

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

(NRS 209.4817)



**Friday, October 9, 2015
1:00 p.m.**

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

Videoconference to:

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

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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 9, 2015 – 1:00 p.m.

Place of Meeting: Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada

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

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

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

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

AGENDA

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

I. ROLL CALL.

II. PUBLIC COMMENT.

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

For Possible Action

III. SELECTION OF CHAIRMAN – NRS 209.4817.

For Possible Action

IV. APPOINTMENT OF ALTERNATE MEMBERS OF COMMITTEE ON INDUSTRIAL PROGRAMS.

For Possible Action

V. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR NOVEMBER 7, 2014.

For Possible Action

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

For Possible Action

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

For Possible Action

VIII. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2013 THROUGH AUGUST 2015.

For Possible Action

IX. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2014, FY 2015 AND FY 2016 YEAR-TO-DATE.

For Possible Action

X. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING 2015.

For Possible Action

XI. DISCUSSION OF DISCONTINUED PRISON INDUSTRY PROGRAMS, OTHER POTENTIAL PRISON INDUSTRY PROGRAMS, AND COMMITTEE RECOMMENDATIONS.

For Possible Action

XII. DISCUSSION OF FUTURE MEETINGS.

XIII. 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.)

XIV. ADJOURNMENT.

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

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

Supporting public material provided to Subcommittee members for this meeting may be requested from Donna Thomas, Committee Secretary, at 775-684-6822 or Tracie Dodson, 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 CHAIRMAN
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](#))

APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA
LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS FOR
NOVEMBER 7, 2014

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
November 7, 2014**

SUMMARY OF MINUTES

The fifth meeting of the 2013–14 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 2:00 p.m. on Friday, November 7, 2014, in Room 4401 of the Grant Sawyer State Office Building in Las Vegas, Nevada. The meeting was simultaneously video conferenced to Room 3137 of the Legislative Building in Carson City.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator David R. Parks, Chairman
Assemblyman John Ellison, alternate for Assemblyman Crescent Hardy
Robert Conway, Representing Organized Labor
Mike Magnani, Representing Organized Labor
Allen J. Puliz, Representing Manufacturing
Greg Cox, Director, Nevada Department of Corrections

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Ben Kieckhefer

COMMITTEE MEMBERS ABSENT:

Assemblyman Michael Sprinkle
Tom Dickman, Representing Manufacturing
Bruce Aguilera, Representing Business
Greg Smith, Administrator, Purchasing Division, Department of Administration

STAFF MEMBERS PRESENT IN LAS VEGAS:

Sarah Coffman, Senior Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

James Penrose, Senior Principal Deputy Legislative Counsel, Legal Division
Cheryl Harvey, Committee Secretary, Fiscal Analysis Division

OTHERS PRESENT IN LAS VEGAS:

Brian Connett, Deputy Director, Industrial Programs, Nevada Department of Corrections
Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections

OTHERS PRESENT IN CARSON CITY:

Mary Byington, Supervisor of the Print Shop, Silver State Industries

EXHIBITS:

Exhibit A – Agenda and Meeting Packet

Exhibit B – Great Basin Cooking Company testimony

I. ROLL CALL.

Chair Parks called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs to order at 2:10 p.m.. The secretary called roll, Assemblyman Sprinkle, Mr. Aguilera, Mr. Dickman and Mr. Smith were excused, and all other members were present.

II. PUBLIC COMMENT.

Mr. Richard Eide, Owner, Great Basin Cooking Company presented testimony (Exhibit B) to the Committee. Assemblyman Ellison inquired if Great Basin Cooking had to acquire a Dunn and Bradstreet number before it would be qualified as a vendor for the Bureau of Land Management (BLM). Mr. Eide confirmed that a Dunn and Bradstreet number was required. Great Basin Cooking Company had acquired all necessary documentation. In response to a question posed by Assemblyman Ellison, Mr. Eide explained the different levels of the incident command systems needed for the three types of wild fires. Type one fires required a large number of personnel and equipment. A national catering contract was used to feed the personnel working a type one fire. Type two fires utilized more than 225 people for more than three days. Type three fires were usually fast moving small fire, staff was 225 people or less and lasted 3-5 days. Great Basin Cooking Company would provide catering services for type three fires.

Mr. Conway stated he had the same plight with Prison Industries competing with the private sector. He said it was important to keep the residents and contractors working before employing the prisoners. He was in support of teaching the prisoners a trade, but was not in favor of the prisoners competing with the private sector.

Mr. Puliz said he sympathized with Mr. Eide; however, the catering provided by the Division of Forestry was not a Prison Industry, and as such, it did not appear the Committee could help him. Chair Parks stated this was an issue with the Nevada Division of Forestry, not the Department of Corrections. He appreciated Mr. Eide's public comment.

Mr. Ellison said the Committee could not take action but suggested staff compose a letter signed by the Chair to the Nevada Division of Forestry (NDF) and the BLM addressing Mr. Eide's concerns. Director Cox stated he had sent Mr. Eide's letter to Leo Drozdoff, Director, Conservation and Natural Resources. Mr. Cox stated Sonoma Kitchens had been operated by inmates for years.

In response to questions posed by Mr. Conway, Director Cox informed the Committee the Department of Corrections ran conservation camps. Under statute the camps

provided for wildland fire protection. The conservation camps provided NDF fire protection labor.

Mr. Eide's commented that it was his understanding the NDF in the last year had added the Sonoma Kitchen in southern Nevada, which was his competition. Director Cox said he would provide that information to Director Drozdoff.

III. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR JUNE 27, 2014.

Chair Parks requested a motion for approval of the minutes from the June 27, 2014, meeting.

ASSEMBLYMAN ELLISON MOVED TO APPROVE THE MINUTES OF THE JUNE 27, 2014, MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

MIKE MAGNANI SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

IV. REVIEW THE NEVADA DEPARTMENT OF CORRECTIONS' RESPONSE TO THE 2013 MONEY COMMITTEES' LETTER OF INTENT REGARDING THE PRISON INDUSTRIES' MISCELLANEOUS SALES AND RETAINED EARNINGS FOR THE YEAR ENDING JUNE 30, 2014, AND THE QUARTER ENDING SEPTEMBER 30, 2014.

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections, directed the Committee to page 13 of the meeting packet (Exhibit A). She explained the letter of intent directed Prison Industries to report quarterly the miscellaneous sales and retained earnings. The sales did not include other revenue such as license plate charges, rental income, reimbursements, treasures interest, excess property sales and administrative fees. Ms. Dastal summarized pages 13 through 15 of the meeting packet (Exhibit A).

V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2011 THROUGH SEPTEMBER 2014.

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections, summarized pages 17 through 20 of the meeting packet (Exhibit A) regarding the number of inmates that worked from July 2011 through September 2014.

VI. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2013, FY 2014 AND FY 2015 YEAR-TO-DATE.

Ms. Dastal reviewed the deductions from the inmate wages for room and board, the Prison Industry Capital Improvement Fund (CIP), and the victims of crime on page 21 (Exhibit A).

Chair Parks asked how often the calculation for the inmate wage deduction was reviewed. Mr. Connett explained the 24.5 percent for room and board and the 5 percent for victims of crime and the CIP fund had been in existence since Prison Industries started. He said he could provide the Committee with an estimate that would demonstrate the implications of reducing or increasing the wage deduction.

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

Ms. Dastal reviewed the fund for new construction of facilities for Prison Industries. Chair Parks asked if there were any current projects that had been approved but not constructed. Mr. Connett said at the time there were no projects being constructed. Last year at Florence McClure Women's Correctional Center there was approval to spend approximately \$26,000 to put a door into the warehouse facility where an employer was located.

Mr. Ellison asked since the drapery program was shut down in Ely State Prison, how was that space being used. Mr. Connett announced the industry program was asked to vacate the Ely State Prison, since the prison needed that space to house inmates.

Mr. Magnani asked if there was any industry program in the Ely State Prison. Mr. Connett informed the Committee there was not.

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

Ms. Dastal reviewed the report on outstanding debt owed to Prison Industries on page 27 (Exhibit A). She informed the Committee that Prison Industries was working closely with the Attorney General's office to ascertain correct ownership of the equipment that Alpine Steel had left behind. There were some items that were returned to the owners that Alpine Steel did not own. She informed the Committee that they obtained price estimates from liquidators and other steel companies for the remaining equipment. Mr. Connett said only one piece of equipment remained at the institution that should be returned to its rightful owner. Prison Industries was making arrangements with the owner to have that piece of equipment removed. Mr. Connett said he would initiate discussions with a Las Vegas steel company that may be interested in purchasing the remaining equipment.

Mr. Conway asked how much equipment was left on the premises that was actually owned by Alpine Steel. Mr. Connett says they had isolated all the equipment that belonged to other companies. Unfortunately, a lot of the equipment was leased. There was not a lot of equipment left to help offset the debt. Mr. Conway asked if the majority of the equipment was leased from a reputable company. Mr. Connett responded that the Attorney General's Office was brought in to make sure that all leasing companies brought in the proof of ownership. The Attorney General had given permission to release the equipment back to the owners.

