

ALEX SINKChief Financial Officer, State of Florida

ACKNOWLEDGEMENTS

The Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006 was prepared by:

DIVISION OF ACCOUNTING AND AUDITING

Douglas A. Darling, Director

BUREAU OF ACCOUNTING

Molly C. Merry, CPA, Chief

STATEWIDE FINANCIAL REPORTING SECTION

Timothy W. Hsieh, CPA
Al Altun, CPA
Paul D. Reynolds, CPA
Ann-Marie L. Granger
Dustin L. Martin
Gina L. Ballard
Jason T. Kelly, Intern
Mike Rutherford
Nicole D. Davis
Steven E. Wilson, CPA
Susan Mentillo

SPECIAL APPRECIATION

Special appreciation is given to all fiscal and accounting personnel throughout the State who contributed financial information for their agencies.

Cover photo was taken at St. George Island, Florida and provided courtesy of Patty Cromartie.

STATE OF FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2006



Charlie Crist GOVERNOR

Alex Sink
CHIEF FINANCIAL OFFICER

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

This document and related information is available via the Department of Financial Services' homepage on the World Wide Web: www.fldfs.com

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2006

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INTRODUCTORY SECTION



ALEX SINK

January 31, 2007

The Honorable Charlie Crist, Governor
The Honorable Ken Pruitt, President of the Senate
The Honorable Marco Rubio, Speaker of the House of Representatives
Citizens of the State of Florida

To Governor Crist, President Pruitt, Speaker Rubio, and the Citizens of Florida:

Section 216.102(3), Florida Statutes, requires that the Chief Financial Officer (CFO) prepare and publish a Comprehensive Annual Financial Report (CAFR) for the State in accordance with generally accepted accounting principles. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The Auditor General has issued an opinion on the State's financial statements for the year ended June 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE STATE

Florida's government provides a full range of services including education, health and family services, transportation, law and corrections, natural resources, and environmental and other services. Florida's constitution divides the governmental structure of the State into three separate independent branches. The Legislative Branch has exclusive law-making power for the State. The Executive Branch, with the Governor as its chief, administers the laws made by the Legislature. The Cabinet shares some executive power and responsibilities with the Governor. The Judicial Branch interprets the law and applies the Constitution. Refer to the organizational chart following this letter for more detail.

The financial reporting entity of the State includes the primary government as well as component units for which the State is financially accountable, and their exclusion would cause the financial statements to be misleading or incomplete. Refer to Note 1 to the financial statements for a more detailed description of component units and the Financial Section of the report to obtain an overview of their financial position.

Chapter 216, Florida Statutes, promulgates the process used to develop the budget for the State. The head of each state agency and the Chief Justice of the Supreme Court for the Judicial Branch submit an annual legislative budget request to the Governor and Legislature. The Governor's recommended budget forms the basis of the appropriations bill. As amended and approved by the Legislature, this bill becomes the General Appropriations Act. Refer to the Other Required Supplementary Information Section within the CAFR for a detailed discussion of the State's budget process. The CFO approves disbursements in accordance with legislative authorizations. Florida law strictly prohibits overspending and requires budgetary control to be maintained at the individual appropriation account level.

ECONOMIC CONDITION

Florida's economy is strong despite the current slowdown in the housing market. Florida's governmental agencies work collaboratively to promote economic development in the State. Our workforce, transportation systems, tourism, industries, business partnerships, and rural development all contribute to Florida's success. Florida leads in job growth among the ten largest states in the nation. Florida has approximately 8 million jobs in the current fiscal year, which reflects an increase of over a million jobs during the past ten years. Florida's international trade reached \$95.3 billion in 2005, adding \$43.2 billion over the past decade. For additional information related to the local economy, refer to the Economic Condition and Outlook Section of the MD&A.

Florida's conservative fiscal policies include reserves that may be utilized to meet the State's tax revenue shortfalls. The fund balance reserved for budget stabilization is intended to cover revenue shortfalls and emergencies as defined by law. Additional information regarding other types of reserves can be found in Note 1 to the financial statements.

The State's strong credit rating was maintained in 2006. Bond ratings received were as follows: Moody's Investor Service (Aa1), Standard and Poor's Corporation (AAA), and Fitch, Inc. (AA+). The outlook for the State's credit rating is predicted to remain stable. Additionally, the State's benchmark debt ratio remained below the 6% target established by the Legislature, primarily due to higher than expected revenue collections and favorable interest rates in fiscal year 2005-06. The ratio is expected to remain below the target for the foreseeable future based on existing borrowing plans, current revenue forecasts and economic outlook. Additional information regarding the State's debt can be found in the Statistical Section of the CAFR, Notes 8, 9, and 10 to the financial statements, and the 2006 Debt Affordability Report at http://www.sbafla.com/bond under Publications and Forms.

Florida's \$73.6 billion budget for fiscal year 2006-07 follows the conservative fiscal policies that have supported economic growth and increased revenues for the State. The budget reflects priorities, including record increases in funding for education. Florida faces budgetary pressure from Medicaid spending like all states and, uniquely, from growth-related service demands due to population growth. Additional information on Florida's budget for fiscal year 2006-07 can be found at: http://www.flgov.com/2006_budget_final.

ACKNOWLEDGEMENTS

alex Sink

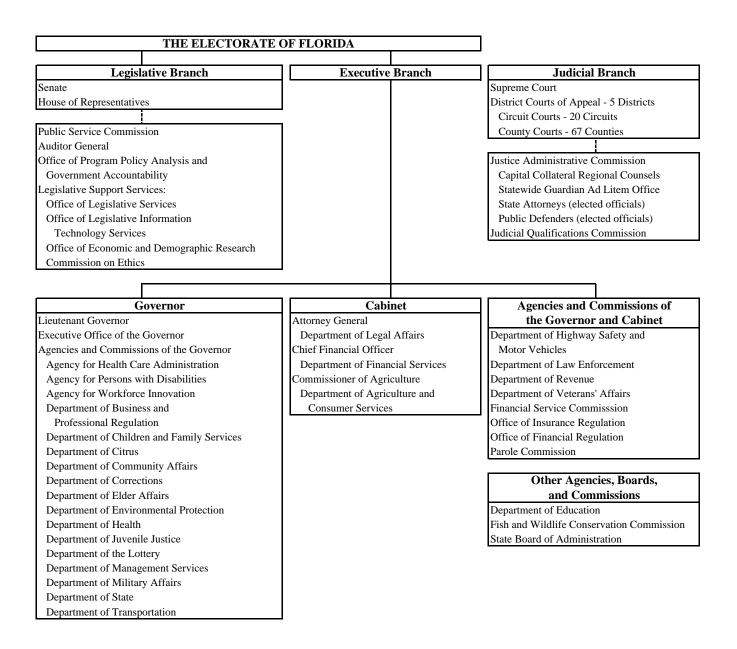
The preparation of the CAFR requires a significant investment of time and resources of fiscal and accounting personnel throughout the State. We appreciate all the contributions made to this effort.

Sincerely,

Alex Sink

AS:glb

ORGANIZATION AT JUNE 30, 2006



PRINCIPAL OFFICIALS AT JUNE 30, 2006

Legislative Branch

Senate

Tom Lee, President House of Representatives Allan G. Bense, Speaker

Executive Branch

Jeb Bush, Governor Toni Jennings, Lieutenant Governor Cabinet

Charlie Crist, Attorney General Tom Gallagher, Chief Financial Officer Charles H. Bronson, Commissioner of Agriculture

Judicial Branch

Barbara J. Pariente, Chief Justice

FINANCIAL SECTION



AUDITOR GENERAL STATE OF FLORIDA



WILLIAM O. MONROE, CPA AUDITOR GENERAL 850/488-5534/SC 278-5534 Fax: 488-6975/SC 278-6975

The President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2006, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. With respect to the aggregate discretely presented component units, we audited the aggregate discretely presented financial statements of the State's universities and community colleges, exclusive of the financial statements of the component units of the State's universities and community colleges. The financial statements of the component units of the State's universities and community colleges and the financial statements of the remaining discretely presented component units, which were also not audited by us, comprised approximately 64 percent and 49 percent of the assets and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been made available to us, and our opinions, insofar as they relate to the amounts included for these entities, are based on the reports of the other auditors. We also did not audit the financial statements of the Legislature constituting less than 1 percent of assets and revenues of the general fund. The financial statements of the Legislature were audited by other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

Records of the Board of Trustees of the Internal Improvement Trust Fund did not provide adequate documentation of the ownership and valuation of a substantial portion of the balance disclosed for governmental activities, land and other nondepreciable assets, in note 5 to the financial statements. The balances for which adequate records were not provided totaled \$3.8 billion and constitute 27 percent of the amount disclosed for land and other nondepreciable assets in governmental activities and 7.5 percent of the amount reported for net capital assets in governmental activities at June 30, 2006. Absent the availability of adequate records, it was not practicable in the circumstances for us to determine whether the amount reported and disclosed for net capital assets in governmental activities is fairly presented.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had adequate documentation been provided regarding the amount reported and disclosed for net capital assets in governmental

activities, as described in the preceding paragraph, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities as of June 30, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report, dated January 31, 2007, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit. That report will be included as part of our separately issued report entitled State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards.

As discussed in Note 1 I to the financial statements, the State has implemented Governmental Accounting Standards Board Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries; Statement No. 44, Economic Condition Reporting: The Statistical Section; and Statement No. 46, Net Assets Restricted by Enabling Legislation.

The accompanying management discussion and analysis on pages 12 through 18 and the budgetary information, pension trust fund information, and information on infrastructure using the modified approach on pages 120 through 129 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information - introductory section on pages 6 through 8, combining statements and individual fund statements and schedules on pages 133 through 211, and the statistical section on pages 215 through 243, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

William O. Monroe, CPA

William O. Monre

January 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The information contained in the Management's Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the State of Florida's (the State's) financial activities and performance for the fiscal year ended June 30, 2006 (fiscal year 2005-06). Please read the MD&A in conjunction with the State's financial statements that are presented in the Financial Section of this Comprehensive Annual Financial Report (CAFR).

Overview of the Financial Statements

The State's basic financial statements are comprised of the following elements:

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the State's overall financial condition. Changes in the State's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the State's net assets changed during the fiscal year is presented in the Statement of Activities. Financial information for the State's component units is also presented.

Fund Financial Statements

Fund financial statements for governmental and proprietary funds focus on individual parts of the State, reporting the State's operations in more detail than the government-wide financial statements. Fund financial statements for fiduciary funds are also included to provide financial information related to the State's fiduciary activities.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the government-wide and fund financial statements. Refer to Note 1 to the financial statements for more information on the elements of the financial statements. Table 1 below summarizes the major features of the basic financial statements.

	Table 1:	Major Features of the Basic l	Financial Statements	
	Government-wide Financial Statements	Governmental Funds	Fund Financial Statements Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	Activities of the State that are not proprietary or fiduciary	Activities of the State that are operated similar to private businesses	Instances in which the State is the trustee or agent for someone else's resources
Required financial statements	 Statement of net assets Statement of activities	 Balance sheet Statement of revenues, expenditures, and changes in fund balances 	 Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows 	 Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long- term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long- term	All assets and liabilities, both short-term and long- term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	 Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Financial Analysis of the State as a Whole

Analysis of Condensed Statement of Net Assets

Table 2 below presents the State's Condensed Statement of Net Assets as of June 30, 2006, and 2005, derived from the government-wide Statement of Net Assets. The assets of the State exceeded its liabilities (net assets) at the close of the fiscal year by \$50.3 billion for governmental activities and by \$5.8 billion for business-type activities, for a combined total of \$56.1 billion for the primary government. The three components of net assets include invested in capital assets, net of related debt; restricted; and unrestricted. The largest component, totaling \$50.4 billion as of June 30, 2006, reflects its investment in capital assets, net of related debt. The State uses these capital assets to provide services to the citizens and businesses in the State; consequently, these net assets are not available for future spending. Restricted net assets are the next largest component, totaling \$12.6 billion as of June 30, 2006. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental activities reflect a negative unrestricted net asset balance of \$5.8 billion at June 30, 2006. This is primarily the result of education-related bonds in which the State is responsible for the debt, but the local school districts own the capital assets. Education-related bonds include State Board of Education, Capital Outlay Bonds; Public Education Capital Outlay (PECO) Bonds; and Lottery Education Bonds; which have a total ending balance at June 30, 2006, of \$11.8 billion. The State has an additional \$1.4 billion in bonded debt in which the State does not own the related capital assets, including some Road and Bridge Bonds, Pollution Control Bonds, and Preservation 2000/Florida Forever Bonds. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net assets for governmental activities would be \$7.4 billion, an increase of \$200 million from the prior year.

Business-type activities reflect a negative unrestricted net asset balance of \$1.1 billion at June 30, 2006. This negative balance and the decrease in total net assets is attributable to the losses resulting from hurricane events occurring in 2004 and 2005. Refer to the Fund Analysis of the MD&A for more information regarding the Florida Hurricane Catastrophe Fund.

Table 2: Condensed Statement of Net Assets
As of June 30
(in millions)

		nmental vities	Busine Activ	ess-type vities		Primary nment	
	2006	2005	2006	2005	2006	2005	
Current and other assets	\$ 30,660	\$ 28,227	\$ 18,309	\$ 10,881	\$ 48,969	\$ 39,108	
Capital assets	50,435	48,012	5,871	5,398	56,306	53,410	
Total assets	81,095	76,239	24,180	16,279	105,275	92,518	
Other liabilities	11,258	10,863	7,748	4,266	19,006	15,129	
Noncurrent liabilities	19,580	20,047	10,627	3,686	30,207	23,733	
Total liabilities	30,838	30,910	18,375	7,952	49,213	38,862	
Net assets:							
Invested in capital assets,							
net of related debt	46,546	43,469	3,830	3,331	50,376	46,800	
Restricted	9,556	7,911	3,078	4,685	12,634	12,596	
Unrestricted	(5,845)	(6,051)	(1,103)	311_	(6,948)	(5,740)	
Total net assets	\$ 50,257	\$ 45,329	\$ 5,805	\$ 8,327	\$ 56,062	\$ 53,656	

Analysis of Condensed Statement of Activities

Table 3 presents the State's condensed statement of activities for fiscal year 2005-06 and fiscal year 2004-05, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating. The State's total net assets (before the effects of prior period adjustments) increased during the fiscal year by \$1.8 billion. The net assets of governmental activities increased by \$4.9 billion, while the net assets of business-type activities decreased by \$3.1 billion. Refer to the Fund Analysis of the MD&A for more information regarding the decrease in business-type activities' net assets.

Note: Certain prior year amounts in Tables 3 and 5 have been restated due to changes in fund structure. Refer to Note 1H in the notes to the financial statements for more information.

Table 3: Condensed Statement of Activities
For the Fiscal Year Ended June 30

(in millions)

		nmental	Busine	Total Primary Government			
	2006	vities 2005	2006	2005	2006	2005	
Damanaa	2006	2005	2006	2005	2006	2005	
Revenues							
Program revenues Charges for services	\$ 5,934	\$ 5,235	\$ 7,638	\$ 6,606	\$ 13,572	\$ 11,841	
Operating grants and contributions	3,934 18,057	\$ 3,233 17,493	\$ 7,036 45	\$ 0,000 50	18,102	17,543	
Capital grants and contributions	1,375	1,998			1,375	1,998	
Total program revenues	25,366	24,726	7,683	6,656	33,049	31,382	
General revenues and payments	25,500	24,720	7,003	0,030	33,049	31,302	
Sales and use tax	20,729	19,056			20,729	19,056	
Other taxes	14,588	13,279			14,588	13,279	
Investment earnings (loss)	174	301	15	29	14,588	330	
Miscellaneous			(1)		(1)		
Total general revenues and			(1)		(1)		
payments	35,491	32,636	14	29	35,505	32,665	
Total revenues	60,857	57,362	7,697	6,685	68,554	64,047	
Program expenses			.,051				
General government	7,411	6,902			7,411	6,902	
Education	18,211	17,440			18,211	17,440	
Human services	19,765	19,866			19,765	19,866	
Criminal justice and corrections	3,812	3,466			3,812	3,466	
Natural resources and environment	4,285	3,298			4,285	3,298 a	
Transportation	3,308	3,148	330	321	3,638	3,469	
State courts	414	368			414	368	
Lottery			2,875	2,529	2,875	2,529	
State Board of Administration	••••	•••••	4,758	3,812	4,758	3,812 b	
	•••••	••••	4,738		4,738	c	
Prepaid College Program	•••••	••••		1 150		1 150	
Nonmajor enterprise funds			994	1,159	994	1,159	
Indirect interest on long-term debt	7	<u>20</u>	0.416	7 921	7	20	
Total program expenses Excess (deficiency) before	57,213	54,508	9,416	7,821	66,629	62,329	
gain (loss) and transfers	3,644	2,854	(1,719)	(1,136)	1,925	1,718	
Gain (loss) on sale of capital assets					(85)	,	
Transfers	(75) 1,321	1,250	(10) (1,321)	(17) (1,250)	` '	(17)	
Change in net assets	4,890	4,104	(3,050)	$\frac{(1,230)}{(2,403)}$	1,840	1,701	
Beginning net assets	45,329	41,010	8,327	10,784	53,656	51,794	
Prior period adjustments	45,529	215	528	(54)	566	161	
Ending net assets	\$ 50,257	\$ 45,329	\$ 5,805	\$ 8,327	\$ 56,062	\$ 53,656	
Ending het assets	φ 30,437	ψ 43,329	φ 3,003	φ 0,341	φ 30,002	φ 33,030	

^a Refer to Table 4 for more information.

^b Related to hurricane expenses. Refer to Fund Analysis, Proprietary Fund, State Board of Administration.

^c Refer to Note 1H to the financial statements.

Program Expenses and Revenues for Governmental Activities

Table 4 presents the net costs of governmental activities. Net program costs increased as compared to the prior year. Overall program revenues contributed 44.3 percent to program expenses, with the balance coming from general revenues, i.e., taxes. The Natural Resources and Environmental program reflected the largest percentage increase due to the receipt of federal grants for hurricane reconstruction and related expenses.

Table 4: Net Costs of Governmental Activities for the Fiscal Year Ended June 30

(in millions)

		Less			Program F	Revenues		
	Program	Program	Net Pr	ogram	as a Percentage of			
	Expenses	Revenues	Co	sts	Program Expenses			
State Programs	2006	2006	2006	2005	2006	2005		
General government	\$ 7,411	\$ 4,260	\$ 3,151	\$ 2,504	57.5%	63.7%		
Education	18,211	2,734	15,477	14,851	15.0%	14.8%		
Human services	19,765	13,268	6,497	6,520	67.1%	67.2%		
Criminal justice & corrections	3,812	416	3,396	3,112	10.9%	10.2%		
Natural resources & environment	4,285	2,641	1,644	1,435	61.6%	56.5%		
Transportation	3,308	2,024	1,284	986	61.2%	68.7%		
State courts	414	23	391	354	5.6%	3.8%		
Other	7		7	20	0.0%	0.0%		
Totals	\$ 57,213	\$ 25,366	\$31,847	\$29,782	44.3%	45.4%		

Program Revenues and Expenses for Business-type Activities

Table 5 presents the net income and costs of business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses, with the exception of the State Board of Administration. However, the State Board of Administration's expenses significantly increased due to continued requests for claim payments related to hurricane losses.

Table 5: Net Income (Costs) of Business-type Activities for the Fiscal Year Ended June 30

(in millions)

	Less Program Program Net Program Revenues Expenses Income (Costs)						as	a Perce	Expenses ntage of devenues		
State Programs	2	2006	2006		2	2006		005	20	06	2005
Transportation	\$	703	\$	330	\$	373	\$	346	40	5.9%	48.1%
Lottery		3,994		2,875		1,119		1,106	72	2.0%	69.6%
State Board of Administration		891		4,758	(3,867)	(.	3,024)	534	4.0% ^a	483.8%
Prepaid College Program		515		459		56			89	9.1% b	0.0%
Nonmajor enterprise funds ^c		1,580		994		586		407	62	2.9%	74.0%
Totals	\$	7,683	\$	9,416	\$ (1,733)	\$ (1,165)	122	2.6%	117.5%

^a Related to hurricane expenses. Refer to Fund Analysis, Proprietary Funds, State Board of Administration.

^b Refer to Note 1H to the financial statements.

^c Related to the reclassification of Unemployment Compensation to a nonmajor program in fiscal year 2005-06. Refer to Note 1H to the financial statements.

Fund Analysis

Governmental Funds

The State's governmental funds reported a combined ending fund balance of \$19.8 billion at June 30, 2006, with \$10.7 billion reported as unreserved fund balance and the remaining amount of \$9.1 billion reserved for specific purposes. Refer to Note 1 to the financial statements for an explanation of the different types of reserves. Governmental funds that experienced significant changes during fiscal year 2005-06 are as follows:

Transportation

Fund balance at June 30, 2006, totaled \$1.6 billion, an increase of \$472 million (before effects of prior period adjustments). The increase in fund balance is primarily a result of additional funding authorized by Senate Bill 360. The Department of Transportation (the Department) was granted \$1.1 billion for growth management purposes. As a result, during fiscal year 2005-06, the Department received approximately \$542 million in documentary stamp revenue and \$575 million in non-recurring general revenue. The Department has committed these funds, but not expended all of them.

Environment, Recreation, and Conservation

Fund balance at June 30, 2006, totaled \$3 billion, an increase of \$693 million (before effects of prior period adjustments). The increase in fund balance can be related to an increase in documentary stamp revenue for the year, which resulted in an increased distribution to various land trust funds.

Proprietary Funds

The State's proprietary funds reported net assets of \$6 billion, including \$5.8 billion for enterprise funds and \$220 million for internal service funds. Proprietary funds that experienced significant changes during fiscal year 2005-06, are as follows:

Lottery

Net assets at June 30, 2006, totaled \$100 million, a decrease of \$106 million. The change in net assets can be largely attributed to a decrease in fair value of grand prize investments. These investments are held to maturity as payment to prize winners

State Board of Administration

The Florida Hurricane Catastrophe Fund (CAT Fund) had a deficit net asset balance at June 30, 2006, of approximately \$1.5 billion, primarily from hurricane-related expenses of approximately \$4.7 billion. Although the hurricane events occurred in 2004 and 2005, related requests for claim payments continued throughout fiscal year 2005-06. Of the \$4.7 billion expenses incurred, approximately \$2.2 billion was payable at June 30, 2006. In response to those events, the CAT Fund issued revenue bonds for approximately \$1.3 billion prior to the end of the fiscal year. These bond proceeds, along with other available funds and expected investment earnings, should provide sufficient funds to cover remaining losses from these hurricane events. Reimbursement premiums and statutory emergency assessments to insurers and those insured is the process by which funds will be made available to reduce, and ultimately eliminate, the deficit.

Budget Variances in the General Fund

Budgeted expenditures are based on revenues as estimated by the Revenue Estimating Conference and other available resources. Original expenditures are budgeted for less than total expected available resources. There were no significant variances between the original and final budget amounts or between final budget amounts and actual budget results for the General Fund. Variances between the original and final budget or between the final budgeted and actual amounts are not expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the Budgetary Comparison Schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2006, the State reported \$50 billion in net capital assets for governmental activities and \$5.9 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2004-05 to fiscal year 2005-06 by approximately five percent. The increase was primarily due to the capitalization of construction costs related to infrastructure projects. Capitalized infrastructure projects provide additions to and/or enhancements of roadways and bridges on the State's highway system. During the period, infrastructure construction costs of \$2.03 billion were capitalized as construction work in progress and \$1.38 billion was reclassified from construction work in

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progress to infrastructure for completed projects. There were no significant variances in construction commitments. Refer to Note 5 to the financial statements for more information on capital assets and Note 7 to the financial statements for more information on construction commitments.

Long-term Debt Activity

Section 11 of Article VII of the State Constitution authorizes the State to issue general obligation bonds or revenue bonds to finance or refinance fixed capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the State and payable from proceeds of various taxes. Revenue bonds are payable from funds that receive legally restricted revenues. The Division of Bond Finance of the State Board of Administration has the responsibility to issue all state bonds. The State maintained high bond ratings from Moody's Investors Service (Aa1), Standard and Poor's Corporation (AAA), and Fitch, Inc. (AA+) on all State general obligation bonds.

The *State of Florida 2006 Debt Affordability Report*, prepared by the Division of Bond Finance, showed an improvement in the State's benchmark debt ratio of debt service to revenue for net tax-supported debt from 5.36 percent for fiscal year 2004-05, to 5.10 percent for fiscal year 2005-06. The improvement in ratio is due to higher than expected revenues and favorable interest rates during the period. To obtain a copy of this report, contact the Division of Bond Finance, 1801 Hermitage Blvd., Suite 200, Tallahassee, Florida 32308, (850) 488-4782.

Refer to Notes 8, 9, and 10 to the financial statements and the Statistical Section of the CAFR for more information on the State's long-term debt and other liabilities.

Infrastructure

The State elected to use the modified approach to account for roadways and bridges of the State Highway System. Under this approach, the Florida Department of Transportation (FDOT) committed to maintain these assets at levels established by FDOT and approved by the Florida Legislature. No depreciation expense is reported for these assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. FDOT maintains an inventory of these assets and performs periodic assessments to establish that predetermined condition levels are being maintained. The condition assessments performed during fiscal year 2005-06 show that the roadways and bridges of the State Highway System are being maintained at or near FDOT standards. These condition assessments were consistent with condition assessments conducted during the last two years. In addition, FDOT makes annual estimates of the amounts that must be expended to maintain the roadways and bridges included on the State Highway System at the predetermined condition levels. These estimates are based on the FDOT five-year plan that is changed as projects are added, deleted, adjusted, or postponed. The difference between estimated and actual expenditures can be primarily attributed to an increase in the cost of resources for resurfacing projects.

Refer to the Other Required Supplementary Information of the CAFR for information on FDOT's established condition standards, recent condition assessments, and other information on infrastructure reported on the modified approach.

Economic Condition and Outlook

Florida's economy grew 7.5 percent in fiscal year 2005-06, still a strong growth rate considering the slowdown in the housing market. Although the economy was slightly slower than a year ago, it still outperformed the U.S. economy as a whole. This strength can be attributed to favorable natural, economic, and tax environments, and increasing demand for goods and services fueled by a rapidly growing population. Florida remains top ranked in the nation in total job growth and generated the fastest job growth rate among the ten most populous states. Florida's non-farm employment grew 3.8 percent in fiscal year 2005-06, adding 293,700 jobs. With the current slowdown in the housing market, Florida's economy is projected to slow even further in fiscal year 2006-07.

Increases in jobs were led by gains in professional and business services, construction, educational and health services, leisure and hospitality, wholesale and retail trade, financial services, and government. Sixty-three percent of the job increase in fiscal year 2005-06 came from professional and business services, construction, retail trade, and education and health services. With a slower economy in fiscal year 2006-07, non-farm employment is anticipated to add 186,500 jobs, lower than the previous year's job increase. Wages and salaries are anticipated to rise 7.5 percent. The unemployment rate is expected to be 3.4 percent for fiscal year 2006-07.

Population growth (2.35 percent in fiscal year 2005-06) continues to be a major driver of economic activity in Florida. The State's population is expected to grow by 409,000 in fiscal year 2006-07. Over the next ten years, population is estimated to

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increase by 3.45 million. The projected growth in population will continue to fuel the State's economic expansion as the demand for housing, durable and non-durable goods and other services continues to increase.

Florida was battered by four major hurricanes in 2004 and 2005 which brought destruction to thousands of homes and businesses. Reconstruction activities that began in 2004 were extended through 2006. New home construction increased in fiscal year 2005-06 as the housing market peaked, adding 271,300 homes. Since then, the housing market has softened which is expected to continue through fiscal year 2006-2007. Approximately 174,000 new homes are expected to be added in fiscal year 2006-07, a 36 percent drop from a year ago. After a dramatic rise in housing and home prices fueled by speculative buying, creative financing, and low interest rates, the housing market is currently going through a period of correction. This entails disposing of excess inventories of homes and downward adjustment of home prices. Construction is expected to slow as a result of the housing downturn. Total construction employment, which added 53,900 jobs in fiscal year 2005-06, is expected to lose 8,200 jobs in fiscal year 2006-07.

Florida's economy should improve as the housing market downturn eases by the third quarter of 2007. With the strength of its labor market, rising personal income, and a growing population fueling the demand for goods and services, Florida's economy is expected to continue to expand steadily in the long-run. Long-term growth is projected to be high as Florida's economic fundamentals remain strong and provide stimulus for sustained future growth.

Contact the State's Financial Management

Questions about this report or requests for additional financial information may be addressed to:

Department of Financial Services Bureau of Accounting Statewide Financial Reporting Section 200 East Gaines Street Tallahassee, Florida 32399-0354 (850) 413-5511

FINANCIAL SECTION:

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS JUNE 30, 2006 (in thousands)

			Prima	ary Government				
	Go	vernmental]	Business-type			(Component
		Activities		Activities		Totals		Units
ASSETS								
Cash and cash equivalents	\$	114,020	\$	35,531	\$	149,551	\$	1,270,468
Pooled investments with State Treasury		21,212,224		3,315,408		24,527,632		1,587,501
Other investments		3,371,444		8,972,408		12,343,852		7,220,827
Receivables, net		3,460,776		2,106,171		5,566,947		1,479,855
Internal balances		376,577		(376,577)				
Due from component units/primary		4,592		1,096		5,688		1,393,993
Inventories		76,461		1,443		77,904		36,210
Restricted cash and cash equivalents				56		56		213,780
Restricted pooled investments with State Treasury				146,653		146,653		183,216
Restricted investments				2,958,871		2,958,871		3,423,552
Loans and notes receivable		2,023,685		1,099,060		3,122,745		2,884,907
Other assets		20,010		48,541		68,551		485,123
Capital assets, net		50,435,385		5,871,356		56,306,741		14,491,630
Total assets		81,095,174		24,180,017		105,275,191		34,671,062
LIABILITIES								
Accounts payable and accrued liabilities		3,205,200		2,373,499		5,578,699		3,282,176
Due to component units/primary		41,013		280		41,293		317,163
Deferred revenue								1,353,137
Obligations under security lending agreements		4,592,170		4,544,174		9,136,344		
Obligations under reverse repurchase agreements		1,871,157		88,068		1,959,225		
Long-term liabilities								
Due within one year		1,548,505		741,595		2,290,100		630,198
Due in more than one year		19,580,326		10,627,248		30,207,574		8,849,034
Total liabilities		30,838,371		18,374,864		49,213,235		14,431,708
NET ASSETS								_
		46.546.117		2 920 702		50 275 000		11.075.264
Invested in capital assets, net of related debt Restricted for:		46,546,117		3,829,792		50,375,909		11,975,364
		2.074.902				2.074.902		
Environment, Recreation and Conservation		2,974,802		•••••		2,974,802		•••••
Health and Family Services		800,337		•••••		800,337		•••••
Transportation		1,624,834		•••••		1,624,834		•••••
Nonmajor Governmental funds		2,056,047		•••••		2,056,047		•••••
Debt Service		75,671		•••••		75,671		28,916
Lottery				98,472		98,472		
Prepaid College Program				583,816		583,816		
Unemployment compensation				2,185,249		2,185,249		
Nonmajor Enterprise Funds				211,257		211,257		
Other								2,921,994
Funds held for permanent endowment								,- ,
Expendable								1,612,667
Nonexpendable		2,023,738		•••••		2,023,738		2,289,449
Unrestricted (Notes 8 and 18)		(5,844,743)		(1,103,433)		(6,948,176)		1,410,964
Total net assets	\$	50,256,803	\$	5,805,153	\$	56,061,956	\$	20,239,354
1 otal fiet assets	Ψ	50,250,005	Ψ	3,003,133	Ψ	50,001,750	Ψ	20,237,334

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

			Program Revenues	3	
			Operating	Capital	Net
T		Charges for	Grants and	Grants and	(Expense)
Functions/Programs Pulmony government	Expenses	Services	Contributions	Contributions	Revenue
Primary government Governmental activities:					
General government	\$ 7,410,799	\$ 3,485,512	\$ 773,637	\$ 1,117	\$ (3,150,533)
Education	18,210,639	211,352	2,522,221	ψ 1,11 <i>1</i>	(15,477,066)
Human services	19,765,378	954,495	12,313,518	298	(6,497,067)
Criminal justice and corrections	3,811,677	267,248	145,746	2,584	(3,396,099)
Natural resources and environment	4,284,896	346,037	2,268,420	26,867	(1,643,572)
Transportation	3,308,209	651,776	33,034	1,338,964	(1,284,435)
State courts	414,044	17,187	881	4,781	(391,195)
Indirect interest on long-term debt	7,062				(7,062)
Total governmental activities	57,212,704	5,933,607	18,057,457	1,374,611	(31,847,029)
Business-type activities:					
Transportation	329,966	698,409	3,800	307	372,550
Lottery	2,874,533	3,993,788	······		1,119,255
State Board of Administration	4,758,156	891,506			(3,866,650)
Prepaid College Program	459,404	502,579	13,090		56,265
Nonmajor enterprise funds	994,182	1,552,136	28,324		586,278
Total business-type activities	9,416,241	7,638,418	45,214	307	(1,732,302)
Total primary government	\$ 66,628,945	\$ 13,572,025	\$ 18,102,671	\$ 1,374,918	\$ (33,579,331)
Component units					
Florida Housing Finance Corporation	\$ 381,781	\$ 224,692	\$	\$ 597,409	\$ 440,320
South Florida Water Management District	417,298	9,495	93,012	208,558	(106,233)
University of Florida	3,940,193	2,238,657	886,776	111,724	(703,036)
Florida State University	882,785	252,386	286,622	36,963	(306,814)
University of South Florida	1,186,146	377,281	451,534	47,603	(309,728)
Citizens Property Insurance Corporation	3,084,054	1,055,746			(2,028,308)
Nonmajor component units	5,484,073	1,353,571	1,451,563	779,434	(1,899,505)
Total component units	\$ 15,376,330	\$ 5,511,828	\$ 3,169,507	\$ 1,781,691	\$ (4,913,304)
			Primary Governmen	nt	
		Governmental Activities	Business-type Activities	Total	Component Units
Net (expense) revenue		\$ (31,847,029)	\$ (1,732,302)	\$ (33,579,331)	\$ (4,913,304)
General revenues:		\$ (31,047,027)	Φ (1,732,302)	φ (33,377,331)	Φ (4,713,304)
Taxes					
Sales and use tax		20,729,364		20,729,364	
Fuel taxes		2,591,946		2,591,946	
Corporate income tax		2,363,056		2,363,056	
Documentary stamp tax		4,051,479		4,051,479	
Intangible personal property tax		1,104,008		1,104,008	
Communications service tax		1,433,092		1,433,092	
Beverage and tobacco taxes		1,102,408		1,102,408	
Insurance premium tax		879,079		879,079	
Gross receipts utilities tax		585,520		585,520	
Property taxes					656,110
Other taxes		477,156		477,156	
Investment earning (loss)		174,039	15,877	189,916	577,023
Gain (loss) on sale of capital assets		(75,501)	(10,341)	(85,842)	(7,408)
Payments from the State of Florida					3,169,959
Miscellaneous			(808)	(808)	1,180,392
Transfers		1,321,420	(1,321,420)		7,707
Contributions to permanent funds					138,321
Total general revenues, transfers and contribut		0 4 5 5 5 5 5		35,420,374	5,722,104
	ons	36,737,066	(1,316,692)		
Changes in net assets	ions	4,890,037	(3,048,994)	1,841,043	808,800
Changes in net assets Net assets - beginning		4,890,037 45,328,534	(3,048,994) 8,326,592	1,841,043 53,655,126	808,800 19,434,254
Changes in net assets		4,890,037	(3,048,994)	1,841,043	808,800

The notes to the financial statements are an integral part of this statement.

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

GENERAL FUND

This fund is the State's primary operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

ENVIRONMENT, RECREATION AND CONSERVATION

This fund accounts for operations of various programs, such as air pollution control, water quality assurance, ecosystem management, and marine resources conservation.

HEALTH AND FAMILY SERVICES

This fund includes internal reporting funds used to operate various health and family service-related programs, such as health care, elder affairs, and child support.

TRANSPORTATION

This fund includes the internal reporting special revenue funds used to account for the administration of the maintenance and development of the State highway system and other transportation-related projects.

Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, beginning on page 133.

