



COLORADO

CORRECTIONAL INDUSTRIES

2023 Annual Report



COLORADO

CORRECTIONAL INDUSTRIES

www.coloradoci.com

WE BUILD OPPORTUNITY

Fiscal 2022-23 was a transitional year for Colorado Correctional Industries CCI. CCI completed its reorganization at the end of Fiscal 2022, which resulted in the closure of significant areas of our business, including our furniture sector (Modular Systems, Furniture, Seating, and Sales,) along with the Water Buffalo Dairy, Fisheries, and several other operations. The furniture sector had historically been a large revenue driver that supported smaller businesses and employed hundreds of incarcerated workers but was no longer viable after the COVID-19 pandemic response that sent the vast majority of our customers to remote work arrangements. Colorado Correctional Industries was forced to re-imagine itself. Starting in Fiscal 2023, CCI focused on finding private sector companies that would hire incarcerated adults who were getting close to release and qualified to leave the facility for work and return in the evening. An escape by one of these workers led to the abrupt closure of this program just a couple of weeks into the new year and also resulted in a seven-week shutdown of all CCI programs that conducted work off prison grounds, including the SWIFT firefighting crew and Heavy Equipment programs in the Canon City area, and our General Services program in Denver. This had a significant impact on revenue for these programs that rely on favorable summer weather for the majority of their annual revenue, and shutting down SWIFT negatively affected our relationship with fire mitigation customers that were counting on the SWIFT team to reduce combustible fuels in fire-prone areas to protect public and private property from devastating wildfires.



A further result of the escape from work release is that criteria to qualify for off-grounds work has been significantly tightened. All three programs that perform off grounds work are struggling to maintain minimum crew strength. Denver General Services finished Fiscal 2023 with 5 workers, with full-strength being 24 workers.

Despite the challenges faced by off grounds programs, CCI as a whole became profitable for the first time since 2018. This success is highlighted by the Leather factory, that moved from Buena Vista to Sterling in 2021 and found it challenging to regain productivity in the new location with a new supervisor. The shop has turned the corner and is back to full production and has regained the confidence of their customers, who have increased their ordering to pre-move levels with plans to increase orders as the shop gains efficiency. This is the first profitable year for the leather shop since 2017. Our garment factory struggled through COVID-19 closures and restrictions with backlogs on production and difficulties procuring raw materials. In FY 2023, they were able to make up for the backlog and even had their largest volume month ever, in February.

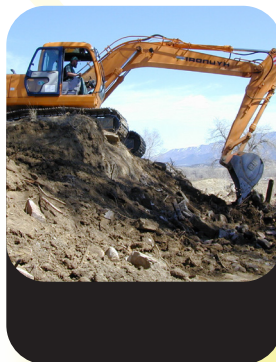


CCI has businesses employing incarcerated adults in prisons throughout Colorado



Four Mile Correctional Facility

- Farm - 4 staff, 16 inmates
- Wild Horse Inmate Program (WHIP) 5 Staff, 25 inmates
 - Heavy Equipment 2 staff, 21 inmates
- State Wild land Inmate Fire Team (SWIFT) 4 staff, 22 inmates