Mr. Magnani asked what the chances were of recovering any of the \$450,000 outstanding to the state. Mr. Connett said there was a judgement obtained against Alpine Steel. It was a long process before the state could obtain any of the equipment Alpine Steel owned. Mr. Magnani questioned if there was a way to expand the efforts of recovering the debt. Mr. Connett said the Attorney General's Office had been as aggressive as possible in collecting the debt. Mr. Magnani said for the record he felt Alpine Steel took full advantage of Silver State Industries and he wanted Alpine Steel to pay for its actions.

Director Cox thanked the Attorney General's Office for aggressively pursuing the judgement on behalf of the tax payers to recoup some of the money owed by Alpine Steel. Mr. Conway agreed with Director Cox.

Mr. Puliz commended the Prison Industry program for its efforts in maintaining its accounts receivable. Ms. Dastal respond the accounts receivable department worked very hard.

IX. DISCUSSION OF OTHER POTENTIAL PRISON INDUSTRY PROGRAMS AND COMMITTEE RECOMMENDATIONS (NRS 209.4818).

Mr. Connett reviewed potential Prison Industry programs. He informed the Committee he had contacted Shelby Automotive. Prison Industries had an 18 year relationship with the Shelby organization, before closing its shop at Southern Desert Correctional Center about two and a half years ago. Prison Industries had produced fiber glass hoods.

Mr. Connett further explained he had received leads from the Governor's Office on Economic Development. One lead was to assemble LED lights. Prison Industries had provided prototypes to a LED light company. Discussions with the company were ongoing. He also informed the Committee of an opportunity to produce metal keychains, but the negotiations were ongoing. Mr. Connett appreciated the Governor's Office of Economic Development for reaching out and providing potential customers to the Prison Industry program.

Mr. Connett continued to explain another potential company had approached Prison Industries for fulfillment services. The inmates would put together the parts of a urine test kits for drugs and alcohol. The company would send the parts, inmates would put

the different parts in a kit and then mail the kit out. No manufacturing was involved with the kit assembly. This company had no contracts in the northwest.

The Nevada Department of Agricultural inquired about the state lands around the Indian Springs facilities for agricultural use with the possibility of inmate labor to work the fields. The Department of Agricultural would take soil and water samples. This was in preliminary discussions.

Prison Industries was considering producing T-shirts for the Department of Corrections.

Mr. Puliz asked if additional equipment would be needed to produce the T-shirts. Mr. Connett said yes, it was part of a list of equipment needs estimated to cost about \$342,000. Mr. Connett suggested utilizing the CIP fund to support these expenditures. He would not draw the CIP fund down to zero, because if anyone of the before mentioned leads needed funding to assist in facility improvements, the funds needed to be available.

Mr. Ellison asked if the motorcycle program was completely dissolved. Mr. Connett said there were two motorcycles left for sale. The motorcycles had been marketed on EBay and Craigslist, displayed at the Harley's Café, and at our Casa Grande facility, but had been unsuccessful in selling them. Mr. Connett said once these two bikes were sold, he would consider building another bike. Mr. Ellison suggested to repaint and revamp the motorcycles for the Nevada's 150th Year Sesquicentennial celebration. Mr. Connett explained the bikes would be capped to bring in a minimum dollar amount, his desire was to profit on the motorcycles. Harley Davidson had built a bike exclusively for the Nevada's 150th Year Sesquicentennial celebration.

X. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2014.

Ms. Dastal reviewed the financial statements from Silver State Industries starting on page 33 (Exhibit A).

Mary Byington, Supervisor of the Print Shop located in Northern Nevada Correctional Center, introduced herself to the Committee. Starting in October 2013, she worked on the Nevada 150 Sesquicentennial Committee, selling of the NV 150 merchandise to retail outlets, and servicing 20 of the booths at special events. Her involvement included the control of inventory for both north and south events, fulfilling retail orders in a timely matter so additional orders can flow quickly as merchandise was sold. The booth events required setting up tables to display the merchandise, staffing the booths for sales and disassembling the booths, inventorying and calculating registered sales. She stated the NV 150 Sesquicentennial sales would continue through Christmas. Silver State Industries staffed booths in southern Nevada by Diane Dastal, Melody March, Jackie Cooper and Synava McDonald. In northern Nevada the booths were staffed by Bill Quenga, Matt Brown, and Tim Bryant.

Mr. Connett informed the Committee Ms. Byington was involved at the NV 150 events. Ms. Byington worked with NV 150 Committee, at their request, to sell the merchandise. The staff from Silver State Industries would keep the booths open until the events were over. Silver State Industries contributed ten percent of the sales from the merchandise to the NV 150 Committee. Ms. Byington's worked on the Committee and events while still operating the print and bindery shops.

Chair Parks thanked Ms. Byington on behalf of the entire Committee on Industrial Programs for her hard work. He had toured the print and bindery facilities and was very impressed.

Ms. Byington thanked the Committee.

Ms. Dastal continued the review of the financial statements on page 42 (Exhibit A).

Mr. Connett explained grain hay had been purchased, which was less expensive. The ranch used 70 percent grain hay to 30 percent alfalfa which had saved money in feeding the horses. Due to a shutdown of Utah's horse program with BLM, their excess hay was sent to Prison Industries' horse program at no cost, reducing the per diem for the horses a small amount until the hay was gone.

Assemblyman Ellison asked if the program had looked into feeding the horses a grass hay instead of alfalfa hay since alfalfa hay was so expensive. Mr. Connett said he relied on the expertise of Tim Bryant, Ranch Supervisor. The ranch raised alfalfa hay that was used. Some of the purchased alfalfa was used to feed the dairy herd. Assemblyman Ellison said the cost of alfalfa was extremely high due to the lack of water. The ranch manager needed to be more aggressive. Maybe the ranch could use the same fields without having to reseed every year. Mr. Connett said the hay that was grown used water from Carson City's water treatment's reclaimed water.

XI. DISCUSSION OF REQUESTED LEGISLATION RELATING TO AUTHORIZED EXPENDITURES FROM THE FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES.

Chair Parks explained he had discussed with Director Cox and Mr. Connett about submitting a bill draft request (BDR) for next year regarding the operation of the capital improvement program. Mr. Connett reviewed the BDR on page 61 (Exhibit A).

Mr. Puliz questioned the historic solvency of the Prison Industries budget. He did not understand the rational of subsection 2b in the draft legislation. The reports to the money committees was assurance that Prison Industries was not using the retained earnings. Mr. Connett explained he wanted the funds available if the program needed to use the funds. Mr. Puliz stated he was not sure the backup funds were necessary. Mr. Connett responded if every one of the inmate workers filed grievances and lawsuits the resources would be tremendous.

Mr. Magnani said he was not concerned with the proposed changes in legislation, but he was more concerned with the way contracts were being handled. He believed Silver State Industries should look into the vendors assets to ensure the vendor was credible and capable of fulfilling the labor agreements. Mr. Magnani said the legislature took a big swipe out of the CIP fund not too long ago. He did not want to get lax with the vendors. Prison Industries had to do better job with the contracts.

Mr. Puliz commented that Prison Industries lost rent due from Alpine Steel, but not labor costs. It would not have been saved if Alpine Steel would have vacated eight months earlier. Mr. Connett said this could occur even if there were no private sector companies. As an example, the animals still need to be fed even if the dairy products were not profitable. From his prospective, Mr. Connett said he did not want to be in a position that Silver State Industries had to go find funding elsewhere, through the assistance of the Department of Corrections or some other resource, to help pay the bills when the funds were available in the CIP account.

Director Cox stated Chair Parks had put a lot of time and effort into the BDR. The BDR was written to make sure the Prison Industries had the authority, with approval from the Committee, and in compliance with the law that was passed last session. He thought the BDR would be introduced during the 2015 Session. The fact was the money from the fund was withdrawn by the legislature previously. Chair Parks reminded the Committee that it had been 13 years since the statute had been revised.

Mr. Conway stated that in regards to Alpine Steel there was additional utilities, social security and workers comp that was due to Prison Industries. Along with the cost of liquidating the equipment and researching the owners.

Senator Kieckhefer said he thought the language for the BDR needed to be revised. Paragraph three required all expenditures to be submitted to the Committee for approval prior to the submission to the Board of Examiners. It expanded sections one and two of the use of the funds. He had concerns of expending the source of revenue for ongoing operations, but if it was needed, he suggested to potentially look at it as an advance or a loan that would have to be paid back as resources become available.

Chair Parks said the BDR had been submitted to the Legal Division of the Legislative Counsel Bureau. It was not too late to change the language to include the monies would be a temporary advance.

MR. PULIZ MOVED TO SUPPORT THE RECOMMENDATION.

THE MOTION WAS SECONDED BY MR. CONWAY.

Senator Kieckhefer suggested the motion include the monies for the operations were required to be paid back. Chair Parks agreed with the requirement that it was a temporary loan.

THE MOTION CARRIED UNANIMOUSLY.

XII. PUBLIC COMMENT

There was no public comment.

XIII. ADJOURNMENT

Chair Parks thanked the members for the last two years of membership. The meeting was adjourned at 3:52 p.m.