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2006 (in thousands)

(in thousands)			D.	nvironment,						
				Recreation	Healt	h and			N	Vonmajor
	Gen	eral	_	and		nily				vernmental
	Fu	nd	C	onservation	Serv	vices	Tra	insportation		Funds
ASSETS										
Current assets										
Cash and cash equivalents	\$	19,439	\$	1,297	\$ 1	4,927	\$	2,919	\$	62,758
Pooled investments with State Treasury	11,1	02,470		2,926,335	99	0,054		1,912,627		4,080,796
Investments		61,113				79				875,761
Receivables, net		51,995		130,893		4,455		231,601		501,349
Due from other funds	1	82,619		35,289	7	8,094		194,191		269,984
Due from component units/primary		3,038		1,512				14.120		
Inventories Other		19,040		1,153	3	3,609		14,139 776		8,419 693
Total current assets	12.0	958 40,672		3,096,479	2 16	1,218		2,356,253		5,799,760
	12,7	40,072		3,070,477	2,10	71,210		2,330,233		3,777,700
Noncurrent assets										2 205 711
Long-term investments Advances to other funds		2,712		•••••		326		 187,396		2,295,711
Other loans and notes receivable, net		65,974		718,818	2	21,684		594,309		622,900
Other				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_			7,112		9,971
Total noncurrent assets		68,686		718,818	2	2,010		788,817		2,928,582
Total assets	\$ 13.0	09,358	\$	3,815,297	\$ 2,18	3.228	\$	3,145,070	\$	8,728,342
LIABILITIES AND FUND BALANCES		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		- , ,	. , -	-, -		-	<u> </u>	-,-
Current liabilities Accounts payable and accrued liabilities	\$ 8	87,376	\$	41 170	\$ 96	59,297	\$	402 104	\$	400 642
Due to other funds		97,614	Ф	41,179 35,680		6,179	Ф	402,104 50,313	Ф	409,642 245,321
Due to component units/primary		22,958		10,620		6,507				926
Compensated absences		11,145		927		1,572		5,567		852
Claims payable		20,211								60,307
Deposits		264		2,371		1,977		129,862		8,839
Deferred revenues		15,704		1,575	14	7,103		14,011		6,198
Obligations under security lending agreements		98,104		505,703		0,568		278,852		1,147,558
Obligations under reverse repurchase agreements	_	05,419		234,626		4,182		129,376		272,992
Total current liabilities	4,9	58,795		832,681	1,20	7,385		1,010,085		2,152,635
Noncurrent liabilities										
Advances from other funds		600		3,345						358,885
Deposits Deformed revenues		•••••		201		2,735		175,488		3,734
Deferred revenues Total noncurrent liabilities				281 3.626		8,642		337,387		15,693
		600		- ,		1,377		512,875		378,312
Total liabilities	4,9	59,395		836,307	1,25	8,762		1,522,960		2,530,947
Fund balances										
Reserved for encumbrances		51,988		193		7,241		1,007,585		199,773
Reserved for inventories		19,040		1,153	3	3,609		14,139		8,418
Reserved for advances		2,712		710 527		326		187,396		 610 166
Reserved for long-term receivables Reserved for capital outlay		65,974 43,947		718,537 1,120,085	1	 9,111		249,246		619,166 1,154,831
Reserved for debt service	2				1					75,671
Reserved for permanent trust										2,023,738
Reserved for Budget Stabilization Fund	1,0	92,081								
Other reserved	,-	2,031		73,292	4	0,274		7,112		37,410
Unreserved, reported in:										
General fund	6,5	72,190								•••••
Special revenue funds				1,065,730	82	3,905		156,632		2,046,960
Capital projects funds		•••••				•••••		•••••		28,779
Permanent fund	-	•••••		•••••		•••••		•••••		2,649
Total fund balances	8,0	49,963		2,978,990	92	4,466		1,622,110		6,197,395
Total liabilities and fund balances	\$ 13,0	09,358	\$	3,815,297	\$ 2,18	3,228	\$	3,145,070	\$	8,728,342

The notes to the financial statements are an integral part of this statement.

Totals 6/30/06
\$ 101,340 21,012,282 1,036,953 3,360,293 760,177 4,550 76,360 2,427 26,354,382
2,295,711 190,434 2,023,685 17,083 4,526,913 \$ 30,881,295
\$ 2,709,598 565,107 41,011 20,063 80,518 143,313 184,591 4,560,785 1,856,595
362,830 211,957 372,003 946,790 11,108,371
1,266,780 76,359 190,434 1,652,923 2,537,974 75,671 2,023,738 1,092,081 160,119
6,572,190 4,093,227 28,779 2,649 19,772,924 \$ 30,881,295

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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2006

(in thousands)

Net assets of governmental activities

Total fund balances for governmental funds		\$ 19,772,924
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities reported in governmental funds are not financial resources and therefore are not reported in the funds.		
Land and other nondepreciable assets Nondepreciable infrastructure Buildings, equipment and other depreciable assets Accumulated depreciation Construction work in progress	14,070,071 26,606,632 5,273,095 (2,688,065) 6,514,534	49,776,267
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences Installment purchases/capital leases Claims payable Due to other governments Bonds payable Other	(801,022) (138,214) (2,203,939) (1,598) (16,799,100) (85,538)	(20,029,411)
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Assets.		(39,744)
Assets (receivables) not available to provide current resources are offset with deferred revenues (liability) in the fund statements. The reduction of the liability and recognition of revenue increases net assets in the Statement of Net Assets.		556,594
Internal service funds are used to report activities that provide goods and services to other funds or agencies within the State. Therefore, the excess of assets over liabilities of the internal service funds are included as governmental activities on the Statement of Net Assets.		220,173

\$ 50,256,803

2006 STATE OF FLORIDA CAFR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

Rever Sure Sure Sure Sure Sure Sure Sure Su	(in thousands)	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
Licenses and permits 126.645 45.471 20.518 11.104 1.115.182 Fees and charges 714,445 146,643 887,531 453.083 399,732 Grants and donations 15.674 153.978 12.38,317 1.685.956 5,313,396 Investment earnings 96,793 43.482 5.455 14,038 295,437 Fines, forfeits, settlements and judgments 64.457 15.493 38,665 19,032 667,222 Other revenue 32,233,584 726,359 13.697,919 4.458,296 9,506,715 Total revenues 32,233,584 726,359 13.697,919 4.458,296 9,506,715 EXPENDITURES 2 2 31.697,919 4.458,296 9,506,715 Curent 2 2 2 15,666 2445,414 24 2445,414 24 2445,414 24 2445,414 24 240,614 24 245,662 2445,414 24 245,662 24 241,514 243,145,144 240,204 3.188,157 25 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Fees and charges 714,445 146,643 887,531 453,083 993,732 Grants and donations 15,674 153,978 12,398,317 1,685,966 5,313,396 Investment earnings 96,793 43,482 5,455 14,038 295,437 Fines, forfeits, settlements and judgments 64,457 15,493 38,665 19,032 667,222 Other revenue 32,233,584 726,359 13,697,919 4,458,296 9,506,715 EXPENDITURES Current 6 4,524,019 20,315 177,476 261,698 2,445,414 Education 12,787,235 4,856,662 Human services 5,412,063 13,974,798 368,154 Criminal justice and corrections 1,818,0109 4,938,88 Natural resources and environment 561,366 1,204,298 28,708 22,35,704 Transportation 1,5677 25		+,,	. ,	, -	, , , , ,	, ,,
Grants and donations Investment earnings 15.674 15.39.78 12.398,317 1.685,956 5.313.396 Investment earnings 96,793 43,482 5,455 14,038 295,437 Citner, forfeits, settlements and judgments 64,457 15,493 38,665 19,032 667,222 Other revenue 5,947 17 4,838 7,079 Total revenues 32,233,584 726,359 13,697,919 4,458,296 9,506,715 EXPENDITURES Current 4 524,019 20,315 177,476 261,698 2,445,414 Education 12,787,235 4856,662 Criminal justice and corrections 3,180,109 493,858 Natural resources and environment 561,366 1,204,298 28,708 2235,704 Transportation 3,188,577 25 State courts 15,677	-	,		,	,	, ,
Investment earnings 96,793 43.482 5.455 14,038 295,437 Fines, forfeits, settlements and judgments 64,457 15,493 38,665 19,032 667,222 Other revenue 5,947 n. 17 4,838 7,079 Total revenues 32,233,584 726,359 13,697,919 4,458,296 9,506,715 EXPENDITURES Current 8 4,524,019 20,315 177,476 261,698 2,445,414 Education 12,787,235 n. n. 4,856,662 Human services 5,412,063 13,974,798 368,154 Criminal justice and corrections 3,180,109 n. n. 493,858 Natural resources and environment 561,366 1,204,298 28,708 n. 2,235,704 Transportation n. 3,188,577 25 318,600 31,88,577 25 State courts 397,116 n. 18,000 437,385 15,677 25 34 2,00 33,368	S	,	,		,	,
Fines, forfeits, setllements and judgments 64,457 b.947 15,493 b.93 38,665 b.910,032 b.97.07 667,222 b.97.07 Other revenue 32,335.84 726,359 b.96,715 4,838 b.97.07 7,079 EXPENDITURES Current: General government 4,524,019 b.97.235 Low contains a series of contain						
Other revenue 5.947			,	,	,	,
Current:	* *		*			
Current: Current 4,524,019 20,315 177,476 261,698 2,445,414 General government 4,524,019 20,315 177,476 261,698 2,445,646 Human services 5,412,063	Total revenues	32,233,584	726,359	13,697,919	4,458,296	9,506,715
General government 4,524,019 20,315 177,476 261,698 2,445,414 Education 12,787,235	EXPENDITURES					
Education 12,787,235 4,856,662 Human services 5,412,063 13,974,798 368,154 Criminal justice and corrections 3,180,109 493,858 Natural resources and environment 561,366 1,204,298 28,708 2,235,704 Transportation 3,188,577 25 State courts 397,116 15,677 Capital outlay 116,012 166,608 18,356 1,900,800 437,385 Debt service: 1,773 728,820 Interest and fiscal charges 5,238 1,773 728,820 Interest and fiscal charges 5,229 4 2,099 833,368 Total expenditures 26,984,180 1,391,221 14,201,115 5,353,174 12,415,067 Excess (deficiency) of revenues over expenditures 5,249,404 (664,862)	Current:					
Human services 5,412,063	General government	4,524,019	20,315	177,476	261,698	2,445,414
Criminal justice and corrections 3,180,109 493,858 Natural resources and environment 561,366 1,204,298 28,708 2,235,704 Transportation 3,188,577 25 State courts 15,677 Capital outlay						, ,
Natural resources and environment 561,366 1,204,298 28,708			•••••	13,974,798	•••••	
Transportation	3					
State courts 397,116 15,677 Capital outlay 116,012 166,608 18,356 1,900,800 437,385 Debt service: Principal retirement 5,738 1,773 728,820 Interest and fiscal charges 522 4 2,099 833,368 Total expenditures 26,984,180 1,391,221 14,201,115 5,353,174 12,415,067 Excess (deficiency) of revenues over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909		*	1,204,298			, ,
Capital outlay 116,012 166,608 18,356 1,900,800 437,385 Debt service: Principal retirement 5,738 1,773 728,820 Interest and fiscal charges 522 4 2,099 833,368 Total expenditures 26,984,180 1,391,221 14,201,115 5,353,174 12,415,067 Excess (deficiency) of revenues over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 651,234 Proceeds of refunding bonds 426,107 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 (426,107) Payments to refunded bond agent	•				, , , , , , , , , , , , , , , , , , ,	
Debt service: Principal retirement 5,738						
Principal retirement 5,738 1,773 728,820 Interest and fiscal charges 522 4 2,099 833,368 Total expenditures 26,984,180 1,391,221 14,201,115 5,353,174 12,415,067 Excess (deficiency) of revenues over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) 1,626 499,408 651,234 Proceeds of bond issues 1,626 499,408 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 </td <td>1</td> <td>110,012</td> <td>100,008</td> <td>10,550</td> <td>1,900,800</td> <td>437,363</td>	1	110,012	100,008	10,550	1,900,800	437,363
Interest and fiscal charges 522 4 2,099 833,368 Total expenditures 26,984,180 1,391,221 14,201,115 5,353,174 12,415,067 Excess (deficiency) of revenues over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) 700		5 738		1 773		728 820
Total expenditures 26,984,180 1,391,221 14,201,115 5,353,174 12,415,067 Excess (deficiency) of revenues over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning		,		,		,
over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated	•			14,201,115		
over expenditures 5,249,404 (664,862) (503,196) (894,878) (2,908,352) OTHER FINANCING SOURCES (USES) Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated	Excess (deficiency) of revenues					
Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 <td></td> <td>5,249,404</td> <td>(664,862)</td> <td>(503,196)</td> <td>(894,878)</td> <td>(2,908,352)</td>		5,249,404	(664,862)	(503,196)	(894,878)	(2,908,352)
Proceeds of bond issues 1,626 499,408 651,234 Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 <td>OTHER FINANCING SOURCES (USES)</td> <td></td> <td></td> <td></td> <td></td> <td></td>	OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds 426,107 Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424		1.626	499.408			651.234
Operating transfers in 480,331 1,526,662 954,437 2,119,287 5,821,199 Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424		· ·	*			
Operating transfers out (4,726,165) (668,424) (516,419) (752,304) (2,896,608) Proceeds of financing agreements 11,909 344 11,498 Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424						,
Payments to refunded bond agent (426,107) Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances to increase (decrease) beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424		(4,726,165)	(668,424)	(516,419)		(2,896,608)
Total other financing sources (uses) (4,232,299) 1,357,646 438,362 1,366,983 3,587,323 Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424	Proceeds of financing agreements	11,909		344		11,498
Net change in fund balances 1,017,105 692,784 (64,834) 472,105 678,971 Fund balances - beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424	Payments to refunded bond agent					(426,107)
Fund balances - beginning Adjustments to increase (decrease) beginning fund balances 6,851,119 2,251,566 949,026 1,017,620 5,840,614 Fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424	Total other financing sources (uses)	(4,232,299)	1,357,646	438,362	1,366,983	3,587,323
Adjustments to increase (decrease) beginning fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424	Net change in fund balances	1,017,105	692,784	(64,834)	472,105	678,971
fund balances 181,739 34,640 40,274 132,385 (322,190) Fund balances - beginning, as restated 7,032,858 2,286,206 989,300 1,150,005 5,518,424		6,851,119	2,251,566	949,026	1,017,620	5,840,614
		181,739	34,640	40,274	132,385	(322,190)
Fund balances - ending \$ 8,049,963 \$ 2,978,990 \$ 924,466 \$ 1,622,110 \$ 6,197,395	Fund balances - beginning, as restated	7,032,858	2,286,206	989,300	1,150,005	5,518,424
	Fund balances - ending	\$ 8,049,963	\$ 2,978,990	\$ 924,466	\$ 1,622,110	\$ 6,197,395

The notes to the financial statements are an integral part of this statement.

Totals		
6/30/06		
\$ 35,317,243 1,318,920 3,141,434 19,567,321 455,205 804,869 17,881		
60,622,873		
7,428,922 17,643,897 19,755,015 3,673,967 4,030,076 3,188,602 412,793 2,639,161		
736,331 835,993		
60,344,757		
278,116		
1,152,268 426,107 10,901,916 (9,559,920) 23,751 (426,107)		
2,518,015		
2,796,131 16,909,945		
66,848		
16,976,793		
\$ 19,772,924		

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

Net change in fund balance - total governmental funds		\$ 2,796,131
Internal service funds are used by management to charge the costs of goods or services to other funds and agencies within the State. Therefore net revenue (expense) of the internal service funds is reported with governmental activities.	e, the	22,159
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded deprecian the current period.		
Capital outlay expenditures Depreciation expense	2,700,496 (276,672)	2,423,824
In the Statement of Activities, the gain or (loss) on the sale of assets is repured whereas in the governmental funds only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change fund balances by the cost of the assets sold.	ase	(75,500)
In the Statement of Activities, some revenues are recognized that do not provide current financial resources and are not recognized as revenues in governmental funds until available, i.e., deferred revenues.	the	108,267
Some expenses reported in the Statement of Activities do not require the u of current financial resources and, therefore, are not reported as expenditure in governmental funds.		
Increase in compensated absences Decrease in accrued interest Decrease in claims payable Increase in arbitrage liability Decrease in due to other governments Increase in other liabilities	(75,221) 361 75,285 (63) 15,830 (12,681)	
		3,511
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Al governmental funds report the effect of premiums, discounts, and deferre amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.	so,	
Bond proceeds Refunding bond proceeds Financing agreement proceeds Repayment of bonds Repayment of capital leases/installment purchase contracts Payment to refunded bond escrow agent Amortization of bond premium Amortization of deferred amount on refunding Accrued interest payable at refunding	(1,152,268) (426,107) (23,751) 711,241 25,090 426,107 74,224 (10,786) (7,983)	
Non-defeased bond escrow proceeds	(4,122)	 (388,355)
Change in net assets of governmental activities		\$ 4,890,037

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PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

TRANSPORTATION

This fund includes the internal reporting enterprise funds that primarily account for operations of the Florida Turnpike.

LOTTERY

This fund accounts for lottery operations in the State, which include sale of lottery tickets, payment of lottery prizes, and transfers to the Education Enhancement Trust Fund.

STATE BOARD OF ADMINISTRATION

This blended component unit includes the internal reporting enterprise funds, which primarily account for investments for the Florida Hurricane Catastrophe Fund, created to help cover insurers' losses in the event of a hurricane disaster.

PREPAID COLLEGE PROGRAM

This fund, administered by the State Board of Administration, is used to account for payments from purchasers of the Florida Prepaid College Program. This program was created to provide a medium through which the cost of State post-secondary education may be paid in advance of enrollment at a rate lower than the projected corresponding costs at the time of enrollment.

Nonmajor Funds

Nonmajor enterprise funds are presented on page 177.

Internal Service Funds

Internal service funds are presented on page 183.

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2006 (in thousands)

(in thousands)	Transportation Lottery		State Board of Administration	Prepaid College Program	
ASSETS	<u> </u>				
<u>Current assets</u>	4 45 005				
Cash and cash equivalents	\$ 17,087	\$ 386	\$ 13,826	\$ 1,426	
Pooled investments with State Treasury	535,392	201,245	704 127	2 902 000	
Investments Receivables, net	4,003	29,305	794,127 1,396,905	2,803,900 336,503	
Due from other funds	4,003		4,488	·	
Due from component units/primary					
Inventories		1,437			
Other	143	2,552	27,045		
Total current assets	556,625	234,925	2,236,391	3,141,829	
Noncurrent assets					
Restricted cash and cash equivalents	56				
Restricted pooled investments with State Treasury	135,466	11,187			
Restricted investments	92,157	2,866,714			
Long-term investments			56,987	5,317,394	
Advances to other funds	500				
Other loans and notes receivable, net				1,099,060	
Capital assets					
Land and other nondepreciable assets	829,636				
Nondepreciable infrastructure	4,313,983				
Buildings, equipment, and other depreciable assets	291,443	18,392	14,424	62	
Accumulated depreciation	(141,537)	(17,148)	(8,434)	(58)	
Construction work in progress	564,575		80		
Other	11,859		6,911		
Total noncurrent assets	6,098,138	2,879,145	69,968	6,416,458	
Total assets	6,654,763	3,114,070	2,306,359	9,558,287	
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	36,993	18,160	2,177,008	103,861	
Accrued prize liability		304,465			
Due to other funds	89,124	93,839	294		
Due to component units/primary					
Compensated absences		886	740	41	
Installment purchases/capital leases	•••••				
Bonds payable		•••••	•••••		
Bonds payable from restricted assets	66,840				
Deposits	1,271	1 460 767	122.701	2.706.405	
Obligations under security lending agreements	118,275	1,462,767	132,791	2,796,405	
Obligations under reverse repurchase agreements Certificates of participation payable	54,875	17,448	•••••		
Tuition and housing benefits payable	•••••	•••••	•••••	347,751	
Total current liabilities	367,378	1,897,565	2,310,833	3,248,058	
		1,097,303	2,310,633	3,240,036	
Noncurrent liabilities	102.107				
Advances from other funds	183,196	1 112 006	•••••		
Accrued prize liability	1 020 742	1,113,806	1 407 265		
Bonds payable Contificates of participation payable	1,928,742	•••••	1,407,365		
Certificates of participation payable Installment purchases/capital leases	•••••	•••••	•••••		
Deposits	•••••	•••••	•••••		
Compensated absences		2,983	2,562	 177	
Tuition and housing benefits payable		2,703	2,302	5,726,232	
Total noncurrent liabilities	2,111,938	1,116,789	1,409,927	5,726,409	
Total liabilities	2,479,316	3,014,354	3,720,760	8,974,467	
NET ASSETS					
Invested in capital assets, net of related debt	3,816,537	1,244	6,070	4	
Restricted for unemployment compensation			•••••		
Restricted for lottery	•••••	98,472	•••••		
Restricted for Prepaid College Program				583,816	
Restricted - other	211,257		(1.420.471)		
Unrestricted	147,653		(1,420,471)		
Total net assets	\$ 4,175,447	\$ 99,716	\$ (1,414,401)	\$ 583,820	

The notes to the financial statements are an integral part of this statement.

Nonmajor Enterprise Funds	Totals 6/30/06	Internal Service Funds
¢ 2.906	¢ 25.521	¢ 12.690
\$ 2,806 2,578,771	\$ 35,531 3,315,408	\$ 12,680 199,942
2,370,771	3,598,027	38,780
335,056	2,101,772	10,144
3,103	7,591	28,695
1,096	1,096	42
6	1,443	101
31	29,771	
2,920,869	9,090,639	290,384
, , , , , , , , , , , , , , , , , , , ,	. , ,	
	56	
	146,653	
	2,958,871	•••••
	5,374,381	
	500	
	1,099,060	
	829,636	331
	4,313,983	
16,155	340,476	875,006
(10,217)	(177,394)	(289,250)
•••••	564,655	73,031
	18,770	
5,938	15,469,647	659,118
2,926,807	24,560,286	949,502
37,424	2,373,446	34,313
	304,465	
13,869	197,126	3,195
280	280	2
2,837	4,504	2,927
•••••	•••••	667
•••••		14,490
 16,764	66,840	2 997
33,936	18,035 4,544,174	3,887 31,385
15,745	88,068	14,562
·	•	14,240
•••••	347,751	14,240
120,855	7,944,689	119,668
120,000	7,5,005	117,000
	183,196	2,803
•••••	1,113,806	2,003
•••••	3,336,107	325,576
		264,988
		4,934
433,913	433,913	
11,468	17,190	11,360
	5,726,232	
445,381	10,810,444	609,661
566,236	18,755,133	729,329
· · · · · · · · · · · · · · · · · · ·	. ,	, , , , , , , , , , , , , , , , , , ,
5,937	3,829,792	158,621
2,185,249	2,185,249	
2,103,219	98,472	
	583,816	
	211,257	
169,385	(1,103,433)	61,552
\$ 2,360,571	\$ 5,805,153	\$ 220,173
		·

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	Tra	ansportation	Lottery	tate Board of Iministration	oaid College Program
OPERATING REVENUES Sales - nonstate Fees Sales - state	\$	5,270 678,108 	\$ 3,935,724	\$ 740,720 110 17,688	\$ 585,775 5,053
Rents and royalties - nonstate Rents - state Fines, forfeits, settlements and judgments		10,171 1,127	367 224	2 	
Total operating revenues		694,676	3,936,315	758,520	590,828
OPERATING EXPENSES Benefit payments Payment of lottery winnings Commissions on lottery sales Contractual services Personal services Depreciation Materials and supplies Repairs and maintenance Basic services Interest and fiscal charges Bad debt		212,340 29,084 16,565 5,123 1	2,340,859 224,570 111,971 24,873 605 2,157 1,682 4,890 219	4,719,715 14,720 2,163 656 886 2,249 312	328,818 756 6 36 1 116 38
Total operating expenses Operating income (loss)		431,563	1,224,489	4,740,701 (3,982,181)	329,771 261,057
NONOPERATING REVENUES (EXPENSES) Grants and donations Investment earnings Interest and fiscal charges Property disposition gain (loss) Grant expense and client benefits Other		3,800 8,549 (66,853) (10,372) 	57,473 (162,679) (23)	122,044 (17,455) 	13,090 (88,272) (114,642) (13,187)
Total nonoperating revenues (expenses)		(64,876)	(105,229)	104,589	(203,011)
Income (loss) before transfers and contributions		366,687	1,119,260	(3,877,592)	58,046
Operating transfers in Operating transfers out Capital contributions		23,751 (39,216) 307	6 (1,225,068) 	19,091 (10,001) 	23 (1,804)
Change in net assets		351,529	(105,802)	(3,868,502)	56,265
Total net assets - beginning		3,823,918	205,518	2,454,101	
Adjustments to increase (decrease) beginning net assets					527,555
Total net assets - beginning, as restated		3,823,918	205,518	2,454,101	527,555
Total net assets - ending	\$	4,175,447	\$ 99,716	\$ (1,414,401)	\$ 583,820

Nonmajor			Internal
Enterprise		Totals	Service
Funds		6/30/06	Funds
\$ 70,509	\$	5,337,998 2,062,357	\$ 49,181
1,379,086 89		17,777	270,985
		10,540	492
57		57	85,685
11,791		13,142	1,582
1,461,532		7,441,871	407,925
0044=4		0044=4	
806,176		806,176	
		2,340,859 224,570	•••••
20.050		5,401,802	100 406
28,958 124,723		194,156	190,496 97,373
1,845			
4,955		21,184 12,927	21,585 19,294
4,933 547			19,294
25,732		3,116 32,987	12,223
303		32,987 654	275
		219	
993,239		9,038,650	355,611
468,293		(1,596,779)	52,314
•0.••			
28,324		45,214	
100,116		199,910	233
(155)		(361,784)	(21,703)
54		(10,341)	(538)
(788)		(13,975)	•••••
(808)		(808)	•••••
126,743		(141,784)	(22,008)
595,036		(1,738,563)	30,306
10,589		53,460	4,793
(88,109)		(1,364,198)	(13,549)
		307	609
517,516		(3,048,994)	22,159
1,843,055		8,326,592	198,014
		505 55°	
		527,555	•••••
1,843,055	_	8,854,147	198,014
\$ 2,360,571	\$	5,805,153	\$ 220,173

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

		•	V	State Board of
	Tra	nsportation	Lottery	Administration
CASH FLOWS FROM OPERATING ACTIVITIES Cash received from customers Cash paid to vendors Cash paid to employees Cash paid for grants made	\$	693,260 (221,818) (2,024)	\$ 3,957,421 (345,683) (24,903) 	\$ 752,810 (24,293) (14,708)
Lottery prizes Cash paid for insurance claims Unemployment benefits			(2,321,726)	(3,483,899)
Net cash provided (used) by operating activities		469,418	1,265,109	(2,770,090)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers in (out) Advances, grants or loans (to) from or repayment from others Cash received from sale of bonds		(20,514)	(1,294,534)	9,638 13,000
Cash received from noncapital grants or donations				
Net cash provided (used) by noncapital financing activities		(20,514)	(1,294,534)	22,638
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Cash receipts from sale of capital assets Payment of bond principal Payment of principal installment purchase/capital lease Payment of interest on bonds/installment purchase/capital lease Purchase or construction of capital assets		(63,610) (101,379) (470,960)	6 (391)	 (561)
Net cash provided (used) by capital and related financing activities		(635,949)	(385)	(561)
CASH FLOWS FROM INVESTING ACTIVITIES Security lending Proceeds from the sale or maturity of investments Cash paid to grand prize winners upon maturity of grand prize investments Investment earnings Purchase of investments		(90,585) 1,233,407 16,586 (1,228,134)	(29,610) 244,516 (244,516) 6,969 (30,639)	84,248,164 84,248,164 109,439 (81,595,765)
Net cash provided (used) by investing activities		(68,726)	(53,280)	2,761,838
Net increase (decrease) in cash and cash equivalents		(255,771)	(83,090)	13,825
Cash and cash equivalents - beginning		943,772	295,908	1
Adjustments to increase beginning cash and cash equivalents				
Total cash and cash equivalents - beginning, as restated		943,772	295,908	1
Cash and cash equivalents - ending	\$	688,001	\$ 212,818	\$ 13,826

_	oaid College	Nonmajor Enterprise Funds	Totals 6/30/06	Internal Service Funds
	Program	Tunus	0/30/00	Tunds
\$	478,150 (165,672) (745) 	\$1,495,566 (62,327) (118,844) (840)	\$ 7,377,207 (819,793) (161,224) (840) (2,321,726)	\$ 404,179 (242,374) (92,157)
		(188)	(3,484,087)	
		(804,709)	(804,709)	
	311,733	508,658	(215,172)	69,648
	(1.501)	(50.540)	(1.05 (500)	5 0.051
	(1,781)	(69,548) 28,249	(1,376,739) 28,249	78,961
		26,249	13,000	
	481	5	486	
	(1,300)	(41,294)	(1,335,004)	78,961
			_	
	•••••	•••••	6 (63,610)	(13,315)
			(03,010)	(386)
			(101,379)	(16,869)
		(608)	(472,520)	(3,737)
		(608)	(637,503)	(34,307)
2		6,384 	(113,811) 105,776,640	36,820 112
(2	87,093 20,447,993)	102,733 	(244,516) 322,820 (103,302,531)	(23)
	(310,347)	109,117	2,438,602	36,909
	86	575,873	250,923	151,211
		2,005,704	3,245,385	61,411
	1,340		1,340	
	1,340	2,005,704	3,246,725	61,411
\$	1,426	\$2,581,577	\$ 3,497,648	\$ 212,622

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

provided (used) by operating activities			State Board of			
	Tra	nsportation	Lottery	Ac	lministration	
Operating income (loss)	\$	431,563	\$ 1,224,489	\$	(3,982,181)	
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: Depreciation and amortization expense		16,565	605		2,163	
Change in assets and liabilities: (Increase) decrease in accounts receivable (Increase) decrease in due from other funds Increase (decrease) in allowance for uncollectibles (Increase) decrease in inventories Increase (decrease) in accounts payable Increase (decrease) in compensated absences Increase (decrease) in due to other funds Increase (decrease) in loan program principal Increase (decrease) in deferred revenues Increase (decrease) in prize liability		(8,108) 27 989 27,983 399	21,310 218 (431) (1,722) 304 (7) 20,343		695 121 1,208,904 213 (5) 	
Net cash provided (used) by operating activities		469,418	\$ 1,265,109	\$	(2,770,090)	
Noncash investing, capital, and financing activities						
Capital appreciation Contribution of fixed assets	\$		\$ (157,508) 	\$	(201)	

oaid College Program		Nonmajor Enterprise Funds				Totals 6/30/06		nternal Service Funds
\$ 261,057	\$	468,293	\$	(1,596,779)	\$	52,314		
6		1,845		21,184		21,585		
(54,836)		27,998		(12,941)		5,993		
		402		523		(7,132)		
		(982)		(764)				
		(30)		(434)		(133)		
105,487		8,471		1,322,129		(3,948)		
20		1,257	1,794			491		
(1)		(1,579)		26,391		(116)		
						207		
		2,983		3,382		387		
				20,343				
\$ 311,733	\$	508,658	\$	(215,172)	\$	69,648		
\$ 417,148	\$		\$	259,439	\$			
		•••••				1		

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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS

Individual fund descriptions and financial statements begin on page 189.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Individual fund descriptions and financial statements begin on page 195.

AGENCY FUNDS

Individual fund descriptions and financial statements begin on page 201.

INVESTMENT TRUST FUND

This blended component unit includes the internal reporting funds used to account for the external portion of investment pools reported by the State.

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS JUNE 30, 2006 (in thousands)

(in thousands)					
	D	Pension and			
	Private-	Other Employee Benefits	A comovi	Investment	Totala
	purpose Trust Funds	Trust Funds	Agency Funds	Investment Trust Fund	Totals 6/30/06
ASSETS	Trust Fullus	Trust Fullus	Fullus	Trust Fund	0/30/00
Cash and cash equivalents	\$ 52,037	\$ 301,570	\$ 34,159	\$ 15,681	\$ 403,447
Pooled investments with State Treasury	612,572	295,687	4,810,466		5,718,725
Total cash and cash equivalents	664,609	597,257	4,844,625	15,681	6,122,172
Investments					
Certificates of deposit	17	574,208	107,925	1,337,508	2,019,658
U.S. government & federally guaranteed obligations	10,024	3,767,558	2,299,718	600,164	6,677,464
Federal agencies	12,623	9,025,501	272,733	2,297,105	11,607,962
Commercial paper	370 55	4,683,925	1,094,527	13,630,371	19,409,193
Repurchase agreements Bonds and notes	11,320	567,929 9,468,069	4,078 226,927	415,610 2,704,511	987,672 12,410,827
International bonds and notes	566	1,318,493	2,104	2,704,511	1,321,163
Real estate contracts		5,205,999			5,205,999
Mutual fund investments	15,714	11,862,197			11,877,911
Money market and short-term investments	22,658	287,626		•••••	310,284
Domestic equity	60,766	60,007,803	35,352	•••••	60,103,921
Limited partnerships Equity group trust	•••••	3,356,142 8,886		•••••	3,356,142 8,886
International equity		12,333,060	38		12,333,098
Deferred compensation contracts		1,941,521			1,941,521
Other investments		5,679	160		5,839
Total investments	134,113	124,414,596	4,043,562	20,985,269	149,577,540
Receivables					
Accounts receivable	206,349	36,213	390,667		633,229
State contributions receivable		40,680		•••••	40,680
Nonstate contributions receivable	20,000	178,794	7	 54 794	198,801
Interest receivable Dividends receivable	3,249 48	298,093 96,808	33,345 37	54,784	389,471 96,893
Pending investment sales	86	1,549,282	907		1,550,275
Forward contracts		679,497			679,497
Futures trade equity		•••••	12		12
Due from state funds		20,896	63,697		84,593
Due from other governments	22,248		*****		22,248
Total receivables	251,980	2,900,263	488,672	54,784	3,695,699
Security lending collateral	13,628	16,740,896	232,747	2,812,632	19,799,903
Advances to other funds	357,895				357,895
Loans receivable	238,126 882	2 520	•••••	•••••	238,126
Capital assets Accumulated depreciation	(317)	3,539 (2,935)	•••••		4,421 (3,252)
Other assets	5,527			74	5,601
Total assets	1,666,443	144,653,616	9,609,606	23,868,440	179,798,105
LIABILITIES	1,000,443	144,033,010	7,007,000	23,000,440	177,770,103
	270 551	106 470	426.219	001	022.220
Accounts payable DROP	378,551	126,470 2,186,674	426,218	991	932,230 2,186,674
Pending investment purchases	388	3,529,326	5,913		3,535,627
Forward contracts payable		680,255	13,494		693,749
Broker rebate fees	57	44,204	8,249	6,474	58,984
Due to other funds	5,902	24,916	84,529	281	115,628
Due to other governments	9,045		671,721	10,762	691,528
Due to component units Obligations under security lending agreements	 119,791	 16,927,473	4,648,639 962,817	2,815,657	4,648,639 20,825,738
Obligations under reverse repurchase agreements	49,255	15,192	338,625	2,813,037	403,072
Claims payable		64,002			64,002
Deposits payable		113,238	2,449,401		2,562,639
Compensated absences	280	1,547			1,827
Total liabilities	563,269	23,713,297	9,609,606	2,834,165	36,720,337
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 1,103.174	\$ 120,940,319	\$	\$21,034,275	\$143,077,768
Park 2000	. ,,		,	. ,	,,.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

(in thousands)	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Totals 06/30/06
ADDITIONS				
Contributions and other deposits Pension fund contributions - state Pension fund contributions - nonstate Employer/employee contributions Purchase of time by employees Fees Grants and contributions Flexible benefit contributions Fines, forfeits, settlements and judgments Unclaimed property remittances Transfers in from state funds	\$ 810 169,775 220 355,371 1,832	\$ 718,311 2,048,677 1,390,705 90,667 662 198,664 1,049,099	\$ 	\$ 718,311 2,048,677 1,390,705 90,667 1,472 169,775 198,664 220 355,371 1,050,931
Total contributions and other deposits	528,008	5,496,785		6,024,793
Investment income Interest income Dividends Other investment income Net increase (decrease) in fair market value Total investment income	8,481 915 2,096 11,492	1,623,326 1,458,950 36 8,857,489 11,939,801	849,234 7,904 857,138	2,481,041 1,459,865 36 8,867,489 12,808,431
Investment activity expense	(379)	(188,602)	(2,945)	(191,926)
Net income from investing activity	11,113	11,751,199	854,193	12,616,505
Security lending activity Security lending income Security lending expense Net income from security lending Total net investment income Other additions	504 (483) 21 11,134 900	724,942 (674,451) 50,491 11,801,690 48,946	144,400 (139,945) 4,455 858,648	869,846 (814,879) 54,967 12,671,472 49,846
Total additions	540,042	17,347,421	858,648	18,746,111
DEDUCTIONS		,	30 3,0 10	,,
Benefit payments Insurance claims expense HMO payments Supplemental insurance payments Flexible reimbursement payments Life insurance premium payments Remittances to annuity companies Interest expense Student loan default payments Payments to unclaimed property claimants Distribution to State School Fund Administrative expense Property disposition gain (loss) Transfers out to state funds Other deductions Total deductions	57,622 1,121 144,201 101,918 153,269 14,095 65 10,358 6,763 489,412	5,280,654 721,233 516,268 58,029 19,193 48,482 182,622 1 35,329 87 1,063,075 1,064 7,926,037		5,280,654 778,855 516,268 58,029 19,193 48,482 182,622 1,122 144,201 101,918 153,269 49,424 152 1,073,433 7,827 8,415,449
Deposits Deposits	166,527		59,451,456	59,617,983
Withdrawals	(30,871)		(56,821,633)	(56,852,504)
Excess (deficiency) of deposits over withdrawals	135,656		2,629,823	2,765,479
Change in net assets	186,286	9,421,384	3,488,471	13,096,141
Net assets - beginning	1,444,443	111,551,937	17,545,804	130,542,184
Adjustments to increase (decrease) beginning net assets	(527,555)	(33,002)		(560,557)
Net assets - beginning, as restated	916,888	111,518,935	17,545,804	129,981,627
Net assets - ending	\$ 1,103,174	\$ 120,940,319	\$ 21,034,275	\$ 143,077,768
The notes to the financial statements are an integral part	- f 41-:4-4			

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COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

FLORIDA HOUSING FINANCE CORPORATION

Pursuant to Section 420.504, Florida Statutes, this corporation was created as an entrepreneurial public corporation organized to provide and promote public welfare by administering the governmental function of financing or refinancing housing and related facilities in Florida.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Pursuant to Chapter 373, Florida Statutes, this district was created as a public corporation to promote the natural systems protection and restoration, development and proper utilization of surface and ground water within district boundaries and to prevent damage from floods, soil erosion and excessive drainage.

