printer user; although, he was aware the trend in the state was moving from desktop printers to network printers and copy machines in a more centralized location. He cautioned on the viability of business opportunities within state government.

Mr. Herbert replied that the industry was moving toward a managed printer service environment where there was a centralized network printer. However, it was moving very slowly and there was still a huge demand for desktop printing within organizations. He was aware that the correctional center in Virginia, which has a similar type of environment as Nevada, supported the program with Ink2Work, but warned that it moved to managed print services with network printers and did not purchase individual toner cartridges. However, Ink2Work still sold the correctional center in Virginia \$700,000 in cartridges within the first year. Ink2Work dealt with some of the large community colleges and the IT director from one college shared that the colleges had a lot of network printers, but also had a lot of individual printers, and he described the process of taking printers from end users as “ripping the printer from their cold dead hands.” He understood the concern but was aware that these things could coexist at least in the short to medium term.

Mr. Haag asked Mr. Herbert if Ink2Work could expand its business strategy beyond government and how the company would approach private sector clientele. He asked if Ink2Work would be pursuing contract and business opportunities with private sector companies in the market, as well as public sector customers.

Mr. Herbert replied that Ink2Work wanted a balanced portfolio of customers and the model was becoming increasingly attractive to both public and private sector companies. Typically, Ink2Work dealt with the public sector directly and through a distribution channel

for the private sector. For example, in Nevada, Ink2Work would be actively looking for resale partners that already had contracts in place with large private sector customers.

Chair Parks asked Mr. Herbert if Ink2Work had a Southern California distribution center since it had a facility in Ventura, California, and Mr. Herbert replied that the distribution center in Ventura belonged to Ink2Work's customer and was managed by Ink2Work on their behalf, so they would be moving that operation to Nevada to manage. He stated that the Ventura operation had an extensive distribution channel throughout the West Coast, not only in Southern California, but also in the San Francisco area, Oregon and Washington. For example, one of the large customers was Boeing Corporation in the State of Washington, so there was significant demand on the West Coast, which has been underserved because of logistical issues.

Ms. Shea stated that per NRS 209.459 and 209.461, the Director of NDOC was required to obtain a written analysis on the number of companies providing this type of service in Nevada. She wanted to ensure NDOC addressed that for the record.

Ms. Dastal replied that DETR indicated that there were no companies in the state that currently provided this type of service.

Chair Parks stated that in order to be in compliance with NRS 209.459 and 209.461, the Committee needed to have written documentation that there were no private companies in the state providing ink cartridge recycling; therefore, Ink2Work would not be competing with an existing business, and Mr. Quenga replied that NDOC would provide the written document to the Committee.

ASSEMBLYWOMAN MONROE MORENO MOVED TO APPROVE THE NEW PROPOSED INDUSTRY - INK2WORK - AS RECOMMENDED BY NDOC, WHICH WOULD ULTIMATELY BE APPROVED BY THE BOARD OF EXAMINERS AND THE PRISON COMMISSION.

MR. SOLTERO SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Chair Parks commented that he watched a YouTube video showing the process of remanufacturing and reassembly of printer toner cartridges, and he thought Ink2Work would be an ideal program for PI.

XI. PUBLIC COMMENT.

There was no public comment.

XII. ADJOURNMENT.

The meeting was adjourned at 2:37 p.m.

Respectfully submitted,

Donna Thomas, Committee Secretary

APPROVED:

Senator David Parks, Chair

Date: _____

**APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM
FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR DECEMBER 14, 2018.**

VI

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
December 14, 2018**

The sixth 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, December 14, 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
Pete Aguilar, Representing Manufacturing
Bruce Aguilera, Representing Business
Robert Conway, Representing Organized Labor, for Beverly Williams

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Pete Goicoechea
Jeffrey Haag, Administrator, Purchasing Division, Department of Administration

COMMITTEE MEMBERS ABSENT:

Assemblywoman Daniele Monroe-Moreno
James Dzurenda, Director, Nevada Department of Corrections
Allen J. Puliz, Representing Manufacturing
Randy Soltero, Representing Organized Labor
Beverly Williams, Representing Organized Labor

STAFF MEMBERS PRESENT IN LAS VEGAS:

Kristina Shea, Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Sarah Coffman, Principal Deputy Fiscal Analyst
Brody Leiser, Senior Program Analyst
Nick Anthony, Senior Principal Deputy Legislative Counsel, Legal Division
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:

Justin Pope, Supervisor, Prison Ranch, NDOC
Mary Byington, Supervisor, Prison Industries, NDOC

EXHIBITS:

Exhibit A: Agenda and Meeting Packet

I. ROLL CALL.

Chair Parks called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs to order at 1:07 p.m. The secretary called roll. All members were present except for Assemblywoman Monroe-Moreno, Mr. Aguilar, Mr. Dzurenda, Mr. Puliz, Mr. Soltero, and Ms. Williams, who were excused.

Chair Parks stated that the Committee was one member short for a quorum; therefore, there would be no vote taken at the meeting. However, the Committee could go through the agenda and receive a status report on the various items on the agenda.

II. PUBLIC COMMENT.

There was no public comment.

III. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 21, 2018.

Chair Parks stated that since there were not enough members for a quorum, the September 21, 2018, minutes would not be approved at the meeting. He said the minutes would be withheld and approved at the next Committee meeting.

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

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections summarized the status report on outstanding debt owed to Prison Industries (PI), Tab IV of the meeting packet (Exhibit A). She noted the customer aging report balance was current as of September 30, 2018, and the receivables totaled \$489,994. The largest balances outstanding on the aging report were noted with an asterisk and made up the top ten accounts with balances due. The top ten accounts with balances due totaled \$399,608, or 82 percent of the total receivables due. Three of the top ten accounts were private customers that had continued business with PI and were good at paying within PI's terms of net 30. The remaining top ten customers were government agencies and a sure pay. She noted that all of the receivable balances listed on the customer aging report were paid in full.

Senator Goicoechea asked about Diamond Mountain Distributing, and Mr. Quenga, Marketing Coordinator, Prison Industries, NDOC, replied that Diamond Mountain Distributing was a card sorting operation located at the Southern Desert Correctional Center (SDCC) and High Desert State Prison (HDSP). He stated there were approximately 130 inmates at HDSP and approximately 15 inmates at the SDCC that sorted cards from the casinos, which were then sold to customers for resale. He added that the card sorting operation was an ongoing operation for PI.

V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2015 THROUGH SEPTEMBER 2018.

Ms. Dastal directed the Committee to the report on the number of inmates that worked from July 2015 through September 2018, Tab V of the meeting packet (Exhibit A). She stated page 21 showed that PI averaged 482 offenders working in FY 2016, or 3.6 percent of the offender population; in FY 2017, PI averaged 465 offenders working, or 3.3 percent of the offender population; and in FY 2018, PI averaged 494 offenders working, or 3.6 percent of the total offender population. She stated page 24 showed that FY 2019 started with an average of 3.9 percent of the prison population working with 488 offenders. Ms. Dastal noted the number of offenders working has remained flat.

Senator Goicoechea referenced page 24 of the meeting packet (Exhibit A), Report of Offenders Working for FY 2019. He asked if it was correct that 55 to 60 inmates were working at the Stewart Conservation Camp, and 32 inmates were working at the Prison Ranch with approximately 24 inmates working with the horses, and Ms. Dastal concurred.

VI. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2017, FY 2018 AND FY 2019 (FOR THE QUARTER ENDING SEPTEMBER 30, 2018).

Ms. Dastal summarized the deductions from the inmate wages for room and board, the Prison Industry Capital Improvement Fund (CIP) and the Victims of Crime Fund, Tab VI of the meeting packet (Exhibit A). She stated that 24.5 percent of 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 were deducted for the Prison Industry Capital Improvement Fund (CIP) Fund. In FY 2017, \$450,620 in wages were deducted from offenders' wages for the three funds; in FY 2018, \$456,883 in wages were deducted for the three funds; and in the first three months of FY 2019, a total of \$119,001 was deducted from offenders pay. She noted that if the same percentages held up for the remainder of the year, approximately \$476,004 would be deducted from offenders pay, an increase of about \$19,000 over FY 2018. However, Ms. Dastal noted that Marsy's Law was approved by voters and became effective the end of November 2018. Marsy's Law required restitution payments to court-ordered victims a top priority above all other offender payments, which included room and board, Victims of Crime Fund and the PI CIP Fund. She indicated that inmate banking has begun redirecting payments that would have been made to those funds, and at this point, it was difficult to estimate the true impact. Inmate banking has made projections, which were based on historical data from October 2017 through October 2018 with an estimated annual loss of \$17,623 to the CIP Fund and a loss of \$489,271 in room and board payments to the Nevada Department of Corrections (NDOC); however, that was for NDOC as a whole, not just PI workers.

Mr. Aguilera asked about Marsy's Law, and if a crime victim was owed money was the whole amount owed paid to the victim before any amounts owed to the government were paid, and Ms. Dastal concurred.

Bill Quenga, Marketing Coordinator, Prison Industries, interjected that PI received a list of the inmates that were working in PI to see what was owed for each PI location. He noted the amounts owed were as low as \$45.00 and up to \$60,000 or more. Therefore, those debts would be a priority before any inmate deductions were made for room and board and the CIP Fund. He said PI was working to identify the inmates working in PI with court-ordered victim restitution payments to ensure those payments were a top priority.

VII. REVIEW SILVER STATE INDUSTRIES FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018.

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab VII of the meeting packet (Exhibit A). The total cash for Prison Industries increased approximately \$179,000, or 7.6 percent compared to the same period a year ago. The cash for the Prison Ranch increased about \$291,000, or 23.8 percent, and combined, those industries had an increase of approximately \$470,630, or 13 percent. The PI capital restricted cash balance increased by approximately \$72,000, or 19 percent. Ms. Dastal stated that PI retained earnings increased approximately \$336,000, or 9 percent to approximately \$3.9 million. The net income loss, page 30 (Exhibit A), for the three months ending September 30, 2018, was \$117,136.

Ms. Dastal stated that PI sales had a loss of \$210,711; the Prison Ranch contributed almost \$77,000 toward program support; and the CIP Fund contributed approximately \$16,600 toward program support.

Continuing, Ms. Dastal stated that the Central Administration Statement of Operations showed that license plate revenue was relatively flat with a slight increase of \$5,000, or 2.6 percent. Rental income remained the same and administrative fees were relatively flat, increasing approximately \$2,000. Total revenue increased by approximately \$9,000; interest revenue increased by approximately \$11,000; and administrative expenses had a net loss of approximately \$27,000.

Ms. Dastal moved to the Northern Nevada Correctional Center (NNCC) Mattress Factory Statement of Operations, Tab VII of the meeting packet (page 34, Exhibit A), and noted sales for the Mattress Shop decreased approximately \$23,000. Mattress material costs increased dramatically because the raw material supplier shut down operation and the new supplier was located back east. Products cost more and shipping costs were significantly higher due to tariffs. He stated the Mattress Factory loss was \$64,000.

Chair Parks asked if discussion was necessary relative to the Mattress Shop given that inflation costs were increasing. He asked if there was a possibility that the level of costs would reverse, or if there was something PI could do relative to the operation of the Mattress Factory.

Mr. Quenga replied that the loss of sales for the Mattress Factory was after the three months ending September 30, 2018. Currently, the Mattress Shop had approximately \$60,000 in orders. However, a supplier in Arizona had equipment issues so PI had to shop elsewhere for suppliers, which caused a delay in orders. He noted that a lot of the mattress orders were for the NDOC, so there were incurred shipping costs. Presently, PI was

working with State Purchasing on bids for flat goods and ticking material. He added that PI was being cautious because of the tariffs, and was reviewing pricing to maintain or reduce costs. Currently, there were orders in the Mattress Factory to cover the costs and he believed that raw material prices would stabilize in the near future.

Mr. Quenga added that he was working closely with different companies to obtain more work for PI. He noted that the City of Reno was looking at purchasing a large facility for a homeless shelter and was interested in buying mattresses for the shelter.

Jeffrey Haag, Administrator, Purchasing Division, Department of Administration, stated that there was a lot of talk about tariffs impacting goods, specifically across the state in other areas besides mattresses. He asked Mr. Quenga if PI had the ability to mitigate costs by adjusting pricing for external customers based on the cost of raw material, and Mr. Quenga replied that he thought the prices would stabilize in the near future.

Mr. Haag stated that he thought \$62,000 was a large loss for the mattress shop. He asked if PI was evaluating whether to raise the costs of finished products for its customers, or did he think the price of the raw material would stabilize in the short-term; therefore, PI would not need to raise prices.

Mr. Quenga replied that he thought the costs of raw material would stabilize in 2019; however, PI was being cautious and was monitoring the price of raw material.

Continuing with her presentation, Ms. Dastal stated that NNCC Printing/Bindery Shop sales decreased approximately \$51,000. She added that due to the tariffs, the Print Shop lost an existing customer; however, earnings available for program support was approximately \$12,000 at the end of September 2018.

Ms. Dastal indicated that the Statement of Operations for the Furniture and Metal Shop showed the Furniture Shop revenue decreased approximately \$8,000. The Metal Shop revenue decreased approximately \$198,000. The Furniture Shop's share of the combined total revenue was \$34,000, or 41 percent and the Metal Shop had \$48,000 in revenue, or 59 percent of the total. Both had a negative contribution to general and administrative (G&A) expenses, and both had high material costs. Applying those percentages to the G&A manufacturing expenses, the Furniture Shop experienced a \$69,500 loss, while the Metal Shop experienced a \$46,000 loss. She stated that the Furniture and Metal Shop's combined loss was approximately \$115,800 for program support.