Respectfully submitted,

Cheryl Harvey, Committee Secretary

APPROVED:

Senator David Parks

Date:_____

STATUS REPORT ON OUTSTANDING DEBT OWED TO
PRISON INDUSTRIES

Silver State Industries

AR Customer Aging by Due Date (Summary)

Report Date: 9/29/15

Days Old

Cust ID	Customer Name	Days Old					Balance	Unapplied	Net Due
		0 - 30 08/30 - 09/29	31 - 60 07/31 - 08/29	61 - 90 07/01 - 07/30	91 - 120 06/01 - 06/30	121 + all prior - 05/31			
CA1025	CARSON JUVENILE CENTER	\$234.00	\$0.00	\$0.00	\$0.00	\$0.00	\$234.00	\$0.00	\$234.00
DA1006	DAYTON ELEMENTARY	\$429.08	\$0.00	\$0.00	\$0.00	\$0.00	\$429.08	\$0.00	\$429.08
DA1019	DAYTON VALLEY TURF INC	\$1,650.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,650.00	\$0.00	\$1,650.00
DE1000	DEC-ART DESIGNS INC	\$2,945.63	\$0.00	\$0.00	\$0.00	\$0.00	\$2,945.63	\$0.00	\$2,945.63 *
DI1025	DIAMOND MOUNTAIN	\$64,604.65	\$10,562.50	\$0.00	\$0.00	\$0.00	\$75,167.15	\$0.00	\$75,167.15 *
DI1030	DIVAN, L.L.C.	\$0.00	\$0.00	\$55.23	\$4,395.43	\$3,737.22	\$8,187.88	\$0.00	\$8,187.88 *
DO1035	DOUGLAS CO PUBLIC WORKS	\$5,490.00	\$24,238.00	\$0.00	\$0.00	\$0.00	\$29,728.00	\$0.00	\$29,728.00 *
EA1020	EASTERN STAR GRAND	\$79.50	\$0.00	\$0.00	\$0.00	\$0.00	\$79.50	\$0.00	\$79.50
EI1004	EIKELBERGER AWNING &	\$93.48	\$0.00	\$0.00	\$0.00	\$0.00	\$93.48	\$0.00	\$93.48
EM1008	EMPLOYEES' ASSN	\$84.00	\$0.00	\$132.00	\$8.00	\$0.00	\$224.00	\$0.00	\$224.00
FE1020	FERGUSON SAFETY	\$14,493.64	\$0.00	\$0.00	\$0.00	\$0.00	\$14,493.64	\$0.00	\$14,493.64 *
FE1025	FERNLEY HIGH SCHOOL	\$70.80	\$0.00	\$0.00	\$0.00	\$0.00	\$70.80	\$0.00	\$70.80
FU1020	FULL CIRCLE COMPOST	\$2,780.82	\$0.00	\$0.00	\$0.00	\$0.00	\$2,780.82	\$0.00	\$2,780.82
HA1050	HARLEY-DAVIDSON/CARSON	\$148.50	\$0.00	\$0.00	\$0.00	\$0.00	\$148.50	\$0.00	\$148.50
HI1035	HIDDEN VALLEY HORSE ASSN	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	\$10.00	\$0.00	\$10.00
JA1010	JACOBS TRADING COMPANY	\$17,550.05	\$0.00	\$0.00	\$0.00	\$0.00	\$17,550.05	\$0.00	\$17,550.05 *
LI1035	LITTLE SMUDGEZ LLC	\$116.11	\$0.00	\$0.00	\$0.00	\$0.00	\$116.11	\$0.00	\$116.11
LY1002	LYON COUNTY SCHOOL	\$634.50	\$0.00	\$0.00	\$0.00	\$0.00	\$634.50	\$0.00	\$634.50
LY1012	LYON CO D.A. - CHILD	\$126.64	\$0.00	\$0.00	\$0.00	\$0.00	\$126.64	\$0.00	\$126.64
LY1018	LYON CO HUMAN SERVICES	\$173.75	\$0.00	\$0.00	\$0.00	\$0.00	\$173.75	\$0.00	\$173.75
MR1000	MR BOXER ATTN: JIM RATHNER	\$1,189.06	\$0.00	\$0.00	\$0.00	\$0.00	\$1,189.06	\$0.00	\$1,189.06
NE1020	NEVADA ARMY NATIONAL	\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00	\$0.00	\$250.00
NE1080	NEVADA PUBLIC HEALTH	\$1,700.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,700.00	\$0.00	\$1,700.00
NO1005	NORTHAMERICAN AG	\$187.20	\$0.00	\$0.00	\$0.00	\$0.00	\$187.20	\$0.00	\$187.20
OP1020	OPPORTUNITY VILLIAGE ARC	\$39,948.48	\$0.00	\$0.00	\$0.00	\$0.00	\$39,948.48	\$0.00	\$39,948.48 *
RE1022	REED HIGH SHCOOL-LIBRARY	\$824.00	\$0.00	\$0.00	\$0.00	\$0.00	\$824.00	\$0.00	\$824.00
VA1003	VARIOUS CUSTOMERS-COD	\$3,813.00	\$0.00	\$3,783.50	\$30.00	\$0.00	\$7,626.50	(\$1,893.83)	\$5,732.67
VI1000	VINYL PRODUCTS	\$406.00	\$0.00	\$0.00	\$0.00	\$65.00	\$471.00	\$0.00	\$471.00
WE1009	WESTERN NEVADA COLLEGE	\$1,967.85	\$0.00	\$0.00	\$0.00	\$0.00	\$1,967.85	\$0.00	\$1,967.85
WI1002	WITTENBERG HALL	\$682.50	\$0.00	\$0.00	\$0.00	\$0.00	\$682.50	\$0.00	\$682.50
WO1035	WORLD CLASS EQUINE	\$3,286.78	\$0.00	\$0.00	\$0.00	\$0.00	\$3,286.78	\$0.00	\$3,286.78 *
YY1008	NDOC OFFENDER MANAGMNT	\$84.00	\$0.00	\$0.00	\$0.00	\$0.00	\$84.00	\$0.00	\$84.00
YY1010	CARLIN CONSERVATION CAMP	\$1,602.55	\$0.00	\$0.00	\$0.00	\$0.00	\$1,602.55	\$0.00	\$1,602.55
YY1011	ELY STATE PRISON	\$388.80	\$25.25	\$0.00	\$0.00	\$0.00	\$414.05	\$0.00	\$414.05
YY1017	LOVELOCK CORR CTR	\$2,626.74	\$0.00	\$0.00	\$0.00	\$0.00	\$2,626.74	\$0.00	\$2,626.74
YY1020	JEAN CONSERVATION CAMP	\$149.00	\$0.00	\$0.00	\$0.00	\$0.00	\$149.00	\$0.00	\$149.00
YY1021	HIGH DESERT STATE PRISON	\$50,076.39	\$0.00	\$0.00	\$0.00	\$0.00	\$50,076.39	\$0.00	\$50,076.39 *
YY1029	NO NV CORRECTIONAL CTR	\$800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$800.00	\$0.00	\$800.00
YY1030	NORTHERN NV CORR CTR-	\$524.00	\$0.00	\$0.00	\$0.00	\$0.00	\$524.00	\$0.00	\$524.00

YY1040	CASA GRANDE TRANSITIONAL	\$0.00	\$1,725.00	\$0.00	\$0.00	\$0.00	\$1,725.00	\$0.00	\$1,725.00
YY1045	WARM SPRINGS	\$1,045.41	\$0.00	\$0.00	\$0.00	\$0.00	\$1,045.41	\$0.00	\$1,045.41
YY1056	FMWCC - CANTEEN	\$609.00	\$0.00	\$0.00	\$0.00	\$0.00	\$609.00	\$0.00	\$609.00
YY1057	STEWART CONSERVATION	\$1,649.20	\$0.00	\$0.00	\$0.00	\$0.00	\$1,649.20	\$0.00	\$1,649.20
YY1058	FLORENCE MCCLURE	\$22,470.20	\$0.00	\$0.00	\$0.00	\$0.00	\$22,470.20	\$0.00	\$22,470.20 *
YY1063	WELLS CONSERVATION CAMP	\$1,509.15	\$145.51	\$0.00	\$0.00	\$0.00	\$1,654.66	\$0.00	\$1,654.66
YY1064	PIOCHE CON CAMP - CANTEEN	\$73.00	\$0.00	\$0.00	\$0.00	\$0.00	\$73.00	\$0.00	\$73.00
YY1067	STEWART CON CAMP -	\$148.00	\$0.00	\$0.00	\$0.00	\$0.00	\$148.00	\$0.00	\$148.00
YY1070	HIGH DESERT STATE PRISON	\$1,001.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,001.50	\$0.00	\$1,001.50
YY1110	TONOPAH CONSERVATION	\$72.00	\$0.00	\$0.00	\$0.00	\$0.00	\$72.00	\$0.00	\$72.00
YY1120	ELY STATE PRISON CANTEEN	\$247.00	\$0.00	\$0.00	\$0.00	\$0.00	\$247.00	\$0.00	\$247.00
ZZ1002	ADMINISTRATIVE SERVICES	\$192.75	\$0.00	\$0.00	\$0.00	\$0.00	\$192.75	\$0.00	\$192.75
ZZ1003	AGING DIVISION	\$1,316.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,316.00	\$0.00	\$1,316.00
ZZ1019	CHILD & FAMILY	\$200.09	\$0.00	\$0.00	\$0.00	\$0.00	\$200.09	\$0.00	\$200.09
ZZ1021	CHILD & FAMILY SERVICES	\$502.00	\$0.00	\$0.00	\$0.00	\$0.00	\$502.00	\$0.00	\$502.00
ZZ1037	EMPLOYMENT, TRAINING &	\$427.00	\$0.00	\$0.00	\$0.00	\$0.00	\$427.00	\$0.00	\$427.00
ZZ1046	GOVERNOR'S OFFICE	\$28.00	\$0.00	\$0.00	\$0.00	\$0.00	\$28.00	\$0.00	\$28.00
ZZ1089	LEGISLATIVE COUNSEL	\$101.38	\$0.00	\$651.00	\$0.00	\$0.00	\$752.38	\$0.00	\$752.38
ZZ1128	NV DEPT OF RISK	\$480.00	\$0.00	\$0.00	\$0.00	\$0.00	\$480.00	\$0.00	\$480.00
ZZ1141	TRANSPORTATION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,018.00)	(\$1,018.00)
ZZ1148	NEVADA STATE WELFARE &	\$1,752.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,752.50	\$0.00	\$1,752.50
ZZ1166	EMERGENCY MANAGEMENT	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
ZZ1201	ATTORNEY GENERAL	\$228.00	\$0.00	\$0.00	\$0.00	\$0.00	\$228.00	\$0.00	\$228.00
ZZ1202	ATTORNEY GENERAL'S OFFICE	\$324.00	\$0.00	\$0.00	\$0.00	\$0.00	\$324.00	\$0.00	\$324.00
ZZ1208	DEPT OF AG, ESTRAY HORSE,	\$2,209.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,209.50	\$0.00	\$2,209.50
ZZ1322	NV GOVERNOR'S MANSION	\$0.00	\$696.00	\$0.00	\$0.00	\$0.00	\$696.00	\$0.00	\$696.00