UNIVERSITY OF FLORIDA

University of Florida is a major, public, comprehensive, land-grant, research university with a main campus location in Gainesville, Florida.

FLORIDA STATE UNIVERSITY

Florida State University is a public, comprehensive, liberal arts based graduate-research university with a main campus location in Tallahassee, Florida.

UNIVERSITY OF SOUTH FLORIDA

University of South Florida is a multi-campus national research university with a main campus location in Tampa, Florida.

CITIZENS PROPERTY INSURANCE CORPORATION

Pursuant to Section 627.351(6), Florida Statutes, this association was created to provide certain residential property and casualty insurance coverage to qualified risks in the State of Florida under specified circumstances.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 207.

STATEMENT OF NET ASSETS COMPONENT UNITS JUNE 30, 2006 (in thousands)

(in thousands)	Florida Housing Finance Corp	South Florida Water Management District	University of Florida	Florida State University
ASSETS	Согр	District	Fiorida	University
Current assets				
Cash and cash equivalents	\$ 294,334	\$ 19,102	\$ 275,151	\$ 42,074
Pooled investments with State Treasury	417,567		66,674	324,889
Investments	388,167		731,771	94,611
Receivables, net	172,701	11,606	394,144	81,633
Due from component units/primary		19,869	241,864	190,646
Inventories		1,489	6,928	3,084
Other	1,074		48,519	2,296
Total current assets	1,273,843	341,134	1,765,051	739,233
Noncurrent assets				
Restricted cash and cash equivalents			1,813	11,187
Restricted investments with State Treasury			8	59,174
Restricted investments		55,350	1,535,283	496,161
Long term investments	892,775			
Other loans and notes receivable, net	2,770,081		34,934	9,418
Other	13,010		96,630	91,495
Noncurrent assets excluding capital assets	3,675,866	55,350	1,668,668	667,435
Capital assets:		,	, ,	,
Land and other nondepreciable assets		2,194,278	85,605	130,015
Buildings, equipment, and other	•••••	2,174,270	05,005	150,015
depreciable assets	3,323	404,332	3,827,425	1,593,556
Accumulated depreciation	(2,873		, ,	(543,443)
Construction work in progress	(2,073	210,501	127,571	123,364
Total capital assets	450		2,122,875	1,303,492
		, ,		
Total noncurrent assets	3,676,316		3,791,543	1,970,927
Total assets	4,950,159	3,055,226	5,556,594	2,710,160
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	58,675	46,414	379,524	91,881
Due to component units/primary			95,074	13,100
Compensated absences		6,999	18,585	4,231
Installment purchases/capital leases		1,145	1,128	995
Claims payable		1,695		
Bonds payable	76,698	4,500	26,144	8,940
Certificates of participation payable				
Deposits				
Deferred revenue	5,078		88,703	97,090
Other	66,873		9,339	4,354
Total current liabilities	207,324	87,452	618,497	220,591
Noncurrent liabilities				
Due to other governments				
Due to component units/primary	24,827			
Bonds payable	3,190,478	57,821	643,425	313,191
Certificates of participation payable	•••••			
Installment purchases/capital leases		1,871	12,124	20,986
Deposits				
Deferred revenue	49,920			7,181
Claims payable		5,204	66,646	
Compensated absences	105.000		149,973	40,492
Other	107,002	,	93,445	27,362
Total noncurrent liabilities	3,372,227	172,136	965,613	409,212
Total liabilities	3,579,551	259,588	1,584,110	629,803
NET ASSETS				
Invested in capital assets, net of related debt	451	2,473,841	1,417,300	1,012,848
Restricted for:				
Debt service		8,173	3,722	2,116
Other	1,273,341	26,098	664,294	234,484
Permanent funds:				
Expendable		14,049	164,632	117,837
Nonexpendable		7,030	818,767	353,864
Unrestricted (deficit)	96,816	266,447	903,769	359,208
Total net assets	\$ 1,370,608		\$ 3,972,484	\$ 2,080,357
The natural of the financial statements are an internal of	6.1	. =,.,2,000	,, , , ,	. =,==,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

 University of South Florida	Citizens Property Insurance Corp	 Nonmajor Component Units	Totals 6/30/06
\$ 22,657	\$ 155,531	\$ 461,619	\$ 1,270,468
265,333		513,038	1,587,501
155,882	462,312	976,961	3,094,072
164,288	214,324	441,159	1,479,855
206,368 267	•••••	735,246 24,442	1,393,993 36,210
13,339	57,385	27,622	154,935
828,134	889,552	3,180,087	9,017,034
2,358		198,422	213,780
26,877		97,157	183,216
405,345	2 021 226	931,413	3,423,552
5,781	2,031,236	1,202,744 64,693	4,126,755 2,884,907
13,932	56,490	58,631	330,188
 454,293	2,087,726	2,553,060	11,162,398
- ,	,,.	,,.	, - ,
33,007		1,928,869	4,371,774
1,020,619	26,760	8,110,032	14,986,047
(449,667)	(15,126)	(2,974,310)	(6,053,514)
 106,225		619,662	1,187,323
710,184	11,634	7,684,253	14,491,630
 1,164,477	2,099,360	10,237,313	25,654,028
1,992,611	2,988,912	13,417,400	34,671,062
105,072	1,714,482	886,128	3,282,176
111,524	1,714,462	72,638	292,336
5,325		31,819	66,959
1,291		8,995	13,554
1,495		1,193	4,383
4,548		29,106	149,936
2,270		3,310	5,580
 80 030	762 576	63,460	63,460
80,939 1,185	762,576 69,176	252,208 148,700	1,286,594 326,326
 313,649	2,546,234	1,497,557	5,491,304
 313,042	2,340,234	1,477,337	3,471,304
		970	970
			24,827
99,596 241,093	•••••	666,896 298,084	4,971,407 539,177
16,170	•••••	38,038	89,189
		9,947	9,947
•••••		9,442	66,543
12,491			84,341
50,669		242,729	495,544
 1,968	2,118,277	214,846	2,658,459
 421,987	2,118,277	1,480,952	8,940,404
 735,636	4,664,511	2,978,509	14,431,708
464,451	11,633	6,594,840	11,975,364
7,494		7,411	28,916
22,507		701,270	2,921,994
103,338		1,212,811	1,612,667
393,523		716,265	2,289,449
 265,662	(1,687,232)	1,206,294	1,410,964
\$ 1,256,975	\$ (1,675,599)	\$ 10,438,891	\$ 20,239,354

STATEMENT OF ACTIVITIES COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

				Program Revenues						
Functions/Programs	Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions			Florida Housing Finance Corp
Florida Housing Finance Corporation	\$	381,781	\$	224,692	\$		\$	597,409	\$	440,320
South Florida Water Management District		417,298		9,495		93,012		208,558		
University of Florida		3,940,193		2,238,657		886,776		111,724		
Florida State University		882,785		252,386		286,622		36,963		
University of South Florida		1,186,146		377,281		451,534		47,603		
Citizens Property Insurance Corporation		3,084,054		1,055,746						
Nonmajor Component Units		5,484,073		1,353,571		1,451,563		779,434		
Total component units	\$	15,376,330	\$	5,511,828	\$	3,169,507	\$	1,781,691		440,320
	<u>Ger</u>	neral revenues								
	Pro	operty taxes								
		vestment earni	ngs							
	Ga	in (loss) on sa	le of	capital assets						
		yments from tl	he Sta	te of Florida						
		ansfers								
		ontributions to	perm	anent funds						•••••
		ecial Items								
	Mi	iscellaneous								18,309
		Total general								18,309
	3.7	Change in		ssets						458,629
	Ne	t assets - begin			a) h -	ainnina nat	a e t a			911,979
	Νīα			rease (decreas	e) be	ginning net ass	sets		•	1,370,608
	ine	et assets - endi	ıg						\$	1,370,008

Net (Expense) Reven	ue and Changes	in Net Accete
LICE (EVECTIVE) IZEACT	iue anu Changes	III INCL ASSCIS

outh Florida Water Ianagement District	•	University of Florida		Florida State University		University of South Florida		Citizens Property Insurance Corp		Nonmajor Component Units	Totals 6/30/06	
\$ 	\$		\$		\$		\$		\$		\$	440,320
(106,233)												(106,233)
		(703,036)										(703,036) (306,814)
•••••				(306,814)		(300.728)		•••••				(309,728)
					(309,728)			(2,028,308)				(2,028,308)
 										(1,899,505)		(1,899,505)
 (106,233)		(703,036)		(306,814)		(309,728)		(2,028,308)		(1,899,505)		(4,913,304)
388,403										267,707		656,110
7,845		172,473		58,998		48,951		88,226		200,530		577,023
•••••		(4,642)		(694)		210 241		•••••		(2,072)		(7,408)
•••••		596,315		331,161		319,341 234		•••••		1,923,142 7,473		3,169,959 7,707
•••••		87,900		4,799				•••••		45,622		138,321
										3,607		3,607
31,818		204,729		47,142		31,392		515,516		327,879		1,176,785
428,066		1,056,775		441,406		399,918		603,742		2,773,888		5,722,104
321,833		353,739		134,592		90,190		(1,424,566)		874,383		808,800
2,473,805		3,579,121		1,958,823		1,158,472		(251,033)		9,603,087		19,434,254
 39,624		39,624	(13,058)			8,313				(38,579)		(3,700)
\$ 2,795,638	\$	3,972,484	\$	2,080,357	\$	1,256,975	\$	(1,675,599)	\$	10,438,891	\$	20,239,354

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State of Florida's (the State's) financial reporting entity includes the primary government (i.e., legislative agencies, the Governor and Cabinet, departments and agencies, commissions, boards of the Executive Branch, and various offices relating to the Judicial Branch) and its component units.

Component units, as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 39 *Determining Whether Certain Organizations are Component Units*, are legally separate organizations for which the elected officials of the State are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

Blended Component Units

A component unit is reported as blended when either (1) the component unit's governing body is substantively the same as the governing body of the State or (2) the component unit provides services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefits the State even though the component unit does not provide services directly to the State.

The State's blended component units are:

- Citrus Commission (Department of Citrus)
- Corrections Foundation, Inc.
- Florida Clerks of Court Operations Corporation
- Florida Engineers Management Corporation
- Florida High Speed Rail Authority
- Florida Prepaid College Board
- Florida School for the Deaf and the Blind
- Florida State Board of Administration (SBA)
- Florida Surplus Lines Service Office
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Investment Fraud Restoration Financing Corporation
- Scripps Florida Funding Corporation
- State Board of Education (SBE)
- Wireless Emergency Telephone System
- Workforce Florida, Inc.

Blended component units that are considered major are reported in separate columns in the fund financial statements. Other blended component units that are considered nonmajor are reported with other funds in the appropriate columns in the fund financial statements. In addition, the financial data for some blended component units (i.e., State Board of Administration) are reported in more than one fund type, some of which are considered major and others that are considered nonmajor. Refer to Section D of this note for more information on the determination criteria for major funds and a list of major funds and fund types.

Discretely Presented Component Units

Component units that are not blended are discretely presented. In the government-wide financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the State.

In addition, financial data for discretely presented component units that are considered major are reported in separate columns in the basic financial statements for component units. Discretely presented component units that are considered nonmajor are combined and reported in one column in the component unit financial statements and are aggregated by type in the combining statements. The determination of whether a component unit is major or nonmajor is based on the amount of assets, liabilities, revenues, and expenditures/expenses a component unit reports in its financial statements. Refer to Section D of this note for more information on major funds.

The State's discretely presented component units are grouped into the following categories:

State Universities and Colleges. State universities and colleges receive funding from the State and operate under the governance of the State Board of Education. These entities have a June 30 year-end. Component units included in this category are:

State Universities

Major:

- Florida State University
- University of Florida
- University of South Florida

Nonmajor:

- Florida Agricultural and Mechanical University
- Florida Atlantic University
- Florida Gulf Coast University
- Florida International University
- New College of Florida
- University of Central Florida
- University of North Florida
- University of West Florida

Community Colleges

Nonmajor:

- Brevard Community College
- Broward Community College
- Central Florida Community College
- Chipola College
- Daytona Beach Community College
- Edison College
- Florida Community College at Jacksonville
- Florida Keys Community College
- Gulf Coast Community College
- Hillsborough Community College
- Indian River Community College
- Lake City Community College
- Lake-Sumter Community College
- Manatee Community College
- Miami Dade College
- North Florida Community College
- Okaloosa-Walton College
- Palm Beach Community College
- Pasco-Hernando Community College
- Pensacola Junior College
- Polk Community College
- St. Johns River Community College
- St. Petersburg College
- Santa Fe Community College
- Seminole Community College
- South Florida Community College
- Tallahassee Community College
- Valencia Community College

Florida Housing Finance Corporation (Major). Pursuant to Section 420.504, Florida Statutes, this corporation was created as an entrepreneurial public corporation organized to provide and promote public welfare by administering the governmental function of financing or refinancing housing and related facilities in Florida. This entity has a December 31 year-end.

Water Management Districts. Pursuant to Section 373.069, Florida Statutes, these districts were created to provide for the management and conservation of water and related land resources. In addition, the general regulatory and administrative functions of the districts are either fully or in part financed by general appropriations. Water management districts have a September 30 year-end. Component units included in this category are:

Major:

- South Florida Water Management District
 - Nonmajor:
- Northwest Florida Water Management District
- St. Johns River Water Management District
- Southwest Florida Water Management District
- Suwannee River Water Management District

Citizens Property Insurance Corporation (Major). Pursuant to Section 627.351(6), Florida Statutes, this corporation was created to provide certain residential property and casualty insurance coverage to qualified risks in the State under specified circumstances. Citizens Property Insurance Corporation was formed through the merger of the Florida Residential Property and Casualty Joint Underwriting Association and the Florida Windstorm Underwriting Association. This entity has a December 31 year-end.

Other. Additional discretely presented component units of the State include various foundations and not-for-profit organizations. The fiscal year-ends of these component units may vary. Component units included in this category are:

Nonmajor:

- Commission for Florida Law Enforcement Accreditation, Inc.*
- Enterprise Florida, Inc.
- Florida Aerospace Finance Corporation* (formerly Florida Commercial Space Financing Corporation*)
- Florida Agricultural Museum*
- Florida Agriculture Center and Horse Park Authority*
- Florida Agriculture in the Classroom Program*
- Florida Birth-Related Neurological Injury Compensation Plan
- Florida Black Business Investment Board, Inc.*
- Florida Board of Governors Foundation, Inc.*
- Florida Comprehensive Health Association
- Florida Education Foundation, Inc.*
- Florida Education Fund, Inc.
- Florida Fund for Minority Teachers, Inc.*
- Florida Healthy Kids Corporation
- Florida Mobile Home Relocation Corporation*
- Florida Patient's Compensation Fund
- Florida Space Authority
- Florida Sports Foundation, Inc.*
- Florida State Fair Authority
- Florida Telecommunications Relay, Inc.*
- Florida Tourism Industry Marketing Corporation, Inc.
- Forestry Arson Alert Association, Inc.*
- Friends of Florida State Forests, Inc.*
- Higher Educational Facilities Financing Authority*
- Prison Rehabilitative Industries and Diversified Enterprises, Inc. (PRIDE)
- South Florida Regional Transportation Authority (formerly Tri-County Commuter Railroad Authority)
- Technological Research and Development Authority*
- The Astronauts Memorial Foundation, Inc.
- The Florida Endowment Foundation for Vocational Rehabilitation, Inc.
- Wildlife Alert Reward Association*
- Wildlife Foundation of Florida, Inc.*

^{*}The State's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled \$61.7 million and \$104.1 million, respectively. These amounts represent less than one percent of total aggregate component unit assets and revenues.

Joint Ventures

A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. Financial data for the State's joint ventures are not included in its statements. The State's joint ventures include the following:

Apalachicola-Chattahoochee-Flint River Basin (ACFRB) Commission. Section 373.71, Florida Statutes, provided for the creation of an interstate administrative agency to promote interstate comity, remove causes of present and future controversies, equitably apportion the surface waters of the ACFRB, and engage in water planning. Operational funding required by the Commission is equally shared among the party states.

Board of Control for Southern Regional Education. Section 1000.32, Florida Statutes, promotes the development and maintenance of regional education services and facilities in the southern states to provide greater educational advantages and facilities for the citizens in the region. The states established a joint agency called the Board of Control for Southern Regional Education to submit plans and recommendations to the states from time to time for their approval and adoption by appropriate legislative action for the development, establishment, acquisition, operation, and maintenance of educational facilities in the region.

Regional Planning Councils. Sections 186.501 through 186.513, Florida Statutes, the "Florida Regional Planning Council Act," provide for the creation of regional planning agencies to assist local governments in resolving their common problems. The regional planning councils are designated as the primary organizations to address problems and plan solutions that are of greater-than-local concern or scope. Participants in these councils are required by statutes to contribute to the support of these programs.

Southern States Energy Compact. Section 377.711, Florida Statutes, enacted this compact into law joining the State of Florida and other states to recognize that proper employment and conservation of energy and employment of energy-related facilities, materials, and products can assist substantially in the industrialization of the South and the development of a balanced economy in the region. The State of Florida appropriates funds to support Florida's participation in the compact.

Related Organizations

Organizations for which the State is accountable because the State appoints a voting majority of the board, but for which the State is not financially accountable, are related organizations. The State's related organizations include certain transportation authorities, hospital districts, port authorities, and aviation authorities. Since the State is not financially accountable for any of these organizations, applicable financial data is not included in the State's financial statements.

Contact

Financial statements of the component units that issue separate statements and other financial statement-related information may be obtained from:

Department of Financial Services Bureau of Accounting Statewide Financial Reporting Section 200 East Gaines Street Tallahassee, Florida 32399-0354 Telephone: (850) 413-5511

Department Website: http://www.fldfs.com

Joint ventures may be contacted directly for their financial statements.

B. Basic Financial Statements

The State's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The basic financial statements of the State, including its component units, are presented in the required format discussed below.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its discretely presented component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function. Some functions may include administrative overhead that is essentially indirect expenses of other functions. The State currently does not allocate those indirect expenses to other functions. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not included in program revenues are reported in general revenues.

Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues collected within 60 days of the end of the current fiscal year are considered available, with the exception of certain tax revenues, which are considered available when collected within 30 days of year-end. For governmental funds, certain long-term liabilities, such as compensated absences, due within 60 days of the end of the current fiscal year are expected to be liquidated with expendable financial resources and are recognized within the applicable governmental fund. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for insurance and similar services extending over more than one fiscal year generally are accounted for as expenditures of the fiscal year of acquisition. Further, principal and interest on general long-term debt are recognized when due.

Under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the State has the option to elect to apply all pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, unless FASB conflicts with GASB. The State has elected not to apply FASB pronouncements issued after the applicable date.

D. Basis of Presentation

Major Funds

GASB Statement No. 34, as amended by GASB Statement No. 37, sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses for either fund category or the governmental and enterprise funds combined) for the determination of major funds. GASB 34 further requires that the reporting government's main operating fund (the General Fund) always be reported as a major fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. The State reports the following major funds:

Major Governmental Funds

General Fund - accounts for the financial resources of the State, except those required to be accounted for in another fund. This is the State's primary operating fund.

Environment, Recreation and Conservation – a special revenue fund, accounts for the operations of various programs such as air pollution control, water quality assurance, ecosystem management, and marine resources conservation.

Health and Family Services – a special revenue fund, includes funds used to operate various health and family service-related programs such as health care, elder affairs, and child support.

Transportation – a special revenue fund, accounts for the maintenance and development of the State highway system and other transportation-related projects.

Major Business-type Funds

Transportation – an enterprise fund, primarily accounts for operations of the Florida Turnpike.

Lottery – an enterprise fund, accounts for lottery operations in the State, which include sale of lottery tickets, payment of lottery prizes, and transfers to the Educational Enhancement Trust Fund.

State Board of Administration – an enterprise fund, primarily accounts for investments for the Florida Hurricane Catastrophe Fund, which was created to help cover insurers' losses in the event of a hurricane disaster.

Prepaid College Program – an enterprise fund, accounts for payments from purchasers of the Florida Prepaid College Program. This program was created to provide a medium through which the cost of State post-secondary education may be paid in advance of enrollment at a rate lower than the projected corresponding costs at the time of enrollment.

Fund Types

Additionally, the State reports the following fund types:

Governmental Fund Types

Special Revenue Funds - used to account for revenues, which are legally restricted to expenditures for specific purposes.

Capital Projects Funds - used to account for resources used for the acquisition or construction of major capital facilities other than those financed by other funds.

Debt Service Fund - used to account for resources earmarked to pay principal, interest, and service charges on long-term debt of governmental funds.

Permanent Funds - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs.

Proprietary Fund Types

Proprietary fund revenues earned in the normal course of business where goods or services are generally provided in exchange are considered operating revenues. Examples of operating revenues include sales, fees, and rents. On the other hand, subsidies and grants to proprietary funds or other sources of revenues that finance either capital or current operations are recorded as nonoperating revenues when earned.

Enterprise Funds - used to report activities for which a fee is charged to external users for goods or services.

Internal Service Funds - primarily used to report activities that provide goods or services to other funds or agencies within the State, rather than to the general public. Internal service funds are classified into the following categories:

- Data Centers accounts for services provided by data processing centers operated by various agencies.
- Communications and Facilities primarily accounts for services provided by the Department of Management Services such as those related to the construction, operation, and maintenance of public facilities, and management and operation of the SUNCOM (State communication) Network.
- Other accounts for services provided to other State agencies such as legal services, records management, and community services (inmate work squads).

Fiduciary Fund Types

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the State's own programs.

Private-Purpose Trust Funds - used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Pension and Other Employee Benefits Trust Funds - used to report resources that are required to be held in trust for the members and beneficiaries of pension plans and other employee benefit plans.

Agency Funds - used to report resources held by the State in a purely custodial capacity.

Investment Trust Funds - used to report the external portion of investment pools reported by the State.

E. Assets, Liabilities, and Net Assets or Fund Balance

Cash and Cash Equivalents

The State's cash includes cash on hand and on deposit in banks, including demand deposits, certificates of deposit, and time deposits. Most deposits are held by financial institutions qualified as public depositories under Florida law. Cash equivalents are short-term, highly liquid investments. For the purposes of GASB Codification Section 2450, *Cash Flow Statements*, pooled investments with the State Treasury are considered cash equivalents. Details of deposits are included in Note 2.

Investments

Florida Statutes authorize the State to invest in various instruments. Investments of the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission (SEC) Rule 2a7-like external investment pool, are reported at amortized cost. Investments of the Debt Service Escrowed Fund, which meet the requirements of a legal or in-substance defeasance, are reported at cost. Other investments are reported at fair value at the reporting date. Investment detail is included in Note 2.

Inventories

Inventories primarily consist of expendable supplies. Inventories are recorded as expenditures when consumed. At the end of the fiscal year, inventory is reported as an asset and a fund balance reservation. The method used to determine the cost of inventories varies by agency responsible for the inventories.

Restricted Assets

Restricted assets are reported when their use is limited by external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by constraints imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are to be used for the same purpose, the agency responsible for administering the resources determines the flow assumption used to identify the portion of expenses paid from restricted resources.

Capital Assets

Capital assets are real and personal property that have a cost equal to or greater than an established capitalization threshold and have an estimated useful life extending beyond one year. For additional information, refer to Note 5.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and illness as well as for unused special compensatory leave earned for hours worked on legal holidays and other specifically authorized overtime. Compensated absences for annual leave are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method. Within the limits established by law or rule, the value of unused leave benefits will be paid to employees upon separation from State service. The amounts reported for compensated absences are based on current year-end salary rates and include employer social security and Medicare, and pension contributions at current rates.

Long-term Liabilities

Refer to Note 8 for information on bonds payable and certificates of participation, Note 9 for information on capital leases and installment purchase contracts, and Note 10 for changes in long-term liabilities.

Net Assets

The government-wide statement of net assets classifies net assets into the following categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. The "invested in capital assets, net of related debt" component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as "restricted" when constraints placed on net asset use are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. "Unrestricted" net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." At June 30, 2006, the government-wide statement of net assets report \$12.6 billion of restricted net assets, of which \$5.4 billion is restricted by enabling legislation.

Reserves of Fund Balance

In the fund financial statements, governmental funds report reserves of fund balance for amounts that are not available for appropriation or are legally reserved by outside parties for use for a specific purpose. The State has the following types of reserves of fund balance:

Reserve for encumbrances represents outstanding purchase orders, contracts, and other commitments.

Reserves for inventories, advances, and long-term receivables represent fund assets that are not expendable financial resources.

Reserve for capital outlay represents funds reserved for capital projects.

Reserve for debt service represents fund assets reserved for payment of debt service.

Reserve for permanent trust represents trust fund assets for which the corpus and the residual net earnings are non-expendable and the net earnings are reserved for endowment-approved programs.

Reserve for Budget Stabilization Fund represents funds available to cover revenue shortfalls in the General Revenue Fund and for emergencies defined by law.

Other reserves represent fund assets reserved for various reasons, including donor-imposed restrictions and statutory guidelines.

F. Interfund Activity and Balances

The effect of interfund activities, except those between funds reported as governmental activities and funds reported as business-type activities, has been eliminated from the government-wide statements. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. Transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers between funds are made to accomplish various provisions of law.

Interfund receivables and payables have been eliminated from the statement of net assets, except for the residual amounts due between governmental and business-type activities.

For additional information, refer to Note 11.

G. Nonmonetary Transactions

The State participates in various activities that are, in part, represented by nonmonetary transactions. Examples include nonmonetary assistance in the form of Federal grants, such as vaccines, Electronic Benefit Transfer (EBT) cards for food assistance, and donated food commodities. The State also acts as an agent for the United States Department of Agriculture in the distribution of donated food commodities to qualifying organizations outside the State's reporting entity. While some of

these nonmonetary transactions are not reported within the receiving governmental funds of the State's reporting entity, EBT cards for food assistance are reported in the governmental fund financial statements and food donations are reported in the government-wide financial statements.

State Attorneys and Public Defenders of the State of Florida are furnished certain office space and other services by counties under the provisions of Chapter 29, Florida Statutes. Some counties also provide certain facilities and services to other officers and staff of the judicial branch. The value of the facilities and services provided by the counties is not reported as revenue.

H. Reporting Changes

Changes in Major Funds

The following funds were reported as major funds in prior years and are reported as nonmajor funds for the fiscal year ended June 30, 2006, because they no longer meet major fund criteria:

- Governmental
 - o Public Education (special revenue fund)
 - o Tax Collection and Administration (special revenue fund)
 - o Employment Services (special revenue fund)
 - o Lawton Chiles Endowment Fund (permanent fund)
- Business-type
 - o Unemployment Compensation (enterprise fund)

Prepaid College Program was reported as a private-purpose trust fund in prior years and is reported as a major business-type fund (enterprise fund) for the fiscal year ended June 30, 2006, based on a re-evaluation of the fund.

Changes in Reporting the Tax Collection and Administration Fund

Tax Collection and Administration accounted for operations of the State's tax collection and administration functions in prior years. Effective for the fiscal year ended June 30, 2006, internal reporting special revenue funds which were included in this fund have been transferred and are reported in funds that ultimately receive the taxes. The beginning fund balances for *Tax Collection and Administration* and the other applicable funds have been adjusted as follows (in thousands):

Beginnir	justments to ng Fund Balances ase (Decrease)
\$	(349,461)
	181,739
	34,640
	132,385
	697
\$	
	Beginnir Increa

I. Accounting Change

The Governmental Accounting Standards Board (GASB) issued the following statements which have been implemented this year:

- GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, establishes accounting and reporting requirements for the impairment of capital assets. This statement also establishes and clarifies guidance for accounting for insurance recoveries for all funds and activities. Asset impairment is a significant, unexpected decline in the service utility of a capital asset. The events or changes in circumstances that lead to impairments are not considered normal and ordinary.
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the Statistical Section. This Statement is intended to improve consistency with the reporting requirements of GASB

Statement No. 34 and to enhance comparability of financial information over time. The Statistical Section presents detailed information that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. The Statistical Section of the CAFR has been modified to include information required by this statement.

• GASB Statement No. 46, Net Assets Restricted by Enabling Legislation, clarifies the term "enabling legislation" as it relates to net asset restriction. GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. GASB Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Information required by this statement is disclosed in the "Assets, Liabilities, and Net Assets or Fund Balance" section of this note.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2006, the State's deposits in financial institutions totaled approximately \$1.6 billion for primary government and \$1.2 billion for discretely presented component units.

1. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State mitigates custodial credit risk by generally requiring public funds to be deposited in a bank or savings association that is designated by the Chief Financial Officer (CFO) as authorized to receive deposits in the State and that meets the collateral requirements as set forth in Chapter 280, Florida Statutes (F.S.).

The CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Chapter 69C-2, Florida Administrative Code, and Section 280.04, F.S. Eligible collateral includes Federal, federally guaranteed, state and local government obligations, corporate bonds, and letters of credit issued by a Federal Home Loan Bank. Also, with the CFO's permission, eligible collateral includes collateralized mortgage obligations, real estate mortgage investment conduits and securities or other interests in any open-end management investment company registered under the Investment Company Act of 1940. However, the portfolio of the investment company must be limited to direct obligations of the United States (U.S.) Government and to repurchase agreements fully collateralized by such direct obligations of the U.S. Government, and the investment company must take delivery of such collateral either directly or though an authorized custodian.

At June 30, 2006, primary government deposits totaling \$249.3 million and \$9.8 million were exposed to custodial credit risk because, respectively, they were uninsured and uncollateralized and collateralized with securities held by the pledging financial institution. Discretely presented component units' deposits totaling \$247.4 million, \$305.3 million, and \$120.1 million were exposed to custodial credit risk because, respectively, they were uninsured and uncollateralized, collateralized with securities held by the pledging financial institution, and collateralized with securities held by the pledging financial institution's trust department or agency but not in the State's name.

2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Under Section 215.47, F.S., and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments by the State Board of Administration (SBA) may be invested in fixed income obligations or stocks denominated in foreign currency. The SBA has developed a total fund investment plan for the investment of assets in the Florida Retirement System (FRS) Pension Trust Fund and the Lawton Chiles Endowment Fund (LCEF) that sets ranges on investments by asset class. In the FRS Trust Fund, total assets held in the global equity (a mixture of U.S. and non-U.S. investments) and foreign equity (all non-U.S. investments) asset classes are limited to ranges of 1-8% and 10-18% of total investments with targets of 4% and 14%, respectively. For the LCEF, total assets held in foreign equities asset class are limited to a range of 6-18% of total investments with a target of 12%. The investment plan was adopted July 1, 2003, and may be modified in the future if the SBA adopts changes. This investment activity in international investments resulted in deposits in foreign currency as of June 30, 2006, as illustrated in the following schedule (in thousands):

Foreign Currency Deposits Held As of June 30, 2006

	Bank Statement Balance (in U.S. \$)										
Currency		FRS	I	LCEF	Total						
Australian dollar	\$	1,223	\$	325	\$	1,548					
Brazilian real		1,544		16		1,560					
British pound sterling		10,982		20		11,002					
Euro		23,452		122		23,574					
Hong Kong dollar		6,793		50		6,843					
Japanese yen		7,579		261		7,840					
Malaysian ringgit		1,867		16		1,883					
South Korean won		1,286		18		1,304					
Swiss franc		2,381		4		2,385					
Taiwan new dollar		4,319		16		4,335					
Other		3,366		47		3,413					
Total deposits subject to foreign currency risk	\$	64,792	\$	895	\$	65,687					

B. Investments

At June 30, 2006, the State's investments in governmental and business-type activities and fiduciary funds totaled \$215.1 billion, consisting of pooled investments with the State Treasury in the amount of \$30.4 billion and other investments in the amount of \$184.7 billion. The State Treasury had holdings at June 30, 2006, of \$2.3 billion for discretely presented component units in total. These investments are not reported as part of the primary government and may be different from the amounts reported by some component units due to different reporting periods. Other investments for discretely presented component units totaled \$10.6 billion.

Pooled Investments with the State Treasury

Unless specifically exempted by statute, all cash of the State must be deposited in the State Treasury. Certain component units are allowed by statute to deposit cash with the State Treasury. The State Treasury, in turn, keeps the funds fully invested to maximize interest earnings. Authorized investment types are set forth in Section 17.57, F.S.

The State Treasury records, as an investment, funds credited to the State's account in the Federal Unemployment Compensation Trust Fund pursuant to Section 903 of the Social Security Act. The fund is drawn upon primarily to pay unemployment compensation benefits. This money is pooled with deposits from other states and is managed by the Federal Government. No disclosures can be made of specific securities owned.

The schedule below discloses the detail of the State Treasury holdings and the fair value of each type of investment at June 30, 2006 (including security lending collateral investments), as well as a reconciliation to the basic financial statements (in thousands):

Schedule of Pooled Investments with State Treasury As of June 30, 2006

Investment type		Fair value
Commercial paper	\$	4,691,198
Repurchase agreements		778,635
U.S. guaranteed obligations		3,800,027
Federal agencies		8,587,648
Bonds and notes - domestic		4,938,364
Bonds and notes - international		98,546
Bankers' acceptances		518,003
Unemployment compensation funds pooled with U. S. Treasury		2,306,546
Mutual funds		757,547
Total investments excluding security lending collateral		26,476,514
Lending collateral investments:		
Commercial paper		192,390
Repurchase agreements		220,989
Bonds and notes - domestic		4,295,703
Certificates of deposit		18,994
Mutual funds		363,513
Total lending collateral investments		5,091,589
Total investments		31,568,103
Cash on hand		300
Cash on deposit		928,233
Total State Treasury holdings		32,496,636
Adjustments:		
Outstanding warrants		(756,720)
Unsettled securities liability		(1,346,906)
Reconciled balance, June 30, 2006	\$	30,393,010
Reconciliation to the basic financial statements (in thousands):		
Pooled investments with State Treasury		
Governmental activities	\$	21,212,224
Business-type activities		3,315,408
Fiduciary funds		5,718,725
Total pooled investments with State Treasury	·	30,246,357
Restricted pooled investments with State Treasury (Business-type activities)		146,653
Total pooled investments with State Treasury for primary government	\$	30,393,010

Other Investments

Other investments in various funds of the State are primarily managed by the SBA. The largest of these funds managed by the SBA is the FRS Pension Trust Fund (Defined Benefit Pension Fund), whose total investments represented 74% of total other investments of the primary government at June 30, 2006. Investments in the Local Government Surplus Funds Investment Pool (LGSF Pool) represented another 14% of total other investments of the primary government. Section 215.47, F.S., allows the SBA to invest funds in a range of instruments.