Mr. Quenga added that there has been an increase in furniture orders for Carson City Public Works, and Douglas County Public Works, in addition to a large job to refurbish the courtroom at the courthouse in Lake Tahoe. He noted that he recently provided an \$80,000 bid for steel work for a customer, so work was trickling in.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop Statement of Operations, Tab VII (Exhibit A), which showed that auto sales started the year with approximately \$47,600. The Auto Shop contributed approximately \$9,500 to G&A manufacturing expenses and the card sorting operation contributed approximately \$5,500. Allocating one-half of the G&A expenses to the Auto Shop, and one-half to Manpower operations

(card sorting) the Auto Shop ended with a \$9,700 loss, while Manpower operations had an approximate \$13,700 loss. Between the Auto Shop and Manpower operations, the SDCC Auto Shop experienced a combined \$23,000 loss.

Mr. Aguilera asked why the Auto and Upholstery Shop capitalized institutional overhead was 583 percent higher in FY 2018 with \$15,651 in revenue at the end of September 2018, compared to \$2,291 in FY 2017 (page 37, Exhibit A), and Ms. Dastal replied that she was uncertain why the institutional overhead was higher, but would look into it and provide that information to the Committee.

Moving to the Garment Factory Statement of Operations, Ms. Dastal noted garment sales decreased about \$110,000 or 35 percent, compared to the same period a year ago. She added that the garment industry was the hardest hit by the tariffs because the material was imported from overseas. The Garment Factory ended up contributing \$23,000 in earnings for program support.

Ms. Dastal directed the Committee to the Prison Ranch Statement of Operations, Tab VII (Exhibit A). She said total sales increased \$88,000, which in part was due to the contract with the Bureau of Land Management (BLM). Currently, the Ranch was boarding 818 horses; however, the Ranch was promised 2,000 horses in December 2018, which was delayed until January 2019. The daily per diem rate was \$4.85 per horse in November and the Ranch ended the first three months ending September 30, 2018, with a contribution of approximately \$77,000 for program support.

Ms. Dastal continued with the Schedule of Interfund Sales, which showed that PI ended the first three months ending September 30, 2018, with an \$117,000 loss for program support.

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

Ms. Dastal referred to Tab VIII (Exhibit A) and stated that currently the Capital Improvement Project (CIP) ending balance was \$469,480; in FY 2015 the ending balance was \$539,940. In FY 2016 PI was able to purchase \$297,118 in equipment to update and assist with its operations, which was very beneficial. She noted the Committee on Industrial Programs approved the purchase of more equipment in FY 2018, and the Board of Examiners and Interim Finance Committee approved the equipment expenditure.

IX. DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRIES PROGRAM – NRS 209.4818.

Ms. Dastal stated that Ink2Work recycled larger printer cartridges for businesses and was a potential new PI program. She stated that PI was waiting for the Board of Prison Commissioners (Board) approval of the new PI program; however, the November 2018 meeting was canceled and the Board would not meet until February 2019. She said that Ink2Work was anxious to work with Prison Industries in Nevada.

Chair Parks asked if Ink2Work would go elsewhere if the Board of Prison Commissioners meeting was not scheduled soon to consider the new industry. He thought the training the program offered to inmates was desirable and those skills would be beneficial for inmates upon release from prison.

Mr. Quenga replied that he had conversations with Terry Herbert, Ink2Work regarding the cancelled Board of Prison Commissioners meeting. Mr. Herbert indicated that the cancelled Board of Commissioners meeting set Ink2Work back due to the operation in California closing. Mr. Herbert hoped there would be some progress with the contract so PI could start preparing for business with Ink2Work. Mr. Quenga added that Mr. Herbert talked to his counterparts in California and checked with its Eastern Region to make adjustments to continue to meet the business needs of its customers.

Mr. Aguilera stated that in his industry if there was no board meeting to approve a contract and the proposed new business needed certain approvals, a unanimous written consent could be provided to the Board of Directors so the contract could be approved and signed in order to move forward with the project. He asked under existing law, if the Board of State Prison Commissioners were prohibited from approving a new program for the employment of offenders without first holding a meeting.

Nick Anthony, Legal Counsel, Legislative Counsel Bureau said he was not aware if a unanimous written consent was allowed under current law. He added that he would into that issue and provide the findings to the Committee.

Chair Parks thanked Mr. Anthony for looking into whether a written consent was allowed under current statute. He thought the Legislature needed to look into the possibility of an amendment during the 2019 Legislative Session to help expedite a similar situation. He recalled a previous Governor did not convene the State Board of Prison Commissioners meeting for an extended period of time.

Mr. Quenga thanked Chair Parks for the suggestion and noted he was currently entertaining a few other businesses that were interested in working with PI.

X. PUBLIC COMMENT.

There was no public comment.

XI. ADJOURNMENT.

The meeting was adjourned at 1:46 p.m.

Respectfully submitted,

Donna Thomas, Committee Secretary

APPROVED:

Senator David Parks, Chair

Date: _____

**OVERVIEW OF THE COMMITTEE ON INDUSTRIAL PROGRAMS' STATUTORY AUTHORITY AND
DUTIES.**

VII

Nevada Legislature’s Interim Finance Committee’s Committee on Industrial Programs

Overview of Relevant Constitutional and Statutory Provisions October 11, 2019

Terminology

“Board” is the Board of State Prison Commissioners created by Art. 5 § 21 of the Nevada Constitution, consisting of the Governor, the Attorney General and the Secretary of State. To the extent provided by law, the Board is charged with supervising the operation of the state prison system.

“Committee” is the Committee on Industrial Programs.

“Department” is the Department of Corrections.

“Director” is the Director of the Department, who is also a member of the Committee.

Prison Industries Programs

General requirements for programs. (NRS 209.461) The Director is generally required to ensure that offenders spend 40 hours per week in vocational training or employment and to employ persons to supervise and instruct the offenders. The Director must also provide space and equipment for manufacturing and services and contract with public agencies and private employers for the employment of offenders and the sale of any goods manufactured by them.

Any such program must employ as many offenders as possible, generate income to offset or reduce the cost of incarceration, must not have a significant effect on the number of jobs available to residents of Nevada and must provide occupational training for offenders.

Offenders cannot participate in telemarketing, the conduct of opinion polls or have access to the personal information of persons who are not incarcerated.

Profits and losses of programs. (NRS 209.461) The operation of all the prison industries programs, in the aggregate, must produce a profit for the Department. If a “state-sponsored program” (one not involving a contract of employment with a private employer) loses money for 2 consecutive fiscal years, the Director must explain the reasons for the loss to the Committee and provide a plan to generate a profit in the following fiscal year. If the program still does not generate a profit, the Director must “take appropriate steps to resolve the issue.”

Contracts with private employers. (NRS 209.461) With the approval of the Board, the Director may lease space and facilities within institutions of the Department to private

employers, to be used for prison industries programs. As a prerequisite to any contract with a private employer for the employment of offenders, the Director must obtain from the employer a personal guarantee, bond or other form of security to ensure the employer's performance of its obligations under the contract. Senate Bill No. 30 (2019) revises the amount of a personal guarantee or surety bond obtained by the Director to not less than 25 percent of the prorated annual amount of the contract but not more than 100 percent of the prorated annual amount of the contract for a contract that does not relate to construction; and (2) maintains the requirement in existing law of a personal guarantee or surety bond of not less than 100 percent of the prorated annual amount of the contract for a contract that relates to construction. The bill additionally requires the Director to appear before the Committee to explain the amount fixed for any personal guarantee or surety bond.

NRS 209.461 also requires a written analysis of the estimated impact of the contract on private industry in Nevada. The analysis must include consideration of: (1) the number of private companies in Nevada providing the product or service that is the subject of the proposed contract; (2) the number of Nevada residents employed by those companies; (3) the number of offenders to be employed under the contract; and (4) the skills that the offenders will acquire under the contract.

Facility for production of license plates. (NRS 209.462) The Director is required to provide a secure facility to be used by the Department of Motor Vehicles for the production of license plates.

Potential impacts of new programs. (NRS 209.459, 209.461). The Director is required to report to the Committee on the potential impact of any new program on private employers and labor in Nevada. This report must include information about the number of private companies in Nevada currently providing the product or service in question, the number of persons living in Nevada who are employed by those companies, the number of offenders who would be employed in the new program, and the skills that they would acquire. The Director must seek this information from the Department of Employment, Training and Rehabilitation, the Department of Business and Industry, the Office of Economic Development and representatives of organized labor.

The recommendations of the Committee concerning the proposed program must be presented by the Director to the Board, and the Board must approve the program before it is implemented.

Fund for New Construction of Facilities for Prison Industries

Creation and authorized uses of money in the Fund. (NRS 209.192) The Fund is established by statute in the State Treasury and includes money deducted from the earnings of offenders employed in prison industries programs. Money in the Fund may be spent: (1) to

construct facilities to house new prison industries or expand existing industries to provide additional employment; (2) to relocate, expand, upgrade or modify an existing industry to improve operations or security or provide additional employment or training; (3) to fund the operations of prison industries if there is a shortfall in the Fund for Prison Industries (advances must be repaid); (4) to advertise and promote the goods and services provided by prison industries; and (5) for any other purpose authorized by the Legislature.

Proposed expenditures from the Fund. (NRS 209.192) Generally, before any money in the Fund is used for the purposes described above, the Director must submit the proposed expenditure to the Committee and the State Board of Examiners and obtain the approval of the State Board and the Interim Finance Committee or (during the legislative session) the legislative money committees. Exception: if the proposed expenditure is for construction, there is no statutory requirement that the proposal be submitted to the Committee.

Committee on Industrial Programs

Membership and organization. (NRS 209.4817) The Committee consists of nine “regular” members (including four legislators) appointed by the Interim Finance Committee, plus the Director and the Administrator of the Purchasing Division of the Department of Administration. Each regular member serves a term of 2 years and may be reappointed. The regular members must select a Chair of the Committee from among their number. At this meeting, the Chair may appoint nine alternate members to replace any regular member who is unable to attend a meeting or perform his or her duties. Each alternate member also serves a term of 2 years and may be reappointed.

Duties. (NRS 209.4818) The Committee is required to: (1) remain informed on issues and developments relating to prison industries programs; (2) submit a report to the Interim Finance Committee semiannually on the status of current and proposed prison industries programs; (3) report to the Legislature on any other matter involving prison industries programs, as the Committee deems appropriate; (4) meet at least quarterly and at the call of the Chair to review the operation of current and proposed prison industries programs; (5) whenever a vacancy exists, recommend three persons to the Director for appointment as Deputy Director for Industrial Programs; (6) review any proposed new prison industries program for compliance with the statutory requirements governing such programs; and (7) review each “state-sponsored” prison industries program (a program not involving a private employer) to determine whether the program is operating at a profit.

Unprofitable state-sponsored programs. (NRS 209.4818) If the Committee finds that such a program has incurred a net loss in 3 consecutive fiscal years, the Committee must report that finding to the Director and recommend continuation or termination of the program. If the Director does not accept the Committee’s recommendation, the Director must submit a written report to the Committee setting forth the reasons for rejecting the recommendation.

Information. (NRS 209.4818) The Director and Deputy Director for Industrial Programs must provide the Committee with any information the Committee deems relevant to the performance of its duties.

ADDENDUM
TEXT OF PROVISIONS
AND SENATE BILL 30

Nev. Const., Art. 5, Sec. 21. Board of state prison commissioners; board of examiners; examination of claims. The Governor, Secretary of State and Attorney General shall constitute a Board of State Prison Commissioners, which Board shall have such supervision of all matters connected with the State Prison as may be provided by law. They shall also constitute a Board of Examiners, with power to examine all claims against the State (except salaries or compensation of Officers fixed by law) and perform such other duties as may be prescribed by law, and no claim against the State (except salaries or compensation of Officers fixed by law) shall be passed upon by the Legislature without having been considered and acted upon by said "Board of Examiners."

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)

NRS 209.459 Employment of offenders: Report on potential impacts of new program; program for employment in services and manufacturing; submission of contract related to new program for approval.

1. The Director shall:

(a)) Submit a report to the Committee on Industrial Programs identifying the potential impacts of any new program for the employment of offenders on private employers and labor in this State. In preparing such a report, the Director shall include any information required pursuant to paragraph (b) of subsection 7 of NRS 209.461 and must perform due diligence in obtaining such information from:

- (1) The Department of Employment, Training and Rehabilitation;
- (2) The Department of Business and Industry;
- (3) The Office of Economic Development; and
- (4) Representatives of organized labor in this State.

(b) Seek and present the recommendations of the Committee on Industrial Programs to the Board of State Prison Commissioners and, with the approval of the Board of State Prison Commissioners, establish and carry out a program for the employment of offenders in services and manufacturing conducted by institutions of the Department or by private employers.

2. Before any new program for the employment of offenders is established pursuant to this section, the Director shall submit any contract related to the employment of such offenders to the State Board of Examiners for approval.

(Added to NRS by 1979, 1381; A 1987, 1019; 2001, 2392; 2013, 1802)

NRS 209.461 Duties and powers of Director; requirements for programs for employment of offenders.

1. The Director shall:

(a) To the greatest extent possible, approximate the normal conditions of training and employment in the community.

(b) Except as otherwise provided in this section, to the extent practicable, require each offender, except those whose behavior is found by the Director to preclude participation, to spend 40 hours each week in vocational training or employment, unless excused for a medical

reason or to attend educational classes in accordance with NRS 209.396. The Director shall require as a condition of employment that an offender sign an authorization for the deductions from his or her wages made pursuant to NRS 209.463. Authorization to make the deductions pursuant to NRS 209.463 is implied from the employment of an offender and a signed authorization from the offender is not required for the Director to make the deductions pursuant to NRS 209.463.

(c) Use the earnings from services and manufacturing conducted by the institutions and the money paid by private employers who employ the offenders to offset the costs of operating the prison system and to provide wages for the offenders being trained or employed.

(d) Provide equipment, space and management for services and manufacturing by offenders.

(e) Employ craftsmen and other personnel to supervise and instruct offenders.

(f)) Contract with governmental agencies and private employers for the employment of offenders, including their employment on public works projects under contracts with the State and with local governments.