AGING TOTALS:	\$259,297.18	\$37,392.26	\$4,631.73	\$4,433.43	\$3,802.22	\$309,556.82	(\$2,911.83)	\$306,644.99
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AGING PERCENTAGES:	84%	12%	2%	1%	1%	100%		
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TOTAL AGING BALANCE: \$309,556.82

TOTAL PAYMENTS ON ACCOUNT: (\$2,911.83)

LEDGER BALANCE: \$306,644.99

Please note: Report does not include Alpine Steel.

* Top Ten Customers' Balances

REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2013
THROUGH AUGUST 2015

NDOC Industrial Programs Report of Inmates Working		FY 2014												
INST	SHOP	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2014 MO. AVG
ESP/LCC	Drapery	23	21	21	32	20	22	21	26	25	25	26	25	24
HDSP	Alpine Steel (private)	-	-	-	-	-	-	-	-	-	-	-	-	-
HDSP	DMD (private)	125	123	120	124	122	135	135	138	141	142	134	128	131
LCC	Garment	72	77	71	76	67	67	69	67	67	76	74	75	72
NNCC	Metal	17	16	18	21	16	20	18	13	16	17	17	17	17
NNCC	Ranch	28	26	25	26	25	23	23	21	17	19	21	22	23
NNCC	Furniture	42	38	38	22	47	41	38	31	38	38	35	38	37
LCC	Mattress	11	11	12	12	12	12	12	12	12	12	12	12	12
NSP	Tag Plant	12	12	12	12	13	13	13	12	12	12	11	11	12
NNCC	Printing/Book Bindery	28	27	26	25	24	23	23	24	24	24	24	25	25
SDCC	Auto/Upholstery	22	35	25	24	23	25	25	25	21	26	23	23	25
ISCC	M-Truss (community)	-	-	-	-	-	-	-	4	4	3	3	3	1
SDCC	DMD (private)	-	-	-	-	14	23	28	35	32	34	32	35	19
SDCC	Opportunity Village	43	35	45	44	42	29	23	21	20	25	25	24	31
FMWCC	Jacobs Trading (private)	42	48	47	47	48	49	62	62	59	58	57	61	53
NNCC	Horses	20	17	18	16	22	25	21	24	27	27	26	26	22
WSCC	DMD (private)	9	9	9	9	9	9	7	5	7	7	7	6	8
Grand Total		494	495	487	490	504	516	518	520	522	545	527	531	512
Average Inmate Population		12,713	12,790	12,740	12,808	12,808	12,745	12,699	12,680	12,691	12,763	12,756	12,785	12,748
Percent of Inmate Population Employed		3.9%	3.9%	3.8%	3.8%	3.9%	4.0%	4.1%	4.1%	4.1%	4.3%	4.1%	4.2%	4.0%

NDOC Industrial Programs Report of Inmates Working		FY 2015												
INST	SHOP	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2015 MO. AVG
ESP/LCC	Drapery	-	-	-	-	-	-	-	-	-	-	-	-	-
HDSP	Alpine Steel (private)	-	-	-	-	-	-	-	-	-	-	-	-	-
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	Ranch	22	20	21	20	21	18	17	18	22	25	24	23	21
NNCC	Furniture	35	34	34	34	29	27	33	28	28	27	32	30	31
LCC	Mattress	12	12	12	12	12	12	12	12	12	12	10	10	12
NSP	Tag Plant	11	9	8	11	11	11	9	14	14	12	12	12	11
NNCC	Printing/Book Bindery	24	26	25	22	25	21	23	25	25	23	23	27	24
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
NNCC	Horses	23	21	20	24	20	17	18	17	19	19	19	17	20
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 Inmate 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 Inmate Population Employed	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 Inmates Working		FY 2016												
INST	SHOP	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2016 MO. AVG
ESP/LCC	Drapery	-	-											-
HDSP	Alpine Steel (private)	-	-											-
HDSP	DMD (private)	273	115											194
LCC	Garment	83	91											87
NNCC	Metal	22	22											22
NNCC	Ranch	27	23											25
NNCC	Furniture	34	31											33
LCC	Mattress	10	11											11
NSP	Tag Plant	15	15											15
NNCC	Printing/Book Bindery	27	26											27
SDCC	Auto/Upholstery	22	20											21
ISCC	M-Truss (community)	-	-											-
SDCC	DMD (private)	32	7											20
SDCC	Opportunity Village	39	39											39
FMWCC	Jacobs Trading (private)	22	20											21
NNCC	Horses	22	21											22
WSCC	DMD (private)	7	8											8
Grand Total		635	449											542
Average Inmate Population		13,082	13,156											13,119
Percent of Inmate Population Employed		4.9%	3.4%											4.9%

REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM
AND BOARD, THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND,
AND THE VICTIMS OF CRIME FUND – FY 2014, FY 2015 AND
FY 2016 YEAR-TO-DATE

NEVADA DEPARTMENT OF CORRECTIONS
Prison Industries Payroll Assessments

	FY 2014				FY 2015				FY 2016 YTD July 30, 2015			
	(a) R & B	(b) PICI	(c) VCF	TOTAL	(a) R & B	(b) PICI	(c) VCF	TOTAL	(a) R & B	(b) PICI	(c) VCF	TOTAL
Northern Nevada Correctional Ctr.	56,132	11,456	11,456	79,044	52,531	10,721	10,721	73,973	5,698	1,163	1,163	8,024
Stewart Conservation Camp	45,275	9,240	9,240	63,755	45,198	9,224	9,224	63,646	3,472	709	709	4,890
Lovelock Correctional Ctr.	51,521	10,514	10,514	72,549	49,306	10,062	10,062	69,430	5,437	1,110	1,110	7,657
Florence McClure Womens Correctional Ctr.	199,502	40,715	40,715	280,932	109,240	22,294	22,294	153,828	4,537	932	932	6,401
Southern Desert Correctional Ctr.	30,433	6,211	6,211	42,855	34,506	7,042	7,042	48,590	3,472	609	609	4,690
Warm Springs Correctional Ctr.	2,693	550	550	3,793	2,205	450	450	3,105	208	42	42	292
Three Lakes Valley Conservation Camp	761	155	155	1,071	469	96	96	661	0	0	0	0
High Desert State Prison	50,501	10,306	10,306	71,113	39,697	8,101	8,101	55,899	3,390	692	692	4,774
Ely State Prison	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$436,818	\$89,147	\$89,147	\$615,112	\$333,152	\$67,990	\$67,990	\$469,132	\$26,214	\$5,257	\$5,257	\$36,728

(a) Room and Board (R & B)

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

(b) Prison Industries Capital Improvement Fund (PICI)

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

(c) Victims of Crime Fund (VCF)

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

**REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING 2015**

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDING
JUNE 30, 2015
WITH COMPARATIVE JUNE 30, 2014
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, 2015 and 2014