The schedule below discloses other investments at fair value and their total carrying value at June 30, 2006, as well as a reconciliation to the basic financial statements (in thousands):

Schedule of Other Investments As of June 30, 2006

		Fair value								
		Othe								
	FRS Pension	Managed	Not managed							
Investment type	Trust Fund	by SBA	by SBA		Total					
Certificates of deposit	\$ 571,772	\$ 1,467,552	\$ 1,173	\$	2,040,497					
Commercial paper	2,004,111	7,445,956			9,450,067					
Liquidity notes	2,653,536	8,170,724			10,824,260					
Money market funds	379	414,212	34,669		449,260					
Repurchase agreements	560,064	570,603			1,130,667					
U.S. guaranteed obligations	3,767,558	7,712,483	2,547		11,482,588					
Federal agencies	8,961,145	3,988,127			12,949,272					
Domestic bonds & notes	9,430,897	3,859,732	4,339		13,294,968					
Domestic bonds & notes mutual fund		513,463			513,463					
International bonds & notes	1,318,494	38,637			1,357,131					
Domestic stocks	60,022,115	1,977,029	10,145		62,009,289					
Domestic equity group trust	8,886				8,886					
Domestic equity commingled funds	1,060,693	1,133,698			2,194,391					
International stocks	12,333,060	312,362			12,645,422					
International equity commingled funds	8,758,542	409,626			9,168,168					
Limited partnerships	3,356,142				3,356,142					
Options	5,679				5,679					
Swap contracts	(33,987)				(33,987)					
Real estate investments	5,205,999				5,205,999					
Mutal funds			208		208					
Deferred compensation investments			1,941,521		1,941,521					
Total investments excluding lending collateral	119,985,085	38,014,204	1,994,602		159,993,891					
Lending collateral investments:										
Certificates of deposit	903,565	107,425			1,010,990					
Commercial paper	3,659,310	135,104			3,794,414					
Money market funds	127,536	13,956			141,492					
Short-term security lending collateral pool		3,112,463			3,112,463					
Repurchase agreements	4,730,247	1,131,319			5,861,566					
Federal agencies	11,630	13,370			25,000					
Domestic bonds & notes	6,289,682	3,068,264			9,357,946					
International bonds & notes	1,018,926	379,735			1,398,661					
Total lending collateral investments	16,740,896	7,961,636			24,702,532					
Total investments for all types - fair value	\$ 136,725,981	\$ 45,975,840	\$ 1,994,602	\$	184,696,423					
Total investments for all types - carrying value	\$ 136,725,981	\$ 45,960,368	\$ 1,993,817	\$	184,680,166					
% of total other investments for primary government	74%	25%	1%							

Reconciliation of carrying value to the basic financial statements (in thousands):

	G	overnmental	В	usiness-type	Fiduciary		
		activities		activities	funds	Total	
Investments - current	\$	1,075,733	\$	3,598,027	\$ 	\$ 4,673,760	
Restricted investments				2,958,871		2,958,871	
Long-term investments		2,295,711		5,374,381	149,577,540	157,247,632	
Security lending collateral					19,799,903	19,799,903	
Total other investments for primary government		3,371,444	\$	11,931,279	\$ 169,377,443	\$ 184,680,166	

Component Units

The schedule below discloses other investments reported at fair value and total carrying value, as of June 30, 2006, for discretely presented component units and a reconciliation to the basic financial statements (in thousands). Those investments held with the State Treasury as of June 30, 2006, are excluded.

Schedule of Other Investments For Discretely Presented Component Units As of June 30, 2006

Investment type	Fair value
Certificates of deposit	\$ 21,192
Commercial paper	38,133
Repurchase agreements	37,876
Money market funds	1,602,149
U.S. guaranteed obligations	1,948,033
Federal agencies	1,255,803
Domestic bonds & notes	1,722,415
International bonds & notes	379,729
Domestic stocks	1,158,461
International stocks	179,728
Real estate investments	16,529
Mutual funds	1,132,097
Investment agreements	1,195,677
Total other investments for all types - fair value	\$ 10,687,822
Total other investments for all types - carrying value	\$ 10,644,379
Reconciliation of carrying value to the basic financial statements:	
Investments - current	\$ 3,094,072
Restricted investments - noncurrent	3,423,552
Long-term investments	4,126,755
Total other investments for component units	\$ 10,644,379

At June 30, 2006, 71% of total other investments for discretely presented component units belonged to the following major component units: Florida Housing Finance Corporation, South Florida Water Management District, University of Florida, Florida State University, University of South Florida, and Citizens Property Insurance Corporation.

1. Credit Risk and Concentration of Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

Pooled Investments with the State Treasury

The State Treasury follows the investment guidelines set forth in Section 17.57, F.S., for reducing exposure to investment credit risk. The State Treasury's rated debt investments as of June 30, 2006, were rated by Standard and Poor's (S&P) and/or an equivalent nationally recognized statistical rating organization (NRSRO), and the ratings are presented below using the S&P rating scale (in thousands):

State Treasury Credit Quality Ratings As of June 30, 2006

Commercial paper		Federal agencies		Domestic bonds & notes		 nternational nds & notes	Dumero			Total*	S&P rating**
\$		\$	7,443,424 1,144,224	\$	2,319,918 595,119 1,042,176 957,848 12,392	\$ 11,918 47,133 39,495 	\$		\$	9,775,260 595,119 1,089,309 997,343 12,392	AAA AA A BBB BB A-1
\$	4,691,198 4,691,198	\$	8,587,648	\$	10,911 4,938,364	\$ 98,546	\$	518,003 518,003		6,364,336 18,833,759	A-1
							ntee	e agreements d obligations Mutual funds	\$	778,635 3,800,027 757,547 24,169,968	Not rated Not rated Not rated

^{*} The remaining \$6,223,042 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, investments purchased with cash collateral, and unsettled securities liability as presented in the Schedule of Pooled Investments with State Treasury.

State Treasury investment policies address concentration of credit risk by placing limits on amounts invested per issuer (taking into account the maturity date of the investment). In addition, the policies also address limits on certain investments by credit ratings. Limits on amounts invested are expressed in dollar amounts per issuer and also in total amounts per investment type as a percentage of the investment pool's market value. As of June 30, 2006, the State Treasury did not have more than 5% of total investments in a single issuer.

Other Investments

The SBA, in compliance with Section 215.47, F.S., has adopted certain investment policies with regard to credit risk of debt securities. Investment policies vary by fund or portfolio. Below are the investment policies and credit risk disclosures for the FRS Pension Trust Fund and the LGSF Pool, which constitute the primary portion of other investments.

<u>FRS Pension Trust Fund</u> – Investments are generally managed through individual portfolios within various asset classes, as listed below. Some of the individual portfolios have slightly different restrictions on credit quality.

Short-term portfolios – Securities must be investment grade at the time of purchase. Minimum short-term ratings are at least S&P A-1, Moody's P-1, or Fitch F-1; and long-term ratings are at least S&P BBB-, Moody's Baa3, or Fitch BBB-. Securities of a single issuer should not represent more than 5% of portfolio amortized cost (excluding U.S. Treasuries and Agencies).

Mortgage portfolios – Securities are generally limited to those issued by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC). No specific credit rating criteria are listed. The State may own notes secured by first mortgages on Florida real property, insured or guaranteed by the Federal Housing Administration or the U.S. Department of Veterans Affairs, but exposure is limited to 10% of portfolio market value. All collateralized mortgage obligations (CMOs) should have publicly traded GNMA, FNMA, FHLMC securities as underlying collateral. Exposure is limited to 10%-35% of the portfolio. U.S. Treasury and Agency debentures are allowed but are limited to 10% of portfolio market value. Whole loan securities, collateralized by nonconforming residential mortgages (jumbos), are limited to 10% of portfolio market value and must be rated AAA by one of the NRSROs.

Government/Corporate portfolios – Securities should be rated investment grade by one of the NRSROs at the time of purchase. Minimum ratings include S&P BBB-, Moody's Baa3, and Fitch BBB-. Securities of a single issuer are generally limited to 5% of the market value of the portfolio (excluding U.S. Treasuries and Agencies).

^{**} Long-term ratings are presented except for "A-1," which is a short-term rating for S&P.

High Yield portfolios – Emerging market securities are not permitted, with the exception of securities issued in the Yankee market that meet the criteria for inclusion in the Merrill Lynch BB or B-rated indices. All securities should be rated at least single B or double B by one of the NRSROs at the time of purchase. If a security is no longer rated at least the equivalent of single B- by any of the NRSROs, the State must provide written notification and justify retaining such investment beyond 90 days. Also, no more than 5% of market value shall be invested in investment grade securities (BBB- or higher). Securities of a single issuer should not exceed 10% of portfolio market value. No more than 35% of market value may be in any one industry.

Lending portfolios – Short-term rating requirements are similar to short-term portfolio rating requirements. Investments with original maturity of greater than two years, at the time of purchase, should carry ratings of at least S&P AA or Moody's Aa, except for asset backed securities, which should have a rating of either S&P AAA or Moody's Aaa. There are no rating requirements for U.S. Government-guaranteed securities, federal agencies or instrumentalities, repurchase agreements (repos) or shares of mutual funds. Repos should be fully collateralized. The State may hold up to the greater of \$5 million or 5% of its assets in securities by a single issuer and its affiliates (excluding U.S. Government guaranteed investments, its agencies or instrumentalities). Up to an additional 5% of the book value of the portfolio may be invested in the obligations of any single issuer, guarantor or repo counterparty that will mature on the next business day, that are redeemable upon demand, or that contain an unconditional put feature.

Listed below are the credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2006. The FRS Pension Trust Fund did not hold any investments with a single issuer that met or exceeded 5% of the fund's fair market value at June 30, 2006 (in thousands).

FRS Pension Trust Fund Credit Quality Ratings As of June 30, 2006

Ce	ertificates of deposit		paper & uidity notes	Mo	ney market funds		Federal agencies	Dor	nestic bonds & notes	International onds & notes	Total***	S&P rating**	Moody's rating**
\$	66,311 730,843 112,302 107,017	\$		\$	25,519 102,017	\$	8,821,646 9,632 280	\$	5,266,537 3,055,216 4,152,703 894,106 406,951 712,891 52,514 627 6,429 675,976 42,976	\$ 794,936 400,178 680,351 142,751 31,949 82,977 83,125 22,000	\$ 14,974,949 4,195,869 4,945,356 1,036,857 438,900 795,868 52,514 627 6,429 861,398 171,993	AAA AA A BBB BB B CCC C C	Aaa Aa
\$	8,864 450,000 1,475,337	\$	7,675,242 75,000 566,715 8,316,957	\$	379 127,915	\$	141,217 8,972,775	\$	51,415 356 4,810 397,072 15,720,579	\$ 91,168 7,985 2,337,420	142,583 356 4,810 7,684,106 75,000 566,715 996,653 36,950,983	A-1* A-2* Not rated	A Baa B P-1* Not rated
	Repurchase agreements U.S. guaranteed obligations Domestic stocks Domestic equity group trust Domestic equity commingled funds International equity commingled funds Limited partnerships Option contracts Swaps contracts Real estate investments Total investments									\$ 5,290,311 3,767,558 60,022,115 8,886 1,060,693 12,333,060 8,758,542 3,356,142 5,679 (33,987) 5,205,999	Not rated Not rated Not rated Not rated Not rated Not rated Not rated Not rated Not rated Not rated	Not rated Not rated	

^{*} Long-term ratings are presented except for "A-1", "A-2" and "P-1". These are short-term ratings for S&P and Moody's, respectively.

Commercial

^{**} S&P ratings were primarily used. If S&P did not rate a security, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "Not rated."

^{***} All FRS investments are included in this schedule, including security lending collateral investments.

Local Government Surplus Funds Investment Pool – The LGSF Pool is operated similar to a SEC 2a7 money market fund. Investments must be first tier at the time of purchase. The 2a7 first tier definition includes (1) a rated security that has received a short-term rating from the NRSROs in the highest short-term rating category for debt obligations; or (2) is an unrated security that is of comparable quality to a security meeting the requirements for a rated security in (1), as determined by the fund's board of directors; or (3) is a security issued by a registered investment company that is a money market fund; or (4) is a U.S. Government security. For investments with remaining maturities of 397 days or less at the time of purchase, short-term ratings should be at least S&P A-1, Moody's P-1, or Fitch F-1. For securities without short-term ratings, long-term minimum ratings by at least one NRSRO are required consisting of S&P A-, Moody's A3, or Fitch A-. The LGSF Pool's exposure to a single issuer is limited to 5% of portfolio amortized cost (excluding U.S. Treasuries and Agencies). Maximum exposure to second tier issuers is limited to no more than 1% of portfolio amortized cost. The LGSF Pool also participates in several security lending programs.

Listed below are the credit quality ratings on investments held in all funds managed by the SBA (except the FRS Pension Trust Fund) at June 30, 2006 (in thousands). At June 30, 2006, the LGSF Pool had investments totaling \$1.56 billion issued by the Federal Home Loan Bank System, representing 6.2% of total investments in the pool held by one issuer.

All SBA Managed Funds (except Defined Benefit Pension Trust Fund) Credit Quality Ratings As of June 30, 2006

			Commercial												
C	ertificates of	pape	er & liquidity	N	Ioney market		Federal	D	omestic bonds	Inte	ernational bonds			S&P	Moody's
	deposit notes funds		funds		agencies	& notes		& notes			Total***	rating**	rating**		
\$		\$		\$	167,045	\$	2,163,829	\$	1,876,829	\$	337,024	\$	4,544,727	AAA	
	421,046						20,649		1,658,523		2,196		2,102,414	AA	
	903,964								2,897,915		18,174		3,820,053	A	
									104,434		13,181		117,615	BBB	
					130		656		77,840		4,619		83,245		Aaa
									10,302				10,302		Aa
									1,449		43,178		44,627		A
			13,268,965				906,990						14,175,955	A-1*	
			403,941										403,941	A-2*	
			1,529,582										1,529,582		P-1*
	249,967		549,296		260,993		909,373		300,704				2,270,333	Not rated	Not rated
\$	1,574,977	\$	15,751,784	\$	428,168	\$	4,001,497	\$	6,927,996	\$	418,372	:	29,102,794		
									Rep	ourch	ase agreements		1,701,922	Not rated	Not rated
									Security lea	nding	g collateral pool		3,112,463		
									U.S. gu	aran	teed obligations		7,712,483	Not rated	Not rated
								Γ	Domestic bond a	& no	tes mutual fund		513,463	Not rated	Not rated
										Ι		1,977,029	Not rated	Not rated	
						Domestic equity commingled funds							1,133,698	Not rated	Not rated
										Inte	rnational stocks		312,362	Not rated	Not rated
								Inte	ernational equity	y cor	nmingled funds		409,626	Not rated	Not rated
										To	otal investments	\$	45,975,840		
												_			

^{*} Long-term ratings are presented except for "A-1", "A-2" and "P-1". These are short-term ratings for S&P and Moody's, respectively.

^{**} S&P ratings were primarily used. If S&P did not rate a security, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "Not rated."

^{***} All investments are included in this schedule, including security lending collateral investments.

Component Units

Investment policies with regard to credit risk of debt securities vary from component unit to component unit. In addition, investment policies vary among Universities' direct support organizations. Investment policies may be obtained separately from component units. Presented below are reported credit quality ratings for debt securities of major component units (in thousands). Amounts shown below represent only that portion of debt investments required to be disclosed by component units reporting under the GASB reporting model.

Major Component Units Credit Quality Ratings As of June 30, 2006

Component Unit	Federal agencies	Во	onds & notes	Mutual funds	Other	Total	S&P rating
Florida Housing Finance Corporation (1)	\$ 18,110	\$	156,705	\$ 	\$ 	\$ 174,815	A, AAA
South Florida Water Management District (2)	301,620					301,620	AAA
University of Florida (UF)			137,076	130,011		267,087	A, AA, AAA
UF (continued)			43,562	161,083		204,645	Not rated
Florida State University (FSU)			59,482			59,482	AAA
FSU (continued)			12,053			12,053	BB-, BBB-
University of South Florida	2,831		3,411	97,242		103,484	A, AAA
Citizens Property Insurance Corporation (CPIC)	443,165		1,253,476	43,829	539,446	2,279,916	A, AA, AAA
CPIC (continued)			626			626	BBB
	\$ 765,726	\$	1,666,391	\$ 432,165	\$ 539,446	\$ 3,403,728	

⁽¹⁾ Florida Housing Finance Corporation reported total investments with a fair value in the amount of \$503 million subject to concentration of credit risk. These investments were issued by Trinity Funding, FannieMae, Bayerische Landsmark, and Transamerica Funding.

2. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the State will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Pooled Investments with the State Treasury

Based on negotiated trust and custody contracts, all State Treasury investments were held in the State's name by the State Treasury's custodial financial institutions at June 30, 2006.

Other Investments

The SBA does not have an overall policy addressing custodial credit risk. However, based on negotiated trust and custody contracts, many of the State's investments were held in the State's name by the SBA's custodial financial institutions at June 30, 2006. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

Other Investments Custodial Credit Risk As of June 30, 2006

	F	RS Pension		
		Trust Fund	C	ther funds
Repurchase agreements	\$	50,388	\$	
Invested security lending collateral:				
Certificates of deposit		903,565		7,444
Commercial paper		3,599,313		80,213
Federal agencies		11,630		13,370
Domestic bonds & notes		4,986,478		1,850,978
International bonds & notes (\$ denom)		754,238		299,735
Total	\$	10,305,612	\$	2,251,740

⁽²⁾ South Florida Water Management District reported total investments with a fair value in the amount of \$301.6 million subject to concentration of credit risk. These investments were issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Company, and the Federal Home Loan Bank system.

Component Units

Component unit information regarding custodial credit risk was not readily available.

3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt investments.

Pooled Investments with the State Treasury

Through its investment policy, the State Treasury manages its exposure to interest rate risk by limiting either the maturities or durations of the various investment strategies used for the investment pool. The maximum effective weighted duration allowed, per externally managed portfolio with various investments, is six years. As of June 30, 2006, the State Treasury had the following investments and effective weighted durations (in thousands):

Debt Investments As of June 30, 2006

		Effective
		weighted
Investment type	Fair value	duration
Commercial paper	\$ 4,691,198	0.04
Repurchase agreements	778,635	0.01
U.S. guaranteed obligations:		
U.S. Treasury bonds and notes	3,078,242	5.09
U.S. Treasury strips	53,567	6.82
U.S. Treasury bills	388,500	0.24
GNMA mortgage-backed pass-through	217,759	4.22
GNMA collateralized mortgage obligations (CMO's)	35,442	5.64
GNMA CMO's - interest only	525	31.86
SBA CMO's	16,810	5.87
FICO zero Coupons	4,698	11.63
Corporate bond & notes	4,484	1.60
Federal agencies		
Discount notes	1,239,956	0.13
Unsecured bonds & notes	1,610,341	2.36
Mortgage-backed pass-through	3,429,344	3.86
Mortgage-backed CMO's	2,278,827	2.59
Mortgage-backed CMO's - principal only	15,059	18.71
Mortgage-backed CMO's - interest only	14,121	-11.27
Domestic bonds & notes:		
Corporate	2,404,992	4.85
Non-government backed CMO's & CMBS*	1,686,783	2.90
Non-government backed CMO's & CMBS* - principal only	3,603	14.34
Non-government backed CMO's & CMBS* - interest only	34,147	3.46
Municipal/provincial	63,451	5.18
Corporate asset-backed	730,460	1.21
Private placements	14,928	0.45
International bonds & notes:		
Government & regional	98,546	4.60
Bankers' acceptances	518,003	0.25
Mutual funds	757,547	2.60
Total debt investments	\$ 24,169,968 **	*

^{*} Commercial Mortgage-Backed Securities (CMBS)

^{**} The remaining \$6,223,042 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, investments purchased with cash collateral, and unsettled securities liability as presented in the Schedule of Pooled Investments with State Treasury.

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Other Investments

The SBA manages its exposure to interest rate risk through various investment policies. Policies and interest rate risk disclosures for debt investments within the FRS Pension Trust Fund and LGSF Pool, the largest portion of the SBA managed funds, are presented below.

Investments authorized by Section 215.47, F.S., are managed through individual portfolios within various asset classes. The individual portfolios may have different policies regarding interest rate risk. Major types of debt portfolios are listed below.

Short-term portfolios – Weighted average maturity (WAM) is limited to 120 days in the Cash and Central Custody portfolio and 180 days in the internally managed FRS Short-term Investment Pool (STIPFRS) portfolio. In the STIPFRS, no individual security shall have a final maturity date longer than three years. Final maturity is limited to two years in the Cash and Central Custody portfolio. For securities without a fixed interest rate, the next interest rate reset date is used as the maturity date for the WAM calculation.

Mortgage portfolios – Portfolio duration should be similar to the duration of the mortgage-related fixed income market and should remain within plus or minus 1 to 1.5 years of Index duration. The Index is the MBS Fixed Rate Index component of the Lehman Brothers Aggregate Index.

Government/Corporate portfolios – Portfolio duration should remain within plus or minus 0.25-0.50 years of the Index duration. A wide range of indices are used among the individual portfolios.

High Yield portfolios – Portfolio duration should remain within 2.5 years of the high yield Index duration. Index duration for high yield securities is the effective duration as reported by Merrill Lynch. A wide range of indices are used among the individual portfolios.

Security Lending portfolios – Maximum WAM for a portfolio is 45, 60, or 90 days, depending on the lending program.

Presented in the following schedule is the interest rate risk table for FRS Pension Trust Fund (in thousands). Investment types related to debt portfolios are presented using effective weighted duration. Investment types related to short-term and security lending collateral portfolios are presented using weighted average maturity.

FRS Pension Trust Fund Debt Investments As of June 30, 2006

			Effective		Weighted
			weighted		average
		Fair value	duration	Fair value	maturity
Investment type		(duration)	(in years)	(WAM)	(in days)
Certificates of deposit *	\$	71,776	0.47	\$ 1,403,561	128
Commercial paper *		•••••	NA	5,663,421	31
Liquidity notes			NA	2,653,536	13
Money market funds *			NA	127,915	3
Repurchase agreements *			NA	5,290,311	3
U.S. guaranteed obligations:					
U.S. Treasury bills			NA	198	62
U.S. Treasury bonds and notes		3,047,944	6.91		NA
Index linked government bonds		166,384	9.61		NA
U.S. government guaranteed		36,475	7.22		NA
GNMA mortgage-backed		431,179	4.62		NA
GNMA collateralized mortgage obligations (CMO's)		82,167	5.71		NA
GNMA Inverse Floating CMO's		3,211	37.96		NA
Federal agencies		,			
Unsecured bonds & notes		1,863,311	3.72	319,901	30
Mortgage-backed*		5,797,202	4.29	11,630	25
Mortgage-backed CMO's		747,283	3.56	·····	NA
Interest-only CMO's		59,354	-9.41		NA
Interest-only inverse floating CMO's		16,648	22.92		NA
Principal-only CMO's		66,579	15.72		NA
Inverse floating CMO's		90,867	19.18		NA
Domestic bonds & notes:		,			
Corporate *		5,900,358	3.46	6,806,088	40
Non-government backed CMO's		2,237,591	3.52	407,590	22
Municipal/provincial		13,057	12.80	·····	NA
Real estate mortgage loans		22,266	6.97		NA
Master notes *			NA	158,629	14
Funding agreements *			NA	175,000	54
International bonds & notes:				,	
Government & regional		387,350	4.96	14,999	63
Government agency		142,620	5.94	·····	NA
Corporate *		698,502	2.99	654,549	44
Non-government backed CMO's *			NA	439,400	43
Options **		5,679	3.68		NA
Swap contracts**	1	(19,675)	0.37		NA
Total debt investments	\$	21,868,128		\$ 24,126,728	

^{*} Invested security lending collateral represents investments totaling \$16.7 billion in the weighted average days to maturity values.

^{**} The option and swap contracts' weighting on duration was calculated using notional rather than fair values.

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<u>Local Government Surplus Funds Investment Pool</u> – The LGSF Pool weighted average maturity (WAM) is not allowed to exceed 90 days. Maturities of money market securities are not allowed to exceed 397 days, and maturities of government securities are not allowed to exceed 762 days. The LGSF Pool also participates in three security lending programs. SEC 2a7 regulations limit the amount of securities that may be on loan at any one time to no more than one-third of the portfolio.

Presented below are interest rate risk schedules for all debt-related investments managed by the SBA (excluding the FRS Pension Trust Fund), as of June 30, 2006 (in thousands). Certain investment types may be presented using two or more interest rate risk methods, if the investment types are managed using different techniques. For example, if investments are purchased to match scheduled debt payments, to coincide with Lottery prize payouts, or are entirely client directed investments, the investments are presented using the segmented time distribution method. If investments are in a portfolio that contains weighted average maturity restrictions, the investments are presented using this method. If investments are subject to certain restrictions on duration, then that method is used. Individual investments are only included in one of the following three methods scheduled below.

Debt Investments Managed by SBA (except FRS Pension Trust Fund) That Use Segmented Time Distribution Method As of June 30, 2006

		Investment maturities (in years)										
Investment type	Total fair value	Less than or equal to 1	> 1 to 3	> 3 to 5	> 5 to 10	>10 to 15	> 15 to 20	> 20				
Commercial paper	\$ 78,088	\$ 78,088	\$	\$	\$	\$	\$	\$				
Liquidity notes	50,718	50,718										
Repurchase agreements	489,887	489,887										
U.S. guaranteed obligations:												
U.S. Treasury bills	57,921	57,921										
U.S. Treasury bonds,												
notes, & SLUGS*	2,305,369	752,264	696,954	788,692	66,575	884						
U.S. Treasury strips	1,438,465	240,537	420,009	307,626	370,183	51,147	28,480	20,483				
Federal agencies:												
Unsecured bonds & notes	217,981		181,668	36,313								
Agency strips	106,335	17,810	32,134	26,993	29,398							
Inverse floating rate CMO's	581						581					
Domestic bonds & notes:												
Municipal/provincial	262				262							
Total debt investments	\$ 4,745,607	\$ 1,687,225	\$ 1,330,765	\$ 1,159,624	\$ 466,418	\$ 52,031	\$ 29,061	\$ 20,483				

^{*} Special U.S. Treasury securities for State and Local Governments.

Debt Investments Managed by SBA (except FRS Pension Trust Fund) That Use Weighted Average Maturity Method or Duration Method As of June 30, 2006

		Effective		Weighted
		weighted		average
	Fair value	duration	Fair value	maturity
Investment type	(duration)	(in years)	(WAM)	(in days)
Certificates of deposit *	\$	NA	\$ 1,574,978	33
Commercial paper *		NA	7,502,972	11
Liquidity notes		NA	8,120,006	14
Money market funds *	260,992	0.50	167,175	47
Security lending collateral pools*		NA	3,112,463	39
Repurchase agreements *		NA	1,212,034	3
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	267,450	4.69	647,863	91
U.S. Treasury strips	2,552,976	11.95		NA
Index linked government bonds	348,968	5.60		NA
U.S. government guaranteed	55,047	12.02		NA
GNMA mortgage-backed	38,424	11.86		NA
Federal agencies:				
Discount notes	85,100	0.01	906,990	20
Unsecured bonds & notes	71,926	6.37	1,343,755	49
Unsecured bonds & notes, stepped coupon	22	0.36	457,006	68
Agency strips	324,717	12.00		NA
Mortgage-backed*	473,713	10.00	13,370	25
Domestic bonds & notes:				
Corporate *	332,702	5.84	5,849,554	27
Non-government mortgaged backed		NA	30,732	25
Non-government backed CMO's *	358,417	13.84	148,253	22
Municipal/provincial	708	13.42		NA
Master notes *		NA	182,371	3
Funding agreements *		NA	25,000	17
Domestic bonds & notes mutual fund	499,675	4.86	13,789	562
International bonds & notes:				
Government & regional	6,180	4.45		NA
Government agency	3,434	4.33		NA
Corporate *	29,022	4.72	108,619	21
Non-government backed CMO's *		NA	271,116	42
Total debt investments	\$ 5,709,473		\$ 31,688,046	

^{*} Invested security lending collateral represents investments totaling approximately \$7.9 billion in the weighted average days to maturity values.

Component Units

Component units manage their exposure to interest rate risk through various investment policies. These policies may be obtained separately from component units. Presented below is the applicable interest rate risk information for major component units (in thousands). Amounts shown below represent only that portion of debt investments required to be disclosed by component units reporting under the GASB reporting model.

Major Component Units Debt Investments That Use Segmented Time Distribution Method As of June 30, 2006

			Investment maturities (in years)							
Component unit/ Investment type	Total fair value		Less than or equal to 1		> 1 to 5		> 6 to 10			> 10
Florida Housing Finance Corpor	ation									
U.S. guaranteed obligations	\$	108,843	\$	49,957	\$	54,947	\$		\$	3,939
Federal agencies		18,110		6,119		1,092		739		10,160
Bonds and notes		156,705		46,707		94,741		5,467		9,790
University of Florida										
U.S. guaranteed obligations		73,257		6,351		29,963		12,981		23,962
Federal agencies		79,999		31,791		32,320		11,986		3,902
Bonds and notes		80,617		11,547		49,906		6,322		12,842
Mutual funds		183,147		2,501		45,712		134,916		18
Total debt investments	\$	700,678	\$	154,973	\$	308,681	\$	172,411	\$	64,613

Major Component Units Debt Investments That Use Duration and Weighted Average Maturities As of June 30, 2006

Component unit / Investment type	Fair value (duration)	Modified duration (in years)	Fair value (WAM)	Weighted average maturity (in years)
South Florida Water Management District				
Federal agencies	301,620	2.31	NA	NA
University of South Florida				
U.S. guaranteed obligations	NA	NA	7,039	4.65
Federal agencies	NA	NA	2,831	6.33
Bonds and notes	NA	NA	3,411	3.58
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	427,981	0.20	NA	NA
Federal agencies	443,165	0.43	NA	NA
Bonds and notes	1,622,402	1.42	NA	NA
Total Debt Investments	\$ 2,795,168		\$ 13,281	

4. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

Pooled Investments with the State Treasury

The State Treasury does not have any investments in foreign currency. State law and investment policy do not authorize investments in foreign currency related to State Treasury investment operations.

Other Investments

The FRS Pension Trust Fund and the Lawton Chiles Endowment Fund had exposure to foreign currency risk at June 30, 2006. These funds are managed primarily by the use of "asset classes." In addition to securities denominated in foreign currency, the SBA purchases many investments that are issued in other countries, but that are denominated in U.S. dollars. These securities are, in many cases, traded on U.S. exchanges and function similar to U.S. securities. They do contain foreign country risk exposure, even if they do not contain foreign currency exposure.

The FRS Pension Trust Fund's International Equity and Global Equity asset class range limits, as adopted in the SBA's Total Fund Investment Plan, are 10-18% of total fund assets, with a target of 14%, and 1-8%, with a target of 4%, respectively. The Lawton Chiles Endowment Fund's Foreign Equities asset class range limits, as adopted in the fund's investment plan, are 6-18% of total fund assets, with a target of 12%. A limited amount of exposure occurs in certain Fixed Income portfolios. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the managers use them in many cases.

Presented below in U.S. dollars are the FRS Pension Trust Fund and Lawton Chiles Endowment Fund investments exposed to foreign currency risk as of June 30, 2006, listed in total, by currency (in thousands). International securities that are denominated in U.S. dollars are also included.

FRS Pension Trust Fund and Lawton Chiles Endowment Fund (LCEF) Investments Exposed to Foreign Currency Risk As of June 30, 2006

			F	RS Per	nsion	Fund			LCEF
				Investi	nent	type		In	vestment type
Currency	I	Debt	Swap Con	tract		Equity	Total		Equity
Australian dollar	\$		\$		\$	288,184	\$ 288,184	\$	19,572
Brazilian real						110,987	110,987		566
British pound sterling				515		2,018,069	2,018,584		42,571
Canadian dollar						308,841	308,841		15,883
Euro currency unit						3,287,725	3,287,725		104,172
Hong Kong dollar						512,747	512,747		14,973
Japanese yen						2,163,671	2,163,671		49,201
Mexican peso		355				52,163	52,518		339
Norwegian krone						115,034	115,034		5,206
Singapore dollar						139,939	139,939		1,322
South African rand						112,832	112,832		
South Korean won						342,470	342,470		8,115
Swedish krona						237,299	237,299		4,702
Swiss franc						822,718	822,718		11,089
Taiwan new dollar						191,369	191,369		3,370
Turkish lira						55,650	55,650		4,543
Other						332,056	332,056		5,206
International equity mutual fund (various currencies)						8,758,542	8,758,542		37
Total investments subject to foreign currency risk	\$	355	\$	515	\$	19,850,296	\$ 19,851,166	\$	290,867

Component Units

Component unit information regarding foreign currency risk was not readily available.

5. Security Lending

Pooled Investments with the State Treasury

Section 17.61(1), F.S. authorizes the State Treasury to participate in a security lending program. Agents of the State Treasury loan securities, including U.S. government and federally guaranteed obligations, bonds and notes to broker/dealers for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Collateral for loaned securities cannot be less than 100 percent of the fair value of the underlying security plus accrued interest. Such collateral may consist of cash; government securities; unconditional, irrevocable standby letters of credit; or other assets specifically agreed to in writing. Cash collateral is invested by the agent in investments authorized by Section 17.57, F.S. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned because security loan agreements are generally open-ended with no fixed expiration date. Since the collateral under security lending agreements (including accrued interest) exceeded the fair value of the securities underlying those agreements (including accrued interest), the Treasury had no credit risk exposure at June 30, 2006. If a situation occurs where an agent does not receive collateral sufficient to offset the fair value of any securities lent, or the borrowers fail to return the securities or fail to pay the State Treasury for income distributions by the securities' issuers while the securities are on loan, the agent is required to indemnify the State Treasury for any losses that might occur. The State Treasury does not have the ability to pledge or sell the non-cash collateral securities, so the non-cash portion of the collateral held (U.S. Government and federally guaranteed obligations valued at \$609,823,315) is not reported on the balance sheet. Securities held with others under security lending agreements, the cash portion of collateral held, totaled \$4,917,426,389. Security lending asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government.

Other Investments

Through the SBA, various funds, including the FRS Pension Trust Fund, the Local Government Surplus Funds Trust Fund, the Florida Lottery Trust Fund, the Florida Hurricane Catastrophe Fund, and the Florida Prepaid College Trust Fund participate in security lending programs. The SBA had received and invested \$24,800,372,566 in cash and \$422,490,451 in U.S. government securities as collateral for the lending programs as of June 30, 2006. At June 30, 2006, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest). All security lending programs have indemnity clauses requiring the lending agent to assume borrower's risk from default. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned, because security loan agreements are generally open-ended with no fixed expiration date. As such, investments made with cash collateral are primarily in short-term investments. However, investments purchased for some security lending programs included investments with final maturities of six months or more representing a range of approximately 32 percent to 91 percent of total collateral invested. There are no restrictions on the amount of securities that can be loaned at one time to one borrower for most funds. For the Local Government Surplus Funds Trust Fund, the SBA has adopted industry practice for SEC 2a7-like pools, which generally restricts lending activity to no more than one-third of the portfolio.

The SBA issued a separate report (financial statements and notes) pertaining to the State's Investment Trust Fund for the period ended June 30, 2006, as required by GASB Statement No. 31. Additional information pertaining to the Investment Trust Fund or a copy of the report may be obtained from the Senior Operating Officer, Finance and Accounting, State Board of Administration of Florida, 1801 Hermitage Boulevard, Suite 101, Tallahassee, Florida 32308, (850) 488-4406.

6. Derivatives

The SBA has established investment policy guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are not to be used to speculate in the expectation of earning extremely high returns. Various derivative investment instruments are used as part of the investment strategy to hedge against interest rate risk, currency risk in foreign markets, and mortgaged-backed security prepayment risk, as well as for yield-curve strategy purposes, diversification, and the management of equity market exposure. Derivative investment instruments include futures, options, forward exchange contracts, interest rate swaps, and equity index swaps.