(g) Contract for the use of offenders' services and for the sale of goods manufactured by offenders.

(h) On or before January 1, 2014, and every 5 years thereafter, submit a report to the Director of the Legislative Counsel Bureau for distribution to the Committee on Industrial Programs. The report must include, without limitation, an analysis of existing contracts with private employers for the employment of offenders and the potential impact of those contracts on private industry in this State.

(i) Submit a report to each meeting of the Interim Finance Committee identifying any accounts receivable related to a program for the employment of offenders.

2. Every program for the employment of offenders established by the Director must:

(a) Employ the maximum number of offenders possible;

(b) Except as otherwise provided in NRS 209.192, provide for the use of money produced by the program to reduce the cost of maintaining the offenders in the institutions;

(c)) Have an insignificant effect on the number of jobs available to the residents of this State; and

(d) Provide occupational training for offenders.

3. An offender may not engage in vocational training, employment or a business that requires or permits the offender to:

(a) Telemarket or conduct opinion polls by telephone; or

(b) Acquire, review, use or have control over or access to personal information concerning any person who is not incarcerated.

4. Each fiscal year, the cumulative profits and losses, if any, of the programs for the employment of offenders established by the Director must result in a profit for the Department. The following must not be included in determining whether there is a profit for the Department:

(a) Fees credited to the Fund for Prison Industries pursuant to NRS 482.268, any revenue collected by the Department for the leasing of space, facilities or equipment within the institutions or facilities of the Department, and any interest or income earned on the money in the Fund for Prison Industries.

(b) The selling expenses of the Central Administrative Office of the programs for the employment of offenders. As used in this paragraph, “selling expenses” means delivery expenses, salaries of sales personnel and related payroll taxes and costs, the costs of advertising and the costs of display models.

(c) The general and administrative expenses of the Central Administrative Office of the programs for the employment of offenders. As used in this paragraph, “general and administrative expenses” means the salary of the Deputy Director of Industrial Programs and the salaries of any other personnel of the Central Administrative Office and related payroll taxes and costs, the costs of telephone usage, and the costs of office supplies used and postage used.

5. If any state-sponsored program incurs a net loss for 2 consecutive fiscal years, the Director shall appear before the Committee on Industrial Programs to explain the reasons for the net loss and provide a plan for the generation of a profit in the next fiscal year. If the program does not generate a profit in the third fiscal year, the Director shall take appropriate steps to resolve the issue.

6. Except as otherwise provided in subsection 3, the Director may, with the approval of the Board:

(a) Lease spaces and facilities within any institution of the Department to private employers to be used for the vocational training and employment of offenders.

(b) Grant to reliable offenders the privilege of leaving institutions or facilities of the Department at certain times for the purpose of vocational training or employment.

7. Before entering into any contract with a private employer for the employment of offenders pursuant to subsection 1, the Director shall obtain from the private employer:

(a)) A personal guarantee to secure an amount fixed by the Director but not less than 100 percent of the prorated annual amount of the contract, a surety bond made payable to the State of Nevada in an amount fixed by the Director but not less than 100 percent of the prorated annual amount of the contract and conditioned upon the faithful performance of the contract in accordance with the terms and conditions of the contract, or a security agreement to secure any debt, obligation or other liability of the private employer under the contract, including, without limitation, lease payments, wages earned by offenders and compensation earned by personnel of the Department.

(b) A detailed written analysis on the estimated impact of the contract on private industry in this State. The written analysis must include, without limitation:

(1) The number of private companies in this State currently providing the types of products and services offered in the proposed contract.

(2) The number of residents of this State currently employed by such private companies.

(3) The number of offenders that would be employed under the contract.

(4) The skills that the offenders would acquire under the contract.

8. The provisions of this chapter do not create a right on behalf of the offender to employment or to receive the federal or state minimum wage for any employment and do not establish a basis for any cause of action against the State or its officers or employees for employment of an offender or for payment of the federal or state minimum wage to an offender.

9. As used in this section, “state-sponsored program” means a program for the vocational training or employment of offenders which does not include a contract of employment with a private employer.

(Added to NRS by 1977, 852; A 1979, 889, 1380; 1981, 733; 1983, 724; 1985, 254, 590, 1897; 1987, 1020; 1989, 551, 2122; 1991, 1586; 1993, 286, 2517; 1995, 2592; 1999, 2712; 2001, 378; 2007, 67; 2013, 1803)

NRS 209.462 Director to provide secure facility for production of license plates.

The Director shall provide a secure facility to be used by the Department of Motor Vehicles for the production of license plates.

(Added to NRS by 1987, 1022; A 2001, 2588)

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)

NRS 209.4818 Committee on Industrial Programs: Duties.

1. The Committee on Industrial Programs shall:

(a) Be informed on issues and developments relating to industrial programs for correctional institutions;

(b) Submit a semiannual report to the Interim Finance Committee before July 1 and December 1 of each year on the status of current and proposed industrial programs for correctional institutions;

(c) Report to the Legislature on any other matter relating to industrial programs for correctional institutions that it deems appropriate;

(d) Meet at least quarterly and at the call of the Chair to review the operation of current and proposed industrial programs;

(e) Recommend three persons to the Director for appointment as the Deputy Director for Industrial Programs whenever a vacancy exists;

(f) Before any new industrial program is established by the Director, review the proposed program for compliance with the requirements of subsections 2, 3, 4 and 7 of NRS 209.461 and submit to the Director its recommendations concerning the proposed program; and

(g) Review each state-sponsored industry program established pursuant to subsection 2 of NRS 209.461 to determine whether the program is operating profitably. If the Committee determines that a program has incurred a net loss in 3 consecutive fiscal years, the Committee shall report its finding to the Director with a recommendation regarding whether the program should be continued or terminated. If the Director does not accept the recommendation of the Committee, the Director shall submit a written report to the Committee setting forth his or her reasons for rejecting the recommendation.

2. Upon the request of the Committee on Industrial Programs, the Director and the Deputy Director for Industrial Programs shall provide to the Committee any information that the Committee determines is relevant to the performance of the duties of the Committee.

3. As used in this section, “state-sponsored industry program” means a program for the vocational training or employment of offenders which does not include a contract of employment with a private employer.

(Added to NRS by 2001, 2391; A 2007, 68; 2013, 1806)

STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

SILVER STATE INDUSTRIES
CUSTOMER LEDGER AGING BY DUE DATE
REPORT Date: 06/30/19

		Days Past Due					Balance
		0 - 30	31 - 60	61 - 90	91 - 120	121 +	
Cust ID	Customer Name	05/31 - 06/30	05/01 - 05/30	04/01 - 04/30	03/02 - 03/31	Prior - 03/01	
BU1020	BUREAU OF LAND MGT.	\$133,383.40	\$0.00	\$0.00	\$0.00	\$0.00	\$133,383.40 *
CA1014	CARSON CITY MUNICIPAL COURT	\$260.00	\$0.00	\$0.00	\$0.00	\$0.00	\$260.00
CA1025	CARSON JUVENILE CENTER	\$1,043.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,043.00
CA1038	CARSON CITY HEALTH & HUMAN	\$4,944.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,944.00
CA1047	CARSON CITY TREASURER	\$142.83	\$0.00	\$0.00	\$0.00	\$0.00	\$142.83
CI1006	CITY OF CARSON, SHERIFF	\$1,347.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,347.50
DE1000	DEC-ART DESIGNS INC.	\$2,651.85	\$0.00	\$0.00	\$0.00	\$0.00	\$2,651.85
DI1025	DIAMOND MOUNTAIN DIST.	\$49,505.73	\$0.00	\$0.00	\$0.00	\$0.00	\$49,505.73 *
DO1000	DOUGLAS COUNTY COMP.	\$26,761.00	\$0.00	\$0.00	\$0.00	\$0.00	\$26,761.00 *
DO1004	DOUGLAS COUNTY DISTRICT A	\$5,343.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,343.00
DO1018	DOUGLAS COUNTY SHERIFF'S	\$2,418.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,418.00
DO1035	DOUGLAS CO PUBLIC WORKS	\$3,496.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,496.00
EM1006	EMPLOYEES' ASSN--SDCC&HDSP	\$96.00	\$0.00	\$0.00	\$0.00	\$0.00	\$96.00
EM1008	EMPLOYEES' ASSOCIATION	\$136.00	\$0.00	\$0.00	\$0.00	\$0.00	\$136.00
ER1000	ERICKSON FRAMING NV, LLC	\$16,247.57	\$0.00	\$0.00	\$0.00	\$0.00	\$16,247.57
FE1020	FERGUSON SAFETY PRODUCTS	\$1,480.58	\$0.00	\$0.00	\$0.00	\$0.00	\$1,480.58
HA1060	HAWAII CORRECTIONAL INDUS	\$41,870.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41,870.00 *
JA1010	JACOBS TRADING CO.	\$25,746.87	\$0.00	\$0.00	\$0.00	\$0.00	\$25,746.87 *
LY1008	LYON COUNTY FIRE DEPT.	\$5,108.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,108.00
LY1045	LYON COUNTY BUILDING DEPT.	\$1,027.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,027.50
MA1005	MASONS OF NV--GRAND LODGE	\$560.00	\$0.00	\$0.00	\$0.00	\$0.00	\$560.00
MO1030	JOSEPH MONZO	\$0.00	\$0.00	\$0.00	\$0.00	\$8,138.00	\$8,138.00
NE1041	NEVADA ORGANICS, LLC	\$22,447.15	\$8,593.25	\$0.00	\$0.00	\$0.00	\$31,040.40 *
OP1030	OPEN AIR MOVIES	\$2,073.96	\$0.00	\$0.00	\$0.00	\$0.00	\$2,073.96
SA1015	SACRAMENTO WINDOW SHADE	\$3,632.72	\$0.00	\$0.00	\$0.00	\$0.00	\$3,632.72
SL1020	SLOBOGIN STEEL & CONST.	\$25,516.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,516.00 *
SP1025	BRYON SPRECHER	\$0.00	\$0.00	\$0.00	\$0.00	\$3,606.00	\$3,606.00
TA1012	TAHOE JUSTICE COURT	\$24,796.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,796.00
VA1003	VARIOUS CUSTOMERS-COD	\$800.19	\$0.00	\$0.00	\$0.00	\$0.00	\$800.19
VV1005	VIETNAM VETERANS #989	\$809.00	\$0.00	\$0.00	\$0.00	\$0.00	\$809.00
WE1009	WESTERN NEVADA COLLEGE	\$178.00	\$0.00	\$0.00	\$0.00	\$0.00	\$178.00
WI1002	WITTENBERG HALL	\$1,131.00	\$546.00	\$0.00	\$0.00	\$0.00	\$1,677.00

SILVER STATE INDUSTRIES
CUSTOMER LEDGER AGING BY DUE DATE
REPORT Date: 06/30/19

		Days Past Due					Balance
		0 - 30	31 - 60	61 - 90	91 - 120	121 +	
Cust ID	Customer Name	05/31 - 06/30	05/01 - 05/30	04/01 - 04/30	03/02 - 03/31	Prior - 03/01	
WO1035	WORLD CLASS EQUINE	\$5,904.87	\$0.00	\$0.00	\$0.00	\$0.00	\$5,904.87
YY1005	NDOC ADMIN PERSONNEL	\$1,055.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,055.00
YY1010	CARLIN CONSERVATION CAMP	\$1,220.40	\$0.00	\$0.00	\$0.00	\$0.00	\$1,220.40
YY1011	ELY STATE PRISON	\$7,009.90	\$0.00	\$0.00	\$0.00	\$0.00	\$7,009.90
YY1014	NDOC TRAINING-SOUTH/SDCC	\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.00
YY1016	THREE LAKES CONS. CAMP	\$1,380.42	\$0.00	\$0.00	\$0.00	\$0.00	\$1,380.42
YY1021	HIGH DESERT STATE PRISON	\$12,231.50	\$76.94	\$0.00	\$0.00	\$0.00	\$12,308.44
YY1023	NDOC ADMIN-MILK	\$53,170.60	\$661.20	\$0.00	\$0.00	\$0.00	\$53,831.80 *
YY1029	NO NV CORR CTR	\$8,326.53	\$0.00	\$0.00	\$0.00	\$0.00	\$8,326.53
YY1038	PI STORE/NSP TRADING POST	\$578.50	\$0.00	\$0.00	\$0.00	\$0.00	\$578.50
YY1049	PIOCHE CONSERVATION CAMP	\$1,789.92	\$0.00	\$0.00	\$0.00	\$0.00	\$1,789.92
YY1050	PURCHASING - NDOC OFFICE	\$560.00	\$0.00	\$0.00	\$0.00	\$0.00	\$560.00
YY1051	SO DESERT CORR CTR	\$9,560.67	\$0.00	\$0.00	\$0.00	\$0.00	\$9,560.67
YY1058	FLORENCE MCCLURE WOMEN	\$4,511.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,511.00
YY1060	TONOPAH CONS CAMP	\$2,503.90	\$0.00	\$0.00	\$0.00	\$0.00	\$2,503.90
YY1072	PI CASA GRANDE STORE	\$1,397.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,397.00
YY1135	NDOC INMATE PURCHASES	\$281.11	\$24.00	\$84.00	\$0.00	\$0.00	\$389.11
ZZ1000	ADMINISTRATION DEPT.	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110.00
ZZ1025	COLORAO RIVER COMM.	\$1,760.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,760.00
ZZ1026	COMMISSION ON P.O.S.T.	\$1,042.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,042.00
ZZ1037	EMPLOYMENT, TRAINING & REH	\$260.50	\$0.00	\$0.00	\$0.00	\$0.00	\$260.50
ZZ1040	EDUCATION DEPARTMENT	\$11,809.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,809.00
ZZ1046	GOVERNOR'S OFFICE	\$12,215.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,215.00
ZZ1049	FORESTRY DIV--WESTERN REG.	\$324.00	\$0.00	\$0.00	\$0.00	\$0.00	\$324.00
ZZ1050	FORESTRY DIV--ELKO	\$680.00	\$0.00	\$0.00	\$0.00	\$0.00	\$680.00
ZZ1057	HEALTH DIVISION	\$765.00	\$0.00	\$0.00	\$0.00	\$0.00	\$765.00
ZZ1083	DEPT OF MOTOR VEHICLES	\$910.00	\$0.00	\$0.00	\$0.00	\$0.00	\$910.00
ZZ1089	LEGISLATIVE COUNSEL BUREAU	\$739.00	\$0.00	\$0.00	\$0.00	\$0.00	\$739.00
ZZ1103	MOTOR VEHICLES DEPT.	\$57,878.95	\$0.00	\$0.00	\$0.00	\$0.00	\$57,878.95 *
ZZ1110	DEPT. OF PUBLIC SAFETY	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
ZZ1125	DEPT. OF PUBLIC SAFETY	\$1,956.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,956.00
ZZ1141	TRANSPORATION DEPT.	\$0.00	\$575.00	\$0.00	\$0.00	\$0.00	\$575.00