ASSETS

	2015	2014
Current Assets:		
Cash - Unrestricted (Note 1f)		
Prison Industries	\$ 1,384,156	\$ 871,213
Prison Ranch	864,460	678,825
Total Unrestricted Cash	\$ 2,248,616	1,550,038
Accounts Receivable (Note 8)	1,037,924	1,118,331
Less Allowance for Doubtful Accounts (Note 16)	(6,660)	(6,695)
Net Accounts Receivable	1,031,264	1,111,636
Treasurer's Interest Receivable (Note 12a)	2,715	1,749
PI Capital Revenue Receivable (Note 13b)	9,517	15,210
Deposits - Business Licenses (Note 6)	15,000	15,000
Livestock (Notes 1c & 7)	263,320	252,150
Inventories (Notes 1b & 3)	676,320	637,342
Harvested Crops (Note 1c)	353,764	291,042
Total Current Assets	2,351,900	2,324,129
Land, land improvements, property and equipment at cost (Note 2)		
	4,047,667	4,001,964
Less accumulated depreciation	(3,369,627)	(3,281,234)
Net Property and Equipment	678,040	720,730
Other Assets:		
Cash - Restricted - PI Capital (Note 1f)	529,864	452,306
Total Other Assets	529,864	452,306
Total Assets	\$ 5,808,420	\$ 5,047,203

LIABILITIES AND CAPITAL BALANCE

Current Liabilities:		
Accounts Payable (Note 9)	\$ 275,574	\$ 441,145
Unearned Revenue (Note 5)	73,507	110,711
Rent and Other Deposits	10,000	10,000
Wages Payable	62,256	70,332
Current Accrued Compensated Absences (Note 11)	91,664	102,114
Total Current Liabilities	513,001	734,302
Long-Term Liabilities:		
Accrued Compensated Absences (Note 11)	104,021	98,060
Total Long-Term Liabilities	104,021	98,060
Total Liabilities	617,022	832,362
Capital:		
Contributed Capital	\$ 2,193,440	2,193,440
Retained Earnings	2,997,958	2,021,401
Total Capital	5,191,398	4,214,841
Total Liabilities and Capital Balance	\$ 5,808,420	\$ 5,047,203

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(With Interfund Sales Eliminated)
For the year ending June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Revenue from Operations:		
Industry Sales	\$ 2,369,208	\$ 2,247,352
Less Cost of Sales	<u>(1,619,183)</u>	<u>(1,596,415)</u>
Gross Profit from Industry sales	\$ 750,025	650,937
Ranch Sales	2,783,118	2,682,589
Less Cost of Sales	<u>(1,798,497)</u>	<u>(1,957,424)</u>
Gross Profit from Ranch sales	<u>984,621</u>	<u>725,165</u>
Industry Freight	4,183	245
General Manufacturing Expenses:	<u>(1,015,612)</u>	<u>(1,190,191)</u>
Net Income from Operations:	723,217	286,156
General and Administrative Expenses:	(845,302)	(921,926)
Other Income and Expenses	<u>1,098,642</u>	<u>991,427</u>
Net Income (Loss)	<u>\$ 976,557</u>	<u>\$ 355,657</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF OPERATIONS**

By Budget Account

**(With Interfund Sales Eliminated)
For the year ending June 30, 2015 and 2014**

Budget Account 3719 - Prison Industries

	June 30, 2015	June 30, 2014
Revenue from Operations:		
Industry Sales	\$ 2,369,208	\$ 2,247,352
Less Cost of Sales	<u>\$ (1,619,183)</u>	<u>(1,596,415)</u>
Gross Profit from Industry sales	\$ 750,025	650,937
Industry Freight	4,183	245
Institutional Overhead Expenses:	<u>(505,562)</u>	<u>(555,853)</u>
Net Income from Operations:	248,646	95,329
General and Administrative Expenses:	(845,302)	(921,926)
Other Income and Expenses	<u>1,026,640</u>	<u>884,783</u>
Net Income (Loss)	<u>\$ 429,984</u>	<u>\$ 58,186</u>

Budget Account 3727 - Prison Ranch

	June 30, 2015	June 30, 2014
Revenue from Operations:		
Ranch Sales	\$ 2,783,118	\$ 2,682,589
Less Cost of Sales	<u>(1,798,497)</u>	<u>(1,957,424)</u>
Gross Profit from Ranch sales	\$ 984,621	725,165
Institutional Overhead Expenses:	(510,050)	(534,338)
Other Income and Expenses	<u>-</u>	<u>12,533</u>
Net Income (Loss)	<u>\$ 474,571</u>	<u>\$ 203,360</u>

Budget Account 3728 - P I Capital Projects

	June 30, 2015	June 30, 2014
Revenue:		
Inmate Wage Assessments	\$ 70,282	\$ 93,385
Other Income (Interest)	<u>1,720</u>	<u>726</u>
Net Income (Loss)	<u>\$ 72,002</u>	<u>\$ 94,111</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS**
For the year ending June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Unreserved Retained Earnings at Beginning of Year	\$ 2,021,401	\$ 1,665,744
Current Period Net Income	976,557	355,657
Prior Period Adjustment		-
Unreserved Retained Earnings at End of Year	2,997,958	2,021,401
Contributed Capital	2,193,440	2,193,440
Total Fund Equity	\$ 5,191,398	\$ 4,214,841

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**
For the year ending June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Revenue:		
Cash Flows From Operating Activities:		
Net income	\$ 976,557	\$ 355,657
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	106,364	106,619
Decrease (Increase) in Net Accounts Receivable	80,372	87,495
Decrease (Increase) in Interest Receivable	(966)	(1,450)
Decrease (Increase) in Prepaid Expenses	-	-
Decrease (Increase) in PI Capital Revenue Receivable	5,693	(11,729)
Increase (Decrease) in Deposits	-	-
Decrease (Increase) in Inventories	(112,870)	84,671
Increase (Decrease) in Accounts Payable	(165,571)	(157,030)
Increase (Decrease) in Unearned Revenue	(37,204)	(131,132)
Decrease (Increase) in Rent Deposits	-	-
Increase (Decrease) in Wages Payable	(8,076)	11,548
Increase (Decrease) in Accrued Compensated Absences	(4,489)	19,883
Net Cash Provided by Operating Activities	\$ 839,810	364,532
Net Increase in cash	839,810	364,532
Cash at beginning of year		
Unrestricted	1,550,038	1,297,767
Restricted	452,306	1,668,713
Cash at end of period		
Unrestricted	2,248,616	1,550,038
Restricted	529,864	452,306
Total Cash at end of period	\$ 2,778,480	\$ 2,002,344

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

Statements of Operations

For the year ending June 30, 2015 and 2014

Revenue:	June 30, 2015	2014
License Plate Fees	\$ 531,637	\$ 525,565
Capital Improvement	70,282	93,385
Rental Income:		
Diamond Mountain Distributors	90,000	60,000
Jacob's Trading Company	6,600	7,200
Total Rental Income	96,600	67,200
Administrative Fees: (Net of reimbursements)		
Jacob's Trading Company	77,409	52,935
Miscellaneous Programs	9,562	13,327
Diamond Mountain Distributors	3,045	(8,579)
Prison Ranch	48,000	48,000
Total Administrative Fees	138,016	105,683
Miscellaneous Revenue	4,920	-
Total Revenue	\$ 841,455	\$ 791,833

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

Statements of Operations

For the year ending June 30, 2015 and 2014

(Continued)

General and Administrative Expenses:	June 30, 2015	2014
Staff Salaries	\$ 417,254	\$ 392,135
Staff Fringe Benefits and other Payroll expenses	180,926	189,934
Inmate Labor	200	0
Travel expenses	8,299	4,128
Rent	53,531	53,531
Miscellaneous Office expenses	2,022	2,056
Telephone	8,483	9,675
Postage and Mailing	947	867
Advertising/Public Relations	3,943	1,333
General Insurance	5,204	5,811
Vehicle Operating expenses	2,654	3,648
Dues and Subscriptions	2,992	4,311
Depreciation expense	86,579	86,579
Improvements and Small Equipment	1,008	9,554
Utilities	4,319	3,038
Miscellaneous expenses	67,861	157,422
Total General and Administrative Expenses	\$ (846,222)	(924,022)
Net Income from Operations	(4,767)	(132,189)
Other Income (expense)		
Interest Revenue	8,163	3,212
Finance Charges	516	468
Earnings available for program support or (Net Loss)	\$ 3,912	\$ (128,509)

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

Statements of Operations

For the year ending June 30, 2015 and 2014

Revenue:	June 30, 2015	June 30, 2014
Sales - Mattress	\$ 371,014	\$ 300,318
Less Cost of Sales:		
Direct Labor	\$ 23,229	12,648
Materials	199,800	174,205
Overhead	27,237	26,424
Total Cost of Sales	(250,266)	(213,277)
Gross Profit	120,748	87,041
Freight Revenues	13,650	13,235
Freight Expenses	(9,227)	(9,252)
Freight (Net of Revenues/Expenses)	4,423	3,983
Contribution to G & A expenses - Mattress	\$ 125,171	91,024
 General and Administrative Manufacturing Expenses:		
Salaries	24,056	17,191
Fringe Benefits and other Payroll expenses	7,448	7,321
Inmate Labor - Office	4,019	5,630
Inmate Workers' Compensation Insurance	1,373	862
Travel	219	19
Miscellaneous Office expenses	1,446	1,875
Telephone	314	98
Dues and Subscriptions	650	-
Improvements and Small Equipment	196	-
Building & Grounds Improvements	47	71
Utilities	2,561	2,561
Miscellaneous expenses	2,939	1,163
Capitalized Institutional Overhead	2,414	(2,781)
Total General and Administrative Manufacturing Expenses	(47,682)	(34,010)
Earnings available for program support or (Net Loss)	\$ 77,489	\$ 57,014