The FRS Pension Trust Fund also held units in the SSGA Daily Active Emerging Markets Fund. This Fund uses use equity return swaps and equity futures to gain exposure to certain international equity markets. The FRS Pension Trust Fund does not directly hold positions in these derivatives; it only holds units of the emerging markets fund.

As of June 30, 2006, all of the SBA derivatives were reported at fair value.

7. Reverse Repurchase Agreements

Section 17.57, F.S. authorizes the State Treasury to enter into reverse repurchase agreements. The maturities of the reverse repurchase agreements are not matched to the underlying collateral securities; however, the collateral securities are comprised primarily of floating rate securities that reset monthly. Securities held with others under reverse repurchase agreements include U.S. and federally guaranteed obligations totaling \$2,635,062,009. Reverse repurchase agreement asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government.

Section 215.47, F.S. authorizes the State Board of Administration to enter into reverse repurchase agreements. The maturities of the reverse repurchase agreements are monthly. The maturities of the reverse repurchase agreements are not matched to the underlying collateral securities; however, the collateral securities are comprised primarily of Federal Agency issued fixed rate mortgages. As of June 30, 2006, securities held with others under reverse repurchase agreements in the FRS Pension Trust Fund include U.S. Federal Agency obligations totaling \$49,668,000.

NOTE 3 - RECEIVABLES AND PAYABLES

"Receivables, net" and "Other loans and notes receivables, net," as presented on the Government-wide Statement of Net Assets and the applicable balance sheets and statements of net assets in the fund financial statements, consist of the following (in thousands):

GOVERNMENTAL ACTIVITIES

		GOVERN	MŁ	ENTAL ACTIV	IT	IES				
		General Fund		Environment, Recreation and Conservation		Health and Family Services	Tr	ransportation		Nonmajor Governmental Funds
Accounts receivable	\$	95,224	\$	34,336	\$	349,375	\$	5,095	\$	245,633
Taxes receivable		1,310,428		28,319				131,527		651
Interest & dividends receivable		39,241		6,761		538		6,154		19,812
Loans & notes receivable		42,228		45,948						89,105
Due from Federal government		905		38,943		771,400		46,125		190,219
Other receivables		1,554		1,325		15,032		44,140		17,763
Allowance for uncollectibles		(37,585)		(24,739)		(91,890)		(1,440)		(61,834)
Receivables, net	\$	1,451,995	\$	130,893	\$	1,044,455	\$	231,601	\$	501,349
Loans & notes receivable from other governments Other loans & notes receivable Advances to other governments Advances to component units Long-term interest receivable Allowance for uncollectibles Other loans & notes receivable, net	\$	 3 6,150 59,821 65,974	\$	634,889 688 7,576 75,665 	\$	 179,188 3,042 (160,546) 21,684	\$	597,667 717 1,185 (5,260) 594,309	\$	614,520 4,646 3,734 622,900
0 mor 10 mor 10 mores 1 eees 1 mores, nee		00,57.1	Ψ	710,010	Ψ	21,001	4	es 1,00s	÷	ontinued below)
	Go	Total overnmental Funds		Internal Service Funds	G	overnment-wide Reconciling Balances	G	Total overnmental Activities		опшиси основ)
Accounts receivable	\$	729,663	\$	9,566	\$	90,339	\$	829,568		
Taxes receivable		1,470,925						1,470,925		
Interest & dividends receivable		72,506		109				72,615		
Loans & notes receivable		177,281						177,281		
Due from Federal government		1,047,592						1,047,592		
Other receivables		79,814		469				80,283		

(217,488)

Allowance for uncollectibles **Receivables**, **net**

Loans & notes receivable
from other governments
Other loans & notes receivable
Advances to other governments
Advances to component units
Long-term interest receivable
Allowance for uncollectibles
Other loans & notes receivable, net

3,360,293 10,144 90,339 3,460,776 1,847,076 \$ 1,847,076 \$ 185,242 185,242 20,502 20,502 135,486 135,486 1,185 1,185 (165,806)(165,806)2,023,685 2,023,685

(217,488)

BUSINESS-TYPE ACTIVITIES

					State Board			Nonmajor
					of	Pı	repaid College	Enterprise
	Trans	sportation	Lottery	A	Administration		Program	Funds
Accounts receivable	\$	1,825	\$ 28,322	\$	1,394,622	\$	8,531	\$ 63,944
Taxes receivable								283,241
Interest & dividends receivable		2,070	2,712		2,283		25,230	18,462
Loans & notes receivable							302,742	
Other receivables		108						2,214
Allowance for uncollectibles			(1,729)					(32,805)
Receivables, net	\$	4,003	\$ 29,305	\$	1,396,905	\$	336,503	\$ 335,056

(Continued below)

	Total Enterprise Funds	G	overnment-wide Reconciling Balances	Total Business-type Activities			
Accounts receivable	\$ 1,497,244	\$	4,399	\$	1,501,643		
Taxes receivable	283,241				283,241		
Interest & dividends receivable	50,757				50,757		
Loans & notes receivable	302,742				302,742		
Other receivables	2,322				2,322		
Allowance for uncollectibles	(34,534)				(34,534)		
Receivables, net	\$ 2,101,772	\$	4,399	\$	2,106,171		

COMPONENT UNITS

Accounts receivable	\$ 1,092,196
Taxes receivable	3
Interest & dividends receivable	73,240
Loans & notes receivable	107,754
Due from Federal government	24,285
Other receivables	429,002
Allowance for uncollectibles	 (246,625)
Receivables, net	\$ 1,479,855
Other loans & notes receivable	\$ 3,026,737
Long-term interest receivable	5
Allowance for uncollectibles	(141,835)
Other loans & notes receivable, net	\$ 2,884,907

"Accounts payable and other liabilities" and "Accounts payable and accrued liabilities," as presented on the Government-wide Statement of Net Assets and the applicable balance sheets and statements of net assets in the fund financial statements, consist of the following (in thousands):

GOVERNMENTAL ACTIVITIES

	General Fund	Re	nvironment, creation and onservation	Health and Family Services	Tra	nsportation	Nonmajor overnmental Funds
Accounts payable	\$ 661,855	\$	30,410	\$ 949,000	\$	127,702	\$ 342,533
Construction contracts						225,166	9,598
Claims payable	3,987						
Accrued salaries & wages	86,419			13,170		19,047	9,665
Deposits payable	63		379			2,534	699
Due to Federal government			1	2,905		17,099	349
Due to other governmental units	127,684		10,389	4,222		10,482	26,795
Other payables	 7,368					74	20,003
Accounts payable and							
other liabilities	\$ 887,376	\$	41,179	\$ 969,297	\$	402,104	\$ 409,642

(Continued below)

	Go	Total vernmental Funds	Internal Service Funds	R	ernment-wide teconciling Balances	Total Governmental Activities		
Accounts payable	\$	2,111,500	\$ 25,628	\$	461,289	\$	2,598,417	
Construction contracts		234,764					234,764	
Claims payable		3,987					3,987	
Accrued salaries & wages		128,301	3,448				131,749	
Deposits payable		3,675					3,675	
Due to Federal government		20,354					20,354	
Due to other governmental units		179,572	10				179,582	
Other payables		27,445	5,227				32,672	
Accounts payable and								
other liabilities	\$	2,709,598	\$ 34,313	\$	461,289	\$	3,205,200	

BUSINESS-TYPE ACTIVITIES

					State Board			1	Nonmajor
					of	P	repaid College	F	Enterprise
	Tran	sportation	Lottery	1	Administration		Program		Funds
Accounts payable	\$	521	\$ 15,458	\$	2,177,008	\$	97,655	\$	33,928
Construction contracts		35,897							
Accrued salaries & wages			150						1,944
Deposits payable		575	2,552				6,206		
Due to other governmental units									1,541
Other payables									11
Accounts payable and									
other liabilities	\$	36,993	\$ 18,160	\$	2,177,008	\$	103,861	\$	37,424

(Continued below)

	<u>-</u>	Total Enterprise Funds	 vernment-wide Reconciling Balances	Total Business-type Activities			
Accounts payable	\$	2,324,570	\$ 53	\$	2,324,623		
Construction contracts		35,897			35,897		
Accrued salaries & wages		2,094			2,094		
Deposits payable		9,333			9,333		
Due to other governmental units		1,541			1,541		
Other payables		11			11		
Accounts payable and other liabilities	\$	2,373,446	\$ 53	\$	2,373,499		

COMPONENT UNITS

Accounts payable	\$ 712,078
Construction contracts	71,216
Claims payable	2,085,462
Accrued salaries & wages	161,817
Deposits payable	59,879
Due to Federal government	85,894
Due to other governmental units	1,330
Other payables	 104,500
Accounts payable and	
other liabilities	\$ 3,282,176

NOTE 4 – TAXES

Florida levies neither a personal income tax nor an ad valorem tax on real or tangible personal property. Taxes are, however, the principal sources of financing State operations. A schedule of tax revenues by major tax type for each applicable major governmental fund, and for nonmajor governmental funds in the aggregate, is presented below (in thousands):

		Env	ironment,							
		R	ecreation		lth and				Nonmajor	
	General		and		amily			Go	vernmental	
	 Fund	Co	nservation	Se	rvices	Tr	ansportation		Funds	Total
Sales and use tax	\$ 20,729,364	\$		\$		\$		\$		\$ 20,729,364
Fuel taxes:										
Motor fuel tax							2,206,467			2,206,467
Pollutant tax			265,569							265,569
Aviation fuel tax							63,778			63,778
Solid minerals severance tax			46,413				•••••			46,413
Oil and gas production tax	 9,719						•••••		•••••	9,719
Total fuel taxes	 9,719		311,982		•••••		2,270,245			2,591,946
Corporate income tax	2,363,056									2,363,056
Documentary stamp tax	4,051,479						•••••		•••••	4,051,479
Intangible personal property tax	1,104,008									1,104,008
Communications service tax	1,009,844								423,248	1,433,092
Estate tax	64,241									64,241
Gross receipts utilities tax			9,310						576,210	585,520
Beverage and tobacco taxes:										
Alcoholic beverage tax	585,633								57,629	643,262
Cigarette tax	431,824									431,824
Smokeless tobacco tax	 27,457									27,457
Total beverage and										
tobacco taxes	 1,044,914						•••••		57,629	1,102,543
Other taxes:										
Insurance premium tax	827,196								51,883	879,079
Hospital public assistance tax					347,416					347,416
Citrus excise tax									33,474	33,474
Pari-mutuel wagering tax	2,206								25,867	28,073
Other	3,596								356	3,952
Total other taxes	832,998				347,416				111,580	1,291,994
Total	\$ 31,209,623	\$	321,292	\$	347,416	\$	2,270,245	\$	1,168,667	\$ 35,317,243

NOTE: Effective for the fiscal year ended June 30, 2006, premiums collected for workers' compensation and special disability are classified and reported as fees and charges instead of taxes.

Reconciliation of balances in governmental fund statements to government-wide financial statements (in thousands):

	Ве	everage and
	To	bacco Taxes
Governmental fund statements	\$	1,102,543
Government-wide accruals		(135)
Government-wide statements	\$	1,102,408

NOTE 5 - CAPITAL ASSETS

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

For financial statement purposes, the State reports capital assets under the following categories and has established a reporting capitalization threshold for each category. Applicable capital assets are depreciated over the appropriate estimated useful lives using the straight-line method.

	Financial Statement	Estimated Useful
Capital Asset Category	Capitalizing Threshold	Life (in Years)
Land and other nondepreciable assets	Capitalize all	Not depreciable
Nondepreciable infrastructure	Capitalize all	Not depreciable
Construction work in progress	\$100,000 when work is completed	Not depreciable
Buildings, equipment, and other depreciable assets		
Buildings and building improvements	\$100,000	5 - 50
Infrastructure and infrastructure improvements	\$100,000	3 - 50
(depreciable)		
Leasehold improvements	\$100,000	2 - 15
Property under capital lease	Threshold correlates to asset category	2 - 20
Furniture and equipment	\$1,000 and \$250 for non-circulated books	2 - 25
Works of art and historical treasures	Items capitalized as of June 30, 1999, remain capitalized; capitalize unless considered a collection	5 - 50
Library resources	\$25	5 - 50
Other capital assets	\$1,000	3 - 20

The State has elected to use the modified approach for accounting for its bridges and roadways included in the State Highway System. Under this approach, the Department of Transportation has made the commitment to preserve and maintain these assets at levels established by the Department of Transportation and approved by the Florida Legislature. No depreciation expense is reported for such assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. The Department of Transportation maintains an inventory of these assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. In addition, the Department of Transportation makes annual estimates of the amounts that must be expended to preserve and maintain these assets at the predetermined condition levels. Refer to the Required Supplementary Information for additional information on infrastructure using the modified approach.

Not included in the reported capital assets are the irreplaceable collections at various historic sites and museums throughout the State. For example, the Museum of Florida History, located in Tallahassee, currently has artifacts illustrating the history of Florida since the arrival of human beings on the peninsula. It also has access to collections that include Florida upland and underwater archaeology, Florida archives, and Florida and Spanish colonial numismatics.

Depreciation expense charged to functions of governmental activities for the year ended June 30, 2006, is as follows (in thousands):

General government	\$ 59,343
Education	18,258
Human services	31,617
Criminal justice and corrections	89,283
Natural resources & environment	49,404
Transportation	47,198
State courts	 3,155
Total depreciation expense (governmental activities)	\$ 298,258

Primary government capital asset activities for the fiscal year ended June 30, 2006, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance 7/1/2005	A	ljustments	Increases	D	ecreases	Balance 6/30/2006
Capital assets, not being depreciated:	7, 1, 2003	110	gustinents	mercuses		cereases	0/30/2000
Land and other nondepreciable assets	\$ 13,361,913	\$	48,305	\$ 697,148	\$	36,965	\$ 14,070,401
Infrastructure and infrastructure	, ,		,	,		,	, ,
improvements - nondepreciable	25,749,781		856,851				26,606,632
Construction work in progress	5,793,435		(871,117)	1,667,591		2,345	6,587,564
Total capital assets, not being depreciated	44,905,129		34,039	2,364,739		39,310	47,264,597
Capital assets, being depreciated:							
Buildings and building improvements	3,535,930		(18,342)	62,520		37,132	3,542,976
Infrastructure and infrastructure improvements	362,520		109,526	7,277		2,415	476,908
Leasehold improvements	268						268
Property under capital lease	210,212		(504)	4,829		38	214,499
Furniture and equipment	1,766,488		9,296	223,171		243,666	1,755,289
Works of art and historical treasures	1,368			71		8	1,431
Library resources	27,194		1	2,842		98	29,939
Other	50,229			77,470		906	126,793
Total capital assets, being depreciated	5,954,209		99,977	378,180		284,263	6,148,103
Less accumulated depreciation for:							
Buildings and building improvements	1,454,605		(447)	98,407		25,967	1,526,598
Infrastructure and infrastructure improvements	141,022		17,325	35,803		1,137	193,013
Leasehold improvements	53			18			71
Property under capital lease	42,235		3,095	1,397		16	46,711
Furniture and equipment	1,170,167		(453)	157,354		159,847	1,167,221
Works of art and historical treasures	473			31		3	501
Library resources	8,808		1	1,043		69	9,783
Other	 29,657			4,205		445	33,417
Total accumulated depreciation	2,847,020		19,521	298,258		187,484	2,977,315
Total capital assets, being depreciated, net	3,107,189		80,456	79,922		96,779	3,170,788
Governmental activities capital assets, net	\$ 48,012,318	\$	114,495	\$ 2,444,661	\$	136,089	\$ 50,435,385

BUSINESS-TYPE ACTIVITIES

	Balance 7/1/2005 Adjustments Increases			Decr	eases	Balance 6/30/2006			
Capital assets, not being depreciated:									
Land and other nondepreciable assets	\$	795,315	\$	(3)	\$ 34,347	\$	23	\$	829,636
Infrastructure and infrastructure									
improvements - nondepreciable	3	,795,489		518,494					4,313,983
Construction work in progress		639,297		(519,892)	445,250				564,655
Total capital assets, not being depreciated	5	,230,101		(1,401)	479,597		23		5,708,274
Capital assets, being depreciated:									
Buildings and building improvements		206,921		23	7,278		25		214,197
Infrastructure and infrastructure improvements		51							51
Furniture and equipment		112,190		735	8,970		3,913		117,982
Library resources		3					1		2
Other		8,792		(636)	88				8,244
Total capital assets, being depreciated		327,957		122	16,336		3,939		340,476
Less accumulated depreciation for:									
Buildings and building improvements		78,649			6,613		19		85,243
Infrastructure and infrastructure improvements		35			1				36
Furniture and equipment		79,426		(172)	12,965		3,398		88,821
Library resources		1					1		
Other		1,788		(99)	1,605				3,294
Total accumulated depreciation		159,899		(271)	21,184		3,418		177,394
Total capital assets, being depreciated, net		168,058		393	(4,848)		521		163,082
Business-type activities capital assets, net	\$ 5	,398,159	\$	(1,008)	\$ 474,749	\$	544	\$	5,871,356

Component units' capital asset activities for the fiscal year ended June 30, 2006, are as follows (in thousands):

COMPONENT UNITS

	Balance							Balance
	7/1/2005	A	djustments	Increases	Γ	Decreases	(6/30/2006
Capital assets, not being depreciated:								
Land and other non-depreciable assets	\$ 4,056,268	\$	2,625	\$ 328,401	\$	15,520	\$	4,371,774
Construction work in progress	1,251,266		(491,763)	1,064,251		636,431		1,187,323
Total capital assets, not being depreciated	5,307,534		(489,138)	1,392,652		651,951		5,559,097
Capital assets, being depreciated:								
Buildings and building improvements	8,741,760		448,959	542,297		56,639		9,676,377
Infrastructure and infrastructure improvements	1,126,882		(27,785)	236,968		5,214		1,330,851
Leasehold improvements	165,817		76	10,295		1,919		174,269
Property under capital lease	140,871		6,714	3,561		37		151,109
Furniture and equipment	2,654,194		5,063	284,869		151,800		2,792,326
Works of art and historical treasures	2,880		(1,798)	486				1,568
Library resources	662,272		(2,554)	38,919		4,535		694,102
Other	146,517		8,384	13,244		2,700		165,445
Total capital assets, being depreciated	13,641,193		437,059	1,130,639		222,844		14,986,047
Less accumulated depreciation for:								
Buildings and building improvements	2,834,268		(36,276)	252,961		8,866		3,042,087
Infrastructure and infrastructure improvements	426,686		(9,005)	41,020		2,676		456,025
Leasehold improvements	41,198		(1,460)	6,377		1,196		44,919
Property under capital lease	34,551		371	10,430		34		45,318
Furniture and equipment	1,805,029		(5,380)	230,174		129,305		1,900,518
Works of art and historical treasures	252		4	130		1		385
Library resources	429,526		6,702	39,057		3,662		471,623
Other	62,781		10,356	21,236		1,734		92,639
Total accumulated depreciation	5,634,291		(34,688)	601,385		147,474		6,053,514
Total capital assets, being depreciated, net	8,006,902		471,747	529,254		75,370		8,932,533
Component units capital assets, net	\$ 13,314,436	\$	(17,391)	\$ 1,921,906	\$	727,321	\$	14,491,630

NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Florida Retirement System (FRS) was created December 1, 1970, with consolidation of the Teachers' Retirement System (Chapter 238, Florida Statutes [F.S.]), the State and County Officers and Employees' Retirement System (Chapter 122, F.S.), and the Highway Patrol Pension Trust Fund (Chapter 321, F.S.). In 1972, the Judicial Retirement System (Section 121.046, F.S.) was also consolidated with the FRS. The FRS was created by (and can be amended by) Chapter 121, F.S., to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program and further amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the Public Employee Optional Retirement Program (PEORP).

The FRS also provides nonintegrated, optional retirement programs in lieu of the defined benefit pension plan to members of the Senior Management Service Class (SMSC) employed by the state or state elected officials who chose SMSC membership in lieu of membership in the Elected Officers' Class, as well as faculty and specified employees in the State University System and State community colleges. Provisions relating to the FRS are also contained in Chapter 112, F.S.

Except for elected officers and local government senior managers who elect to withdraw from the FRS altogether and members who elect to participate in the non-integrated optional retirement programs, FRS membership is compulsory for all employees filling a regularly established position in a State agency, county agency, State university, State community college, or district school board. Members of the Elected Officers' Class may elect to withdraw from the FRS to participate in the Senior Management Service Class in lieu of the Elected Officers' Class. Participation by cities, municipalities, and special districts, although optional, is generally irrevocable after election to participate is made.

There are five general classes of membership, as follows:

- Regular Class This class consists of members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) This class consists of members in senior management level positions in State and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives.
- Special Risk Class This class consists of members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers, certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's officer or a law enforcement agency, and meet the criteria to qualify for this class.
- Special Risk Administrative Support Class This class consists of Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- Elected Officers' Class (EOC) This class consists of elected State and county officers in addition to the elected officers of some cities and special districts.

The FRS defined benefit plan (the FRS Pension Plan) provides vesting of benefits after six years of service for all membership classes. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting; however, there is a 5 percent benefit reduction for each year prior to the normal retirement date.

- Regular Class, Senior Management Service Class, and Elected Officers' Class Members Six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age.
- Special Risk (Including Administrative Support Class) Six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age. A total of twenty-five years of service including special risk service and up to 4 years of active duty wartime service and age 52.

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Note: Any member not employed in a regularly established position on July 1, 2001, shall be deemed vested upon completion of creditable service, provided that such member is employed in a covered position for at least one work year after July 1, 2001.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, and service credit. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits are increased each July 1 by a 3 percent cost-of-living adjustment.

The Deferred Retirement Option Program (DROP) was established, effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. It permits eligible defined benefit plan employees who have reached their normal retirement date to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months after becoming eligible to participate. Additionally, authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits remain in the FRS Pension Trust Fund and accrue interest. As of June 30, 2006, the FRS Pension Trust Fund projected \$2,186,674,600 accumulated benefits and interest for 31,688 current and prior participants in the DROP.

The FRS Pension Plan is primarily a cost-sharing multiple-employer public-employee defined benefit pension plan administered by the Department of Management Services, Division of Retirement. Nonintegrated, optional retirement programs are available to targeted employee groups such as senior managers and faculty of the State university and community college systems. Costs of administering the FRS are funded through earnings on investments made for the Pension Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of expected future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. No investment in any one organization represents 5 percent or more of the net assets available for pension benefits.

Normal retirement benefits under the Public Employee Optional Retirement Program (FRS Investment Plan) are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service for all Investment Plan contributions regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, six years of service (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. The investment of this account is directed by the member from investment options offered under the plan. After termination, the member may rollover invested funds to another qualified plan, structure a periodic payment under the Investment Plan, take a lump-sum payment, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account value to the FRS Pension Plan when approved for disability retirement in order to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or choose to remain in the FRS Investment Plan and rely upon that account balance for retirement income.

All participating employers must comply with statutory contribution requirements. Except in those instances where employees have elected to remain in pre-existing plans, employees make no required contributions. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. The balance of legally required reserves for all defined benefit pension plans at June 30, 2006, was \$116,376,437,000. Of this amount, \$116,360,208,022 was attributable to the FRS and was reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan. Section 121.031(3), F.S., requires an annual actuarial review of the FRS, which is provided to the Legislature as guidance for funding decisions.

FRS Retirement Contribution Rates:

N	Normal Cost Rates Recommended					
	by Actuarial Review	7/1/2005				
	as of 7/1/2004 for	Statutory				
	Fiscal Year	Rates*				
Membership Class	2005-2006	(Ch. 121, F.S.)				
Regular	9.53%	6.72%				
Senior Management Service	13.27%	9.34%				
Special Risk	21.91%	17.42%				
Special Risk Administrative Support	12.39%	8.81%				
Judges	20.43%	17.54%				
Legislators/Attorneys/Cabinet	14.86%	11.38%				
Elected Officers	17.00%	14.12%				
Deferred Retirement Option						
Program - applicable to						
members from all of the						
above classes or plans	11.74%	8.22%				

^{*} Rates indicated are uniform rates for all FRS members created by blending the FRS Investment Plan and FRS Pension Plan rates and an 0.05% contribution for the FRS Investment Plan administration and education fee. The FRS Pension Plan rates for 2005-06 are offset (reduced) using surplus actuarial assets.

FRS Participating Employers:

Employer Types	6/30/2006
State Agencies	53
County Agencies	397
District School Boards	67
Community Colleges	28
Cities	158 *
Special Districts	192 *
Hospitals	4 *
Other	11
Total Participating Employers	910

^{*} These totals include the 39 cities, 3 independent hospitals, and 14 independent special districts that are closed to new FRS members as of January 1, 1996.

FRS Membership:

Member Types	Regular	Senior Management	Special Risk	Special Risk Administrative	Elected Officers	Total 6/30/2006
Active:						
Non-vested	199,872	1,701	24,958	2	458	226,991
Vested	383,341	5,558	47,120	72	1,737	437,828
DROP Participants	28,271	448	2,772	16	181	31,688
Current Retirees						
and Beneficiaries	228,349	1,288	19,638	152	1,782	251,209
Vested Terminated	73,852	759	5,066	21	318	80,016
Total Members	913,685	9,754	99,554	263	4,476	1,027,732

Additional information about the FRS Pension Plan can be obtained from the Research and Education Section, Division of Retirement by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877) 377-1737 or (850) 488-5706; by email at REP@dms.myflorida.com; or at the Division's website (http://frs.myflorida.com). The above counts do not reflect the FRS Investment Plan members who received a distribution from their accounts during fiscal year 2005-06.

A. Other Postemployment Benefits

Section 112.0801, F.S., provides that retirees may participate in their former employers' group health insurance programs. In general, premiums are paid by the retiree.

The Retiree Health Insurance Subsidy (HIS) established by Section 112.363, F.S., is to assist retirees of any State-administered retirement systems in paying health insurance costs. For the fiscal year ended June 30, 2006, eligible retirees and beneficiaries received a monthly retiree health insurance subsidy payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments were at least \$30 but not more than \$150 per month pursuant to Section 112.363, F.S. To be eligible to receive the HIS, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS program is funded by required contributions from FRS participating employers. Employer contributions are a percentage of payroll for all active FRS employees and are added to the amount submitted for retirement contributions. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. For the fiscal year ended June 30, 2006, the contribution rate was 1.11 percent of payroll pursuant to Section 112.363, F.S. In the event contributions fail to provide subsidy benefits to all participants, the subsidy payments may be reduced or canceled. Additional information pertaining to the HIS is as follows:

	2004	2005	2006
HIS recipients as of 6/30	199,107	209,722	220,757
HIS contributions for FY ending 6/30	\$264,411,895	\$266,229,756	\$301,747,699
HIS payments for FY ending 6/30	\$248,291,392	\$261,326,835	\$275,602,670
HIS Trust Fund net assets at 6/30	\$151,391,522	\$159,423,440	\$192,466,911
HIS contribution rate	1.11%	1.11%	1.11%

B. State of Florida Participation

The State of Florida contributed as required to the FRS as part of a cost-sharing multiple-employer public-employee pension plan that consists of a defined benefit plan and a defined contribution plan. For the fiscal year ended June 30, 2006, the State's total covered payroll for its 141,393 State employee members plus 8,090 State DROP participants amounted to \$5,553,797,893 with actual and required employer contributions totaling \$536,836,078, or 9.67 percent. The State's contributions to the FRS for the fiscal years ending June 30, 2004, and June 30, 2005, were \$436,290,894 and \$518,487,899, respectively. These amounts were also equal to the required contributions for each year. Covered payroll refers to all compensation paid by the State to active employees covered by the FRS on which contributions to the defined benefit pension plan are based. The State's contributions represented 22.87 percent of the total contributions required of all participating employers.

Employees' eligibility, benefits, and contributions by class are as previously described. Employees not filling regular established positions and working under the other personal services (OPS) status are not covered by the FRS.

C. State University System Optional Retirement Program (SUSORP)

Section 121.35, F.S., created the SUSORP for eligible State University System faculty, administrators, and administrative and professional staff. This program was designed to aid universities in recruiting employees who may not remain in the FRS long enough to vest. The SUSORP is a defined contribution plan that provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies to invest as directed to provide retirement and death benefits. Employees in eligible positions are compulsory participants in the SUSORP unless they elect membership in the FRS.

The employing universities were required to contribute 10.43 percent of covered payroll for July 2005 through June 2006. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize any unfunded actuarial liability (UAL). There was no UAL for fiscal year 2005-06. In accordance with Chapter 6OU-2 Optional Retirement

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Program Contributions, Florida Administrative Code, 0.01 percent was used for the administration of the SUSORP program and the remainder was distributed to the provider companies designated by the participant. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university. Additional information pertaining to the SUSORP is as follows:

Members 16,146
Payroll \$1,178,574,242
Contributions:
Employee \$59,857,649
Employer \$122,952,054

5.08% of payroll
10.43% of payroll

D. Senior Management Service Optional Annuity Program (SMSOAP)

Section 121.055, Florida Statutes, created the SMSOAP as an optional retirement program for State members of the Senior Management Service Class. The SMSOAP is a defined contribution plan that provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies to invest as directed to provide retirement and death benefits. Employees in eligible State positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. Employers were required to contribute 12.49 percent of covered payroll for July 2005 through June 2006. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize the unfunded actuarial liability (UAL). There was no UAL for fiscal year 2005-06. The employers' contributions were paid to the provider companies designated by the participant. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer. Additional information pertaining to the SMSOAP is as follows:

 Members
 62

 Payroll
 \$ 6,404,435

 Contributions:
 Employee

 Employee
 \$ 85,167

 Employer
 \$ 879,860

 13.74%
 of payroll

NOTE 7 - COMMITMENTS AND OPERATING LEASES

A. Construction Commitments

Road and bridge construction projects, supervised by the Department of Transportation, are included in the Department of Transportation work program, which is updated during each budget cycle. As of June 30, 2006, the Department had available approximately \$7.5 billion in budget authority committed on executed contracts arising from both current and prior year projects. Other major construction commitments of the State of Florida at June 30, 2006, totaled \$204 million. Additional disclosures on construction in progress are included in the capital assets note (Note 5). Construction commitments for component units totaled \$1.6 billion.

B. Florida Ports Financing Commission Revenue Bonds

The State has enacted legislation obligating it to remit annually \$25 million to a designated trustee for the purpose of repaying the debt on certain Florida Ports Financing Commission revenue bonds. The Florida Ports Financing Commission is not part of the State's reporting entity. These revenue bonds do not create or constitute a legal obligation or debt of the State. Funding for the annual remittance comes from the State of Florida, Department of Transportation's portion of motor vehicle registration fees, which was \$517,729,759 for the fiscal year ended June 30, 2006. Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2006, amounted to \$311,428,770 including Series 1996 bonds payable of \$181,112,298 and Series 1999 bonds payable of \$130,316,472.

C. Operating Leases

Operating leases are not recorded on the balance sheets or statements of net assets; however, operating lease payments are recorded as expenditures/expenses when incurred. Total operating lease payments for the State's governmental activities, business-type activities, and component units were \$100.6 million, \$19.8 million, and \$48.5 million, respectively, for the year ended June 30, 2006. The following is a schedule of future noncancelable operating lease payments for the primary government and component units at June 30, 2006 (in thousands):

Year Ending	Gov	Governmental		Business-type		Component	
June 30	A	ctivities		Activities		Units	
2007	\$	105,120	\$	21,455	\$	40,867	
2008		98,737		19,044		29,622	
2009		88,867		16,662		23,622	
2010		77,613		12,181		16,808	
2011		65,714		10,328		15,359	
2012-2016		114,747		22,586		10,752	
2017-2021		58,672		17,984		5,632	
2022-2026		688		11,465		5,161	
2027-2031		700		11,465		4,934	
2032-2036		714		11,465		1,724	
2037-2041						1,135	
2042-2046						1,135	
2047-2051						1,000	
2052-2056						200	
Total	\$	611,572	\$	154,635	\$	157,951	

NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

A. Bonds Payable

1. Outstanding Bonds

Bonds payable at June 30, 2006, are as follows (in thousands):

Bond Type	Original Amount		Amount Outstanding		Interest Rates	Annual Maturity To
Governmental Activities						
Road and Bridge Bonds	\$	2,366,730	\$	1,806,220	3.375%-6.500%	2034
SBE Capital Outlay Bonds		1,415,680		823,425	3.000%-6.000%	2026
Lottery Education Bonds		2,698,665		2,148,880	3.000%-6.000%	2025
Public Education Bonds		11,668,212		8,840,210	2.125%-9.125%	2035
Conservation and Recreation Lands Bonds		32,670		15,145	5.125%-5.375%	2012
Save Our Coast Bonds		149,960		75,685	3.250%-5.250%	2012
Preservation 2000 Bonds		1,787,855		1,093,740	4.000%-6.000%	2013
Florida Forever Bonds		1,588,220		1,439,960	3.000%-5.375%	2026
Pollution Control Bonds		60,000		6,535	5.600%-5.600%	2009
Water Pollution Control Bonds		139,775		116,500	2.000%-5.550%	2023
State Infrastructure Bank Bonds		62,340		62,340	4.000%-5.000%	2026
Florida Facilities Pool Bonds		430,790		328,435	2.625%-6.750%	2030
Everglades Restoration Bonds		100,000		98,430	3.960%-3.980%	2025
		22,500,897		16,855,505		
Unamortized premiums (discounts) on bonds payable				445,912		
Less amount deferred on refunding				(162,252)		
Total Bonds Payable	\$	22,500,897	\$	17,139,165		
Business-type Activities						
Toll Facilities Bonds	\$	2,353,470	\$	2,007,675	2.375%-6.500%	2034
Florida Hurricane Catastrophe Fund Bonds		1,350,025		1,350,025	4.000%-5.250%	2012
		3,703,495		3,357,700		
Unamortized premiums (discounts) on bonds payable				89,794		
Less amount deferred on refunding				(44,547)		
Total Bonds Payable	\$	3,703,495	\$	3,402,947		

2. Types of Bonds

Road and Bridge (**serial and term**) **Bonds** are secured by a pledge of a portion of the State-assessed motor fuel tax revenues, discretionary sales tax levied by the City of Jacksonville, and by a pledge of the full faith and credit of the State.

State Board of Education (SBE) Capital Outlay Bonds are issued to finance capital outlay projects of school districts and community colleges. The bonds mature serially and are secured by a pledge of a portion of the State-assessed motor vehicle license tax and by a pledge of the full faith and credit of the State.

Lottery Education Bonds are issued to finance all or a portion of the costs of various local school district educational facilities. The bonds mature serially and are secured by a pledge of a portion of the lottery revenues transferred to the Educational Enhancement Trust Fund.

Public Education Bonds are issued to finance capital outlay projects of local school districts, community colleges, vocational technical schools, and State universities. The bonds, serial and term, are secured by a pledge of the State's gross receipts tax revenues and by a pledge of the full faith and credit of the State.

Conservation and Recreation Lands Bonds are issued to acquire lands, water areas, and related resources. The bonds mature serially and are primarily secured by a pledge of the documentary stamp tax.

Save Our Coast Bonds are used to finance the purchase of environmentally significant coastal property. The bonds mature serially and are secured by a pledge of State Land Acquisition Trust Fund collections (primarily documentary stamp taxes).

Preservation 2000 Bonds are issued to pay the cost of acquiring lands and related resources in furtherance of outdoor recreation and natural resources conservation. The bonds mature serially and are secured by a pledge of a portion of the documentary stamp tax.

Florida Forever Bonds are issued to finance the cost of acquisition and improvements of lands, water areas, and related property interests and resources in the State of Florida for the purposes of restoration, conservation, recreation, water resource development, or historical preservation. The bonds mature serially and are secured by a pledge of a portion of the documentary stamp tax.

Pollution Control Bonds are issued to make funds available for local government acquisition and construction of pollution control facilities. The bonds are to be serviced by revenues pledged by the local governments, and the full faith and credit of the State is pledged as additional security. The bonds mature serially. This amount includes \$6,505,000 that has been escrowed by local governments.

Water Pollution Control Bonds are issued by the Water Pollution Control Financing Corporation (a blended component unit) to fund loans to local governments to finance or refinance the cost of wastewater treatment and storm water management projects. The bonds mature serially and are secured by a pledge of the loan payments from local governments.

State Infrastructure Bank Bonds are issued primarily to finance loans made for the purpose of financing qualified transportation projects. The bonds mature serially and are secured by a pledge of repayments on pledged loans and moneys and investments held in reserve accounts.

Florida Facilities Pool Bonds are issued to provide funds for the acquisition and construction of facilities to be leased to State agencies. The bonds, serial and term, are secured by a pledge of the revenues derived from the leasing and operations of these facilities.