SILVER STATE INDUSTRIES
CUSTOMER LEDGER AGING BY DUE DATE
REPORT Date: 06/30/19

		Days Past Due					Balance
		0 - 30	31 - 60	61 - 90	91 - 120	121 +	
Cust ID	Customer Name	05/31 - 06/30	05/01 - 05/30	04/01 - 04/30	03/02 - 03/31	Prior - 03/01	
ZZ1148	NEVADA STATE WELFARE	\$1,496.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,496.00
ZZ1153	DIVISION OF WILDLIFE	\$325.00	\$0.00	\$0.00	\$0.00	\$0.00	\$325.00
ZZ1159	STATE CONTROLLER'S OFFICE	\$5,134.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,134.00
ZZ1207	NV DEPT. OF AGRICULTURE	\$7,913.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,913.00
ZZ1208	DEPT OF AG. ESTRAY HORSE	\$189.00	\$0.00	\$0.00	\$0.00	\$0.00	\$189.00
ZZ1214	DEPT. OF BUSINESS & INDUST.	\$19,863.00	\$0.00	\$0.00	\$0.00	\$0.00	\$19,863.00
ZZ1226	HEALTH & HUMAN SERVICES	\$664.00	\$0.00	\$0.00	\$0.00	\$0.00	\$664.00
ZZ1244	MUSEUMS, LIBRARY & ARTS	\$59.00	\$0.00	\$0.00	\$0.00	\$0.00	\$59.00
ZZ1255	STATE PARKS	\$25,120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,120.00 *
ZZ1300	NEVADA HIGHWAY PATROL	\$10,717.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,717.00
AGING TOTALS:		<u>\$678,813.62</u>	<u>\$10,476.39</u>	<u>\$84.00</u>	<u>\$0.00</u>	<u>\$11,744.00</u>	<u>\$701,118.01</u>
AGING PERCENTAGES:		96.82%	1.49%	0.01%	0.00%	1.68%	100%
* Indicates top ten customer balances							

REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2015 THROUGH JUNE 2019.

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	147	160	170	152
LCC	Garment	110	109	101	104	114	114	108	99	102	105	104	106	106
NNCC	Metal	28	27	27	25	28	21	20	20	21	19	19	18	23
NNCC	Furniture	33	31	31	32	32	24	28	24	25	29	26	26	28
NNCC	Mattress	12	12	12	11	11	11	11	10	9	9	10	9	11
NNCC	Printing/Book Bindery	35	30	33	29	28	29	28	25	23	24	29	27	28
SCC	Ranch	25	25	24	22	28	27	29	28	26	27	30	29	27
SCC	Horses	23	28	29	26	22	22	24	29	26	26	25	24	25
SCC	Erickson Framing NV (private)	0	0	0	0	0	0	0	0	0	0	0	8	1
SCC	Tag Plant	18	18	16	16	15	14	14	14	14	16	19	16	16
SDCC	Auto/Upholstery	19	19	18	18	16	16	15	13	15	15	17	19	17
SDCC	Opportunity Village	-	-	-	-	-	-	-	-	-	-	6	21	2
SDCC	DMD (private)	34	34	33	33	34	33	33	31	32	32	29	27	32
FMWCC	Jacobs Trading (private)	18	18	18	18	18	18	18	17	18	16	16	17	18
WSCC	DMD (private)	10	10	10	9	9	9	9	8	8	8	8	8	9
Grand Total		496	490	500	508	519	501	481	469	465	473	498	525	494
Average Offender Population		14,070	14,060	14,074	13,681	13,592	13,325	13,804	13,800	13,838	13,820	13,805	13,760	13,805
Percent of Offender Population Working		3.5%	3.5%	3.6%	3.7%	3.8%	3.8%	3.5%	3.4%	3.4%	3.4%	3.6%	3.8%	3.6%

NDOC Industrial Programs
Report of Offenders Working
FY 2019

INST	SHOP	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY 2019 Mo. AVG
HDSP	DMD (private)	131	157	155	182	177	179	183	172	182	162	173	172	169
LCC	Garment	108	101	94	103	102	105	119	112	110	108	118	121	108
NNCC	Metal	20	21	21	21	20	25	21	22	24	27	25	27	23
NNCC	Furniture	26	28	27	28	28	24	26	28	28	31	34	35	29
NNCC	Mattress	9	10	11	11	10	10	8	9	11	11	12	10	10
NNCC	Printing/Book Bindery	30	27	23	27	28	27	30	31	31	26	28	34	29
SCC	Ranch	32	35	33	30	28	34	34	31	34	34	39	37	33
SCC	Horses	24	23	23	29	32	31	29	29	26	32	35	32	29
SCC	Erickson Framing NV (private)	9	10	10	14	14	13	13	12	13	16	14	14	13
SCC	Tag Plant	15	14	13	13	15	15	14	13	14	14	14	14	14
SDCC	Auto/Upholstery	21	21	20	20	19	19	19	19	19	19	19	22	20
SDCC	DMD (private)	28	27	27	28	29	27	26	26	26	25	25	25	27
SDCC	Opportunity Village (private)	-	6	-	-	-	-	-	-	-	-	-	-	1
FMWCC	Jacobs Trading (private)	17	17	17	20	19	22	22	24	24	23	22	22	21
WSCC	DMD (private)	8	8	8	7	7	7	7	7	7	7	7	0	7
Grand Total		478	505	482	533	528	538	551	535	549	535	565	565	530
Average Offender Population		13,790	13,824	13,845	13,837	13,788	13,752	13,670	13,652	13,663	13,596	13,544	13,428	13,699
Percent of Offender Population Working		3.5%	3.7%	3.5%	3.9%	3.8%	3.9%	4.0%	3.9%	4.0%	3.9%	4.2%	4.2%	3.9%

X

REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2017, FY 2018, AND FY 2019.

NEVADA DEPARTMENT OF CORRECTIONS
Prison Industries Payroll Assessments

	FY 2017				FY 2018				FY 2019			
	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.	68,549	13,990	13,990	96,529	50,792	10,367	10,367	71,526	52,639	10,743	10,743	74,125
Stewart Conservation Camp	58,650	11,970	11,970	82,590	52,945	10,806	10,806	74,557	97,379	19,696	19,696	136,771
Lovelock Correctional Ctr.	64,550	13,173	13,173	90,896	92,422	18,863	18,863	130,148	79,300	16,184	16,184	111,667
Florence McClure Womens' Correctional Ctr.	54,187	11,058	11,058	76,303	52,215	10,657	10,657	73,529	56,275	11,485	11,485	79,244
Southern Desert Correctional Ctr.	23,453	4,786	4,786	33,025	25,547	5,214	5,214	35,975	22,878	4,669	4,669	32,216
Warm Springs Correctional Ctr.	3,670	749.0	749.0	5,168.0	2,830	578	578	3,986	3,107	634	634	4,375
High Desert State Prison	46,947	9,581	9,581	66,109	47,694	9,734	9,734	67,162	53,323	10,882	10,882	75,087
Total	\$ 320,006	\$ 65,307	\$ 65,307	\$ 450,620	\$ 324,445	\$ 66,219	\$ 66,219	\$ 456,883	\$ 364,900	\$ 74,292	\$ 74,292	\$ 513,485

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 YEAR ENDING
JUNE 30, 2019.**

XI

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDING
JUNE 30, 2019
WITH COMPARATIVE JUNE 30, 2018
FINANCIAL STATEMENTS**

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES

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**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED BALANCE SHEETS**
As of June 30, 2019 and 2018

ASSETS			Increase (Decrease)	
	2019	2018	Change	Percent
Current Assets:				
Cash - Unrestricted (Note 1f)				
Prison Industries	\$ 2,474,646	\$ 2,514,632	\$ (39,986)	-1.6%
Prison Ranch	1,535,269	1,321,903	\$ 213,366	16.1%
Total Unrestricted Cash	\$ 4,009,915	3,836,535	\$ 173,380	4.5%
Accounts Receivable (Note 8)	701,118	786,566	\$ (85,448)	-10.9%
Less Allowance for Doubtful Accounts (Note 16)	(4,321)	(4,953)	\$ 632	-12.8%
Net Accounts Receivable	696,797	781,613	\$ (84,816)	-10.9%
Treasurer's Interest Receivable (Note 12a)	24,304	14,021	\$ 10,283	73.3%
PI Capital Revenue Receivable (Note 13b)	209	5,071	\$ (4,862)	-95.9%
Deposits - Business Licenses (Note 6)	5,000	15,000	\$ (10,000)	-66.7%
Livestock (Notes 1c & 7)	370,850	309,330	\$ 61,520	19.9%
Inventories (Notes 1b & 3)	831,817	801,391	\$ 30,426	3.8%
Ranch's Hay-Purchased & Harvested (Note 1c)	258,878	197,322	\$ 61,556	31.2%
Total Current Assets	2,187,855	2,123,748	\$ 64,107	3.0%
Land, land improvements, property and equipment at cost (Note 2)	4,291,740	4,207,844	\$ 83,896	2.0%
Less accumulated depreciation	(3,840,393)	(3,720,297)	\$ (120,096)	3.2%
Net Property and Equipment	451,347	487,547	\$ (36,200)	-7.4%
Other Assets:				
Cash - Restricted - PI Capital (Note 1f)	338,070	436,696	\$ (98,626)	-22.6%
Total Other Assets	338,070	436,696	\$ (98,626)	-22.6%
Total Assets	\$ 6,987,187	\$ 6,884,526	\$ 102,661	1.5%
LIABILITIES AND CAPITAL BALANCE				
Current Liabilities:				
Accounts Payable (Note 9)	\$ 340,200	\$ 289,996	\$ 50,204	17.3%
Unearned Revenue (Note 5)	62,272	143,149	\$ (80,877)	-56.5%
Rent and Other Deposits	9,400	9,400	\$ -	0.0%
Wages Payable	77,284	-	\$ 77,284	0.0%
Current Accrued Compensated Absences (Note 11)	126,429	107,551	\$ 18,878	17.6%
Total Current Liabilities	615,585	550,096	\$ 65,489	11.9%
Long-Term Liabilities:				
Accrued Compensated Absences (Note 11)	95,140	84,298	\$ 10,842	12.9%
Total Long-Term Liabilities	95,140	84,298	\$ 10,842	12.9%
Total Liabilities	710,725	634,394	\$ 76,331	12.0%
Capital:				
Contributed Capital	\$ 2,193,440	2,193,440	\$ -	0.0%
Retained Earnings	4,083,022	4,056,692	\$ 26,330	0.6%
Total Capital	6,276,462	6,250,132	\$ 26,330	0.4%
Total Liabilities and Capital Balance	\$ 6,987,187	\$ 6,884,526	\$ 102,661	1.5%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(With Interfund Sales Eliminated)
For the year ending June 30, 2019 and 2018

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue from Operations:				
Industry Sales	\$ 2,487,568	\$ 2,763,076	\$ (275,508)	-10.0%
Less Cost of Sales	(1,905,439)	(1,822,831)	\$ (82,608)	4.5%
Gross Profit from Industry sales	\$ 582,129	940,245	\$ (358,116)	-38.1%
Ranch Sales	2,351,324	2,046,352	\$ 304,972	14.9%
Less Cost of Sales	(1,534,484)	(1,383,890)	\$ (150,594)	10.9%
Gross Profit from Ranch sales	816,840	662,462	\$ 154,378	23.3%
Industry Freight	(28,087)	1,944	\$ (30,031)	-1544.8%
General Manufacturing Expenses:	(1,132,155)	(997,343)	\$ (134,812)	13.5%
Net Income from Operations:	238,727	607,308	\$ (368,581)	-60.7%
General and Administrative Expenses:	(1,148,874)	(1,138,541)	\$ (10,333)	0.9%
Other Income and Expenses	936,477	1,040,578	\$ (104,101)	-10.0%
Net Income (Loss)	\$ 26,330	\$ 509,345	\$ (483,015)	-94.8%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
By Budget Account**

(With Interfund Sales Eliminated)
For the year ending June 30, 2019 and 2018

Budget Account 3719 - Prison Industries

	June 30, 2019	June 30, 2018	Increase (Decrease) Change	Percent
Revenue from Operations:				
Industry Sales	\$ 2,487,568	\$ 2,763,076	\$ (275,508)	-10.0%
Less Cost of Sales	<u>\$ (1,905,439)</u>	<u>(1,822,831)</u>	\$ (82,608)	4.5%
Gross Profit from Industry sales	\$ 582,129	940,245	\$ (358,116)	-38.1%
Industry Freight	(28,087)	1,944	\$ (30,031)	-1544.8%
Institutional Overhead Expenses:	<u>(549,069)</u>	<u>(470,106)</u>	\$ (78,963)	16.8%
Net Income from Operations:	4,973	472,083	\$ (467,110)	-98.9%
General and Administrative Expenses:	(1,148,874)	(1,138,541)	\$ (10,333)	0.9%
Other Income and Expenses	<u>970,278</u>	<u>983,015</u>	\$ (12,737)	-1.3%
Net Income (Loss)	<u>\$ (173,623)</u>	<u>\$ 316,557</u>	\$ (490,180)	-154.8%