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

Statements of Operations

For the year ending June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Revenue:		
Sales	\$ 539,348	\$ 518,913
Less Cost of Sales:		
Direct Labor	\$ 25,278	27,590
Materials	276,006	250,829
Overhead	40,491	46,640
Total Cost of Sales	(341,775)	(325,059)
Gross Profit	197,573	193,854
Freight Revenues	11,374	14,295
Freight Expenses	(9,870)	(11,318)
Freight (Net of Revenues/Expenses)	1,504	2,977
Contribution to G & A expenses	\$ 199,077	196,831
 General and Administrative Manufacturing Expenses:		
Salaries	65,877	65,845
Fringe Benefits and other Payroll expenses	19,598	20,837
Inmate Labor - Office	7,553	8,680
Inmate Workers' Compensation Insurance	1,102	988
Travel	-	274
Miscellaneous Office expenses	883	359
Telephone	190	98
Commissions	6,296	5,568
Dues and Subscriptions	-	617
Building & Ground Improvements	14	10
Utilities	5,676	6,776
Miscellaneous expenses	1,244	1,507
Capitalized Institutional Overhead	740	(628)
Total General and Administrative Manufacturing Expenses	(109,173)	(110,931)
Earnings available for program support or (Net Loss)	\$ 89,904	\$ 85,900

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
NNCC FURNITURE AND METAL
Statements of Operations
For the year ending June 30, 2015 and 2014**

	June 30, 2015	June 30, 2014
Revenue:		
Sales - Furniture	\$ 342,184	\$ 437,219
Less Cost of Sales:		
Direct Labor	\$ 13,259	35,476
Materials	150,646	192,355
Overhead	58,246	80,110
Total Cost of Sales	(222,151)	(307,941)
Gross Profit	120,033	129,278
Freight Revenues	12,594	8,412
Freight Expenses	(10,461)	(11,721)
Freight (Net of Revenues/Expenses)	2,133	(3,309)
Contribution to G & A expenses	\$ 122,166	125,969
Sales - Metal	431,270	223,221
Less Cost of Sales:		
Direct Labor	25,760	35,487
Materials	284,362	96,014
Overhead	34,631	61,592
Total Cost of Sales	(344,753)	(193,093)
Contribution to G & A expenses	\$ 86,517	30,128
General and Administrative Manufacturing Expenses:		
Salaries	48,112	50,824
Fringe Benefits and other Payroll expenses	14,897	27,171
Inmate Labor - Office	7,840	18,009
Inmate Workers' Compensation Insurance	3,632	3,076
Travel	286	2,017
Miscellaneous Office expenses	5,591	6,140
Telephone	380	196
Bond Expense	500	600
Dues and Subscriptions	468	11
Improvements and Small Equipment	7,620	3,226
Building & Grounds Improvements	711	209
Utilities	21,927	25,396
Miscellaneous expenses	10,162	6,922
Capitalized Institutional Overhead	(9,104)	11,314
Warranty expense	216	-
Total General and Administrative Manufacturing Expenses	(113,238)	(155,111)
Earnings available for program support or (Net Loss)	\$ 95,446	\$ 986

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SDCC AUTO and UPHOLSTERY
Statements of Operations
For the year ending June 30, 2015 and 2014**

	June 30, 2015	June 30, 2014
Revenue:		
Sales From Auto/Upholstery	\$ 130,859	\$ 196,472
Less Cost of Sales:		
Direct Labor	\$ 18,385	28,238
Materials	67,050	74,567
Overhead	43,607	50,991
Total Cost of Sales	(129,042)	(153,796)
Gross Profit	1,817	42,676
Contribution to G & A expenses - Auto/Upholstery	\$ 1,817	42,676
 Net Proceeds from Manpower Operations:		
Diamond Mountain Distributors	14,109	6,436
Opportunity Village	234,399	176,945
Contribution to G & A expenses - Manpower Operations	248,508	183,381
 General and Administrative Manufacturing Expenses:		
Salaries	41,127	40,101
Fringe Benefits and other Payroll expenses	25,978	26,589
Inmate Labor - Office	10,761	7,604
Inmate Workers' Compensation Insurance	1,011	1,086
Miscellaneous Office expenses	1,633	4,050
Telephone	820	1,129
Postage and Mailing	378	96
Advertising/Public Relations	16	-
Bond Expense	200	200
Dues, Subscriptions, and Licenses	300	355
Improvements and Small Equipment	-	500
Building and Grounds Improvements	14	14
Utilities	16,412	17,147
Miscellaneous expenses	3,706	5,789
Capitalized Institutional Overhead	9,131	15,214
Warranty expense	3,248	6,786
Total General and Administrative Manufacturing Expenses	(114,735)	(126,660)
Earnings Available for Program Support or (Net Loss)	\$ 135,590	\$ 99,397

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
LCC GARMENT AND DRAPERY FACTORY
Statements of Operations
(With Interfund Sales Eliminated)**

	June 30, 2015	June 30, 2014
Revenue:		
Sales - Garment	\$ 559,176	\$ 527,044
Less Cost of Sales:		
Direct Labor	\$ 118,224	109,270
Materials	173,436	212,199
Overhead	60,759	62,411
Total Cost of Sales	(352,419)	(383,880)
Gross Profit	206,757	143,164
Freight Revenues	4,822	268
Freight Expenses	(10,186)	(8,872)
Freight (Net of Revenues/Expenses)	(5,364)	(8,604)
Contribution to G & A expenses	\$ 201,393	134,560
Sales - Drapery	\$ 63,132	\$ 81,227
Less Cost of Sales:		
Direct Labor	\$ 11,461	18,978
Materials	8,691	3,531
Overhead	19,720	26,833
Total Cost of Sales	(39,872)	(49,342)
Gross Profit	23,260	31,885
Freight Revenues	8,138	15,418
Freight Expenses	(6,651)	(10,220)
Freight (Net of Revenues/Expenses)	1,487	5,198
Contribution to G & A expenses	\$ 24,747	37,083

General and Administrative Manufacturing Expenses:

Salaries	54,519	54,498
Fringe Benefits and other Payroll expenses	32,844	34,033
Inmate Labor - Office	11,621	14,251
Inmate Workers' Compensation Insurance	5,796	4,618
Travel	153	225
Miscellaneous Office expenses	4,798	5,344
Telephone	514	772
Postage and Mailing	466	370
Dues and Subscriptions	73	103
Building and Grounds Improvements	46	2,655
Utilities	13,132	13,065
Miscellaneous expenses	2,467	3,774
Capitalized Institutional Overhead	66	427
Total General and Administrative Manufacturing Expenses	<u>(126,495)</u>	<u>(134,135)</u>
Earnings available for program support	<u>\$ 99,645</u>	<u>\$ 37,508</u>

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

Statements of Operations

For the year ending June 30, 2015 and 2014

Revenue:	June 30, 2015	June 30, 2014
Revenue - Livestock		
Sales	\$ 111,477	\$ 133,537
Non-Cash Inventory Adjustments	1,970	21,222
Total Revenue	\$ 113,447	154,759
Less Cost of Sales:		
Direct Labor	12,702	19,551
Materials	38,963	45,997
Overhead	5,052	10,766
Total Cost of Sales	(56,717)	(76,314)
Contribution to G & A expenses - Livestock	\$ 56,730	78,445
Sales - Dairy	572,240	537,849
Less Cost of Sales:		
Direct Labor	36,372	44,693
Materials	252,153	209,259
Overhead	151,841	92,429
Total Cost of Sales	(440,366)	(346,381)
Contribution to G & A expenses - Dairy	131,874	191,468
Revenue - Crops		
Sales	122,619	103,412
Non-Cash Inventory Adjustments	62,722	(21,497)
Total Revenue	185,341	81,915
Less Cost of Sales:		
Direct Labor	37,056	26,691
Materials	14,366	22,072
Overhead	175,390	121,826
Total Cost of Sales	(226,812)	(170,589)
(Gross Loss) Contribution to G & A expenses - Crops	(41,471)	(88,674)
Boarding Fees - Estray Horses	26,708	24,879
Less Cost of Sales:		
Direct Labor	-	-
Materials	11,514	15,502
Overhead	-	-
Total Cost of Sales	(11,514)	(15,502)
Contribution to G & A expenses - Estray Horse Boarding	15,194	9,377
Boarding Fees - BLM (Wild) Horses	2,001,981	2,004,903
Less Cost of Sales:		
Direct Labor	57,270	54,051
Materials	979,906	1,243,893
Overhead	167,078	196,957
Total Cost of Sales	(1,204,254)	(1,494,901)
Contribution to G & A expenses - BLM Wild Horse Boarding	797,727	510,002
Composting Project	42,108	41,877
Less Cost of Sales:		
Direct Labor	17,541	17,330
Overhead	-	-
Total Cost of Sales	(17,541)	(17,330)
Contribution to G & A expenses - Composting Project	\$ 24,567	\$ 24,547

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
PRISON RANCH
Statements of Operations
For the year ending June 30, 2015 and 2014
(Continued)**