Everglades Restoration Bonds are revenue bonds issued to finance or refinance the costs of acquisition and improvement of lands, water areas, and related property interests and resources for the purpose of implementing the Comprehensive Everglades Restoration Plan. The bonds mature serially and are secured by a pledge of a portion of the documentary stamp tax.

Toll Facilities Bonds are issued to provide construction funds for roads and bridges. Toll bonds, serial and term, are secured by a pledge of toll facility revenues.

Florida Hurricane Catastrophe Fund Bonds are issued by the Florida Hurricane Catastrophe Fund Finance Corporation to make payments to participating insurers for losses resulting from 2005 covered events (hurricanes). The bonds mature serially and are secured by emergency assessments and reimbursement premiums.

3. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2006, are as follows (in thousands):

		Primary Government							
Year Ending	Go	vernmental Activ	ities	Bus	iness-type Activ	ities			
June 30	Principal	Interest	Total	Principal	Interest	Total			
2007	\$ 777,600	\$ 835,614	\$ 1,613,214	\$ 66,840	\$ 164,814	\$ 231,654			
2008	806,260	795,026	1,601,286	314,750	162,300	477,050			
2009	840,145	755,197	1,595,342	330,545	146,526	477,071			
2010	871,525	713,792	1,585,317	344,475	130,051	474,526			
2011	896,770	671,709	1,568,479	361,115	113,232	474,347			
2012-2016	4,193,570	2,650,063	6,843,633	747,535	371,592	1,119,127			
2017-2021	3,843,755	1,665,968	5,509,723	530,080	235,422	765,502			
2022-2026	2,934,940	780,287	3,715,227	396,740	118,867	515,607			
2027-2031	1,249,095	277,833	1,526,928	193,555	40,041	233,596			
2032-2036	441,845	41,215	483,060	72,065	6,206	78,271			
Bonds payable and interest	16,855,505	9,186,704	26,042,209	3,357,700	1,489,051	4,846,751			
Unamortized premiums (discounts)	445,912		445,912	89,794		89,794			
Less amount deferred or refunded	(162,252)		(162,252)	(44,547)		(44,547)			
Total bonds payable and interest	\$ 17,139,165	\$ 9,186,704	\$ 26,325,869	\$ 3,402,947	\$ 1,489,051	\$ 4,891,998			

Year Ending	Component Units					
June 30	Principal		I	Interest		Total
2007	\$	149,936	\$	216,942	\$	366,878
2008		178,935		224,320		403,255
2009		147,140		218,429		365,569
2010		149,418		211,257		360,675
2011		131,893		207,292		339,185
2012-2016		522,322		359,605		881,927
2017-2021		651,891		313,839		965,730
2022-2026		682,969		222,641		905,610
2027-2031		705,639		140,203		845,842
2032-2036		576,320		42,127		618,447
2037-2041		833,294		7,589		840,883
2042-2046		327,994		310		328,304
2047-2051		60,200		158		60,358
Bonds payable and interest		5,117,951	2	2,164,712		7,282,663
Unamortized premiums (discounts)		12,046				12,046
Less amount deferred or refunded		(8,654)				(8,654)
Total bonds payable and interest	\$	5,121,343	\$ 2	2,164,712	\$	7,286,055

4. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2006, the State took advantage of favorable conditions and issued bonds for the purpose of refunding previously issued bonds. The refundings of these bond series were made in order to obtain lower interest rates and the resulting savings in debt service payments over the life of the bonds. The economic gains obtained by these refundings are the differences between the present value of old debt service and new debt service requirements.

The proceeds of the current refundings are used to immediately call the refunded bonds. The proceeds of the advance refundings are deposited into irrevocable trusts and invested in direct obligations of the Federal government and/or obligations guaranteed by the Federal government. The funds deposited along with the interest to be earned will be sufficient to meet the future principal and interest payments on the refunded bonds as they become due.

Bonds legally defeased through the consummation of refunding transactions are not included in Florida's outstanding debt. Irrevocable escrow accounts held by the State Board of Administration to service the refunded bonds are reported as agency funds. The following refundings occurred during the fiscal year.

Advance Refundings

Governmental Activities

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2005 Series D in the amount of \$355,135,000 were used to advance refund \$201,660,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1997 Series A maturing in the years 2008 through 2027 and \$161,095,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education, Capital

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Outlay Bonds, 1998 Series E maturing in the years 2011 through 2029. The refunding resulted in debt savings of \$44,140,229, an economic gain of \$28,054.095, and a deferred loss on refunding of \$21,895,509.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2004 Series C in the amount of \$300,135,000 were used in part to advance refund \$163,345,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2000 Series A maturing in the years 2011 through 2030. The refunding resulted in debt savings of \$17,530,297, an economic gain of \$10,785,597, and a deferred loss on refunding of \$8,735,642.

State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2005 B in the amount of \$301,401,000 was used to advance refund \$163,610,000 of the State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds Series 1997A maturing in the years 2008 through 2027 and \$121,185,000 of the State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds Series 1997B maturing in the years 2008 through 2027. The refunding resulted in debt savings of \$26,471,054, an economic gain of \$17,574,706, and a deferred loss on refunding of \$9,409,088.

State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Refunding Bonds, 2005 Series B in the amount of \$231,955,000 was used to advance refund \$192,825,000 State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Bonds, 1998 Series A maturing in the years 2009 through 2018, and \$46,820,000 State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Bonds, 2000 Series A maturing in the years 2011 through 2020. The refunding resulted in debt savings of \$17,934,506, an economic gain of \$13,652,103, and a deferred loss on refunding of \$12,902,510.

State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series 2004A in the amount of \$148,455,000 along with additional funds of \$1,374,410 were used to advance refund \$154,675,000 of the State of Florida, Department of Environmental Protection, Preservation 2000 Revenue Bonds, Series 1996A maturing in the years 2007 through 2013. The refunding resulted in debt savings of \$16,135,211, an economic gain of \$14,076,364, and a deferred loss on refunding of \$2,589,581.

Combined Current and Advance Refunding Issue

State of Florida, Department of Management Services, Florida Facilities Pool Revenue Refunding Bonds, Series 2005A in the amount of \$113,520,000 was used to:

Current refund:

\$12,340,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1993C maturing in the years 2006 through 2024;

\$10,965,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1995A maturing in the years 2006 through 2024;

\$34,485,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Refunding Bonds, Series 1995B maturing in the years 2006 through 2020;

\$4,105,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1996A maturing in the years 2006 through 2024; and to

Advance refund:

\$8,010,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1996B maturing in the years 2007 through 2026;

\$10,775,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1997A maturing in the years 2008 through 2026;

\$24,620,000 of the State of Florida, Department of Management Services, Florida Facilities Pool Revenue Bonds, Series 1999B maturing in the years 2010 through 2028; and,

\$11,810,000 of the State of Florida, Department of Management Services, Florida Facilities Pool Revenue Bonds, Series 2000A maturing in the years 2011 through 2029.

The refunding resulted in debt savings of \$18,531,198, an economic gain of \$11,736,263, and a deferred loss on refunding of \$8,347,481.

5. In-substance Defeasance

None.

6. Prior-year Defeased Bonds

In prior years, the State has deposited with escrow agents in irrevocable trusts amounts sufficient to meet the debt service requirements of certain bonds. These defeased bonds are not reported as outstanding debt. Irrevocable trusts established with the State Board of Administration are reported in an agency fund. Debt considered defeased consists of the following (in thousands):

	Principal at 6/30/2006	
Governmental Activities		
Road and Bridge Bonds	\$	88,895
SBE Capital Outlay Bonds		118,090
Public Education Capital Outlay Bonds		249,980
Lottery Bonds		91,060
Investment Fraud Restoration Bonds		1,275
Pollution Control Bonds		6,450
Total	\$	555,750
Business-type Activities		
Toll Facilities	\$	230,025
Component Units		
University Revenue Certificates	\$	2,699

7. Arbitrage Regulations

The State of Florida complies with Federal arbitrage regulations.

8. Direct Interest

The State's bonds are issued for the creation or continuing existence of various programs. Interest is reported in the following governmental activities as direct expenses on the Statement of Activities (in thousands):

Governmental Activities	Bond Type]	<u>Interest</u>
Education	SBE Capital Outlay Bonds	\$	35,277
Education	Lottery Education Bonds		100,217
Education	Public Education Bonds		414,283
Total Education			549,777
Natural Resources and Environment	Conservation and Recreation Lands Bonds		906
Natural Resources and Environment	Pollution Control Bonds		596
Natural Resources and Environment	Everglades Restoration Bonds		1,665
Natural Resources and Environment	Water Pollution Control Bonds		4,608
Natural Resources and Environment	Save Our Coast Bonds		3,620
Natural Resources and Environment	Florida Forever Bonds		55,739
Natural Resources and Environment	Preservation 2000 Bonds		69,982
Total Natural Resources and Environment			137,116
Transportation	Road and Bridge Bonds (Right of Way)		77,356
Transportation	State Infrastructure Bank Bonds		2,404
Total Transportation			79,760
Total Direct Interest		\$	766,653

9. Governmental Activities – Unrestricted Net Asset Deficit

Governmental activities reflect a negative unrestricted net asset balance of \$5.8 billion at June 30, 2006. This deficit is primarily the result of education-related bonds in which the State is responsible for the debt, but the local school districts own the capital assets. Because the State does not own these capital assets, the bonded debt is not netted on the line item "Invested in capital assets, net of related debt." Instead, this bonded debt is netted with unrestricted net assets. Education-related bonds include State Board of Education, Capital Outlay Bonds; Public Education Capital Outlay (PECO) Bonds; and Lottery Education Bonds; which have a total ending balance at June 30, 2006, of \$11.8 billion. The State has an additional \$1.4 billion in bonded debt in which the State does not own the related capital assets, including some Road and Bridge Bonds, Pollution Control Bonds, and Preservation 2000/Florida Forever Bonds. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net assets for governmental activities would be \$7.4 billion.

B. Certificates of Participation

The State has issued certificates of participation (original amount of \$303,345,000) to finance privately operated detention facilities. The certificates of participation's interest rates range from 2.000% to 5.375% and the last maturity is during the fiscal year ending June 30, 2026. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2006 (in thousands):

Year Ending			
June 30	Principal	Interest	Total
2007	\$ 14,240	\$ 11,919	\$ 26,159
2008	13,960	11,764	25,724
2009	14,525	11,173	25,698
2010	15,140	10,565	25,705
2011	15,790	9,919	25,709
2012-2016	86,310	37,285	123,595
2017-2021	55,620	19,338	74,958
2022-2026	56,690	6,827	63,517
Total	272,275	118,790	391,065
Unamortized premiums (discounts)	9,946		9,946
(Amount deferred upon refunding)	(2,993)		(2,993)
Total certificates of participation payable	\$ 279,228	\$ 118,790	\$ 398,018

Component units (universities) have issued certificates of participation (original amount of \$571,717,056) primarily to finance academic and student facilities. The certificates of participation's interest rates range from 2.100% to 6.300% and the last maturity is during the fiscal year ending June 30, 2037. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2006 (in thousands):

Year Ending			.		TD - 1	
June 30	P	rincipal	 Interest	Total		
2007	\$	5,580	\$ 22,028	\$	27,608	
2008		9,219	23,333		32,552	
2009		8,354	23,067		31,421	
2010		11,550	22,690		34,240	
2011		12,124	22,254		34,378	
2012-2016		66,638	103,561		170,199	
2017-2021		80,180	88,844		169,024	
2022-2026		87,159	67,211		154,370	
2027-2031		82,450	44,197		126,647	
2032-2036		165,885	16,250		182,135	
2037-2041		6,965	187		7,152	
Total		536,104	433,622		969,726	
Unamortized premiums (discounts)		8,653			8,653	
Total certificates of participation payable	\$	544,757	\$ 433,622	\$	978,379	

NOTE 9 - INSTALLMENT PURCHASES AND CAPITAL LEASES

A. Installment Purchases

The State has a number of installment purchase contracts providing for the acquisition of buildings, furniture, and equipment. At June 30, 2006, installment purchase contracts for governmental activities and component units were primarily for furniture and equipment. The following is a schedule of future minimum installment purchase contract payments for the primary government and component units at June 30, 2006 (in thousands):

		Primary			
	G	overnment			
Year Ending	Go	vernmental	Co	mponent	
June 30		Activities	Units		
2007	\$	23,041	\$	3,943	
2008		22,578		2,883	
2009		16,637		1,195	
2010		6,696		723	
2011		2,230		583	
2012-2016		1,028		3,748	
2017-2021		110			
Total		72,320		13,075	
Less: Interest		(4,068)		(3,371)	
Present value of future					
minimum payments	\$	68,252	\$	9,704	

B. Capital Leases

The State has a number of capital leases providing for the acquisition of buildings, furniture, and equipment. At June 30, 2006, 7 percent of the State's capital leases for governmental activities were for buildings, with the remainder for furniture and equipment. Capital leases for component units consisted of 51 percent for buildings and the remainder for furniture and equipment. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2006 (in thousands):

	F	Primary				
	Go	vernment				
Year Ending	Gov	ernmental	Component			
June 30	A	ctivities		Units		
2007	\$	8,954	\$	14,446		
2008		8,941		13,397		
2009		8,947		10,878		
2010		8,941		9,674		
2011		8,949		8,214		
2012-2016		41,265		27,330		
2017-2021		13,030		23,582		
2022-2026				18,442		
2027-2031				13,952		
Total		99,027		139,915		
Less: Interest		(23,463)		(46,876)		
Present value of future						
minimum payments	\$	75,564	\$	93,039		

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2006, are as follows (in thousands):

					Dι	ie Within
	Balance			Balance	C	ne Year
	7/1/2005	Additions	Deletions	6/30/2006	(Current)
•						
Governmental Activities						
Bonds payable:						
Road and Bridge Bonds	\$ 2,138,575	\$	\$ 332,355	\$ 1,806,220	\$	52,640
SBE Capital Outlay Bonds	869,275	248,690	294,540	823,425		56,420
Lottery Education Bonds	2,086,015	158,295	95,430	2,148,880		103,915
Public Education Bonds	9,016,270	616,435	792,495	8,840,210		282,375
Conservation and Recreation	, ,	,	,	, ,		,
Lands Bonds	17,205		2,060	15,145		2,170
Save Our Coast Bonds	96,175		20,490	75,685		21,720
Preservation 2000 Bonds	1,393,635		299,895	1,093,740		133,650
Florida Forever Bonds	1,121,535	382,460	64,035	1,439,960		91,450
Pollution Control Bonds	10,635		4,100	6,535		2,130
Water Pollution Control Bonds	122,970		6,470	116,500		7,775
State Infrastructure Bank Bonds	62,340			62,340		5,195
Everglades Restoration Bonds		100,000	1,570	98,430		3,670
Florida Facilities Pool Bonds	345,340	113,520	130,425	328,435		14,490
•	17,279,970	1,619,400	2,043,865	16,855,505		777,600
Unamortized bond premiums			, ,			ŕ
(discounts)	448,648	72,469	75,205	445,912		
Amounts deferred on refunding	(126,648)	(46,390)	(10,786)	(162,252)		•••••
Total bonds payable	17,601,970	1,645,479	2,108,284	17,139,165		777,600
r	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,	,, -	.,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Certificates of participation payable	85,141	215,423	21,336	279,228		14,240
Deposits	455,332	165,233	261,408	359,157		147,200
Compensated absences	759,446	214,676	138,751	835,371		197,570
Claims payable	2,324,287	361,745	401,575	2,284,457		385,124
Installment purchases/capital leases	173,679	23,945	53,808	143,816		26,771
Due to other governments:	,	,	•	,		·
Federal arbitrage liability	1,535	63		1,598		
Other	15,830	1,269	17,099			
Other liabilities	33,084	89,748	36,793	86,039		
Total Governmental Activities	\$ 21,450,304	\$2,717,581	\$ 3,039,054	\$ 21,128,831	\$ 1	,548,505
=		•				

Long-term liabilities for governmental activities are generally liquidated by the applicable governmental funds and/or internal service funds. Specifically, the special revenue funds, capital projects funds, and/or internal service funds in which the certificates of participation payable, installment purchase contracts, and capital leases are recorded will liquidate those obligations. The applicable special revenue funds and internal service funds will reduce deposits when such monies are earned. The governmental and internal services funds that account for employees' salaries and wages will liquidate the compensated absences liabilities. The General Fund and the non-major special revenue fund will generally liquidate claims payable. The applicable special revenue funds and internal service funds, as well as the debt service fund, will liquidate obligations to other governments. The nonmajor special revenue funds will generally liquidate other liabilities.

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Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2006, are as follows (in thousands):

	Balance 7/1/2005	Adjustments	Additions	Deletions	Balance 6/30/2006	Due Within One Year (Current)
Business-type Activities						
Bonds payable:						
Toll Facility Bonds	\$ 2,071,285	\$	\$	\$ 63,610	\$ 2,007,675	\$ 66,840
Florida Hurricane Catastrophe Fund	[
Bonds			1,350,025		1,350,025	
Unamortized bond premiums						
(discounts)	42,425		56,964	9,595	89,794	
Amounts deferred on refunding	(49,775)			(5,228)	(44,547)	
Total bonds payable	2,063,935	•••••	1,406,989	67,977	3,402,947	66,840
Accrued prize liability	1,545,639		992,863	1,120,231	1,418,271	304,465
Deposits	453,410		14,822	16,284	451,948	18,035
Compensated absences	19,799		4,324	2,429	21,694	4,504
Tuition and housing benefits payable		5,963,819	370,595	260,431	6,073,983	347,751
Installment purchases/capital leases	205			205		
Due to other governments:						
Federal arbitrage liability	138		14	152		
Total Business-type Activities	\$ 4,083,126	\$5,963,819	\$2,789,607	\$1,467,709	\$11,368,843	\$ 741,595
Component Units						
Bonds payable	\$ 5,262,995	\$ (422)	\$ 553,506	\$ 694,736	\$ 5,121,343	\$ 149,936
Deposits	67,696	9,888	6,204	10,381	73,407	63,460
Compensated absences	522,110	3,453	309,753	272,813	562,503	66,959
Installment purchases/capital leases	107,799	1,460	14,660	21,176	102,743	13,554
Claims payable	78,283	8,988	12,470	11,017	88,724	4,383
Certificates of participation payable	319,617	60	372,085	147,005	544,757	5,580
Due to other governments	8,470			7,500	970	
Other liabilities	2,832,510	(59,823)	369,187	157,089	2,984,785	326,326
Total Component Units	\$ 9,199,480	\$ (36,396)	\$1,637,865	\$1,321,717	\$ 9,479,232	\$ 630,198

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2006, amounts to be received or paid with current available resources are reported as due from or due to other funds, whereas the noncurrent portion is reported as advances to or advances from other funds. Interfund balances at June 30, 2006, consist of the following (in thousands):

	Due from Other Funds (in thousands)											
				Governmental	l Ac	tivities						
				Environment,		Health and						
	General Fund			Recreation and		Family						
Due to Other Funds (in thousands)				Conservation		Services		nsportation				
Governmental Activities												
General Fund	\$		\$	28,402	\$	40,774	\$	9,559				
Environment, Recreation and Conservation		18,886				14		16,685				
Health and Family Services		3,585		31				11,998				
Transportation		15,231		1,723								
Nonmajor		84,476		5,132		35,921		52,240				
Internal Service Funds		2,143										
Business-type Activities												
Transportation								89,121				
Lottery		2						27				
State Board of Administration		282										
Nonmajor		8,579				124						
Fiduciary Funds												
Private-purpose Trust Funds		60										
Pension and Other Employee												
Benefits Trust Funds		1				1						
Agency Funds		49,374		1		1,260		14,561				
Investment Trust Fund												
Total	\$	182,619	\$	35,289	\$	78,094	\$	194,191				

(Continued below)

	Due from Other Funds (in thousands)									
	Governmental Activities									
				Internal						
				Service						
Due to Other Funds (in thousands)	N	onmajor		Funds						
Governmental Activities										
General Fund	\$	58,265	\$	6,611						
Environment, Recreation and Conservation		61		7						
Health and Family Services		567		19,174						
Transportation		23,297		2,092						
Nonmajor		63,090		501						
Internal Service Funds		792		234						
Business-type Activities										
Transportation										
Lottery		93,710		29						
State Board of Administration				11						
Nonmajor		5,135		22						
Fiduciary Funds		ŕ								
Private-purpose Trust Funds		5,842								
Pension and Other Employee										
Benefits Trust Funds				14						
Agency Funds		19,225								
Investment Trust Fund										
Total	\$	269,984	\$	28,695						
	-			(Continued next nage)						

(Continued next page)

	Due from Other Funds (in thousands)										
	Busir	ness-type	Acti	vities		Fiduciary Funds					
	S	tate			Pens	ion and Other					
	Board of				Employee Benefits		Agency				
Due to Other Funds (in thousands)	Administration Nonmajor		•	rust Funds	Funds			Total			
Governmental Activities											
General Fund	\$		\$	1,300	\$	2	\$	52,701	\$	197,614	
Environment, Recreation and Conservation				27						35,680	
Health and Family Services				405				419		36,179	
Transportation				23		1		7,946		50,313	
Nonmajor		82		1,298		3		2,578		245,321	
Internal Service Funds				26						3,195	
Business-type Activities										ĺ	
Transportation								3		89,124	
Lottery		8		14				49		93,839	
State Board of Administration								1		294	
Nonmajor				9						13,869	
Fiduciary Funds										Ź	
Private-purpose Trust Funds										5,902	
Pension and Other Employee										ĺ	
Benefits Trust Funds		4,009		1		20,890				24,916	
Agency Funds		108				·····				84,529	
Investment Trust Fund		281								281	
Total	\$	4,488	\$	3,103	\$	20,896	\$	63,697	\$	881,056	

				ther Funds (in the	thousands)			
							Busin	ness-type
			es	Activities				
			Hea	th and				
	General		General Family					
Advances from Other Funds (in thousands)	Fund Services		Trar	nsportation	Trans	portation		
Governmental Activities								
General Fund	\$		\$		\$	100	\$	500
Environment, Recreation and Conservation		45				3,300		
Nonmajor		664		326				
Internal Service Funds		2,003				800		
Business-type Activities								
Transportation						183,196		
Total	\$	2,712	\$	326	\$	187,396	\$	500
	·	·		·	·	-	·	(Continued

	Advances to Other Funds (in thousands)				
		iduciary Funds			
Advances from Other Funds (in thousands)		nte-purpose 1st Funds	Total		
Prepaid College Program					
General Fund	\$		\$	600	
Environment, Recreation and Conservation				3,345	
Nonmajor		357,895	35	58,885	
Internal Service Funds				2,803	
Business-type Activities					
Transportation			18	33,196	
Total	\$	357,895	\$ 54	18,829	

During the course of operations, there are numerous transactions between funds within the State. Interfund transfers during the year are as follows (in thousands):

	(in thousands	s)										
	Governmental Activities											
				Environment,	I	Health and						
	General			Recreation and		Family						
Transfers to Other Funds (in thousands)	Fund			Conservation	Services		Tra	ansportation				
Governmental Activities												
General Fund	\$		\$	1,468,029	\$	792,533	\$	1,146,146				
Environment, Recreation and Conservation		98,195				3,075		846				
Health and Family Services		21,254						55,729				
Transportation		60,540		15,025		3						
Nonmajor		237,320		42,752		152,822		877,350				
Internal Service Funds		6,486		856								
Business-type Activities												
Transportation								39,216				
Lottery		384										
State Board of Administration								•••••				
Prepaid College Program												
Nonmajor		54,623				5,943						
Fiduciary Funds												
Private-purpose Trust Funds		12				61		•••••				
Pension and Other Employee												
Benefits Trust Funds		1,517										
Total	\$	480,331	\$	1,526,662	\$	954,437	\$	2,119,287				

(Continued below)

	Transfers from Other Funds (in thousands)							
	Governmental Activities							
				Internal				
				Service				
Transfers to Other Funds (in thousands)		Nonmajor		Fund				
Governmental Activities								
General Fund	\$	1,308,162	\$	4,318				
Environment, Recreation and Conservation		566,138						
Health and Family Services		437,274						
Transportation		653,657						
Nonmajor		1,577,442		475				
Internal Service Funds		6,038						
Business-type Activities								
Transportation								
Lottery		1,224,651						
State Board of Administration		10,000						
Prepaid College Program								
Nonmajor		27,455						
Fiduciary Funds								
Private-purpose Trust Funds		10,236						
Pension and Other Employee								
Benefits Trust Funds		146						
Total	\$	5,821,199	\$	4,793				

(Continued next page)

Transfers from Other Funds (in thousands) **Business-type Activities** State Board of Prepaid College Transfers to Other Funds (in thousands) Lottery Administration Program Transportation Nonmajor **Governmental Activities** General Fund \$ 796 \$ \$ \$ \$ 6,029 Environment, Recreation and Conservation 170 Health and Family Services 2,162 Transportation 22,935 144 Nonmajor 20 6,629 1,798 Internal Service Funds 6 163 **Business-type Activities** Transportation Lottery 5 State Board of Administration Prepaid College Program ••••• ••••• Nonmajor 88 **Fiduciary Funds** Private-purpose Trust Funds 23 26 Pension and Other Employee Benefits Trust Funds 12,462 **Total** 23,751 6 \$ 19,091 \$ 10,589

(Continued below)

	Transfers from Other Funds (in thousands) Fiduciary Funds Pension and Other					
	Private-purpose		Employee Benefits			
Transfers to Other Funds (in thousands)	Trust Funds		Trust Funds		Total	
Governmental Activities						
General Fund	\$		\$	152	\$	4,726,165
Environment, Recreation and Conservation						668,424
Health and Family Services						516,419
Transportation						752,304
Nonmajor						2,896,608
Internal Service Funds						13,549
Business-type Activities						
Transportation						39,216
Lottery		28				1,225,068
State Board of Administration						10,001
Prepaid College Program		1,804				1,804
Nonmajor						88,109
Fiduciary Funds						
Private-purpose Trust Funds						10,358
Pension and Other Employee						
Benefits Trust Funds			1,048,	947		1,063,075
Total	\$	1,832	\$ 1,049,	099	\$	12,011,100

NOTE 12 - RISK MANAGEMENT

A. State Risk Management Trust Fund

The State Risk Management Trust Fund provides property insurance coverage for State buildings and contents against loss from fire, lightning, sinkholes, flood, and other hazards customarily insured by extended coverage and loss from the removal of personal property from such properties when endangered by covered perils. The property insurance program self-insures the first \$2 million per occurrence with an annual aggregate of \$5 million for all perils except windstorm and flood. The property insurance program self-insures the first \$2 million per occurrence with an annual aggregate of \$40 million for windstorm and flood. Commercial excess insurance is purchased for losses over the self-insured retention up to \$50 million per occurrence for windstorm, \$50 million per occurrence for flood losses, and \$200 million per occurrence for fire, lightning, and sinkhole losses.

The Fund's estimated liability for unpaid property insurance claims at the fiscal year-end is determined by an actuarial method and includes an amount for losses incurred but not yet reported. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2005, and June 30, 2006, were as follows (in thousands):

			Cur	rent Year				
	Beg	inning of	Cla	aims and			Ba	lance at
Fiscal Year	Fise	cal Year	Ch	anges in		Claim	I	Fiscal
Ended	Li	ability	E	stimate	Pa	ayments	Ye	ear-end
June 30, 2005	\$	1,800	\$	6,524	\$	(5,973)	\$	2,351
June 30, 2006		2,351		1,851		(2,436)		1,766

During the 2004 legislative session, Chapter 216.222, Florida Statutes, was amended to allow the transfer of funds to the State Risk Management Trust Fund ("Fund") from the Budget Stabilization Fund whenever more than \$5 million of catastrophic loss payments are made within a year. Due to the four hurricanes that struck Florida during 2004, the Fund incurred catastrophic losses of \$16,588,573 (values as of June 30, 2006), of which \$5,353,235 was paid from the Fund through June 30, 2005, and is included in the payments listed above, and of which \$3,290,613 was paid through June 30, 2005, using funds transferred from the Budget Stabilization Fund, leaving a catastrophic claims liability reported in the Fund as of June 30, 2005, of \$7,944,725. The \$7,944,725 catastrophic claims liability from the 2004 hurricane season was paid during the 2005-2006 fiscal year using funds transferred from the Budget Stabilization Fund, and is not included in the payments above. The total property claims liability for both catastrophic and non-catastrophic claims as of June 30, 2005, was \$10,295,725. Due to the four hurricanes that struck Florida during 2005, the Fund incurred catastrophic losses of \$11,656,447 (reserve values as of June 30, 2006), of which \$1,937,235 was paid from the Fund through June 30, 2006, and is included in the payments listed above. The total catastrophic claims liability as of June 30, 2006, is \$9,719,212, so the total property claims liability for both catastrophic and non-catastrophic claims as of June 30, 2006, is \$11,485,212.

The State Risk Management Trust Fund also provides casualty insurance coverage for the risks of loss related to Federal civil rights and employment actions, workers' compensation, court-awarded attorney fees, automobile liability, and general liability. The State is self-insured for all claims associated with liability risks and workers' compensation coverage.

The estimated liability for unpaid casualty insurance claims at June 30, 2006, was \$1.1 billion. This amount was determined through an actuarial method based on historical paid and incurred losses and includes an amount for losses incurred but not yet reported. In addition, this amount includes the present value of workers' compensation indemnity reserves discounted using a 4 percent annual percentage rate.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2005, and June 30, 2006, were as follows (in thousands):

		Cu	rrent Year		
	Beginning of	C	laims and		Balance at
Fiscal Year	Fiscal Year	C	hanges in	Claim	Fiscal
Ended	Liability	1	Estimate	_Payments	Year-end
June 30, 2005	\$ 1,048,400	\$	201,966	\$(126,511)	\$1,123,855
June 30, 2006	1,123,855		122,053	(125,899)	1,120,009

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The amount of claims paid for property or workers' compensation claims did not exceed insurance coverage for each of the last three years.

B. Employees Health Insurance Fund

Employees may obtain health care services through participation in the State's group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as the risks of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund, a Pension and Other Employee Benefits Trust Fund. It is the practice of the State not to purchase commercial coverage for the risks of losses covered by this Fund.

The Fund's estimated fiscal year-end liability includes an amount for claims that have been incurred but not reported, which is based on analyses of historical data performed by both the State and its contractors. Changes in claims liability amounts for the fiscal years ended June 30, 2005, and June 30, 2006, were as follows (in thousands):

				Cu	rrent Year			
		Beg	ginning of	C	laims and		Ba	alance at
	Fiscal Year	Fis	scal Year	C	hanges in	Claim		Fiscal
	Ended	L	iability	I	Estimate	Payments	<u>Y</u>	ear-end
-	June 30, 2005	\$	55,668	\$	679,562	\$(678,833)	\$	56,397
	June 30, 2006		56,397		720,662	(716,944)		60,115

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Fund balances and net assets at July 1, 2005, have been increased (decreased) as follows in relation to the activities of prior years (in thousands):

(in thousands):				
	Governmental Activities	Business-type Activities	Component Units	Fiduciary Funds
A. To adjust beginning fund balances due to the reclassification of a fund no longer meeting the major fund criteria (See Note 1H). General Fund Environment, Recreation and Conservation Transportation Nonmajor Governmental Funds Special Revenue Fund - Consumer Protection and Safety Special Revenue Fund - Tax Collection and Administration	\$ 181,739 34,640 132,385 697 (349,461)			
B. To adjust prior year ending net assets based on final audit, which was not available as of prior year CAFR. Nonmajor Governmental Funds Special Revenue Fund - Florida Clerks of Court Operations Corporation Special Revenue Fund - Scripps Florida Funding Corporation	(51) 26,625			
 C. To adjust beginning fund balance due to the reclassification of a long-term liability previously reported as short-term. Health and Family Services 	40,274			
 D. To adjust beginning net assets due to the reclassification of the Prepaid College Program as an enterprise fund. Prepaid College Program Private-purpose Trust Fund - College Savings Plan 		\$527,555		(\$527,555)
 E. To adjust net assets due to a reclassification of activity between funds. Pension and Other Employee Benefits Trust Funds Defined Benefit Pension Plan Defined Contribution Pension Plan 				(3,008) 3,008
 F. To correct an error in recording activity in Deferred Compensation Plan. Pension and Other Employee Benefits Trust Fund Deferred Compensation Plan 				(33,002)
G. To adjust capital assets for amounts not properly capitalized in the prior year. Government-wide - General Fixed Assets	11,658			
 H. To adjust net assets for the reclassification of a long-term liability previously reported as short-term. Government-wide - General Long-term Debt 	(40,274)			
 I. To increase net assets due to removal of accumulated depreciation related to a building no longer being reported. Major Component Unit - University of Florida 			\$51,023	
J. To adjust for contract and grant revenues that were overstated in the prior year Major Component Unit - Florida State University	ar.		(8,081)	
 K. To adjust for differences between net assets reported for statewide financial reporting purposes and financial reporting by individual educational entities. Major Component Unit - University of Florida Major Component Unit - Florida State University Major Component Unit - University of South Florida 			(11,399) (4,977) 8,313	
Nonmajor Component Units - Other State Universities Nonmajor Component Units - Community Colleges			(51,115) 12,963	
L. To adjust for revenue that should not have been deferred in the prior year. Nonmajor Component Units - Other Water Management Districts			2,402	
M. To adjust prior year ending net assets based on final audit, which was not available as of prior year CAFR.			,	
Nonmajor Component Units - Other Nonmajor Component Units			(2,829)	-
Total Government-wide Prior Period Adjustments	\$ 38,232	\$ 527,555	\$ (3,700)	=

NOTE 14 – FLORIDA PREPAID COLLEGE PROGRAM

The Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of registration and dormitory residence may be paid in advance of enrollment in a State postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if monies in the Program are insufficient. The Program is accounted for in an enterprise fund. An actuarial study is performed to determine the Program's funding status. Additional information as of June 30, 2006, is as follows:

Actuarial present value of future

benefits payable \$6,073,982,530 Net assets available \$6,660,041,703

Net assets as a percentage of tuition and housing benefits

obligation 109.6%

NOTE 15 – FLORIDA HURRICANE CATASTROPHE FUND

The Florida Hurricane Catastrophe Fund (FHCF) was created in 1993 by Section 215.555, Florida Statutes, as a State fund to provide a stable and ongoing source of reimbursement to qualified insurers for a portion of their catastrophic hurricane losses, thereby creating additional insurance capacity to ensure that covered structures (and their contents) damaged or destroyed in a hurricane may be repaired or reconstructed as soon as possible. The Fund is administered by the State Board of Administration (SBA), which contracts with each insurer writing covered policies in the State to reimburse the insurer for a percentage of losses incurred from covered events from reimbursement premiums collected. However, payments made to insurers shall not exceed the monies in the Fund, together with the maximum amount of revenue bonds that may be issued by a county or municipality, or the FHCF Finance Corporation. The contract shall also provide that the obligation of the SBA with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity of the fund up to a limit of \$15 billion for that contract year adjusted for growth in exposure for covered policies since 2003, although the annual increase is limited by prior year cash collections. The Fund is accounted for as an enterprise fund administered by the SBA. An actuarially determined formula is used to calculate the reimbursement premium collected. Additional information as of June 30, 2006, follows (in thousands):

Deficit of unrestricted net assets \$ (1,479,563)

The State of Florida was hit by four hurricanes during July through October 2005. These hurricanes were Category 3 Hurricane Dennis on July 10, Category 1 Hurricane Katrina on August 25, Category 1 Hurricane Rita on September 20, and Category 3 Hurricane Wilma on October 24. The Fund is expecting to pay loss reimbursements of \$4.5 billion to participating insurers for the 2005 hurricanes.

Hurricane losses incurred for the year ended June 30, 2006, were \$4.7 billion. The unpaid hurricane losses liability increased from \$925 million at June 30, 2005, to \$2.2 billion at June 30, 2006. This resulted in deficit unrestricted net assets as of June 30, 2006. In response to this shortfall, the Florida Hurricane Catastrophe Fund Finance Corporation issued post-event Series 2006A Revenue Bonds in the amount of \$1,350,025,000 during the year ended June 30, 2006. The funding for these bonds will come from a 1% emergency assessment on the direct written premium for all property and casualty lines of business in Florida including property and casualty business of surplus lines insurers, but not including workers' compensation premiums or medical malpractice premiums until 2007. These bond proceeds and their investment earnings will enable the Fund to make payments for losses to participating insurers.