Budget Account 3727 - Prison Ranch

	June 30, 2019	June 30, 2018		
Revenue from Operations:				
Ranch Sales	\$ 2,351,324	\$ 2,046,352	\$ 304,972	14.9%
Less Cost of Sales	<u>(1,534,484)</u>	<u>(1,383,890)</u>	\$ (150,594)	10.9%
Gross Profit from Ranch sales	\$ 816,840	662,462	\$ 154,378	23.3%
Institutional Overhead Expenses:	(583,086)	(527,237)	\$ (55,849)	10.6%
Net Income (Loss)	<u>\$ 233,754</u>	<u>\$ 135,225</u>	\$ 98,529	72.9%

Budget Account 3728 - P I Capital Projects

	June 30, 2019	June 30, 2018		
Revenue:				
Inmate Wage Assessments	\$ 68,757	\$ 66,219	\$ 2,538	3.8%
Equipment Purchases	\$ (97,300)	\$ -	\$ (97,300)	-100.0%
Capital Improvements (Depreciation)	(14,343)	(14,343)	\$ -	0.0%
Other Income (Interest)	<u>9,085</u>	<u>5,687</u>	\$ 3,398	59.8%
Net Income (Loss)	<u>\$ (33,801)</u>	<u>\$ 57,563</u>	\$ (91,364)	-158.7%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS**
For the year ending June 30, 2019 and 2018

	June 30, 2019	June 30, 2018	Increase (Decrease) Change	Percent
Unreserved Retained Earnings at Beginning of Year	\$ 4,056,692	\$ 3,547,347	\$ 509,345	14.4%
Current Period Net Income	26,330	509,345	\$ (483,015)	-94.8%
Prior Period Adjustment	-	-	\$ -	0.0%
Unreserved Retained Earnings at End of Year	4,083,022	4,056,692	\$ 26,330	0.6%
Contributed Capital	2,193,440	2,193,440	\$ -	0.0%
Total Fund Equity	\$ 6,276,462	\$ 6,250,132	\$ 26,330	0.4%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**
For the year ending June 30, 2019 and 2018

	June 30, 2019	June 30, 2018	Increase (Decrease) Change	Percent
Revenue:				
Cash Flows From Operating Activities:				
Net Income	\$ 26,330	\$ 509,345	\$ (483,015)	-94.8%
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	120,096	120,096	\$ -	0.0%
Decrease (Increase) in Net Accounts Receivable	84,816	30,157	\$ 54,659	181.2%
Decrease (Increase) in Interest Receivable	(10,283)	(8,883)	\$ (1,400)	15.8%
Decrease (Increase) in Prepaid Expenses	-	-	\$ -	0.0%
Decrease (Increase) in PI Capital Revenue Receivable	4,862	1,397	\$ 3,465	248.0%
Increase (Decrease) in Deposits	10,000	-	\$ 10,000	0.0%
Decrease (Increase) in Inventories	(153,502)	33,980	\$ (187,482)	-551.7%
Increase (Decrease) in Accounts Payable	50,204	(120,005)	\$ 170,209	-141.8%
Increase (Decrease) in Unearned Revenue	(80,877)	23,152	\$ (104,029)	-449.3%
Decrease (Increase) in Rent Deposits	-	-	\$ -	0.0%
Increase (Decrease) in Wages Payable	77,284	-	\$ 77,284	100.0%
Increase (Decrease) in Accrued Compensated Absences	29,720	33,271	\$ (3,551)	-10.7%
Net Cash Provided by Operating Activities	<u>\$ 158,650</u>	<u>622,510</u>	<u>\$ (463,860)</u>	<u>-74.5%</u>
Net Increase in cash	<u>158,650</u>	<u>622,510</u>	<u>\$ (463,860)</u>	<u>-74.5%</u>
Cash at beginning of year				
Unrestricted	3,836,535	3,286,389	\$ 550,146	16.7%
Restricted	436,696	364,331	\$ 72,365	19.9%
Cash at end of period				
Unrestricted	4,009,915	3,836,535	\$ 173,380	4.5%
Restricted	338,070	436,696	\$ (98,626)	-22.6%
Total Cash at end of period	<u>\$ 4,347,985</u>	<u>\$ 4,273,231</u>	<u>\$ 74,754</u>	<u>1.7%</u>

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

Statements of Operations

For the year ending June 30, 2019 and 2018

Revenue:	June 30, 2019	2018	Increase (Decrease)	
			Change	Percent
License Plate Fees	\$ 692,693	\$ 719,450	\$ (26,757)	-3.7%
Capital Improvement	68,757	66,219	\$ 2,538	3.8%
Rental Income:				
Dayton Valley Turf	26,400	26,400	\$ -	0.0%
Diamond Mountain Distributors	87,300	85,200	\$ 2,100	2.5%
Jacob's Trading Company	7,200	7,200	\$ -	0.0%
Total Rental Income	120,900	118,800	\$ 2,100	1.8%
Administrative Fees: (Net of reimbursements)				
Jacob's Trading Company	11,383	12,497	\$ (1,114)	-8.9%
Miscellaneous Programs	-	48	\$ (48)	-100.0%
Diamond Mountain Distributors	(53,294)	(17,907)	\$ (35,387)	197.6%
Erickson Framing NV	39,205	9,889	\$ 29,316	296.5%
Prison Ranch	48,000	48,000	\$ -	0.0%
Total Administrative Fees	45,294	52,527	\$ (7,233)	-13.8%
Miscellaneous Revenue	15,203	29,301	\$ (14,098)	-48.1%
Total Revenue	\$ 942,847	\$ 986,297	\$ (43,450)	-4.4%

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

Statements of Operations

For the year ending June 30, 2019 and 2018

(Continued)

General and Administrative Expenses:	June 30, 2019	2018	Increase (Decrease)	
			Change	Percent
Staff Salaries	\$ 526,837	\$ 509,819	\$ 17,018	3.3%
Staff Fringe Benefits and other Payroll expenses	264,450	233,527	\$ 30,923	13.2%
Travel expenses	7,739	8,799	\$ (1,060)	-12.0%
Rent	26,294	43,630	\$ (17,336)	-39.7%
Miscellaneous Office expenses	3,263	2,197	\$ 1,066	48.5%
Telephone	8,704	13,879	\$ (5,175)	-37.3%
Postage and Mailing	1,904	1,565	\$ 339	21.7%
Advertising/Public Relations	48,025	219	\$ 47,806	21829.0%
General Insurance	11,926	11,904	\$ 22	0.2%
Vehicle Operating expenses	7,548	8,793	\$ (1,245)	-14.2%
Dues and Subscriptions	3,151	4,301	\$ (1,150)	-26.7%
Depreciation expense	86,579	86,579	\$ -	0.0%
Improvements and Small Equipment	-	363	\$ (363)	-100.0%
Utilities	2,645	4,265	\$ (1,620)	-38.0%
State Cost Allocation	145,015	145,015	\$ -	0.0%
Attorney General Cost Allocation	23,627	37,585	\$ (13,958)	-37.1%
EITS Assessment	6,465	5,516	\$ 949	17.2%
Purchasing Assessment	8,171	5,788	\$ 2,383	41.2%
Credit Card Processing Fees	7,277	6,985	\$ 292	4.2%
Committee on Industrial Programs Reimbursement	1,754	3,667	\$ (1,913)	-52.2%
Equipment Rental	3,588	3,588	\$ -	0.0%
Miscellaneous expenses	2,604	1,487	\$ 1,117	75.1%
Total General and Administrative Expenses	\$ (1,197,566)	(1,139,471)	\$ (58,095)	5.1%
Net Income from Operations	(254,719)	(153,174)	\$ (101,545)	66.3%
Other Income (expense)				
CIP Improvements	(111,643)	(14,343)	\$ (97,300)	678.4%
Interest Revenue	92,609	56,839	\$ 35,770	62.9%
Finance Charges	3	80	\$ (77)	-96.3%
Earnings available for program support or (Net Loss)	\$ (273,750)	\$ (110,598)	\$ (163,152)	147.5%

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

Statements of Operations

For the year ending June 30, 2019 and 2018

Revenue:	June 30, 2019		June 30, 2018	Increase (Decrease)	
				Change	Percent
Sales - Mattress	\$	256,970	\$	312,247	\$ (55,277) -17.7%
Less Cost of Sales:					
Direct Labor	\$	9,957		12,367	\$ (2,410) -19.5%
Materials		231,282		177,606	\$ 53,676 30.2%
Overhead		25,882		22,147	\$ 3,735 16.9%
Total Cost of Sales		(267,121)		(212,120)	\$ (55,001) 25.9%
Gross Profit		(10,151)		100,127	\$ (110,278) -110.1%
Freight Revenues		14,214		10,468	\$ 3,746 35.8%
Freight Expenses		(37,205)		(16,399)	\$ (20,806) 126.9%
Freight (Net of Revenues/Expenses)		(22,991)		(5,931)	\$ (17,060) 287.6%
Contribution to G & A expenses - Mattress	\$	(33,142)	\$	94,196	\$ (127,338) -135.2%
General and Administrative Manufacturing Expenses:					
Salaries		16,089		15,740	\$ 349 2.2%
Fringe Benefits and other Payroll expenses		8,993		8,250	\$ 743 9.0%
Inmate Labor - Office		2,881		3,411	\$ (530) -15.5%
Inmate Workers' Compensation Insurance		828		832	\$ (4) -0.5%
Travel		249		440	\$ (191) -43.4%
Miscellaneous Office expenses		1,022		1,200	\$ (178) -14.8%
Dues and Subscriptions		9,218		352	\$ 8,866 2518.8%
Building & Grounds Improvements		62		195	\$ (133) -68.2%
Utilities		3,223		3,604	\$ (381) -10.6%
Miscellaneous expenses		2,177		1,242	\$ 935 75.3%
Capitalized Institutional Overhead		2,210		(1,650)	\$ 3,860 -233.9%
Total General and Administrative Manufacturing Expenses		(46,952)		(33,616)	\$ (13,336) 39.7%
Earnings available for program support or (Net Loss)	\$	(80,094)	\$	60,580	\$ (140,674) -232.2%

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

Statements of Operations

For the year ending June 30, 2019 and 2018

			Increase (Decrease)	
	June 30, 2019	June 30, 2018	Change	Percent
Revenue:				
Sales	\$ 523,763	\$ 448,808	\$ 74,955	16.7%
Less Cost of Sales:				
Direct Labor	\$ 37,481	22,543	\$ 14,938	66.3%
Materials	259,435	225,118	\$ 34,317	15.2%
Overhead	49,041	58,245	\$ (9,204)	-15.8%
Total Cost of Sales	(345,957)	(305,906)	\$ (40,051)	13.1%
Gross Profit	177,806	142,902	\$ 34,904	24.4%
Freight Revenues	11,345	9,912	\$ 1,433	14.5%
Freight Expenses	(13,158)	(9,380)	\$ (3,778)	40.3%
Freight (Net of Revenues/Expenses)	(1,813)	532	\$ (2,345)	-441%
Contribution to G & A expenses	\$ 175,993	143,434	\$ 32,559	22.7%
General and Administrative Manufacturing Expenses:				
Salaries	76,428	71,451	\$ 4,977	7.0%
Fringe Benefits and other Payroll expenses	24,520	22,854	\$ 1,666	7.3%
Inmate Labor - Office	11,179	7,941	\$ 3,238	40.8%
Inmate Workers' Compensation Insurance	1,200	1,041	\$ 159	15.3%
Travel	274	1,320	\$ (1,046)	-79.2%
Miscellaneous Office expenses	2,856	3,389	\$ (533)	-15.7%
Telephone	322	273	\$ 49	17.9%
Advertising/Public Relations	108	117	\$ (9)	-7.7%
Dues and Subscriptions	291	512	\$ (221)	-43.2%
Building & Ground Improvements	71	319	\$ (248)	-77.7%
Utilities	1,388	3,607	\$ (2,219)	-61.5%
Miscellaneous expenses	1,651	1,154	\$ 497	43.1%
Capitalized Institutional Overhead	(1,140)	(299)	\$ (841)	281.3%
Total General and Administrative Manufacturing Expenses	(119,148)	(113,679)	\$ (5,469)	4.8%
Earnings available for program support or (Net Loss)	\$ 56,845	\$ 29,755	\$ 27,090	91.0%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC FURNITURE AND METAL
Statements of Operations
For the year ending June 30, 2019 and 2018**