	June 30, 2015	June 30, 2014
General and Administrative Ranch Expenses:		
Salaries - Staff	\$ 247,402	\$ 244,876
Fringe Benefits and other Payroll expenses	85,504	88,900
Inmate Labor - Office	23,539	22,479
Inmate Workers' Compensation Insurance	5,313	4,086
Travel expenses	185	311
Miscellaneous Office expenses	2,613	1,965
Telephone	190	98
Postage and Mailing	13	28
Advertising/Public Relations	574	763
Insurance	5,937	6,783
Dues and Subscriptions	174	33
Building and Grounds Improvements	12,589	20,747
Utilities	61,561	69,798
Miscellaneous expenses	16,456	25,471
Administration Fees	48,000	48,000
Total General and Administrative Manufacturing Expenses	\$ (510,050)	\$ (534,338)
Other Income - Excess Property Sales	-	\$ 12,533
Earnings available for program support or (Net loss)	\$ 474,571	\$ 203,360

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES**
For the year ending June 30, 2015 and 2014

	PER STATEMENTS OF OPERATIONS		INTERFUND SALES	AFTER REMOVING INTERFUND SALES	
	June 30, 2015			June 30, 2014	
Revenue:					
Industry Sales	\$ 2,436,983	\$ (67,775)	\$ 2,369,208		\$ 2,247,352
Less Cost of Sales	<u>(1,680,278)</u>	<u>61,095</u>	<u>(1,619,183)</u>		<u>(1,596,415)</u>
Gross Profit from Industry Sales	<u>756,705</u>	<u>(6,680)</u>		\$ 750,025	\$ 650,937
Ranch Sales	2,941,825	(158,707)	2,783,118		2,682,589
Less Cost of Sales	<u>(1,957,204)</u>	<u>158,707</u>	<u>(1,798,497)</u>		<u>(1,957,424)</u>
Gross Profit from Ranch Sales	984,621	-		984,621	725,165
Freight (Net of Revenues/Expenses)	<u>4,183</u>			<u>4,183</u>	<u>245</u>
General Manufacturing Expenses:					
Staff Salaries	481,093		481,093		473,335
Staff Fringe Benefits and other Payroll expenses	186,269		186,269		204,851
Inmate Labor	65,333		65,333		76,653
Inmate Worker's Compensation Ins.	18,227		18,227		14,716
Travel expenses	843		843		2,846
Commissions	6,296		6,296		5,568
Office expenses	16,964	(2,952)	14,012		18,007
Telephone	2,408		2,408		2,391
Postage and Mailing	857		857		494
Advertising/Public Relations	590	(590)	-		-
Insurance/Bond Expense	6,637		6,637		7,583
Dues and Subscriptions	1,665		1,665		1,119
Improvements and Small Equipment	7,816	(1,962)	5,854		4,160
Moving Expenses	-		-		121
Building & Grounds Improvements	13,421	(256)	13,165		21,189
Utilities	121,269		121,269		134,742
Administrative Fees	48,000		48,000		48,000
Miscellaneous expenses	36,974		36,974		44,084
Capitalized Institutional Overhead	3,247		3,247		23,546
Warranty expense	<u>3,464</u>		<u>3,464</u>		<u>6,786</u>
Total General Manufacturing Expenses:	<u>(1,021,372)</u>	<u>(5,760)</u>		<u>(1,015,612)</u>	<u>(1,090,191)</u>
Net Income from Operations:	<u>\$ 724,137</u>	<u>\$ 920</u>		<u>\$ 723,217</u>	<u>\$ 286,156</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES
SCHEDULE OF INTERFUND SALES**
For the year ending June 30, 2015 and 2014
(Continued)

	PER STATEMENTS OF OPERATIONS	ELIMINATION ENTRIES	AFTER REMOVING INTERFUND SALES	
	June 30, 2015			June 30, 2014
General and				
Administrative Expenses:				
Staff Salaries	\$ 417,254		\$ 417,254	\$ 392,135
Staff Fringe Benefits and other Payroll expenses	180,926		180,926	189,934
Inmate Payroll	200		200	-
Travel expenses	8,299		8,299	4,128
Rent	53,531		53,531	53,531
Office expenses	2,022	\$ (189)	1,833	1,598
Telephone	8,483		8,483	9,675
Postage and Mailing	947		947	867
Advertising/Public Relations	3,943	(387)	3,556	40
General Insurance	5,204		5,204	5,811
Vehicle expenses	2,654	(344)	2,310	3,304
Dues and Subscriptions	2,992		2,992	4,311
Depreciation expense	86,579		86,579	86,579
Improvements and Small Equipment	1,008		1,008	9,554
Utilities	4,319		4,319	3,038
Miscellaneous expenses	67,861		67,861	157,422
Total General and Administrative Expenses	(846,222)	(920)	\$ (845,302)	(921,926)
Other Income (Expenses)				
Interest Revenue	8,163		8,163	3,212
Finance Charges	516		516	468
License Plate Fees	531,637		531,637	525,565
Capital Improvement	70,282		70,282	93,385
Rental Income	96,600		96,600	67,200
Administrative Fees	386,524		386,524	289,064
Miscellaneous Revenue	4,920		4,920	-
Excess Property Sales	-		-	12,533
Net Income (Loss)	\$ 976,557	\$ (0)	\$ 976,557	\$ 355,657

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

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) and may only be used to construct facilities and/or purchase equipment and supplies to start up a new or expand an existing Prison Industry program. It is funded by five percent of each inmate'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 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.

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

(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>2015</u>	<u>2014</u>
Land	\$ 153,140	\$ 153,140
Land improvements	1,982,000	1,982,000
Buildings	908,227	908,227
Furniture and equipment	<u>1,004,300</u>	<u>958,596</u>
Fixed assets at cost	4,047,667	4,001,964
Less accumulated depreciation	<u>(3,369,627)</u>	<u>(3,281,234)</u>
Net fixed assets	<u>\$ 678,040</u>	<u>\$ 720,730</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, 2015, and 2014, depreciation expense was applied as follows:

<u>Cost Center</u>	<u>2015</u>	<u>2014</u>
Central Administration	\$ 86,579	\$ 86,579
NNCC Mattress	1,790	1,790
NNCC Print	1,063	5,083
NNCC Metal	0	907
Ranch Livestock	333	333
Ranch Crops	6,710	2,038
Ranch Dairy	<u>9,889</u>	<u>9,889</u>
Total depreciation Expense	<u>\$106,364</u>	<u>\$106,619</u>

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

3. Inventories

Inventories at June 30, 2015, consisted of the following:

<u>Cost Center</u>	<u>Raw Materials</u>	<u>Work in Process</u>	<u>Finished Goods</u>	<u>Op Supplies</u>	<u>Total</u>
NNCC Mattress	\$69,306	\$0	\$29,022	\$ 0	\$ 98,328
NNCC Print/Bindery	56,290	1,061	747	7,125	65,223
Ranch Dairy	0	-	0	0	0
NNCC Metal	29,112	146,774	202	7,755	183,843
NNCC Furniture	53,879	14,987	11,412	10,732	91,010
SDCC Auto/Upholstery	61,549	18,536	2,130	4,093	86,308
SDCC Bighouse Choppers	2,874	0	35,568	-	38,442
LCC Garment	99,546	0	4,225	1,755	105,526
LCC Drapery	4,140	2,559	0	941	7,640
Total	\$376,696	\$183,917	\$83,306	\$32,401	\$676,320

Inventories at June 30, 2014, consisted of the following:

<u>Cost Center</u>	<u>Raw Materials</u>	<u>Work in Process</u>	<u>Finished Goods</u>	<u>Op Supplies</u>	<u>Total</u>
LCC Mattress	\$ 63,223	\$17,152	\$ 24,877	\$ 0	\$105,252
NNCC Print/Bindery	43,772	3,909	14,751	3,558	65,990
Ranch Dairy	11,854	0	0	0	11,854
NNCC Metal	26,760	36,884	5,945	12,232	81,821
NNCC Furniture	53,965	3,035	20,232	20,235	97,467
SDCC Auto/Upholstery	60,950	75,044	2,130	7,552	145,676
SDCC Bighouse Choppers	2,897	0	35,568	-	38,465
LCC Garment	74,125	0	6,174	1,718	82,017
LCC Drapery	6,615	1,107	0	1,079	8,801
Total	\$ 344,161	\$137,131	\$109,677	\$46,374	\$637,342

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, 2015, and 2014, \$73,507 and \$110,711 of such moneys had been received, respectively.

6. Deposits

Silver State Industries manufactures "Bighouse Choppers™", which are custom-made motorcycles. In order to obtain business licenses through the Nevada Department of Motor Vehicles, deposits of \$5,000 each were made for licenses to manufacture motorcycles and motorcycle trailers and to act as a dealer.