In order to maximize the ability of the Fund to meet future obligations, the Corporation issued pre-event Series 2006B Notes in the amount of \$2.8 billion during July 2006. The proceeds from these notes will be used to pay for losses incurred from future covered hurricane events. Reimbursement premiums will be used to pay the debt service requirements on the Notes.

NOTE 16 – CONTINGENCIES

A. Federal Family Education Loans Program

The Florida Department of Education (FDOE) administers the Federal Family Education Loans Program (FFELP), under which the FDOE guarantees loans made to eligible students and their parents by financial institutions. At June 30, 2006, approximately \$4.7 billion of loans were outstanding under this Program. The United States Department of Education participates in the Program as a reinsurer and reimburses the FDOE for defaulted loans at various rates based on the incidence of default. For loans made prior to October 1, 1993, the reimbursement rate for defaulted loans can be 80, 90, or 100 percent. For loans made on or after October 1, 1993, the reimbursement rate for defaulted loans can be 78, 88, or 98 percent. For loans made on or after October 1, 1998, the reimbursement rate for defaulted loans can be 75, 85, 95, and 100 percent. During the 2005-2006 fiscal year, the actual rates were 95, 98, and 100 percent. A potential liability exists for loans defaulted in excess of the federal reimbursement. The specific amount of this potential liability is indeterminable.

B. Federally Assisted Grant Programs

Florida participates in a number of federally assisted grant programs. These programs are subject to audits by the grantors or their representatives. Any disallowance as a result of these audits may become a liability of the State. Any foreseeable disallowances will not have a material adverse effect on the State of Florida's financial position.

C. Peak Oil Superfund Site Remediation

The U.S. Environmental Protection Agency identified the Florida Department of Transportation (Department) as a Potentially Responsible Party for past and future response costs at the Peak Oil Superfund Site. The Department made payments under a consent decree in 1998, as entered in the case of *United States of America v. Bill Currie Ford, et al.*, Case No. 8:97-cv-01566-RAL, United States District Court, Middle District of Florida, Tampa Division. Implementation of remedial design is in process and the evaluation of the need for remedy in wetlands and deep aquifer is ongoing. Though no current litigation exists regarding the Department's remedial efforts for this site, Department management has indicated the potential for future litigation which may result in response costs in excess of \$25 million.

NOTE 17 – LITIGATION

Due to its size and broad range of activities, the State is involved in various, though sometimes routine, legal actions. The following are the significant loss contingencies associated with legal proceedings:

A. American Habilitation Services, Inc., et al. v. Florida Agency for Health Care Administration and Florida Department of Children and Families

Case No. 04-CA-326, Second Judicial Circuit, Leon County. Twenty-eight providers of services for developmentally disabled Medicaid recipients under the Home and Community Based Waiver sought declaratory and injunctive relief. The plaintiffs sought a determination concerning various issues, including whether the Florida Department of Children and Families could unilaterally impose rate reductions. The parties signed a settlement agreement on April 3, 2006, whereby the Agency for Health Care Administration and the Agency for Persons with Disabilities made available \$10 million, which will be distributed on a pro rata basis to class members. While the Agency for Persons with Disabilities was not a named party in the suit, the Agency is responsible for providing services previously provided by the Department of Children and Families under the Home and Community Based Waiver. The potential exposure of the claim was estimated to be \$30 million in Medicaid funds.

B. Kindred Pharmacy Services East, LLC, et al. v. Florida Agency for Health Care Administration

Case No. 04-CA-1291, Second Judicial Circuit, Leon County. Breach of contract and declaratory judgment action was brought by eight pharmacies alleging that the Agency did not properly reimburse providers for prescription drugs provided under the Medicaid program. The lawsuit was served on June 2, 2004, and discovery is ongoing. The estimated exposure of the claim is up to \$50 million.

C. Plantation General Hospital, et al. v. Florida Agency for Health Care Administration

Case Nos. 1D06-3877, 1D06-3872, 1D06-3857, and 1D06-3890; Lower Court Case Nos. 03-1868 to 03-1880, 03-1885 to 03-1890, 03-1892, 03-1909, 03-1918 to 03-1919, 03-1928 to 03-1935, 03-2681, 03-2981 to 03-2991, 03-2993, 03-3465 to 03-3467, 03-3971, 03-3974, 04-1555, 04-1557 to 04-1559, 04-1562, 04-1564, 04-1580 to 04-1584, and 04-1882, First District Court of Appeal, State of Florida. Funding for health care services provided to indigent persons is provided through assessments on hospitals' net operating revenues from inpatient and outpatient services. During the 2000 Legislative session, Section 395.701, Florida Statutes, was amended and the assessment rate on net operating revenue from outpatient services was reduced. As a result of that amendment hospitals claimed entitlement to a refund of payments. Resolution of the refund amount was based on statutory interpretation brought before the Division of Administrative Hearings (DOAH). DOAH interpreted the statute in a manner that resulted in the hospitals receiving a smaller refund. In the Final Order rendered on June 29, 2006, AHCA adopted DOAH's interpretation, and the hospitals initiated an appeal to the First District Court of Appeal. The case is currently in the briefing stage. The estimated value of reimbursements is \$20 to \$40 million.

D. Gulf Services, Inc., and Nature Quest, Inc., v. Florida Department of Environmental Protection, et al.

Case No. 04-CA-2573, Second Judicial Circuit, Leon County. This case, filed in 2004, was originally for breach of contract, wrongful termination, and civil conspiracy against the Department and ten of its employees. In 2005, the Court dismissed the complaint, including the count of civil conspiracy against all ten employees, and the employees seek attorney's fees and costs as prevailing parties. The Plaintiffs filed an amended complaint for breach of contract against the Department that was dismissed on January 19, 2006. A second amended complaint was filed on January 30, 2006. Trial is scheduled for March 2007. Plaintiff stated in deposition that \$80 million in damages was sought; however, the recent claim of damages is below \$10 million.

E. Collier, et al. v. Dickinson, et al.

Case No. 04-21351-CIV-GRAHAM/GARBER, U.S. District Court, Southern District of Florida, Miami Division. This is the Federal companion to the *Collier v. State of Florida* case identified below. The Plaintiffs proceed here under Federal causes of action rather than State law claims. They contend that the constitutional right to privacy and the Federal Driver's Privacy Protection Act overrode State constitutional and statutory law requiring the release of driver information as public record. They seek damages from Department of Highway Safety and Motor Vehicles officials involved in managing State driver license information and its release to third parties for bulk distribution. On March 30, 2006, the case was dismissed and on May 11, 2006, the Plaintiffs appealed this case to the U.S. Court of Appeals for the Eleventh Circuit, Case No. 06-12614B. Plaintiffs seek damages in excess of \$25 million.

F. Collier, et al. v. State of Florida

Case No. 03-02011264, Seventeenth Judicial Circuit, Broward County. This is a challenge to Florida's former practice of releasing driver license information to bulk mailers. Until October 2004, this information was public record. The Plaintiffs contend that Federal law prohibited the disclosure of such information even though State law required its disclosure. The Plaintiffs sought class certification and class damages. The court granted a Motion to Dismiss but gave Plaintiffs leave to file an amended complaint on the privacy claim. On September 19, 2005, the Amended Complaint was dismissed with prejudice. The Plaintiffs' appeal with the Fourth District Court of Appeal, 4D05-4068U, was dismissed in December 2006.

G. Rendon, et al. v. Florida Department of Highway Safety and Motor Vehicles, et al.

Case No. 3D02-611, Third District Court of Appeal. Various handicapped drivers sued challenging the imposition and collection of a fee for placards for handicapped parking spaces. The trial court granted class certification and held that requiring payment of a fee for a disabled parking permit under Section 320.0848, Florida Statutes, violates the Americans with Disabilities Act. The State appealed the decision to the Third District Court of Appeal and the Court reversed the trial court's decision and remanded with the directions to grant the State's Cross Motion for Summary Judgment. The Court held that sovereign immunity affords the State an absolute defense to claims for declaratory relief and money damages. 832 So. 2d 141 (3rd DCA 2002). Plaintiffs petitioned the Florida Supreme Court seeking jurisdiction and the Court denied review. 851 So. 2d 729 (2003). The Petitioners then petitioned the U.S. Supreme Court for a Writ of Certiorari, which was granted. 541 U.S. 1059 (2004). The Court vacated the lower court judgment and remanded the case back to the Florida Third District Court of Appeal for further consideration in light of *Tennessee v. Lane*, 541 U.S. 509 (2004). Oral argument was held in the Third District Court of Appeal on January 3, 2005. The Department is awaiting decision after filing its most recent Notice of Supplemental Authority in January 2007. Estimated potential loss to the State could be in excess of \$35 million.

H. Anderson, et al. v. Florida Department of Juvenile Justice, et al.

Case No. 4:06cv374-RH/WCS, United States District Court, Northern District of Florida, Tallahassee Division. The nature of the claim is wrongful death of a youth in a program funded by the Department of Juvenile Justice and operated under contract by the Sheriff of Bay County. The trial date is uncertain. An estimate of potential loss cannot be made.

I. Boccia, et al. v. Florida Department of Revenue, et al., and Penzer, et al. v. Florida Department of Revenue, et al.

Case Nos. 05-CA-3003 and 05-CA-3006, Second Judicial Circuit, Leon County. Both cases are class action refund cases that involve substantially similar issues. The issues pertain to whether charges by automobile leasing companies for 1) excess mileage; 2) wear and tear; and 3) disposition are taxable. No trial date has been set in the Boccia case. An amended complaint was filed for the Penzer case on October 11, 2006. Although the precise amount at risk is unknown at this time, it may exceed \$25 million in the aggregate.

J. DirecTV, Inc., v. Florida Department of Revenue and Ogborn v. Florida Department of Revenue, et al.

Case Nos. 05-CA-1037 and 05-CA-1354, Second Judicial Circuit, Leon County. These related cases challenge the statutory distinction made in the application of the Communication Services Tax to cable and satellite TV providers. DirecTV challenges the statute as a provider, while Ogborn raises the challenge on behalf of a class of subscribers. Plaintiffs argue that applying a different statutory rate of tax on the sale of these competing services violates the Commerce Clause and the Equal Protection Clause. The amount of tax refund at issue is \$40 million annually for each of the three years open to refund claims. Litigation is in the early stage with limited discovery occurring.

K. Rabin, et al. v. Florida Department of Revenue

Case No. 05-CA-1728, Second Judicial Circuit, Leon County. Plaintiffs asserted that Florida sales and use taxes are facially unconstitutional when attempting to impose tax liabilities on transactions involving communication of information or on businesses and individuals who are recipients of information as an infringement on free speech. Final judgment was issued in favor of the Department in August 2006. Plaintiffs filed an appeal with the First District Court of Appeal, which was dismissed in December 2006.

L. SunTrust Bank v. Florida Department of Revenue; Chrysler Financial Co., LLC v. Florida Department of Revenue; Wells Fargo Financial Acceptance Florida, Inc., v. Florida Department of Revenue; Arcadia Financial Ltd. v. Florida Department of Revenue; Wells Fargo Financial America, Inc., v. Florida Department of Revenue; and WFS Financial, Inc., v. Florida Department of Revenue

Case Nos. C10-01-3902, C10-01-3925, C10-01-4327, C10-01-3903, 01-CA-1545-16-W, and 01-03894, respectively, various circuits. These banks applied for refunds of sales tax paid on balances due to the banks for loans made on repossessed vehicles. On December 6, 2005, the Ninth Judicial Circuit Court issued an Order of Final Summary Judgment in favor of the Department, as SunTrust was not the "dealer who paid the tax." The Department received SunTrust's Notice of Appeal on December 28, 2005. Oral arguments were presented at the Fifth District Court of Appeal on January 16, 2007. The potential refund exceeds \$30 million.

M. AT&T Corporation v. Florida Department of Transportation

Case No. 05-CA-3711, Ninth Judicial Circuit, Orange County. This was an inverse condemnation suit regarding an easement granted to AT&T Corporation by the Department. On September 12, 2006, a settlement agreement was reached at mediation whereby the Department will pay no monetary damages.

N. Florida Gas Transmission Company v. Florida Department of Transportation

Case No. 05-CA-3032, Ninth Judicial Circuit, Orange County. This was a suit for breach of contract for alleged failure and refusal to reimburse the Plaintiff for the relocation of its natural gas pipelines at the site of the Thomas B. Manual Bridge in Martin County. The Plaintiff served Notice of Voluntarily Dismissal of the suit on November 1, 2006.

O. Modern, Inc., and First Omni Service Corporation v. Florida Department of Transportation, et al.

Case No. 6:03-CV-718-ORL-31DAB, United States District Court, Middle District of Florida, Orlando Division. This is a suit for inverse condemnation by flooding. Trial is set for April 9, 2007. The Plaintiffs seek damages of \$34 million.

P. Florida Department of Transportation v. Smith & Company, Inc.

Case No. H27-CA-2004-000052, Fifth Judicial Circuit, Hernando County. The Department filed suit to recover liquidated damages and indemnity for sums paid to repair a section of the Suncoast Parkway. Smith counterclaimed against the Department for damages due to delays and lost profits due to loss of bonding capacity. Both the Defendant and Plaintiff have pending motions for partial summary judgment. Potential liability to the State is \$33 million.

NOTE 18 – DEFICIT FUND EQUITY

A. Governmental Activities

Nonmajor Governmental Funds – Special Revenue Funds

The *State School Trust Fund* has a deficit fund balance of approximately \$120.1 million. The deficit is a result of establishing an advance (long-term liability) for potential future claims on a portion of the cash advanced by the Unclaimed Property Trust Fund. Due to the long-term nature of the liability, the Department of Education plans to pay claims as they are made rather than funding the full amounts which may be ultimately payable.

Internal Service Funds – Other

The Legal Services Trust Fund has a net asset deficit of approximately \$2.9 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability. Due to the long-term nature of the liability, the Department of Legal Affairs plans to continue providing legal services and liquidate the liability on a payas-you-go basis.

The Correctional Work Program Trust Fund has a net asset deficit of approximately \$1.5 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability. Due to the long-term nature of the liability, the Department of Corrections plans to continue operating the program and liquidate the liability on a pay-as-you-go basis.

B. Business-type Activities

Transportation

The *BeeLine East Expressway Toll Trust Fund* has a net asset deficit of approximately \$32 million. The deficit is a result of committing BeeLine toll revenues to pay a portion of the construction costs of SR 520, an adjoining non-tolled road. Expenses incurred to date are greater than toll revenues. The Department of Transportation has agreed to fund certain costs in advance thereby creating a liability for Beeline to repay. Future toll revenues continue to be used to pay additional SR 520 costs and the associated liability.

State Board of Administration

The Florida Hurricane Catastrophe Trust Fund has a net asset deficit of approximately \$1.5 billion. The deficit is a result of the Fund's reimbursement liability for damages caused by the hurricanes in 2004 and 2005. The negative unrestricted net asset balance of \$1.1 billion for business-type activities on the government-wide Statement of Net Assets is primarily attributable to the deficit in this fund. The State Board of Administration has issued revenue bonds with a settlement date of July 6, 2006, to provide liquidity to pay loss reimbursement claims. Reimbursement premiums and statutory emergency assessments to insurers and those insured should provide the funds necessary to reduce, and ultimately eliminate, the deficit.

C. Component Units

Citizens Property Insurance Corporation

The Citizens Property Insurance Corporation at December 31, 2005, reported on a consolidated basis, a deficit of approximately \$1.7 billion. The 2005 deficit can be largely attributed to losses incurred relating to the four hurricanes in 2005, Dennis, Katrina, Rita, and Wilma. In the 2006 Legislative Session, SB 1980 Supplemental Appropriations appropriated \$715 million from the General Revenue Fund to be transferred to the Citizens Property Insurance Corporation to partially offset the deficit caused by two years of hurricane related losses and to reduce the 2005 assessment. During July and August 2006, the Department of Financial Services transferred \$715 million from the General Revenue Fund to Citizens Property Insurance Corporation. At this time the remaining deficit balance will be collected in two parts: a \$163 million regular assessment and a \$887 million emergency assessment that will be collected over a 10 year period.

NOTE 19 – SUBSEQUENT EVENTS

A. Bonds

The following bond series for governmental activities of the primary government were issued or sold subsequent to June 30, 2006:

Agency/Bond	Series	Amount	Matures	Interest Rate
Governmental Activities				
Department of Transportation, Right-of-Way Acquisition and Bridge Construction Refunding Bonds	2006A	\$37,400,000	7/1/2007 - 7/1/2021	4.000% - 5.000%
State Board of Education, Lottery Revenue Refunding Bonds	2006B	\$148,290,000	7/1/2007 - 7/1/2020	4.000% - 5.000%
State Board of Education, Public Education Capital Outlay Bonds	2006A	\$400,000,000	6/1/2007 - 6/1/2036	4.000% - 5.000%
State Board of Education, Public Education Capital Outlay Bonds	2005F	\$200,000,000	6/1/2007 - 6/1/2036	4.250% - 5.000%
Business-type Activities				
Department of Transportation, Turnpike Revenue Bonds	2006A	\$443,290,000	7/1/2007 - 7/1/2036	3.000% - 5.000%
Florida Hurricane Catastrophe Fund Finance Corporation, Extendible Floating Rate Notes	2006B	\$2,800,000,000	8/15/2007 - 8/15/2011	LIBOR Plus 0.01%

B. Transfer to Offset Deficit Fund Balance

Component Units

The Department of Financial Services transferred \$715 million from the General Revenue Fund to Citizens Property Insurance Corporation during July and August 2006. Refer to the component unit section of Note 18 – Deficit Fund Equity for more details related to this event.

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OTHER REQUIRED **SUPPLEMENTARY INFORMATION**

Fund Balances, July 1, 2005 \$4,909,258 \$4,000 \$2,000 <th></th> <th></th> <th>Gener</th> <th>al Fund</th> <th></th>			Gener	al Fund	
Reversions				Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2005, restated 5,149,259 5,149,242 5,1575 5,149,245 5,149,242 5,1575 5,149,245 5,149,242 5,1575 5,149,245 5,149,245 5,149,242 5,1575 5,149,245	Fund Balances, July 1, 2005	\$ 4,909,258	\$ 4,909,258	\$ 4,909,258	\$
Properties Pro	Reversions	240,001	240,001		
Direct revenues: 676,929 669,029 642,005 (27,024) Fees and charges 105,767 109,167 124,242 15,075 Taxes 29,885,395 31,324,195 31,540,385 216,190 Miscellaneous 2,330 2,330 3,358 10,028 Interest 302,937 333,337 344,520 14,183 Grants 19,296 19,296 18,765 (531) Refunds 10,115 10,115 279,648 269,533 Other 147,854 147,854 205,943 58,089 Total Direct Revenues 31,150,623 32,612,323 33,158,866 546,543 Indirect revenues: 52,849,245 3,547,545 3,060,027 (487,518) Other 2,849,245 3,547,545 3,136,656 (410,889) Total Indirect Revenues 2,849,245 3,547,545 3,136,656 (410,889) TOTAL REVENUES 33,999,868 36,159,868 36,295,522 135,654 TOTAL REVENUES 33,549,127	Fund Balances, July 1, 2005, restated	5,149,259	5,149,259	5,149,259	
Licenses 105,767 109,167 124,242 15,075 Taxes 29,885,395 31,324,195 31,540,385 216,190 Miscellaneous 2,330 2,330 3,358 1,028 Interest 302,937 330,337 344,520 14,183 Grants 19,296 18,765 (531) Refunds 10,115 10,115 279,648 269,533 Other 147,854 147,854 205,943 58,089 Total Direct Revenues 31,150,623 32,612,323 33,158,866 546,543 Indirect revenues: 31,150,623 3,547,545 3,060,027 (487,518) Other 2,849,245 3,547,545 3,060,027 (487,518) Other 2,849,245 3,547,545 3,060,027 (487,518) Other 2,849,245 3,547,545 3,060,027 (487,518) TOTAL REVENUES 33,999,868 36,159,868 36,295,522 135,654 TOTAL AVAILABLE RESOURCES 39,149,127 41,309,127 41,44	Direct revenues:	676,929	669,029	642,005	(27,024)
Miscellaneous	-	105,767	109,167	124,242	
Grants 19,296 19,296 18,765 (531) Refunds 10,115 10,115 279,648 269,533 Other 147,854 147,854 205,943 58,089 Total Direct Revenues 31,150,623 32,612,323 33,158,866 546,543 Indirect revenues:			, ,		
Refunds	Interest	302,937	330,337	344,520	14,183
Other 147,854 147,854 205,943 58,089 Total Direct Revenues: 31,150,623 32,612,323 33,158,866 546,543 Indirect revenues: Transfers and distributions 2,849,245 3,547,545 3,060,027 (487,518) Other 2,849,245 3,547,545 3,136,656 (410,889) Total Indirect Revenues 2,849,245 3,547,545 3,136,656 (410,889) TOTAL REVENUES 33,999,868 36,159,868 36,295,522 135,654 TOTAL AVAILABLE RESOURCES 39,149,127 41,309,127 41,444,781 135,654 EXPENDITURES Operating expenditures: Salaries and benefits 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Fixed c	Grants	19,296	19,296	18,765	(531)
Total Direct Revenues 31,150,623 32,612,323 33,158,866 546,543 Indirect revenues: Transfers and distributions Other 2,849,245 3,547,545 3,060,027 (487,518) Total Indirect Revenues 2,849,245 3,547,545 3,136,656 (410,889) TOTAL REVENUES 33,999,868 36,159,868 36,295,522 135,654 TOTAL AVAILABLE RESOURCES 39,149,127 41,309,127 41,444,781 135,654 EXPENDITURES Operating expenditures: Salaries and benefits 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 97,364 97,364	Refunds	10,115		279,648	
Transfers and distributions					
Transfers and distributions Other 2,849,245 3,547,545 3,060,027 76,629	Total Direct Revenues	31,150,623	32,612,323	33,158,866	546,543
Total Indirect Revenues 2,849,245 3,547,545 3,136,656 (410,889) TOTAL REVENUES 33,999,868 36,159,868 36,295,522 135,654 EXPENDITURES Operating expenditures: Salaries and benefits 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 96,221 96,221 96,221 Data processing services 43,018	Transfers and distributions	2,849,245	3,547,545		(487,518)
TOTAL REVENUES 33,999,868 36,159,868 36,295,522 135,654 TOTAL AVAILABLE RESOURCES 39,149,127 41,309,127 41,444,781 135,654 EXPENDITURES Operating expenditures: Salaries and benefits 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments		2 8/10 2/15	3 547 545		
TOTAL AVAILABLE RESOURCES 39,149,127 41,309,127 41,444,781 135,654 EXPENDITURES Operating expenditures: Salaries and benefits 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>					
EXPENDITURES Operating expenditures: 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 Data processing services 43,018 45,433 44,726 707 Pensions and benefits 14,056 14,055 11,154 2,901	TOTAL REVENUES	33,999,868	36,159,868	36,295,522	135,654
Operating expenditures: 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 Data processing services 43,018 45,433 44,726 707 Pensions and benefits 14,056 14,055 11,154 2,901 Claim bills	TOTAL AVAILABLE RESOURCES	39,149,127	41,309,127	41,444,781	135,654
Operating expenditures: 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 Data processing services 43,018 45,433 44,726 707 Pensions and benefits 14,056 14,055 11,154 2,901 Claim bills	FYPENDITURES				
Salaries and benefits 3,579,289 3,769,043 3,733,440 35,603 Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 Data processing services 43,018 45,433 44,726 707 Pensions and benefits 14,056 14,055 11,154 2,901 Claim bills a					
Other personal services 53,412 78,784 74,014 4,770 Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 Data processing services 43,018 45,433 44,726 707 Pensions and benefits 14,056 14,055 11,154 2,901 Claim bills and relief acts 2,000 2,000 Total Operating Expe		3 579 289	3 769 043	3 733 440	35 603
Expenses 584,811 672,114 648,044 24,070 Grants and aids 12,651,906 12,750,932 12,555,544 195,388 Operating capital outlay 21,616 29,344 27,907 1,437 Food products 80,001 80,124 80,069 55 Fixed capital outlay 97,364 97,364 97,364 Lump sum 472,176 2,364 2,364 Special categories 8,130,743 9,395,069 9,260,717 134,352 Financial assistance payments 281,959 281,959 268,068 13,891 Grants/aids to local governments 96,221 96,221 96,221 Data processing services 43,018 45,433 44,726 707 Pensions and benefits 14,056 14,055 11,154 2,901 Claim bills and relief acts 2,000 2,000 Total Operating Expenditures 26,106,572 27,314,806 26,899,268 415,538 No					,
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TOTAL EXPENDITURES 34,440,573 35,648,807 35,233,269 415,538					*****
FUND BALANCES, JUNE 30, 2006 \$ 4,708,554 \$ 5,660,320 \$ 6,211,512 \$ 551,192				· · · · · · · · · · · · · · · · · · ·	
	FUND BALANCES, JUNE 30, 2006	\$ 4,708,554	\$ 5,660,320	\$ 6,211,512	\$ 551,192

	E	nviro	nment, Recrea	tion and Conserv	ation
	Original Budget		Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2005	\$ 1,375,74	14	\$ 1,375,744	\$ 1,375,744	\$
Reversions	50		505	505	
Fund Balances, July 1, 2005, restated	1,376,24	.9	1,376,249	1,376,249	
REVENUES					
Direct revenues:					
Fees and charges	87,46	66	134,338	135,499	1,161
Licenses	33,28	34	40,260	42,864	2,604
Taxes	372,15	54	373,098	373,255	157
Miscellaneous	4,44	18	2,525	1,165	(1,360)
Interest	45,07	76	62,564	78,761	16,197
Grants	197,77	12	132,445	151,084	18,639
Refunds	77	71	811	4,058	3,247
Bond proceeds	750,00	00	499,398	499,408	10
Other	47,99	94	63,637	67,613	3,976
Total Direct Revenues	1,538,96	55	1,309,076	1,353,707	44,631
Indirect revenues:					
Transfers and distributions	1,532,10	14	2,067,755	2,053,940	(13,815)
Other	3,42		1,143	3,402	2,259
Total Indirect Revenues	1,535,52		2,068,898	2,057,342	(11,556)
TOTAL REVENUES	3,074,49		3,377,974	3,411,049	33,075
TOTAL AVAILABLE RESOURCES	4,450,74		4,754,223	4,787,298	33,075
TOTAL A VAILABLE RESOURCES	4,450,74	.1	7,737,223	7,707,270	33,073
EXPENDITURES					
Operating expenditures:					
Salaries and benefits	172,11	7	179,314	177,065	2,249
Other personal services	34,45	8	34,358	29,333	5,025
Expenses	49,57	12	50,495	46,407	4,088
Grants and aids	3,17		3,173	2,967	206
Operating capital outlay	3,99		3,530	3,087	443
Fixed capital outlay	819,47		819,473	819,473	
Special categories	249,06		266,336	236,277	30,059
Grants/aids to local governments	620,53		620,532	620,532	
Total Operating Expenditures	1,952,38		1,977,211	1,935,141	42,070
	1,752,50	,,	1,777,211	1,755,141	42,070
Nonoperating expenditures:					
Transfers	246,29	96	246,296	246,296	
Refunds	18,22	28	18,228	18,228	
Other	360,14	13	360,143	360,143	
Total Nonoperating Expenditures	624,66	57	624,667	624,667	
TOTAL EXPENDITURES	2,577,05	50	2,601,878	2,559,808	42,070
FUND BALANCES, JUNE 30, 2006	\$ 1,873,69	1	\$ 2,152,345	\$ 2,227,490	\$ 75,145

	Health and Family Services				
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)	
Fund Balances, July 1, 2005	\$ 993,314	\$ 993,314	\$ 993,314	\$	
Reversions	477,296	447,296	447,296		
Fund Balances, July 1, 2005, restated	1,470,610	1,440,610	1,440,610		
REVENUES Direct revenues:					
Fees and charges	1,183,545	878,285	1,181,636	303,351	
Licenses	24,692	13,907	21,249	7,342	
Miscellaneous	 5 140	9 2,620	1 175	(3)	
Interest Grants	5,148 11,818,506	12,882,826	1,175 11,483,568	(1,445) (1,399,258)	
Refunds	821,410	950,501	1,226,888	276,387	
Other	33,596	38,530	40,865	2,335	
Total Direct Revenues	13,886,897	14,766,678	13,955,387	(811,291)	
Indirect revenues:		y y		(- , , - , ,	
Transfers and distributions	1,527,038	1,023,739	811,736	(212,003)	
Other	•••••	9	954	945	
Total Indirect Revenues	1,527,038	1,023,748	812,690	(211,058)	
TOTAL REVENUES	15,413,935	15,790,426	14,768,077	(1,022,349)	
TOTAL AVAILABLE RESOURCES	16,884,545	17,231,036	16,208,687	(1,022,349)	
EXPENDITURES					
Operating expenditures:					
Salaries and benefits	1,134,267	1,191,319	1,162,835	28,484	
Other personal services	80,401	83,621	75,102	8,519	
Expenses	404,525	445,911	395,100	50,811	
Grants and aids	211,539	218,677	199,639	19,038	
Operating capital outlay	12,893	16,768	15,276	1,492	
Food products	1,884	1,909	1,487	422	
Fixed capital outlay	4,015	4,015	4,015		
Lump sum	10,710				
Special categories	13,118,798	13,358,982	12,534,986	823,996	
Financial assistance payments	42,257	42,725	10,305	32,420	
Grants/aids to local governments	5,140	5,140	5,140		
Data processing services	53,793	57,327	47,755	9,572	
Claim bills and relief acts	760	760	760		
Total Operating Expenditures	15,080,982	15,427,154	14,452,400	974,754	
Nonoperating expenditures:					
Continuing appropriations	6,613	6,613	6,613		
Transfers	880,211	880,211	880,211		
Refunds	6,386	6,386	6,386		
Other	19,114	19,114	19,114		
Total Nonoperating Expenditures	912,324	912,324	912,324		
TOTAL EXPENDITURES	15,993,306	16,339,478	15,364,724	974,754	
FUND BALANCES, JUNE 30, 2006	\$ 891,239	\$ 891,558	\$ 843,963	\$ (47,595)	

	Transportation				
	Original Budget		Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2005	\$ 56,904	1 \$	56,904	\$ 56,904	\$
Reversions		3	8	8	
Fund Balances, July 1, 2005, restated	56,912	2	56,912	56,912	
REVENUES					
Direct revenues:					
Fees and charges Licenses	148,520		148,520	136,716	(11,804)
Taxes	2,462,050		2,485,984	2,451,494	(34,490)
Miscellaneous	2,710		8	9	1
Interest	2,288	3	2,104	6,886	4,782
Grants					
Refunds				13,997	13,997
Other	5,908		330	6,178	5,848
Total Direct Revenues	2,621,482	2	2,636,946	2,615,280	(21,666)
Indirect revenues: Employee/employer contributions					
Transfers and distributions	119,984	1	99,098	102,842	3,744
Other	52,740	5	28,812	42,921	14,109
Total Indirect Revenues	172,730)	127,910	145,763	17,853
TOTAL REVENUES	2,794,212	2	2,764,856	2,761,043	(3,813)
TOTAL AVAILABLE RESOURCES	2,851,124	Į.	2,821,768	2,817,955	(3,813)
EXPENDITURES					
Operating expenditures:					
Salaries and benefits	3,932	2	4,057	3,770	287
Other personal services	5	1	51	41	10
Expenses	1,45	1	1,450	1,388	62
Operating capital outlay	7:	5	95	73	22
Fixed capital outlay	108,218	3	108,218	108,218	
Special categories	40		42	42	
Total Operating Expenditures	113,76	7	113,913	113,532	381
Nonoperating expenditures:					
Transfers	15,435	5	15,435	15,435	
Refunds	55,250		55,250	55,250	
Other	2,371,589		2,371,589	2,371,589	•••••
Total Nonoperating Expenditures	2,442,274	1	2,442,274	2,442,274	
TOTAL EXPENDITURES	2,556,041	1	2,556,187	2,555,806	381
FUND BALANCES, JUNE 30, 2006	\$ 295,083	3 \$	265,581	\$ 262,149	\$ (3,432)

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BUDGET TO GAAP RECONCILIATION GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 6,211,512	\$ 2,227,490	\$ 843,963	\$ 262,149
Items not included in budgetary basis fund balances:				
Security lending investments within the State Treasury	3,803,523	740,329	44,750	408,228
Fair value adjustments to investments within the State Treasury	(197,885)	(38,517)	(2,328)	(21,239)
Special investments within the State Treasury	21,497		41,855	
Non-State Treasury cash and investments	180,551	1,297	15,007	2,919
Other GAAP basis fund balances not included in				
budgetary basis fund balances	(91,011)	(13,996)	160,897	1,213,253
Adjusted budgetary basis fund balances	9,928,187	2,916,603	1,104,144	1,865,310
Adjustments (basis differences):				
Net receivables (payables) not certified forward	(1,950,210)	61,041	(220,528)	(1,272,812)
Inventories, prepaid items and deferred charges	19,998	1,153	33,609	22,027
Encumbrances	51,988	193	7,241	1,007,585
GAAP basis fund balances	\$ 8,049,963	\$ 2,978,990	\$ 924,466	\$ 1,622,110

OTHER REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

Budget Process

Chapter 216, Florida Statutes (F.S.), promulgates the process used to develop the budget for the State of Florida. By October 15 of each year, the head of each state agency and the Chief Justice of the Supreme Court for the Judicial Branch submit a final annual legislative budget request to the Governor and Legislature. Then, at least 30 days before the scheduled annual legislative session in each year, the Governor, as Chief Budget Officer, submits his recommended budget to each legislator.

The Governor also provides estimates of revenues sufficient to fund the recommended appropriations. Revenue estimates for the General Fund and selected trust funds are made by the Revenue Estimating Conference. This group includes members of the Executive and Legislative branches with forecasting experience who develop official information regarding anticipated state and local government revenues as needed for the state budgeting process. Revenue estimates for trust funds not projected by the Revenue Estimating Conference (consisting mainly of special revenue funds) are provided by state agencies. These estimates may be revised during the course of the Legislature's consideration and adoption of a final budget. These estimates, together with known available cash balances, are further considered by the Governor and the Chief Justice of the Florida Supreme Court during the preparation of annual release (spending) plans. Further adjustments to the original budget's trust fund revenue estimates may be made to conform agency revenue estimates to actual and projected revenue streams.

The Governor's recommended budget forms the basis of the appropriations bill. As amended and approved by the Legislature (subject to the line-item veto power of the Governor and override authority of the Legislature), this bill becomes the General Appropriations Act. The Governor and the Chief Justice of the Supreme Court may, under certain conditions, establish releases for amounts not appropriated by the Legislature to agencies and the Judicial Branch, respectively. These releases, called additional appropriations, are made primarily for non-operating disbursements, such as the purchase of investments and the transfer of money between State funds.

If circumstances warrant, the head of a department or the Chief Justice of the Supreme Court may transfer appropriations (other than fixed capital outlay appropriations) but only to the extent of 5 percent of the original appropriation or \$250,000, whichever is greater. Transfers of general revenue appropriations in excess of 5 percent or \$250,000, whichever is greater, or for fixed capital outlay, may be approved by the Governor or the Legislative Budget Commission or the Chief Justice of the Supreme Court. The Governor and the Chief Justice of the Supreme Court may approve transfers of expenditure authority within any trust fund for agencies and the Judicial Branch, respectively, if the transfers are less than \$1 million. The Legislative Budget Commission may approve trust fund transfers in excess of \$1 million. At the end of the fiscal year, any balance of an operating appropriation which has not been disbursed but is expended (recorded as a payable) or contracted to be expended (recorded as a reserve for encumbrances in governmental fund types), may be carried forward into the next fiscal year.

The Chief Financial Officer approves disbursements in accordance with legislative authorizations. The budget is controlled at the account code level, which is defined as an appropriation category (e.g., salaries and benefits) within a budget entity. The Governor and the Chief Financial Officer are responsible for detecting conditions which could lead to a deficit in any agency's funds and reporting that fact to the Legislative Budget Commission and the Chief Justice of the Supreme Court. The Constitution of the State, Article VII, Section 1(d), states, "Provision shall be made by law for raising sufficient revenue to defray the expenses of the State for each fiscal period."

Budgetary Basis of Accounting

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). Appropriations are made from funds that are prescribed by law. These legal basis fund types (known as State funds) are the General Revenue Fund, numerous trust funds, and the Budget Stabilization Fund. Certain moneys, known as local funds, available to agencies for their operations are maintained outside the State Treasury. Because the funds are located in banks outside of the State Treasury, budgetary authority and the disbursement of these funds are not controlled by the Chief Financial Officer. For example, the State Board of Administration operates from such funds.