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales - Furniture	\$ 354,537	\$ 422,217	\$ (67,680)	-16.0%
Less Cost of Sales:				
Direct Labor	\$ 22,236	9,925	\$ 12,311	124.0%
Materials	308,326	194,584	\$ 113,742	58.5%
Overhead	61,263	39,475	\$ 21,788	55.2%
Total Cost of Sales	(391,825)	(243,984)	\$ (147,841)	60.6%
Gross Profit	(37,288)	178,233	\$ (215,521)	-120.9%
Freight Revenues	17,425	16,670	\$ 755	4.5%
Freight Expenses	(25,097)	(17,192)	\$ (7,905)	46.0%
Freight (Net of Revenues/Expenses)	(7,672)	(522)	\$ (7,150)	1369.7%
Contribution to G & A expenses	\$ (44,960)	177,711	\$ (222,671)	-125.3%
 Sales - Metal	 264,025	 396,386	 \$ (132,361)	 -33.4%
Less Cost of Sales:				
Direct Labor	18,526	31,562	\$ (13,036)	-41.3%
Materials	160,593	209,097	\$ (48,504)	-23.2%
Overhead	53,046	56,768	\$ (3,722)	-6.6%
Total Cost of Sales	(232,165)	(297,427)	\$ 65,262	-21.9%
Contribution to G & A expenses	\$ 31,860	98,959	\$ (67,099)	-67.8%
 General and Administrative Manufacturing Expenses:				
Salaries	32,178	31,479	\$ 699	2.2%
Fringe Benefits and other Payroll expenses	17,987	16,500	\$ 1,487	9.0%
Inmate Labor - Office	10,679	9,483	\$ 1,196	12.6%
Inmate Workers' Compensation Insurance	3,097	3,041	\$ 56	1.8%
Travel	436	1,343	\$ (907)	-67.5%
Miscellaneous Office expenses	5,075	6,955	\$ (1,880)	-27.0%
Telephone	644	546	\$ 98	17.9%
Bond Expense	100	400	\$ (300)	-75.0%
Dues and Subscriptions	49	54	\$ (5)	-9.3%
Building & Grounds Improvements	1,449	95	\$ 1,354	1425.3%
Utilities	25,118	25,382	\$ (264)	-1.0%
Miscellaneous expenses	15,404	8,323	\$ 7,081	85.1%
Capitalized Institutional Overhead	9,550	(8,000)	\$ 17,550	-219.4%
Total General and Administrative Manufacturing Expenses	(121,766)	(95,601)	\$ (26,165)	27.4%
Earnings available for program support or (Net Loss)	\$ (134,866)	\$ 181,069	\$ (315,935)	-174.5%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SDCC AUTO and UPHOLSTERY
Statements of Operations**
For the year ending June 30, 2019 and 2018

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales From Auto/Upholstery	\$ 212,101	\$ 91,904	\$ 120,197	130.8%
Less Cost of Sales:				
Direct Labor	\$ 31,392	14,805	\$ 16,587	112.0%
Materials	55,627	48,999	\$ 6,628	13.5%
Overhead	34,455	25,991	\$ 8,464	32.6%
Total Cost of Sales	(121,474)	(89,795)	\$ (31,679)	35.3%
Gross Profit	90,627	2,109	\$ 88,518	4197.2%
Contribution to G & A expenses - Auto/Upholstery	\$ 90,627	2,109	\$ 88,518	4197.2%
Net Proceeds from Manpower Operations:				
Diamond Mountain Distributors	12,722	10,223	\$ 2,499	24.4%
Opportunity Village	(61)	1,482	\$ (1,543)	-104.1%
Contribution to G & A expenses - Manpower Operations	12,661	11,705	\$ 956	8.2%
General and Administrative Manufacturing Expenses:				
Salaries	52,350	39,532	\$ 12,818	32.4%
Fringe Benefits and other Payroll expenses	20,833	12,515	\$ 8,318	66.5%
Inmate Labor - Office	6,380	10,072	\$ (3,692)	-36.7%
Inmate Workers' Compensation Insurance	1,022	827	\$ 195	23.6%
Miscellaneous Office expenses	2,386	294	\$ 2,092	711.6%
Telephone	965	1,043	\$ (78)	-7.5%
Postage and Mailing	235	390	\$ (155)	-39.7%
Bond Expense	200	-	\$ 200	100.0%
Dues, Subscriptions, and Licenses	327	327	\$ -	0.0%
Building and Grounds Improvements	690	-	\$ 690	-100.0%
Utilities	13,873	13,873	\$ -	0.0%
Miscellaneous expenses	4,710	3,780	\$ 930	24.6%
Capitalized Institutional Overhead	4,250	(2,083)	\$ 6,333	-304.0%
Warranty expense	2,524	2,280	\$ 244	10.7%
Total General and Administrative Manufacturing Expenses	(110,745)	(82,850)	\$ (27,895)	33.7%
Earnings available for program support or (Net Loss)	\$ (7,457)	\$ (69,036)	\$ 61,579	-89.2%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
LCC GARMENT FACTORY
Statements of Operations**
For the year ending June 30, 2019 and 2018

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue:				
Sales - Garment	\$ 961,068	\$ 1,113,760	\$ (152,692)	-13.7%
Less Cost of Sales:				
Direct Labor	\$ 238,098	293,286	\$ (55,188)	-18.8%
Materials	247,269	287,591	\$ (40,322)	-14.0%
Overhead	96,069	109,872	\$ (13,803)	-12.6%
Total Cost of Sales	(581,436)	(690,749)	\$ 109,313	-15.8%
Gross Profit	379,632	423,011	\$ (43,379)	-10.3%
Freight Revenues	45,923	58,050	\$ (12,127)	-20.9%
Freight Expenses	(41,534)	(50,185)	\$ 8,651	-17.2%
Freight (Net of Revenues/Expenses)	4,389	7,865	\$ (3,476)	-44.2%
Contribution to G & A expenses	\$ 384,021	430,876	\$ (46,855)	-10.9%
General and Administrative Manufacturing Expenses:				
Salaries	63,242	59,130	\$ 4,112	7.0%
Fringe Benefits and other Payroll expenses	38,656	36,019	\$ 2,637	7.3%
Inmate Labor - Office	18,473	18,151	\$ 322	1.8%
Inmate Workers' Compensation Insurance	7,693	8,940	\$ (1,247)	-13.9%
Travel	-	140	\$ (140)	-100.0%
Miscellaneous Office expenses	6,355	7,496	\$ (1,141)	-15.2%
Telephone	845	712	\$ 133	18.7%
Postage and Mailing	-	68	\$ (68)	-100.0%
Inspections/Certifications	443	-	\$ 443	100.0%
Building and Grounds Improvements	1,569	454	\$ 1,115	245.6%
Utilities	13,505	13,505	\$ -	0.0%
Miscellaneous expenses	2,492	4,119	\$ (1,627)	-39.5%
Capitalized Institutional Overhead	(1,150)	(208)	\$ (942)	452.9%
Total General and Administrative Manufacturing Expenses	(152,123)	(148,526)	\$ (3,597)	2.4%
Earnings available for program support	\$ 231,898	\$ 282,350	\$ (50,452)	-17.9%

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

Statements of Operations

For the year ending June 30, 2019 and 2018

Revenue:	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Change	Percent
Revenue - Livestock				
Sales	\$ 129,875	\$ 89,796	\$ 40,079	44.6%
Non-Cash Inventory Adjustments	<u>52,620</u>	<u>14,260</u>	\$ 38,360	269.0%
Total Revenue	\$ 182,495	<u>104,056</u>	\$ 78,439	75.4%
Less Cost of Sales:				
Direct Labor	8,924	5,735	\$ 3,189	55.6%
Materials	86,824	62,789	\$ 24,035	38.3%
Overhead	<u>11,308</u>	<u>12,024</u>	\$ (716)	-6.0%
Total Cost of Sales	<u>(107,056)</u>	<u>(80,548)</u>	\$ (26,508)	32.9%
Contribution to G & A expenses - Livestock	\$ 75,439	23,508	\$ 51,931	220.9%
Sales - Dairy	613,968	550,585	\$ 63,383	11.5%
Less Cost of Sales:				
Direct Labor	62,665	63,683	\$ (1,018)	-1.6%
Materials	376,264	211,101	\$ 165,163	78.2%
Overhead	<u>125,174</u>	<u>141,273</u>	\$ (16,099)	-11.4%
Total Cost of Sales	<u>(564,103)</u>	<u>(416,057)</u>	\$ (148,046)	35.6%
Contribution to G & A expenses - Dairy	49,865	134,528	\$ (84,663)	-62.9%
Revenue - Crops				
Sales	174,088	146,388	\$ 27,700	18.9%
Non-Cash Inventory Adjustments	<u>(58,780)</u>	<u>(38,608)</u>	\$ (20,172)	52.2%
Total Revenue	115,308	<u>107,780</u>	\$ 7,528	7.0%
Less Cost of Sales:				
Direct Labor	42,090	24,431	\$ 17,659	72.3%
Materials	1,370	4,710	\$ (3,340)	-70.9%
Overhead	<u>63,620</u>	<u>57,162</u>	\$ 6,458	11.3%
Total Cost of Sales	<u>(107,080)</u>	<u>(86,303)</u>	\$ (20,777)	24.1%
(Gross Loss) Contribution to G & A expenses - Crops	8,228	21,477	\$ (13,249)	-61.7%
Boarding Fees - Estray Horses	7,506	10,026	\$ (2,520)	-25.1%
Less Cost of Sales:				
Direct Labor	-	-	\$ -	0.0%
Materials	4,477	5,712	\$ (1,235)	-21.6%
Overhead	<u>-</u>	<u>-</u>	\$ -	0.0%
Total Cost of Sales	<u>(4,477)</u>	<u>(5,712)</u>	\$ 1,235	-21.6%
Contribution to G & A expenses - Estray Horse Boarding	3,029	4,314	\$ (1,285)	-29.8%
Boarding Fees - BLM (Wild) Horses	1,578,992	1,331,272	\$ 247,720	18.6%
Less Cost of Sales:				
Direct Labor	80,681	73,867	\$ 6,814	9.2%
Materials	588,528	581,793	\$ 6,735	1.2%
Overhead	<u>271,192</u>	<u>226,979</u>	\$ 44,213	19.5%
Total Cost of Sales	<u>(940,401)</u>	<u>(882,639)</u>	\$ (57,762)	6.5%
Contribution to G & A expenses - BLM Wild Horse Boarding	638,591	448,633	\$ 189,958	42.3%
Composting Project	97,609	64,654	\$ 32,955	51.0%
Less Cost of Sales:				
Direct Labor	55,921	34,652	\$ 21,269	61.4%
Overhead	<u>-</u>	<u>-</u>	\$ -	0.0%
Total Cost of Sales	<u>(55,921)</u>	<u>(34,652)</u>	\$ (21,269)	61.4%
Contribution to G & A expenses - Composting Project	\$ 41,688	\$ 30,002	\$ 11,686	39.0%

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

Statements of Operations

For the year ending June 30, 2019 and 2018

(Continued)

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Change	Percent
General and Administrative Ranch Expenses:				
Salaries - Staff	\$ 276,338	\$ 243,940	\$ 32,398	13.3%
Fringe Benefits and other Payroll expenses	116,994	105,933	\$ 11,061	10.4%
Inmate Labor - Office	8,743	7,364	\$ 1,379	18.7%
Inmate Workers' Compensation Insurance	6,216	4,971	\$ 1,245	25.0%
Travel expenses	2,809	534	\$ 2,275	426.0%
Miscellaneous Office expenses	2,454	1,993	\$ 461	23.1%
Telephone	954	845	\$ 109	12.9%
Freight, Postage and Mailing	27	24	\$ 3	12.5%
Advertising/Public Relations	586	584	\$ 2	0.3%
Insurance	15,869	14,977	\$ 892	6.0%
Dues and Subscriptions	128	-	\$ 128	100.0%
Building and Grounds Improvements	123	3,075	\$ (2,952)	-96.0%
Utilities	69,005	65,513	\$ 3,492	5.3%
State Cost Allocation	17,394	17,394	\$ -	0.0%
EITS Assessment	2,041	1,741	\$ 300	17.2%
Purchasing Assessment	9,167	6,957	\$ 2,210	31.8%
Vehicle Operations	128	224	\$ (96)	-42.9%
Miscellaneous expenses	6,110	3,168	\$ 2,942	92.9%
Administration Fees	48,000	48,000	\$ -	0.0%
Total General and Administrative Manufacturing Expenses	\$ (583,086)	\$ (527,237)	\$ (55,849)	10.6%
Earnings available for program support or (Net loss)	\$ 233,754	\$ 135,225	\$ 98,529	72.9%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES
For the year ending June 30, 2019 and 2018

	PER STATEMENTS OF OPERATIONS	INTERFUND SALES	AFTER REMOVING INTERFUND SALES		Increase (Decrease)	
	June 30, 2019			June 30, 2018	Change	Percent
Revenue:						
Industry Sales	\$ 2,572,464	\$ (84,896)	\$ 2,487,568	\$ 2,763,076	\$ (275,508)	-10.0%
Less Cost of Sales	(1,939,978)	34,539	(1,905,439)	(1,822,831)	\$ (82,608)	4.5%
Gross Profit from Industry Sales	632,486	(50,357)	\$ 582,129	\$ 940,245	\$ (358,116)	-38.1%
Ranch Sales	2,595,878	(244,554)	2,351,324	2,046,352	\$ 304,972	14.9%
Less Cost of Sales	(1,779,038)	244,554	(1,534,484)	(1,383,890)	\$ (150,594)	10.9%
Gross Profit from Ranch Sales	816,840	-	816,840	662,462	\$ 154,378	23.3%
Freight (Net of Revenues/Expenses)	(28,087)		(28,087)	1,944	\$ (30,031)	-1544.8%
General Manufacturing Expenses:						
Staff Salaries	516,625		516,625	461,272	\$ 55,353	12.0%
Staff Fringe Benefits and other Payroll expenses	227,983		227,983	202,071	\$ 25,912	12.8%
Inmate Labor	58,335		58,335	56,422	\$ 1,913	3.4%
Inmate Worker's Compensation Ins.	20,056		20,056	19,652	\$ 404	2.1%
Travel expenses	3,768		3,768	3,777	\$ (9)	-0.2%
Office expenses	20,148	(1,024)	19,124	17,661	\$ 1,463	8.3%
Telephone	3,730		3,730	3,419	\$ 311	9.1%
Postage and Mailing	262		262	482	\$ (220)	-45.6%
Advertising/Public Relations	694	(586)	108	507	\$ (399)	100.0%
Insurance/Bond Expense	16,169		16,169	15,377	\$ 792	5.2%
Dues and Subscriptions	10,013		10,013	1,245	\$ 8,768	704.3%
Inspections & Certifications	443		443	-	\$ 443	-
Building & Grounds Improvements	3,964		3,964	4,138	\$ (174)	-4.2%
Utilities	126,112		126,112	125,484	\$ 628	0.5%
Administrative Fees	48,000		48,000	48,000	\$ -	0.0%
State Cost Allocation - Ranch	17,394		17,394	17,394	\$ -	0.0%
EITS Assessment - Ranch	2,041		2,041	1,741	\$ 300	17.2%
Purchasing Assessment - Ranch	9,167		9,167	6,957	\$ 2,210	31.8%
Vehicle Operations - Ranch	128	(55)	73	224	\$ (151)	-67.4%
Miscellaneous expenses	32,544		32,544	21,480	\$ 11,064	51.5%
Capitalized Institutional Overhead	13,720		13,720	(12,240)	\$ 25,960	-212.1%
Warranty expense	2,524		2,524	2,280	\$ 244	10.7%
Total General Manufacturing Expenses:	(1,133,820)	(1,665)	(1,132,155)	(997,343)	\$ (134,812)	13.5%
Net Income from Operations:	\$ 287,419	\$ 48,692	\$ 238,727	\$ 607,308	\$ (368,581)	-60.7%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES**
For the year ending June 30, 2019 and 2018
(Continued)

