

STATE OF ARIZONA
DEPARTMENT OF CORRECTIONS
ARIZONA CORRECTIONAL INDUSTRIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CAPITAL LEASES (CONTINUED)

The following is an analysis of the leased asset included in capital assets:

Asset	<u>Leased Asset</u>
Equipment	\$ 439,985
Less accumulated depreciation	<u>(151,245)</u>
Total	<u>\$ 288,740</u>

NOTE 6 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 331,543	\$ 129,808	\$ (69,270)	\$ 392,081	\$ 392,081
Capital leases	309,064	-	(80,617)	228,447	95,785
Long-term liabilities	<u>\$ 640,607</u>	<u>\$ 129,808</u>	<u>\$ (149,887)</u>	<u>\$ 620,528</u>	<u>\$ 487,866</u>

NOTE 7 TRANSFERS TO OTHER STATE FUNDS

During the year ended June 30, 2010, ACI transferred \$4,057,900 and \$1,481,826 to the State of Arizona's General Fund and Department of Corrections, respectively. ACI transferred \$15,830 to the Arizona Department of Corrections for prisoner instruction, such as vocational education and job training, as allowed by A.R.S. §41-1624.

NOTE 8 RELATED PARTY TRANSACTIONS

ACI employs inmates in its manufacturing, service, and agricultural operations for the sale of goods and services primarily to other state agencies and political subdivisions. During the year ended June 30, 2010, approximately \$4.5 million, \$3.0 million, and \$3.0 million of goods and services were sold to the Arizona Department of Corrections (ADC), Arizona Department of Transportation (ADOT), and all other state agencies, respectively. At June 30, 2010, ACI's accounts receivable balance included \$858,184, \$221,882, and \$114,483 due from the ADC, ADOT, and all other state agencies, respectively. ACI purchased approximately \$10.1 million of goods and inmate services from the ADC, \$12,048 of goods and services from ADOT, and \$82,675 of goods and services from other state agencies, respectively, for the year ended June 30, 2010.