Prison Trained K-9 Companion Program

- 7 staff 106 inmates spread across the following facilities

- Sterling
- Denver
- Arrowhead
- Four Mile
- Territorial
- LaVista



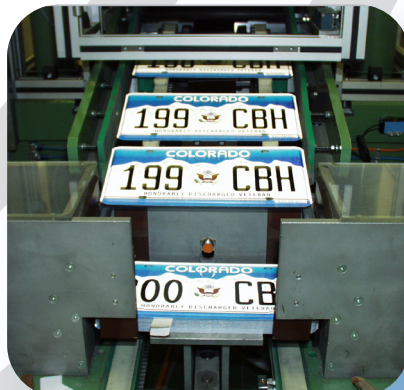
Sterling Correctional Facility

- Leather Goods/Saddles 1 staff 16 inmates



Colorado Territorial Correctional Facility

- Tag/Tab/Sign shop - 5 staff, 70 inmates



Arrowhead Correctional Facility

- Canteen Fulfillment



Rifle Correctional Center

- Culinary Program 1 Staff, 40 inmates

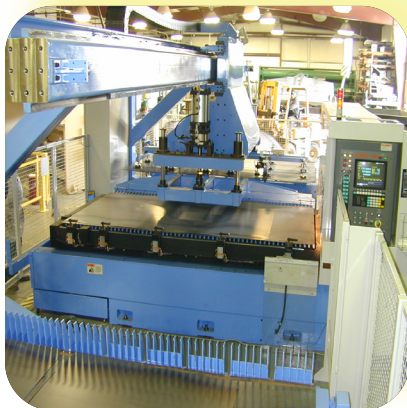
Limon Correctional Facility

- Garment manufacturing 5 staff 100 inmates



Fremont Correctional Facility

- Metal Manufacturing - 3 staff, 60 inmates





Denver Women's Correctional Facility

- Print Shop 2 staff 23 inmates
- E-470 Image Processing 1 staff 32 inmates
- Coffee Roasting 1 staff 3 inmates
- Surplus Property 3 staff 4 inmates
- General Services 4 staff 5 inmates



COLORADO DEPARTMENT OF CORRECTIONS
 DIVISION OF CORRECTIONAL INDUSTRIES
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2023 AND JUNE 30, 2022
 UNAUDITED (NOTE 1)

	<u>YEAR ENDING 06/30/23</u>	<u>YEAR ENDING 06/30/22</u>
ASSETS:		
CURRENT ASSETS:		
Cash and Pooled Cash (NOTE 2)	\$ (4,434,111)	\$ (4,014,921)
Other Receivables, net	915,467	1,122,162
Due from Other Governments	973,231	1,088,886
Due from Other Funds	127,886	690,381
Inventories	<u>6,149,222</u>	<u>4,353,385</u>
TOTAL CURRENT ASSETS	<u>3,731,695</u>	<u>3,239,893</u>
NONCURRENT ASSETS:		
Depreciable and Capital Assets and Infrastructure, net	4,624,445	4,632,731
Land and Nondepreciable Infrastructure	<u>940,730</u>	<u>940,730</u>
TOTAL NONCURRENT ASSETS	<u>5,565,175</u>	<u>5,573,461</u>
TOTAL ASSETS	<u>\$ 9,296,870</u>	<u>\$ 8,813,354</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 2,701,269	\$ 2,146,381
Compensated Absences Payable	152,313	145,500
Leases Payable	62,690	58,190
Other Current Liabilities	<u>85,131</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>3,001,403</u>	<u>2,350,071</u>
NONCURRENT LIABILITIES:		
Accrued Compensated Absences	431,372	638,721
Leases Payable	<u>1,149,436</u>	<u>1,212,126</u>
TOTAL NONCURRENT LIABILITIES	<u>1,580,808</u>	<u>1,850,847</u>
TOTAL LIABILITIES	<u>4,582,211</u>	<u>4,200,918</u>
NET POSITION:		
Net Investment in Capital Assets	5,565,175	5,573,461
Unrestricted	<u>(850,516)</u>	<u>(961,025)</u>
TOTAL NET POSITION	<u>\$ 4,714,659</u>	<u>\$ 4,612,436</u>

NOTE 1: The underlying balances are audited in the statewide financial audit.

NOTE 2: Cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit, pooled cash with State Treasurer (at fair market value), and warrants payable.