	PER STATEMENTS OF OPERATIONS	ELIMINATION ENTRIES	AFTER REMOVING INTERFUND SALES	June 30, 2018	Increase (Decrease)	
	June 30, 2019				Change	Percent
General and						
Administrative Expenses:						
Staff Salaries	\$ 526,837		\$ 526,837	\$ 509,819	\$ 17,018	3.3%
Staff Fringe Benefits and other Payroll expenses	264,450		264,450	233,527	\$ 30,923	13.2%
Travel expenses	7,739		7,739	8,799	\$ (1,060)	-12.0%
Rent	26,294		26,294	43,630	\$ (17,336)	-39.7%
Office expenses	3,263	(397)	2,866	1,985	\$ 881	44.4%
Telephone	8,704		8,704	13,879	\$ (5,175)	-37.3%
Postage and Mailing	1,904		1,904	1,565	\$ 339	21.7%
Advertising/Public Relations	48,025	(48,025)	-	-	\$ -	0.0%
General Insurance	11,926		11,926	11,904	\$ 22	0.2%
Vehicle expenses	7,548	(270)	7,278	8,294	\$ (1,016)	-12.2%
Dues and Subscriptions	3,151		3,151	4,301	\$ (1,150)	-26.7%
Depreciation expense	86,579		86,579	86,579	\$ -	0.0%
Improvements and Small Equipment	-		-	363	\$ (363)	-100.0%
Utilities	2,645		2,645	4,265	\$ (1,620)	-38.0%
State Cost Allocation	145,015		145,015	145,015	\$ -	0.0%
Attorney General Cost Allocation	23,627		23,627	37,585	\$ (13,958)	-37.1%
EITS Assessment	6,465		6,465	5,516	\$ 949	17.2%
Purchasing Assessment	8,171		8,171	5,788	\$ 2,383	41.2%
Credit Card Processing Fees	7,277		7,277	6,985	\$ 292	4.2%
Committee on Industrial Programs Rei	1,754		1,754	3,667	\$ (1,913)	-52.2%
Equipment Rental	3,588		3,588	3,588	\$ -	0.0%
Miscellaneous expenses	2,604		2,604	1,487	\$ 1,117	75.1%
Total General and Administrative Expenses	(1,197,566)	(48,692)	\$ (1,148,874)	\$ (1,138,541)	\$ (10,333)	0.9%
Other Income (Expenses)						
Interest Revenue	92,609		92,609	56,839	\$ 35,770	62.9%
Finance Charges	3		3	80	\$ (77)	-96.3%
License Plate Fees	692,693		692,693	719,450	\$ (26,757)	-3.7%
Capital Improvement	(42,886)		(42,886)	51,876	\$ (94,762)	-182.7%
Rental Income	120,900		120,900	118,800	\$ 2,100	1.8%
Administrative Fees	57,955		57,955	64,232	\$ (6,277)	-9.8%
Miscellaneous Revenue	15,203		15,203	29,301	\$ (14,098)	-48.1%
Earnings Available for Program Support	\$ 26,330	\$ -	\$ 26,330	\$ 509,345	\$ (483,015)	-94.8%

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

(a) Organization

Silver State Industries is a division of the Nevada Department of Corrections. The division produces and sells various products and services to governmental and private organizations as well as individuals.

(b) Inventories

Inventories are stated at the lower of cost or market, using the first-in, first-out method.

(c) Livestock and Crops

The Ranch's Dairy and Livestock sections use the unit-livestock-price method of valuing their livestock inventories, except for any livestock purchased, which is valued at the lower of cost or market. Crops are valued using the farm-price method of valuation.

(d) Land Improvements, Property, and Equipment

Land improvements, property, and equipment are stated at cost and are depreciated over their estimated useful lives of 3 to 40 years using the straight-line method. The capitalization threshold is established by the Nevada Controller's office is currently is \$5,000 for equipment and \$100,000 for buildings.

(e) Income Taxes

Silver State Industries is a division of the Nevada Department of Corrections, and is organized exclusively for public purposes and, accordingly, is exempt from federal income taxes.

(f) Cash

The cash of Silver State Industries is under the direct control of the Controller of the State of Nevada. The cash balance is accounted for with other state funds and is classified as an enterprise fund on the state's balance sheet. Silver State Industries classifies cash as either nonrestricted or restricted as follows:

(1) Nonrestricted cash is made up of cash received by Prison Industries (budget account 3719) and Prison Ranch (budget account 3727) and may be expended, within budgetary constraints, to support the day-to-day activities of the division.

(2) Restricted cash is made up of revenue received by P I Capital Projects (budget account 3728) is restricted in its use. NRS 209.192 states that it may be used to relocate, expand, upgrade or modify an existing industry in the industrial program to enhance or improve operations or security. It allows for the purchase or lease of equipment to be used for the training of offenders or Prison Industries' operation. It may pay or fund the operations of Prison Industries and advertise and promote good and services provided by PI. It is funded by five percent of each offender's gross wages who works for Silver State Industries either directly or through a private company under contract with Silver State Industries.

(g) Reporting Entity

Governmental Accounting and Financial Reporting Principles require that combined financial statements be presented for governmental entities which present financial statements in accordance with generally accepted accounting principles. The accompanying financial statements are not intended to present the combined financial activities of the Department of Corrections taken as a

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

whole. They are intended only to present the financial activities of Fund 525, Prison Industry Fund dba Silver State Industries, which is composed of the Prison Industry, Prison Ranch, and PI Capital Improvement budget accounts.

(h) Basis of Accounting

The financial statements of Silver State Industries are prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

(i) Encumbrances

An encumbrance system is utilized as a form of budgetary control to account for purchase orders, contracts, or other legal commitments. For budgetary purposes, encumbrances are recorded as expenses in the accounting period in which the encumbrance was originally established. For financial reporting purposes, encumbrances are recorded as expenses in the accounting period in which the liability is incurred, in accordance with generally accepted accounting principles.

2. Land, Land Improvements, Property, and Equipment

Land, land improvements, property, and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Land	153,140	153,140
Land Improvements	1,982,000	1,982,000
Buildings	908,227	908,227
Furniture and Equipment	<u>1,248,373</u>	<u>1,164,476</u>
Fixed Assets at Cost	4,291,740	4,207,844
Less Accumulated Depreciation	<u>(3,840,393)</u>	<u>(3,720,297)</u>
Net Fixed Assets	<u>\$ 451,347</u>	<u>\$ 487,547</u>

Depreciation expense was applied to either cost of sales through overhead or general and administrative expenses, depending on the nature of the capital asset. At June 30, 2019, and 2018, depreciation expense was applied as follows:

<u>Cost Center</u>	<u>2019</u>	<u>2018</u>
Central Administration	86,579	86,579
NNCC Mattress	0	0
NNCC Metal	0	0
NNCC Furniture	0	0
Ranch Livestock	0	0
Ranch Crops	12,646	12,646
Ranch Dairy	6,529	6,529
CIP Fund	<u>14,343</u>	<u>14,343</u>
Total Depreciation Expense	<u>\$ 120,097</u>	<u>\$ 120,097</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

3. Inventories

Inventories at June 30, 2019, consisted of the following:

Cost Center	Raw Materials	Work in Process	Finished Goods	Operating Supplies	Total
NNCC Mattress	106,313	0	16,342	0	122,655
NNCC Print/Bindery	113,675	6,306	50,700	2,904	173,585
NNCC Metal	42,013	42,643	0	5,776	90,432
NNCC Furniture	78,701	3,274	0	5,425	87,400
SDCC Auto	68,077	47,655	8,013	3,541	127,286
SDCC BigHouse Choppers	0	0	0	0	0
LCC Garment	<u>151,000</u>	<u>0</u>	<u>79,459</u>	<u>0</u>	<u>230,459</u>
Total	<u>\$ 559,779</u>	<u>\$ 99,878</u>	<u>\$ 154,514</u>	<u>\$ 17,646</u>	<u>\$ 831,817</u>

Inventories at June 30, 2018, consisted of the following:

Cost Center	Raw Materials	Work in Process	Finished Goods	Operating Supplies	Total
NNCC Mattress	82,090	0	33,386	0	115,476
NNCC Print/Bindery	87,910	6,195	10,550	1,063	105,718
NNCC Metal	35,112	40,283	0	6,095	81,490
NNCC Furniture	69,837	100,800	23,772	5,875	200,284
SDCC Auto	62,779	71,280	1,153	2,176	137,388
SDCC BigHouse Choppers	2,864	0	0	0	2,864
LCC Garment	<u>119,123</u>	<u>0</u>	<u>39,050</u>	<u>0</u>	<u>158,173</u>
Total	<u>\$ 459,715</u>	<u>\$ 218,558</u>	<u>\$ 107,911</u>	<u>\$ 15,209</u>	<u>\$ 801,391</u>

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

4. Commitments and Contingencies

Silver State Industries administrative offices are located at the Casa Grande facility in Las Vegas and the Stewart Facility in Carson City. There are no contracts in place for either of these facilities. As such, no provisions for commitments are included in these financial statements.

5. Unearned Revenue

Unearned revenue represents moneys that customers have paid in advance of receiving merchandise or from overpaying their account. At June 30, 2019, and 2018, \$62,272 and \$143,149 of such moneys had been received, respectively.

6. Deposits

Silver State Industries currently has a \$5,000 deposit for a business license with the Department of Motor Vehicles. Previously SSI had \$15,000 in deposits through the Department of Motor Vehicles for business licenses; however, DMV raised their deposit requirements on two of the licenses. SSI was refunded the deposit amounts and obtained bonds for the larger amounts through Risk Management.

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

7. Livestock

The Ranch's Livestock inventory at June 30, 2019, consisted of the following:

Type of Livestock	Number in Herd	Unit— Livestock Value	Dairy	Livestock	Total
Holstein Bred Heifers	23	1,250	0	28,750	28,750
Milking Cows	94	900	84,600		84,600
Beef Calves	33	500	0	16,500	16,500
Beef Cows	86	1,200	0	103,200	103,200
Unweaned Calves	25	50	0	1,250	1,250
Yearling Holstein Heifers	12	450	0	5,400	5,400
Weaned Heifers	51	250	0	12,750	12,750
Weaned Holstein Breeding Bulls	4	700	0	2,800	2,800
Beef Bulls	2	2,500	0	5,000	5,000
Dairy Bulls	2	1,000	2,000	0	2,000
Dry Cows	20	900	18,000	0	18,000
Yearling Beef Heifers	96	600	0	57,600	57,600
Weaned Holstein Steers	0	180	0	0	0
Beef Heifers Bred	20	1,200		24,000	24,000
Weaned Beef Breeding Bulls	9	1,000	0	9,000	9,000
Grand Total	477		<u>\$ 104,600</u>	<u>\$ 266,250</u>	<u>\$ 370,850</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

The Ranch's Livestock inventory at June 30, 2018, consisted of the following:

Type of Livestock	Number in Herd	Unit—Livestock Value	Dairy	Livestock	Total
Holstein Bred Heifers	33	1,250	0	41,250	41,250
Milking Cows	82	900	73,800	0	73,800
Beef Calves	65	500	0	32,500	32,500
Beef Cows	83	1,200	0	99,600	99,600
Unweaned Calves	12	50	0	600	600
Yearling Holstein Heifers	4	450	0	1,800	1,800
Weaned Heifers	38	250	0	9,500	9,500
Weaned Holstein Breeding Bulls	1	700	0	700	700
Beef Bulls	2	2,500	0	5,000	5,000
Dairy Bulls	3	1,000	3,000	0	3,000
Dry Cows	21	900	18,900	0	18,900
Yearling Beef Heifers	4	600	0	2,400	2,400
Weaned Holstein Steers	6	180	0	1,080	1,080
Beef Heifers Bred	16	1,200	0	19,200	19,200
Grand Total	370		<u>\$ 95,700</u>	<u>\$ 213,630</u>	<u>\$ 309,330</u>

8. Accounts Receivable

Accounts receivable at June 30, 2019, consist of the following:

CUSTOMER TYPE	AMOUNT	PERCENTAGE OF TOTAL
Private Sector	180,311	25.7%
Department of Corrections	104,208	14.9%
Other State Agencies	162,804	23.2%
Other Governments	<u>253,795</u>	36.2%
Total Accounts Receivable	701,118	

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

Less Allowance for Doubtful Accounts	<u>(4,321)</u>
Net Realizable Value	<u>\$ 696,797</u>

The Department of Corrections, state agencies, and other governments are not a bad debt concern. PI has written off a few small accounts this fiscal year totaling \$632 as described in note 16. The private sector accounts receivables consist of 20 individual accounts as of June 30, 2019. The largest private sector account's balance represents 7.1% of the total receivables at \$49,506.

The second largest customer accounts receivables balance is \$31,040 or 4.4% of the receivables. Coming in third is \$25,747 for 3.7% of total receivables. Fourth is \$25,516 with a 3.6% share while fifth is \$16,248 at 2.3%. All other private sector customers have minimal balances.