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

7. Livestock

The Ranch's Livestock inventory at June 30, 2015, consisted of the following:

Type of Livestock	Number in Herd	Unit-Livestock Value	Dairy	Livestock	Total
Holstein Bred Heifers	16	1,250	0	20,000	20,000
Milking Cows	106	900	95,400	0	95,400
Beef Calves	38	500	0	19,000	19,000
Beef Cows	48	1,200	0	57,600	57,600
Unweaned Calves	29	50	0	1,450	1,450
Yearling Holstein Heifers	24	450	0	10,800	10,800
Weaned Heifers	19	250	0	4,750	4,750
Weaned Holstein Breeding Bulls	3	700	0	2,100	2,100
Beef Bull	1	2,500	0	2,500	2,500
Dairy Bulls	1	1,000	1,000	0	1,000
Dry Cow	22	900	19,800	0	19,800
Yearling Beef Heifers	17	600	0	10,200	10,200
Weaned Holstein Steers	4	180	0	720	720
Beef Heifers Bred	15	1,200	0	18,000	18,000
Grand Total	343		116,200	147,120	263,320

The Ranch's Livestock inventory at June 30, 2014, consisted of the following:

Type of Livestock	Number in Herd	Unit-Livestock Value	Dairy	Livestock	Total
Holstein Bred Heifers	36	1,250	0	45,000	45,000
Milking Cows	102	900	91,800	0	91,800
Beef Calves	39	500	0	19,500	19,500
Beef Cows	44	1,200	0	52,800	52,800
Unweaned Calves	25	50	0	1,250	1,250
Yearling Heifers	12	450	0	5,400	5,400
Weaned Heifers	32	250	0	8,000	8,000
Weaned Holstein	2	700	0	1,400	1,400

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

Beef Bulls	1	2,500	0	2,500	2,500
Dairy Bulls	2	1,000	2,000	0	2,000
Dry Cows	15	900	13,500	0	13,500
Yearling Beef Heifers	12	600	0	7,200	7,200
Weaned Holstein Steers	10	180	0	1,800	1,800
Grand Total	332		107,300	144,850	252,150

8. Accounts Receivable

Accounts receivable at June 30, 2015, consist of the following:

<u>CUSTOMER TYPE</u>	<u>AMOUNT</u>	<u>PERCENTAGE OF TOTAL</u>
Private Sector	630,177	60.72%
Department of Corrections	60,873	5.86%
Other State Agencies	96,349	9.28%
Other Governments	250,525	24.14%
Total Accounts Receivable	1,037,924	
Less Allowance for Doubtful Accounts	(6,660)	
Net Realizable Value	1,031,264	

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 23 individual accounts as of 06/30/15. The largest account's balance represents 40.25% of the total receivables at \$417,764. Prison Industries has a summary judgment against that customer. As a result of the judgment, the state has a lien on all real and personal property. The customer left numerous items behind at High Desert State Prison. Prison Industries is currently in the process of liquidating those items.

The second largest accounts receivables balance is \$80,095 or 7.72% of the receivables. Next is \$37,192 for 3.58% of total receivables. Coming in at number four is \$15,741 for a 1.52% share. Number five on the list is \$9,053 for a .87% share of receivables. Sixth and seventh on the list are \$8,188 and \$8,162, each with a .79% share. Number eight is \$7,009 or .68%. The last two larger receivable amounts are \$6,360 and \$6,309, each with a .61% share. All other private sector customers have minimal balances. With the exception of two customers, all customers have subsequently paid the aforementioned balances. Those two exceptions are the \$417,764 and \$8,188 balances.

Accounts receivable at June 30, 2014, consist of the following:

<u>CUSTOMER TYPE</u>	<u>AMOUNT</u>	<u>PERCENTAGE OF TOTAL</u>
Private Sector	665,912	59.54%
Department of Corrections	97,693	8.74%
Other State Agencies	126,282	11.29%
Other Governments	228,444	20.43%

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

Total Accounts Receivable	1,118,331
Less an allowance for doubtful Accounts	(6,695)
Net Realizable Value	1,111,636

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 28 individual accounts as of 06/30/14. The largest account's balance represents 37.36% of the total receivables at \$417,764. Prison Industries has a summary judgment against the customer. As a result of the judgment, the state has a lien on all real and personal property of that customer. The customer left numerous items behind at High Desert State Prison. Prison Industries is currently in the process of liquidating those items.

The second largest accounts receivables balance is \$127,835 or 11.43% of the receivables. Next is \$50,347 for 4.50% of total receivables. Coming in at number four is \$16,125 for 1.44% share. Number five on the list is \$15,623 for a 1.40% share of receivables. Sixth on the list is \$8,525 for a .76% share. Number seven owed PI \$6,140 or .55%. Number eight is \$6,062 or .54%. The last larger balance is \$5,621 or .50%. All except the largest account has subsequently paid the aforementioned balances. All other private sector customers have minimal balances.

9. Accounts Payable

Accounts payable at June 30, 2015, consisted of the following:

<u>GROUP</u>	<u>AMOUNT</u>
Private Section Vendors	\$ 153,430
Department of Corrections	58,889
Other State Agencies	<u>63,255</u>
Total	<u>\$ 275,574</u>

Accounts payable at June 30, 2014, consisted of the following:

<u>GROUP</u>	<u>AMOUNT</u>
Private Section Vendors	\$ 86,744
Department of Corrections	94,083
Other State Agencies	<u>260,318</u>
Total	<u>\$ 441,145</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 12% (Regular) or 17.25% (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 20.5% (Regular) or 33.5% (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

NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

and income of the Public Employees' Retirement System are actuarially projected to fully fund its obligations over a 40-year period.

11. 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 at June 30, 2015, and 2014, was \$195,685 and \$200,174 respectively.

12. 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, 2015, and 2014, interest received was \$8,163 and \$3,212, respectively.

(b) Finance Charge Revenue

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, 2015, and 2014, finance charge revenue amounted to \$516 and \$468, respectively.

13. Inmate Labor

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

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

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

(a) Room and Board (R & B)

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

(b) Prison Industries Capital Improvement Fund (PICF)

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

(c) Victims of Crimes Fund (VCF)

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

During the year ended June 30, 2015, the following are the assessments made to the corresponding program they supported:

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

INSTITUTION	(a) R & B	(b) PICI	(c) VCF	TOTAL
Northern Nevada C.C.	52,531	10,721	10,721	73,973
Stewart Conservation C.	45,198	9,224	9,224	63,646
Lovelock Correctional C.	49,306	10,062	10,062	69,430
Florence McClure				
Women's C.C.	109,240	22,294	22,294	153,828
Southern Desert C.C.	34,506	7,042	7,042	48,590
Warm Springs C.C.	2,206	450	450	3,106
Indian Springs				
Conservation Camp	469	96	96	661
High Desert State Prison	39,697	8,101	8,101	55,899
Total	\$ 333,153	\$ 67,990	\$ 67,990	\$ 469,133

13. Inmate Labor (continued)

During the year ended June 30, 2014, the following are the assessments made to the corresponding program they supported:

INSTITUTION	(a) R & B	(b) PICI	(c) VCF	TOTAL
Northern Nevada C.C.	56,132	11,456	11,456	79,044
Stewart Conservation C.	45,275	9,240	9,240	63,755
Lovelock Correctional C.	51,521	10,514	10,514	72,549
Florence McClure				
Women's C.C.	199,502	40,715	40,715	280,932
Southern Desert C.C.	30,433	6,211	6,211	42,855
Warm Springs C.C.	2,694	550	550	3,794
Indian Springs				
Conservation Camp	761	155	155	1,071
High Desert State Prison	50,501	10,306	10,306	71,113
Total	\$ 436,819	\$ 89,147	\$ 89,147	\$ 615,113

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

14. 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.

15. Accrued Warranties

**NEVADA DEPARTMENT OF CORRECTIONS
SILVER STATE INDUSTRIES**

Notes to Financial Statements for the Years Ended June 30, 2015 and 2014

At June 30, 2015, and 2014, Silver State Industries expensed warranty expense as it occurred. PI did not accrue any warranty expense for the years ending June 30, 2015 and 2014.

16. 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 businesses that have filed bankruptcy or have gone out of business. Balances owed by individuals or businesses where a formal bankruptcy decree has not been received by Silver State Industries have been forwarded to the State Controller for help in collection. Other amounts written-off in the current year represent uncollectible accounts.

Prison Industries did not determine that any accounts were uncollectible this year. PI obtained a summary judgment from the largest receivable. PI is working on selling off the assets confiscated from that customer. The amount of loss cannot be reasonably estimated at this time. That account should be finalized sometime in fiscal year 2016. The allowance for doubtful accounts at the beginning of the year had a \$6,695 balance. One account with a balance of \$35 was charged to bad debt expense this fiscal year; therefore, the balance for Allowance for Doubtful Accounts at the end of the year was \$6,660.

17. Utilities

In both 2015 and 2014, the cost of utilities has been allocated to private industries according to what the Nevada Department of Corrections charged Prison Industries.

DISCUSSION OF FUTURE MEETINGS

1st Quarter 2016

JANUARY						
M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

FEBRUARY						
M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29						

MARCH						
M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

HOLIDAYS

NEW YEAR'S DAY – FRIDAY, JANUARY 1, 2016

MARTIN LUTHER KING JR. DAY – MONDAY, JANUARY 18, 2016

PRESIDENTS' DAY – MONDAY, FEBRUARY 15, 2016

*** Due to the upgrade to the Broadcast and Production Services Unit, meeting rooms will not be available the month of January.**