COLORADO DEPARTMENT OF CORRECTIONS
 DIVISION OF CORRECTIONAL INDUSTRIES
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022
 UNAUDITED (NOTE 1)

	<u>YEAR ENDING 06/30/23</u>	<u>YEAR ENDING 06/30/22</u>
OPERATING REVENUES:		
Sales of Goods and Services	\$ 26,242,385	\$ 33,243,040
Other Revenues	102,761	174,912
TOTAL OPERATING REVENUES	<u>26,345,146</u>	<u>33,417,952</u>
OPERATING EXPENSES:		
Raw Materials and Supplies	10,929,840	17,011,460
Salaries and Fringe Benefits	8,242,238	11,707,545
Operating & Travel (NOTE 2)	6,532,798	7,183,731
Depreciation	501,298	503,305
TOTAL OPERATING EXPENSES	<u>26,206,174</u>	<u>36,406,041</u>
OPERATING INCOME (LOSS)	138,972	(2,988,089)
NON-OPERATING REVENUES AND (EXPENSES):		
Investment Income (Loss)	138,001	209,426
Rental Income (Loss)	113,173	56,110
Gifts and Donations	5,100	1,125
Gain/Loss on Sale or Impairment of Capital Assets	-	94,946
TOTAL NON-OPERATING REVENUES (EXPENSES):	<u>256,274</u>	<u>361,607</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	395,246	(2,626,482)
OPERATING TRANSFERS		
Transfers-In	59,549	-
Transfers-Out to General Fund (NOTE 3)	(352,572)	(439,475)
TOTAL OPERATING TRANSFERS	<u>(293,023)</u>	<u>(439,475)</u>
CHANGE IN NET POSITION	102,223	(3,065,957)
NET POSITION - FISCAL YEAR BEGINNING	<u>4,612,436</u>	<u>7,678,393</u>
NET POSITION - FISCAL YEAR ENDING	<u>\$ 4,714,659</u>	<u>\$ 4,612,436</u>

NOTE 1: The underlying balances are audited in the statewide financial audit.

NOTE 2: Operating and Travel expenses include costs for packaging materials, transportation charges, office supplies and equipment, maintenance, travel, worker's compensation insurance, legal services, liability and property insurance, and other operating expenses.

NOTE 3: Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.

COLORADO DEPARTMENT OF CORRECTIONS
 DIVISION OF CORRECTIONAL INDUSTRIES
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2023 AND JUNE 30, 2022
 UNAUDITED (NOTE 1)

	<u>YEAR ENDING 06/30/23</u>	<u>YEAR ENDING 06/30/22</u>
ASSETS:		
CURRENT ASSETS:		
Cash and Pooled Cash (NOTE 2)	\$ (4,434,111)	\$ (4,014,921)
Other Receivables, net	915,467	1,122,162
Due from Other Governments	973,231	1,088,886
Due from Other Funds	127,886	690,381
Inventories	6,149,222	4,353,385
TOTAL CURRENT ASSETS	<u>3,731,695</u>	<u>3,239,893</u>
NONCURRENT ASSETS:		
Depreciable and Capital Assets and Infrastructure, net	4,624,445	4,632,731
Land and Nondepreciable Infrastructure	940,730	940,730
TOTAL NONCURRENT ASSETS	<u>5,565,175</u>	<u>5,573,461</u>
TOTAL ASSETS	<u>\$ 9,296,870</u>	<u>\$ 8,813,354</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 2,701,269	\$ 2,146,381
Compensated Absences Payable	152,313	145,500
Leases Payable	62,690	58,190
Other Current Liabilities	85,131	-
TOTAL CURRENT LIABILITIES	<u>3,001,403</u>	<u>2,350,071</u>
NONCURRENT LIABILITIES:		
Accrued Compensated Absences	431,372	638,721
Leases Payable	1,149,436	1,212,126
TOTAL NONCURRENT LIABILITIES	<u>1,580,808</u>	<u>1,850,847</u>
TOTAL LIABILITIES	<u>4,582,211</u>	<u>4,200,918</u>
NET POSITION:		
Net Investment in Capital Assets	5,565,175	5,573,461
Unrestricted	(850,516)	(961,025)
TOTAL NET POSITION	<u>\$ 4,714,659</u>	<u>\$ 4,612,436</u>

NOTE 1: The underlying balances are audited in the statewide financial audit.

NOTE 2: Cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit, pooled cash with State Treasurer (at fair market value), and warrants payable.



COLORADO
CORRECTIONAL INDUSTRIES