Accounts receivable at June 30, 2018, consist of the following:

CUSTOMER TYPE	AMOUNT	PERCENTAGE OF TOTAL
Private Sector	169,689	21.6%
Department of Corrections	234,269	29.8%
Other State Agencies	220,411	28.0%
Other Governments	<u>162,197</u>	20.6%
Total Accounts Receivable	786,566	
Less Allowance for Doubtful Accounts	<u>(4,953)</u>	
Net Realizable Value	<u>\$ 781,613</u>	

The Department of Corrections, state agencies, and other governments are not a bad debt concern. PI has not experienced any problems in collecting their balances. The private sector accounts receivables consist of 22 individual accounts as of June 30, 2018. The largest private sector account's balance represents 6.3% of the total receivables at \$51,067.

The second largest customer accounts receivables balance is \$28,239 or 3.5% of the receivables. Coming in third is \$14,900 for 1.8% of total receivables. Fourth is \$14,069 with a 1.7% share while fifth is \$7,428 at .9%. All other private sector customers have minimal balances. All customers have subsequently paid their balances owed.

9. Accounts Payable

Accounts payable at June 30, 2019, consisted of the following:

GROUP	AMOUNT
Private Section Vendors	217,957
Department of Corrections	72,158
Other State Agencies	<u>50,085</u>
Total	<u>\$ 340,200</u>

Accounts payable at June 30, 2018, consisted of the following:

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

GROUP	AMOUNT
Private Section Vendors	167,968
Department of Corrections	92,899
Other State Agencies	<u>29,129</u>
Total	<u>\$ 289,996</u>

10. Retirement Plan

The employees of the Department of Corrections participate in one or the other of two retirement plans administered by the Nevada Public Employees' Retirement System. Each has two sub-plans; Regular members and Police/Fire members. Under the Employee/Employer Contribution Plan, the employee and Silver State Industries each contribute 14.5% (Regular) or 20.75% (Police/Fire) of the employee's gross earnings not including overtime and/or terminal leave. Under the Employer-Pay Contribution Plan, Silver State Industries alone contributes 28% (Regular) or 40.5% (Police/Fire) of the employee's gross earnings not including overtime and/or terminal leave.

NRS 286.110 provides that a participating public employer, which includes State agencies, is not liable for any obligations of the Public Employees' Retirement System. Current contribution rates and income of the Public Employees' Retirement System are actuarially projected to fully fund its obligations over a 23-year period. The state's ending net pension liability for Prison Industries is \$2,332,693 as of June 30, 2019, and was \$2,353,140 as of June 30, 2018.

11. Postemployment Benefits and Related Amounts

The state provides post-retirement benefits which include medical, dental, vision, prescriptions, life insurance, long-term care, and miscellaneous benefits such as group legal and disability. The state's postemployment benefits other than the pension's allocation as of June 30, 2019, are \$881,774 while the ending liability at June 30, 2018, was \$813,107.

12. Annual and Sick Leave Benefits

When compensatory time, annual leave, and sick leave benefits are not taken as they are earned, they accumulate to be carried over to the next year, except for annual leave in excess of 30 days. Accumulated annual leave and compensatory time are payable upon termination; however, sick leave is not, except that unused sick leave over 30 days may be partially compensated upon retirement, termination, or death, calculated at a rate of 50% of the value had it been used. The estimated liability as of June 30, 2019, is \$221,569 and at June 30, 2018, was \$191,849.

13. Interest and Finance Charge Revenue

(a) Interest Revenue

Silver State Industries (SSI) deposits all cash receipts into the State of Nevada's bank account. All cash transferred from other State agencies, is made via a billing claim or journal voucher into SSI's budget account. At the end of each quarter, the State Treasurer's office computes and transfers interest earned into SSI's budget account. During the years ended June 30, 2019, and 2018, interest received was \$92,609 and \$56,839, respectively.

(b) Finance Charge Revenue

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

During fiscal year 1993, the State Legislature passed a bill directing Silver State Industries to charge a 1.5% per month finance charge on private sector sale invoices not paid when due. During the years ended June 30, 2019, and 2018, finance charge revenue amounted to \$3 and \$80, respectively.

14. Offender Labor

The major objective of the prison industry program is to provide jobs for offenders and, as such, offenders are the major source of labor used in Silver State Industries' operations.

Silver State Industries may use two methods of working offenders. The first is through its own operations. No income or social security taxes are withheld from the offenders' wages. Gross wages are reported to the individual and the Internal Revenue Service via a Form 1099. The second method may be used by private industries operating within an institution. The employer withholds income and social security taxes from the offender wages.

In both cases above, assessments are made from the offenders' gross wages to support the following programs:

(a) Room and Board (R & B)

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

(b) Victims of Crimes Fund (VCF)

Five percent of offenders' gross wages are assessed for this fund.

(c) Prison Industries Capital Improvement Fund (PICI)

Five percent of offenders' gross wages are assessed for future Prison Industry programs.

During the year ended June 30, 2019, the following are the assessments made to the corresponding program they supported:

INSTITUTION	(a)R & B	(b)VCF	(c)PICI	TOTAL
NNCC	52,639	10,743	10,743	74,125
SCC	96,506	19,696	19,696	135,898
LCC	79,300	16,184	16,184	111,668
FMWCC	56,275	11,485	11,485	79,245
SDCC	22,878	4,669	4,669	32,216
WSCC	3,107	634	634	4,375
HDSP	<u>53,323</u>	<u>10,881</u>	<u>10,881</u>	<u>75,085</u>
Total	<u>\$ 364,028</u>	<u>\$ 74,292</u>	<u>\$ 74,292</u>	<u>\$ 512,612</u>

During the year ended June 30, 2018, the following are the assessments made to the corresponding program they supported:

INSTITUTION	(a)R & B	(b)VCF	(c)PICI	TOTAL
NNCC	50,792	10,367	10,367	71,526
SCC	52,945	10,806	10,806	74,557

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES

Notes to Financial Statements for the Years Ended June 30, 2019 and 2018

LCC	94,422	18,863	18,863	130,148
FMWCC	52,215	10,657	10,657	73,529
SDCC	25,547	5,214	5,214	35,975
WSCC	2,830	578	578	3,986
HDSP	<u>47,694</u>	<u>9,734</u>	<u>9,734</u>	<u>67,162</u>
Total	<u>\$ 324,445</u>	<u>\$ 66,219</u>	<u>\$ 66,219</u>	<u>\$ 456,883</u>

Silver State Industries pays Workers' Compensation premiums for all offenders working through Prison Industries unless a participating partner is self-insured. Applicable private companies are then billed by Silver State Industries for reimbursement.

15. Related Party Transactions

The buildings and facilities used by the various prison industries, except the Prison Ranch, are provided by the institution where they are located, including the majority of maintenance. Silver State Industries did not recognize any costs for these facilities other than utility consumption within these financial statements. Prison Industries reimburses each institution for their pro-rata share of utility consumption.

The cost centers, within Silver State Industries, sell and purchase items to and from each other. Sales and purchases are stated at fair value within the applicable Statement of Operations and are eliminated on the Consolidated Statement of Operations. Elimination entries are reflected on the accompanying Schedule of Interfund Sales.

16. Accrued Warranties

At June 30, 2019, and 2018, Silver State Industries expensed warranty expense as it occurred. PI did not accrue any warranty expense for either of the years ending June 30, 2019 and 2018.

17. Bad Debt Expense

Bad debt expense represents sales recognized in prior fiscal years that are deemed uncollectible in the current year. The majority of the expenses are moneys due Silver State Industries from individuals or corporations that have filed bankruptcy or have gone out of business. Any amounts subsequently collected are treated as miscellaneous income by the central administration in the year collected. Any balances owed by individuals or businesses are forwarded to the State Controller for help in collection. Amounts written-off in the current year represent one uncollectible account.

Prison Industries had three uncollectable accounts this fiscal year. A total of \$632 was written off at the end of the year. The allowance for doubtful account balances at the beginning of the fiscal year totaled \$4,953 and the ending balance is \$4,321.

18. Utilities

In both 2019 and 2018, the cost of utilities has been allocated to private industries according to what the Nevada Department of Corrections charged Prison Industries.

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

XII

FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES
Historical Revenues and Expenditures for FY 2015 through FY 2019

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<i>Beginning Balance:</i>	\$ 467,938	\$ 539,940	\$ 303,821	\$ 371,715	\$ 443,622
Revenue:					
Inmate Wage Assessments:	\$ 70,282	\$ 58,508	\$ 65,161	\$ 66,219	\$ 74,292
Interest Income:	\$ 1,720	\$ 2,490	\$ 2,725	\$ 5,688	\$ 9,085
Rebate:			\$ 7		
<i>Total Revenue:</i>	\$ 72,002	\$ 60,999	\$ 67,893	\$ 71,907	\$ 83,378
Expenditures Incurred:	\$ -	\$ 297,118	\$ -	\$ -	\$ 181,235
<i>Ending Balance:</i>	\$ 539,940	\$ 303,821	\$ 371,715	\$ 443,622	\$ 345,765

Silver State Industries Proposed Purchases from CIP Fund						
Proposed Equipment	Shop	Total Dollar Amount	Description	New or Existing Program	Number of Additional Offenders	Offender Skills Learned
Button Installer	LCC Garment	\$ 2,725	A button installer would be utilized in the Pant and Shirt line to assist with production.	Existing	1	Use and development of skills with an industry standard button installer machine.
Button Holer	LCC Garment	\$ 4,555	Buttonholer would be utilized on pant and shirt line to expedite production.	Existing	1	Use and development of skills with an industry standard button holer.
Triple Needle Head Only	LCC Garment	\$ 1,700	Tripple Needle Head Machine would assist with increasing production on the pant line.	Existing	1	Use and development of skills with an industry standard triple needle sewing machine.
Serge (Head Only)	LCC Garment	\$ 3,000	Two each serge (head only) machines to assist with production on multiple lines.	Existing	2	Use and development of skills with an industry standard serge sewing machine.
Bartack Machine	LCC Garment	\$ 4,590	A bartack machine would greatly increase production and sales since building four has only on in use for multiple lines.	Existing	1	Use and development of skills with an industry standard bartack machine.
Double Needle	LCC Garment	\$ 3,878	Two each double needle machine would greatly increase production and sales since building four has only one in use for multiple lines and operations. Two additional machines would eliminate a bottleneck in production.	Existing	3	Use and development of skills with an industry standard double needle machine.
Single Needle	LCC Garment	\$ 2,625	Three each overlock machines surges together material using multiple lines to create durable seam. Will assist with t-shirt production.	Existing	3	Use and development of skills with an industry standard single needle sewing machine.
Serge Machine	LCC Garment	\$ 4,455	Three each serge machines on the boxer/t-shirt/drapery lines would greatly increase production and sales.	Existing	3	Use and development of skills with an industry standard serge machine.
Pleat Machine	LCC Garment	\$ 5,959	A drapery pleat machine would increase production on the drapery line.	Existing	1	Use and development of skills with an industry standard pleat machine.
Task Station Chairs	LCC Garment	\$ 1,450	Ten each chairs for offender workers to accompany new machines.	Existing	0	Chairs to accompany and assist with above new sewing machines.
Sewing Stations	LCC Garment	\$ 3,215	Five each sewing stations for offender workers to accompany new machines.	Existing	0	Sewing stations to accompany and assist with above new sewing machines.
Work Tables	LCC Garment	\$ 2,658	Six each work tables for offender workers to accompany new machines.	Existing	0	Workstations to accompany and assist with above new sewing machines.
Milk Pouch Filling Machine	SCC Ranch	\$ 63,910	Two-head milk pouch filling machine that operates each head independently so one can be in operation while the other is down.	Existing	1	Automation and aseptic liquid packaging. Food grade standards.
Powder Milk Stick Pack Machine	SCC Ranch	\$ 55,000	A powder milk machine would assist the Department of Corrections with reducing the cost of milk while providing the required nutrients outlined in the dietary guidelines. Would allow PI to provide milk to southern NDOC locations.	Existing	3	Packaging and materials experience. Automation and machine repair experience as well as logistics.
Feeder Panels	SCC Ranch	\$ 25,000	Feeder panels for the BLM corrals would allow the Ranch to feed the horses from outside the corral and on a clean surface where waste would be minimal. Currently the horses are fed on the ground inside the corrals causing a lot of waste.	Existing	3	Welding and fabrication. Fence installation experience. Three additional offenders at time of installation only.
Total requests		\$ 184,720		New Positions	23	

**DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY
PROGRAM – NRS 209.4818 – Allwire, INC.**

XIV



About Us

How We Grew?

Today, Allwire continues to develop all our own product, and with a staff that is focused on customer need, our reputation for quality is second to none. Now in our fourth decade, our philosophy remains the same; to carry on the tradition of quality, which was established all those years ago.



A Brief History

Founded in 1967 by the Hopkins family as a local distributor of wire products, the company quickly developed a reputation as a quality supplier of wire and cable. Based on the years of experience in the wire and cable industry, manufacturing soon became the primary focus of the company.

Today, headquartered in Chowchilla, California. Allwire's reputation as a Control Cable and CIC manufacturer is widely known, serving customers from California to Florida. Our capabilities have grown over the years with engineering and manufacturing expertise extending a variety of custom cables and HDPE conduit applications. Today, the company regularly produces shielded and non-shielded control cables up to 500 MCM in size, and HDPE conduit up to 4" O.D shipped on 108" reels.

Allwire completed the first phase of construction at Chowchilla, California in February 1989, since then, a railroad spur has been added and two additional construction phases have been completed, bringing the total to 75,000 square feet. Administration, finance, marketing, and sales relocated their offices to the Chowchilla plant from Fresno in 2006, bringing together all components of the company and simplifying communications and management.



The Future

For the future, Allwire promises to continue expanding our product lines and researching new industries and niches. Who knows, we may be providing your next wire and cables needs.

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