The State presents budgetary comparison schedules for the general fund and major special revenue funds as part of the other required supplementary information. In addition, budgetary comparison schedules for non-major special revenue funds which have legally adopted annual budgets are presented with other combining and individual fund statements and schedules.

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Budgetary basis revenues are essentially reported on the cash basis and include amounts classified by GAAP as other financing sources. Budgetary basis expenditures include disbursements, except those for prior year carry/certified forwards, plus current year payables and encumbrances which are carried/certified forward into the next fiscal year. They also include amounts classified by GAAP as other financing uses. State law requires prior year payables and encumbrances not carried/certified forward to be paid from the current year budget. The Lump Sum expenditure category presented in the budgetary comparison schedules is used as a budgetary tool to track moneys appropriated to a particular fund until subsequent allocations are made to other expenditure categories.

The presentation of budgetary comparison information for the major governmental fund for transportation excludes the State Transportation Trust Fund within the Department of Transportation because it accounts for projects of a multi-year nature, and comparison of actual annual expenditures to a multi-year appropriated amount is not meaningful. Appropriations are made in total the first year of a project even though they are released and expended over the period of construction for a project.

Funds that were included in the Tax Collection and Administration fund in prior years have been transferred to other funds effective for the fiscal year ended June 30, 2006. Additional information on this accounting change can be found in Note 1 of the financial statements.

Budget to GAAP Reconciliation

The budgetary comparison schedules for the General Fund and the major special revenue funds present comparisons of the original budget and final budget with actual revenues and expenditures on a budgetary basis. A budget to GAAP reconciliation is presented following the budgetary comparison schedules because accounting principles applied for the purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

PENSION TRUST FUND SCHEDULE OF FUNDING PROGRESS (in thousands)

Actuarial	Actuarial Value of	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded	Annualized Covered		UAAL as a Percentage of
Valuation	Assets	Entry Age	(UAAL)	Ratio	Payroll		Covered Payroll
Date	(A)	(B)	(B-A)	(A/B)	(C)		((B-A)/C)
July 1, 2001	\$ 95,517,948	\$ 80,993,718	\$ (14,524,230)	117.93%	\$ 21,360,862	(1)	(67.99%)
July 1, 2002	99,405,677	86,469,774	(12,935,903)	114.96%	22,195,184	(1)	(58.28%)
July 1, 2003	101,906,724	89,251,331	(12,655,393)	114.18%	22,270,807	(1)	(56.83%)
July 1, 2004	106,707,426	95,185,433	(11,521,993)	112.10%	23,115,581	(1)	(49.85%)
July 1, 2005	111,539,878	103,925,498	(7,614,380)	107.33%	24,185,983	(1)	(31.48%)
July 1, 2006	117,159,615	110,977,831	(6,181,784)	105.57%	25,327,922	(1)	(24.41%)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2001	\$ 1,869,731	110%
2002	1,825,485	97% ⁽⁴⁾
2003	1,844,203	98%
2004	2,044,540	92% (4)
2005	2,141,862	102%
2006	2,193,928	96%

ADDITIONAL INFORMATION

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Equivalent single amortization period	30 Years (2)
Asset valuation method	5-Year Smoothed Method
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	6.25% ⁽³⁾
*Includes inflation at	3.00%
Cost-of-Living Adjustments	3.00%

⁽¹⁾ Includes Deferred Retirement Option Program (DROP) payroll.

⁽²⁾ Used for GASB Statement No. 27 reporting purposes.

⁽³⁾ Includes individual salary growth of 4.00% plus an age- and service-graded merit scale defined by gender and employment class. See Table A-2 of the July 1, 2006 actuarial valuation report for merit scale.

⁽⁴⁾ Restated to correspond to actuarial valuation.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

Pursuant to GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the State has adopted an alternative process to recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,046 centerline miles of roads and 6,527 bridges that the State is responsible for maintaining.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Condition and Maintenance Programs

Resurfacing Program: Road pavements require periodic resurfacing. The frequency of resurfacing depends on the volume of traffic, type of traffic, pavement material variability, and weather conditions. Resurfacing preserves the structural integrity of highway pavements and includes pavement resurfacing, pavement rehabilitation, and minor reconstruction.

The Florida Department of Transportation (FDOT) conducts an annual Pavement Condition Survey. Pavements are rated on a scale of 0 to 10 (with 10 being the best) in each of three criteria: ride smoothness, pavement cracking, and wheel path rutting. Ride smoothness is what the motorist experiences. It directly affects motor vehicle operation costs. Pavement cracking refers to the structural deterioration of the pavement, which leads to loss of smoothness and deterioration of the road base by water seepage if not corrected. Wheel path rutting refers to depressions in pavement caused by heavy use. Ride smoothness and wheel path rutting are measured mechanically using lasers. Pavement cracking is determined through visual observation by experienced survey crews.

The condition rating scales were set by a statewide committee of pavement engineers, so that a pavement segment receiving a rating of six or less in any of the three rating criteria is designated a deficient pavement segment. In low-speed urban areas, the ride rating must drop to five or less before a pavement segment is considered deficient.

The FDOT standard is to ensure that 80% of the pavement on the State Highway System remains non-deficient.

Bridge Repair/Replacement Program: The FDOT Bridge Repair Program places primary emphasis on periodic maintenance and specified rehabilitation work activities on State Highway System bridge structures. The FDOT Bridge Replacement Program's primary focus is on the replacement of structurally deficient or weight restricted bridges on the State Highway System. In addition, this program addresses bridges that require structural repair but which are more cost effective to replace.

The FDOT conducts bridge condition surveys using the National Bridge Inspection (NBI) Standards to determine condition ratings. Each bridge is inspected at least once every two years. During the inspection process, the major components such as deck, superstructure, and substructure are assigned a condition rating. The condition rating ranges from 0 to 9. A rating of 8 to 9 is very good to excellent which indicates that no repairs are necessary. A rating of 5 to 7 is fair to good which indicates that minor repairs are required. A rating below 5 identifies bridges needing major repairs or replacement. A rating of 4 or less indicates a condition of poor to failing and requires urgency in making repairs. A rating of 2 requires closure of the bridge and a rating of 1 is used for a bridge that is closed, but with corrective action may be put back into light service. A rating of 0 indicates that the bridge is out of service and beyond corrective action. In general, bridges that have a rating below 5 need major repairs or replacement. However, in isolated cases, bridges with a rating of 5 or greater can judgmentally be determined to need major repairs.

The FDOT standard is to ensure that 90% of all Department maintained bridges do not need major repairs or replacement.

Routine Maintenance Program: The FDOT is responsible for managing and performing routine maintenance on the State Highway System to help preserve the condition of the highway system. Routine maintenance includes many activities, such as:

highway repair, roadside upkeep, emergency response, maintaining signs, roadway striping, and keeping storm drains clear and structurally sound.

The quality and effectiveness of the routine maintenance program is monitored by quarterly surveys, using the Maintenance Rating Program (MRP), which result in an annual assessment. The MRP has been used since 1985 to evaluate routine maintenance of the transportation system in five broad categories, or elements. The five rating elements are roadway, roadside, vegetation/aesthetics, traffic services, and drainage. The MRP provides a maintenance rating of 1 to 100 for each category and overall.

The FDOT standard is to achieve and maintain an overall maintenance rating of 80.

Condition Rating for the State Highway System

Percentage of pavement meeting FDOT standards

<u>2006</u>	<u>2005</u>	<u>2004</u>
82%	80%	80%

Percentage of bridges meeting FDOT standards

<u>2006</u>	<u>2005</u>	2004
93%	93%	94%

Maintenance Rating

<u>2006</u>	<u>2005</u>	2004
83	83	84

Comparison of Needed-to-Actual Maintenance/Preservation (in millions)

Resurfacing Program

	2006	2005	2004	2003	2002
Needed	\$670.3	\$604.1	\$562.2	\$611.0	\$416.9
Actual	786.7	575 3	504.2	420.4	367.4

Bridge Repair/Replacement Program

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Needed	\$102.7	\$346.6	\$320.0	\$256.8	\$236.1
Actual	88.4	348.5	312.9	142.8	250.0

Routine Maintenance Program

	2006	2005	2004	2003	2002
Needed	\$442.5	\$427.0	\$405.2	\$419.8	\$388.2
Actual	456.2	435.6	416.5	418.1	392.9

The FDOT determines its program needs based on a five-year plan (plan). The needed amounts provided above are for estimated expenses and commitments relating to projects within the plan at the time of the budget request. The nature of a long-term plan is that it is continually changing. Projects are added, deleted, adjusted or postponed. The differences between the needed and actual amounts above reflect these changes.

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FINANCIAL SECTION:

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR FUNDS

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Individual fund descriptions and financial statements begin on page 137.

CAPITAL PROJECTS FUNDS

Individual fund descriptions and financial statements begin on page 167.

DEBT SERVICE FUND

This fund, administered by the State Board of Administration, a blended component unit, is used to account for resources earmarked to pay principal, interest, and service charges on general long-term debt of the State.

PERMANENT FUNDS

Individual fund descriptions and financial statements begin on page 173.

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2006 (in thousands)

(in thousands)	Special Revenue Funds		Capital Projects Funds	S	Debt Service Fund		Permanent Funds	Totals 6/30/06
ASSETS								
Current assets Cash and cash equivalents	\$ 61,097	\$		\$	560	\$	1,101	\$ 62,758
Pooled investments with State Treasury	3,999,563	Ψ	74,278	Ψ	107	Ψ	6,848	4,080,796
Investments	486,880				15,826		373,055	875,761
Receivables, net	455,382		177		271		45,519	501,349
Due from other funds	224,982		37,165		7,837			269,984
Inventories	8,419							8,419
Other	693							693
Total current assets	5,237,016		111,620		24,601		426,523	5,799,760
Noncurrent assets								
Long-term investments	229,155				56,868		2,009,688	2,295,711
Other loans and notes receivable, net	622,900							622,900
Other	971		9,000					9,971
Total noncurrent assets	853,026		9,000		56,868		2,009,688	2,928,582
Total assets	\$ 6,090,042	\$	120,620	\$	81,469	\$	2,436,211	\$ 8,728,342
LIABILITIES AND FUND BALANCES								
Current liabilities								
Accounts payable and accrued liabilities	\$ 321,116	\$	9,663	\$	5,798	\$	73,065	\$ 409,642
Due to other funds	244,012		1,196		•••••		113	245,321
Due to component units/primary	926							926
Compensated absences	852							852
Claims payable	60,307							60,307
Deposits	8,839							8,839
Deferred revenues	6,198				•••••		•••••	6,198
Obligations under security lending agreements	805,505		10,652		•••••		331,401	1,147,558
Obligations under reverse repurchase agreements	267,490		4,942				560	272,992
Total current liabilities	1,715,245		26,453		5,798		405,139	2,152,635
Noncurrent liabilities								
Advances from other funds	358,885							358,885
Deposits	3,734							3,734
Deferred revenues	15,693							15,693
Total noncurrent liabilities	378,312							378,312
Total liabilities	2,093,557		26,453		5,798		405,139	2,530,947
Fund balances								
Reserved for encumbrances	158,097		41,676					199,773
Reserved for inventories	8,418							8,418
Reserved for long-term receivables	619,166				•••••		•••••	619,166
Reserved for capital outlay	1,140,119		14,712		•••••		•••••	1,154,831
Reserved for debt service	•••••				75,671			75,671
Reserved for permanent trust					•••••		2,023,738	2,023,738
Other reserved	23,725		9,000		•••••		4,685	37,410
Unreserved, reported in:	2.046.060							2.046.060
Special revenue funds Capital projects funds	2,046,960		 28 770		•••••		•••••	2,046,960
Capital projects funds Permanent fund			28,779		•••••		2,649	28,779 2,649
Total fund balances	3,996,485		94,167		75,671			6,197,395
		¢	•	¢	,	¢	2,031,072	
Total liabilities and fund balances	\$ 6,090,042	\$	120,620	\$	81,469	\$	2,436,211	\$ 8,728,342

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	Special Revenue Funds	Pro	oital jects nds	Debt Service Fund	Permanent Funds	Totals 6/30/06
REVENUES						
Taxes	\$ 1,168,667	\$		\$	\$	\$ 1,168,667
Licenses and permits	1,114,661				521	1,115,182
Fees and charges	856,867		661	82,204	•••••	939,732
Grants and donations	5,313,396					5,313,396
Investment earnings	71,499		103	20,868	202,967	295,437
Fines, forfeits, settlements and judgments Other revenue	667,157 7,079		•••••	•••••	65	667,222
Total revenues			761	102 072	202 552	7,079
	9,199,326		764	103,072	203,553	9,506,715
EXPENDITURES Current:						
General government	2,366,596		2,304	63,022	13,492	2,445,414
Education	4,856,586		2,304		76	4,856,662
Human services	364,733		3,421			368,154
Criminal justice and corrections	462,086		31,772			493,858
Natural resources and environment	2,235,105		599		•••••	2,235,704
Transportation			25			25
State courts	15,677					15,677
Capital outlay	95,332	34	42,053			437,385
Debt service:						
Principal retirement	15,134		2,445	711,241		728,820
Interest and fiscal charges	2,409		864	830,095		833,368
Total expenditures	10,413,658	3	83,483	1,604,358	13,568	12,415,067
Excess (deficiency) of revenues over expenditures	(1,214,332)	(3	82,719)	(1,501,286)	189,985	(2,908,352)
OTHER FINANCING SOURCES (USES)						
Proceeds of bond issues	644,634			6,600		651,234
Proceeds of refunding bonds				426,107		426,107
Operating transfers in	3,812,137	50	06,424	1,502,638		5,821,199
Operating transfers out	(2,721,984)	(1)	20,021)	(15,236)	(39,367)	(2,896,608)
Proceeds of financing agreements	11,498		•••••		•••••	11,498
Payments to refunded bond agent				(426,107)		(426,107)
Total other financing sources (uses)	1,746,285	3	86,403	1,494,002	(39,367)	3,587,323
Net change in fund balances	531,953		3,684	(7,284)	150,618	678,971
Fund balances - beginning Adjustments to increase (decrease) beginning	3,786,722	9	90,483	82,955	1,880,454	5,840,614
fund balances	(322,190)					(322,190)
Fund balances - beginning, as restated	3,464,532	(90,483	82,955	1,880,454	5,518,424
Fund balances - ending	\$ 3,996,485	\$!	94,167	\$ 75,671	\$ 2,031,072	\$ 6,197,395

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NONMAJOR SPECIAL REVENUE FUNDS

PUBLIC EDUCATION

This fund includes internal reporting funds administered by the Department of Education to operate education-related programs.

EMPLOYMENT SERVICES

This fund includes internal reporting funds used for employee-service related programs, such as workers' compensation, employment security, and labor market statistics.

GOVERNMENT ADMINISTRATION

This fund includes internal reporting special revenue funds primarily administered by the Department of State, Department of Management Services, and Department of Financial Services.

BUSINESS AND COMMUNITY DEVELOPMENT

This fund includes internal reporting special revenue funds primarily administered by the Executive Office of the Governor and the Department of Community Affairs.

REGULATION AND LICENSING

This fund includes internal reporting special revenue funds primarily administered by the Department of Business and Professional Regulation, Department of Highway Safety and Motor Vehicles, and Department of Financial Services.

TOBACCO SETTLEMENT

This fund includes internal reporting special revenue funds established to account for the settlement of *State of Florida, et al., v. American Tobacco Company*, et al., Case No. 95-1466 AH, filed in the Fifteenth Judicial Circuit, in and for Palm Beach County Florida.

PUBLIC SAFETY

This fund includes internal reporting special revenue funds primarily administered by the Department of Law Enforcement, Department of Highway Safety and Motor Vehicles, Department of Legal Affairs, and Department of Military Affairs.

CORRECTIONS

This fund includes internal reporting special revenue funds administered by the Department of Corrections.

CONSUMER PROTECTION AND SAFETY

This fund includes internal reporting special revenue funds primarily administered by the Department of Community Affairs, Department of Legal Affairs, and Department of Financial Services.

AGRICULTURE

This fund includes internal reporting special revenue funds administered by the Department of Agriculture and Consumer Services.

JUVENILE JUSTICE

This fund includes internal reporting special revenue funds administered by the Department of Juvenile Justice.

JUDICIAL SERVICES

This fund includes internal reporting special revenue funds primarily administered by the Justice Administrative Commission and the State Courts System.

MILITARY AND VETERANS' AFFAIRS

This fund includes internal reporting special revenue funds administered by the Department of Military Affairs and Department of Veterans' Affairs.

TAX COLLECTION AND ADMINISTRATION

This fund accounted for operations of the State's tax collection and administration functions. Effective for the fiscal year ended June 30, 2006, internal reporting special revenue funds included in this fund have been transferred and are reported in funds that ultimately receive the taxes.

BLENDED COMPONENT UNITS

FLORIDA CLERKS OF COURT OPERATIONS CORPORATION

Pursuant to Section 28.35, Florida Statutes (F.S.), this entity was created to establish a process for reviewing and certification of proposed court-related budgets submitted by the clerks of court and establishing a system of uniform performance measures and standards for the clerks.

CITRUS COMMISSION

As authorized in Chapter 601, F.S., this entity was established to primarily promote the general welfare of the Florida citrus industry.

STATE BOARD OF ADMINISTRATION

This entity includes the following internal reporting special revenue funds administered by the State Board of Administration: Tobacco Clearing Trust Fund and Gas Tax Clearing Accounts.

SCHOOL FOR THE DEAF AND THE BLIND

As authorized in Section 1002.36, F.S., this entity is a State-supported residential school for hearing-impaired and visually impaired students in preschool through 12th grade.

WIRELESS EMERGENCY TELEPHONE SYSTEM

As authorized in Section 365.172, F.S., this entity was established to promote a comprehensive statewide emergency telephone number system that will provide wireless telephone users with rapid direct access to public safety agencies.

WORKFORCE FLORIDA INC

This not-for-profit entity was created pursuant to Chapter 445, F.S., as the principal workforce policy organization for the State and the regional workforce boards.

FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Pursuant to Section 403.1837, F.S., this entity was created to finance the costs of water pollution control projects and activities described in Section 403.1835, F.S.

INLAND PROTECTION FINANCING CORPORATION

Pursuant to Section 376.3075, F.S., this entity was created to finance the rehabilitation of petroleum contamination sites pursuant to Sections 376.30-376.319, F.S., and the payment, purchase and settlement of reimbursement obligations of the Department of Environmental Protection pursuant to Section 376.3071(12), F.S.

INVESTMENT FRAUD RESTORATION CORPORATION

Pursuant to Section 517.1204, F.S., this entity was created to finance the remedial measures instituted by the Legislature with respect to the victims of GIC Government Securities, Inc., and the payment of approved claims pursuant to Section 517.1203, F.S.

SURPLUS LINES

Pursuant to Section 626.921, F.S., this entity was created to establish a system that would permit better access by consumers to approved unauthorized insurers.

PARTNERSHIP IN CORRECTIONAL EXCELLENCE

This entity was organized to serve as a catalyst to identify and address critical issues that impact public safety by building public/private partnerships and collaborations to acquire resources necessary to create a safer environment as authorized by Section 944.802, F.S.

SCRIPPS FLORIDA FUNDING CORPORATION

Pursuant to Section 288.955, F.S., this entity was created to facilitate the establishment and operation of a biomedical research institution for the purposes of enhancing education and research and promoting economic development and diversity.

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2006 (in thousands)

	1	Public Education		ployment ervices		overnment ninistration	Business and Community Development		
ASSETS									
Current assets Cash and cash equivalents Pooled investments with State Treasury Investments Receivables, net Due from other funds Inventories Other Total current assets	\$	2,092,548 22,653 109,445 2,224,646	\$	286 671,594 2,197 115,862 4,640 	\$	183,538 694 1,134 185,366	\$	90,599 1,173 153,975 9,624 	
Noncurrent assets Long-term investments Other loans and notes receivable, net Other Total noncurrent assets Total assets	 \$	2,224,646		 794,579	\$		\$	200 7,481 7,681 263,052	
	<u> </u>	2,224,040	φ	194,319	Ф	165,500	Ф	203,032	
Current liabilities Accounts payable and accrued liabilities Due to other funds Due to component units/primary Compensated absences Claims payable Deposits Deferred revenues Obligations under security lending agreements Obligations under reverse repurchase agreements Total current liabilities	\$	3,247 5,065 348,607 161,740 518,659	\$	57,262 17,862 149 60,307 1,194 88,285 40,961 266,020	\$	15,888 249 174 475 26,875 12,469 56,130	\$	67,245 84,684 224 54 6,932 3,919 1,818 164,876	
Noncurrent liabilities Advances from other funds Deposits Deferred revenues Total noncurrent liabilities		357,895 357,895						2,835	
Total liabilities Fund balances Reserved for encumbrances Reserved for inventories Reserved for long-term receivables Reserved for capital outlay Other reserved Unreserved		14,434 1,059,691 273,967		72,994 455,565		3,065 2,655 123,516		12,838 4,646 44,923 32,934	
Total fund balances		1,348,092		528,559		129,236		95,341	
Total liabilities and fund balances	\$	2,224,646	\$	794,579	\$	185,366	\$	263,052	

Regulation and Licensing	Tobacco Settlement		Public Safety	Co	rrections	Consumer Protection and Safety		etion			uvenile Justice
\$ 308 172,456	\$ 93,753	\$	118 112,581	\$	 16,621	\$	51 85,641	\$	114 86,948	\$	179 26,930
31,764 19,189	169 511		22,694 4,085		384 1,570		15,564 3,366		11,341 46,427		4,020 3,953
182 114	5,867 		•••••						1,599		1
224,013	100,300		139,478		18,575		104,622		146,429		35,083
							 899				
			971		•••••				•••••		•••••
\$ 224.012	¢ 100 200	¢	971	¢.	10 575	¢	899	¢	146 420	¢	25 092
\$ 224,013	\$ 100,300	\$	140,449	\$	18,575	\$	105,521	\$	146,429	\$	35,083
Ф 2 9.449	¢ 11.005	ф	41 272	ф	1 150	¢	7.202	¢	7.001	ф	10 104
\$ 28,448 44,357	\$ 11,695 8,748	\$	41,372 13,230	\$	1,152 195	\$	7,203 11,318	\$	7,901 53,675	\$	10,104 1,209
385	233										•••••
200	•••••		51		6		11		80		•••••
	•••••		 51		•••••		129				•••••
			5,629				569				
25,035	11,680		3,281				2,349		11,269		1,424
11,615	5,419		1,522				1,090		5,229		660
110,040	37,775		65,136		1,353		22,669		78,154		13,397
			629				35				
	•••••		 1,966		•••••		899 2,522		•••••		•••••
			2,595				3,456				
110,040	37,775		67,731		1,353		26,125		78,154		13,397
110,040	31,113		07,731		1,333		20,123		70,134		13,371
192	39		978				38,352		11,067		
182	5,867						•••••		1,599		
 367	83		•••••		320		•••••		23,984		6,270
23,418			272						23,964		0,270
89,814	56,536		71,468		16,902		41,044		31,625		15,416
113,973	62,525		72,718		17,222		79,396		68,275		21,686
\$ 224,013	\$ 100,300	\$	140,449	\$	18,575	\$	105,521	\$	146,429	\$	35,083

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2006 (in thousands)

(in thousands)	Judicial Services		V	Military and Veterans' Affairs		Tax Collection and Administration		Florida Clerks of Court Operations Corp		Citrus mmission
ASSETS										
Current assets Cash and cash equivalents Pooled investments with State Treasury Investments Receivables, net Due from other funds Inventories Other Total current assets	39,0 8 6	 85 81 	\$	670 21,600 1,719 191 	\$		\$	259 145 404	\$	711 12,724 4,171 579 511 18,696
Noncurrent assets Long-term investments Other loans and notes receivable, net Other Total noncurrent assets Total assets		 61	\$	24,180	\$		\$		\$	
LIABILITIES AND FUND BALANCES				,						,
Current liabilities Accounts payable and accrued liabilities Due to other funds Due to component units/primary Compensated absences Claims payable Deposits Deferred revenues Obligations under security lending agreements Obligations under reverse repurchase agreements Total current liabilities		62 25 58 	\$	3,935 216 100 567 263 5,081	\$		\$	51	\$	4,175 514 84 2,248 1,043 8,064
Noncurrent liabilities Advances from other funds Deposits Deferred revenues Total noncurrent liabilities Total liabilities	 	26 26 26		5,081						8,064
Fund balances Reserved for encumbrances Reserved for inventories Reserved for long-term receivables Reserved for capital outlay Other reserved Unreserved		59 76		3,379 191 1,826 13,703				 353		579 10,053
Total fund balances	36,6	35		19,099				353		10,632
Total liabilities and fund balances	\$ 40,6	61	\$	24,180	\$		\$	404	\$	18,696

2006 STATE OF FLORIDA CAFR

Blended Component Units

State Board of Administration		School for the Deaf and the Blind		Wireless Emergency Telephone System			Workforce Florida Inc	FL Water Pollution Control Financing Corp		Inland Protection Financing Corp	
\$	250,825 241 20,357	\$	104 660 10,143 38 	\$	97,747 218 	\$	11,824 735 	\$	194,528 1,570 64,190	\$	
	271,423		10,945		97,965		45 12,604		260,288		
									614,520 614,520		
\$	271,423	\$	10,945	\$	97,965	\$	12,604	\$	874,808	\$	
\$	18,165 6 18,171	\$	111 2 113	\$	23,863 16,503 7,657 48,023	\$	795 795	\$	15 2,322 34,494 16,004 52,835	\$	
	 18,171				48,023		11,205 11,205 12,000		52,835		
	253,252		 10,832		 49,942		 604		614,520 207,453		
ф.	253,252	¢.	10,832	¢.	49,942	¢.	12 604	¢	821,973	¢	
\$	271,423	\$	10,945	\$	97,965	\$	12,604	\$	874,808	\$	

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2006

(in thousands)	Blended Component Units								
	Res	ment Fraud toration Corp		ırplus Lines	Corr	ership in ectional ellence		ipps Florida nding Corp	Totals 6/30/06
ASSETS									
Current assets Cash and cash equivalents Pooled investments with State Treasury Investments Receivables, net Due from other funds Inventories	\$	28 	\$ 1	16,630 106 	\$	489 	\$	29,354 220,944 3,814 	\$ 61,097 3,999,563 486,880 455,382 224,982 8,419
Other				12				11	693
Total current assets		28		16,748		489		254,123	5,237,016
Noncurrent assets Long-term investments Other loans and notes receivable, net Other								228,955	229,155 622,900 971
Total noncurrent assets		•••••		•••••				228,955	853,026
Total assets	\$	28	\$ 7	16,748	\$	489	\$	483,078	\$ 6,090,042
LIABILITIES AND FUND BALANCES									
Current liabilities Accounts payable and accrued liabilities Due to other funds Due to component units/primary Compensated absences Claims payable Deposits Deferred revenues Obligations under security lending agreements Obligations under reverse repurchase agreements Total current liabilities	\$		\$	739	\$	5	\$	14,490 228,969 243,459	\$ 321,116 244,012 926 852 60,307 8,839 6,198 805,505 267,490 1,715,245
Noncurrent liabilities Advances from other funds Deposits Deferred revenues Total noncurrent liabilities Total liabilities									358,885 3,734 15,693 378,312
Fund balances				739		3		243,459	2,093,557
Reserved for encumbrances Reserved for inventories Reserved for long-term receivables Reserved for capital outlay Other reserved Unreserved			Ī			 35 449		 239,619	158,097 8,418 619,166 1,140,119 23,725 2,046,960
Total fund balances		28		16,009		484		239,619	3,996,485
Total liabilities and fund balances	\$	28	\$	16,748	\$	489	\$	483,078	\$ 6,090,042

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

(in thousands)	Public Education	Employment Services	Government Administration	Business and Community Development
REVENUES				
Taxes	\$ 999,458	\$	\$	\$
Licenses and permits				
Fees and charges	36,772	,	24,617	7,285
Grants and donations	2,382,672	,	13,127	1,831,719
Investment earnings Fines, forfeits, settlements and judgments	25,262 153,390	The state of the s	2,281 11	606
Other revenue	133,390		6	 63
Total revenues	3,597,558	999,849	40,042	1,839,673
EXPENDITURES				
Current:		1 200 471	126 557	50 110
General government	 4 712 210	1,399,471	136,557	50,119
Education Human services	4,713,218	138,262	•••••	•••••
Criminal justice and corrections				
Natural resources and environment				1,703,311
State courts				
Capital outlay	1,246	3,421	3,434	480
Debt service:				
Principal retirement				
Interest and fiscal charges			•••••	
Total expenditures	4,714,464	1,541,154	139,991	1,753,910
Excess (deficiency) of revenues				
over expenditures	(1,116,906) (541,305)	(99,949)	85,763
OTHER FINANCING SOURCES (USES)				
Proceeds of bond issues	644,634			•••••
Operating transfers in	1,535,596	761,235	74,769	55,667
Operating transfers out	(1,027,351	(96,772)	(3,278)	(143,798)
Proceeds of financing agreements				
Total other financing sources (uses)	1,152,879	664,463	71,491	(88,131)
Net change in fund balances	35,973	123,158	(28,458)	(2,368)
Fund balances - beginning	1,312,119	405,401	157,694	97,709
Adjustments to increase (decrease) beginning fund balances				
Fund balances - beginning, as restated	1,312,119	405,401	157,694	97,709
Fund balances - ending	\$ 1,348,092	\$ 528,559	\$ 129,236	\$ 95,341

Regulation and Licensing		Tobacco ettlement		Public Safety	Co	rrections	P	onsumer rotection nd Safety	Ag	griculture		ivenile Justice
\$ 135,379 1,035,842 61,911 350 1,101 8,277	\$	 6 1,132 396,118	\$	59,746 82,649 94,511 604 59,201	\$	7,548 15,992 141	\$	2,135 5,167 132,221 641 23,561	\$	355 16,702 78,698 72,848 455 3,045	\$	1 88,803 18,733 (115) 2,652
 195				955				259		3,577		238
 1,243,055		397,256		297,666		23,689		163,984		175,680		110,312
218,265 7,201 12,137 1,267		67 321,062 78		41,601 202,933 1 7,647 2,976 233		22,346 17,333		4,957 27,566 301,293 23,939		230,500 16,895		 159,757 1,163
238,870		321,207		255,391		39,679		357,755		247,395		161,829
1,004,185		76,049		42,275		(15,990)		(193,771)		(71,715)		(51,517)
 112,703 (1,108,175)		39,225 (80,510)		53,280 (85,940) 310		37,269 (13,328)		 261,961 (76,460) 11,141		 144,028 (68,936) 		59,659 (1,205)
(995,472)		(41,285)		(32,350)		23,941		196,642		75,092		58,454
8,713 105,260		34,764 27,761		9,925 62,793		7,951 9,271		2,871 75,828		3,377 64,898		6,937 14,749
 								697				
 105,260	Ф	27,761	ф	62,793	ф	9,271	Ф	76,525	Φ.	64,898	Ф	14,749
\$ 113,973	\$	62,525	\$	72,718	\$	17,222	\$	79,396	\$	68,275	\$	21,686

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	udicial ervices			Tax Collection and Administration	Florida Clerks of Court Operations Corp	Citrus mmission
REVENUES						
Taxes	\$ 	\$		\$	\$	\$ 33,474
Licenses and permits	236					
Fees and charges	26,450		33,542	•••••	1,028	28
Grants and donations	9,270		61,427	•••••	•••••	8,393
Investment earnings			30	•••••	•••••	(13)
Fines, forfeits, settlements and judgments	6,497		30	•••••	•••••	1.4.4
Other revenue	 154			•••••	•••••	144
Total revenues	42,607		95,029		1,028	42,026
EXPENDITURES						
Current:			0.4.4.0		= 10	10.500
General government	•••••		94,149	•••••	740	43,639
Education	•••••		42.671	•••••	•••••	•••••
Human services	40 515		43,671	•••••	•••••	•••••
Criminal justice and corrections Natural resources and environment	48,515		•••••	•••••	•••••	•••••
State courts	15,677		•••••	•••••	•••••	•••••
Capital outlay	2,379		9,852			 174
Debt service:	2,317		7,032	•••••	•••••	174
Principal retirement						21
Interest and fiscal charges						
Total expenditures	66,571		147,672		740	43,834
Excess (deficiency) of revenues						
over expenditures	(23,964)		(52,643)		288	(1,808)
OTHER FINANCING SOURCES (USES)						
Proceeds of bond issues						
Operating transfers in	26,495		30,725			1
Operating transfers out	(1,382)		(870)			(1,190)
Proceeds of financing agreements	 •••••		•••••	•••••	•••••	47
Total other financing sources (uses)	25,113		29,855			(1,142)
Net change in fund balances	1,149		(22,788)		288	(2,950)
Fund balances - beginning	35,486		41,887	349,461	116	13,582
Adjustments to increase (decrease) beginning fund balances	 •••••			(349,461)	(51)	
Fund balances - beginning, as restated	35,486		41,887		65	13,582
Fund balances - ending	\$ 36,635	\$	19,099	\$	\$ 353	\$ 10,632

Blended Component Units

tate Board of ministration	ol for the				Pollu	L Water tion Control ncing Corp	Inland rotection incing Corp	
\$ 	\$ 	\$		\$		\$		\$
					•••••		•••••	
	4,522		71,069		11,007			
1,361	283		817				18,957	149
•••••								
1,361	4,805		71,886		11,007		18,957	149
204,753			76,121		11,005		201	10,765
	5,106							
•••••	•••••		•••••		•••••		•••••	•••••
					•••••			
	71				19			
204,753	5,177		76,121		11,024		201	10,765
(203,392)	(372)		(4,235)		(17)		18,756	(10,616)
457,667	1,786				•••••		160,071	•••••
(1,023)	•••••		(35)		•••••		(11,731)	•••••
 456,644	1,786		(35)		•••••		148,340	
					(17)			(10.61.6)
253,252	1,414		(4,270)		(17)		167,096	(10,616)
	9,418		54,212		621		654,877	10,616
 	9,418		54,212		621		654,877	10,616
\$ 253,252	\$ 10,832	\$	49,942	\$	604	\$	821,973	\$

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(in thousands)

Blended Component Units

	Rest	ent Fraud oration orp	ırplus Lines	ship in ctional llence	_	ops Florida ding Corp	Totals 6/30/06
REVENUES							
Taxes	\$		\$ 	\$ 	\$		\$ 1,168,667
Licenses and permits							1,114,661
Fees and charges			8,429	448			856,867
Grants and donations				568		19	5,313,396
Investment earnings		25	287	•••••		11,931	71,499
Fines, forfeits, settlements and judgments		•••••	•••••	•••••		•••••	667,157
Other revenue		•••••	 •••••	•••••		•••••	7,079
Total revenues		25	8,716	1,016		11,950	9,199,326
EXPENDITURES							
Current:							
General government		1,003	3,933			69,250	2,366,596
Education		•••••	•••••	•••••		•••••	4,856,586
Human services		•••••	•••••			•••••	364,733
Criminal justice and corrections		•••••	•••••	969		•••••	462,086
Natural resources and environment		•••••	•••••	•••••		•••••	2,235,105
State courts Capital outlay		•••••	•••••	•••••		•••••	15,677 95,332
Debt service:		•••••	•••••	•••••		•••••	93,332
Principal retirement							15,134
Interest and fiscal charges							2,409
Total expenditures		1,003	3,933	969		69,250	10,413,658
•		1,003	3,733	707		07,230	10,413,030
Excess (deficiency) of revenues							
over expenditures		(978)	4,783	47		(57,300)	(1,214,332)
OTHER FINANCING SOURCES (USES)							
Proceeds of bond issues		•••••	•••••	•••••			644,634
Operating transfers in							3,812,137
Operating transfers out		•••••	•••••	•••••			(2,721,984)
Proceeds of financing agreements							11,498
Total other financing sources (uses)		•••••	•••••				1,746,285
Net change in fund balances		(978)	4,783	47		(57,300)	531,953
Fund balances - beginning Adjustments to increase (decrease) beginning		1,006	11,226	437		270,294	3,786,722
fund balances			 	 		26,625	(322,190)
Fund balances - beginning, as restated		1,006	11,226	437		296,919	3,464,532
Fund balances - ending	\$	28	\$ 16,009	\$ 484	\$	239,619	\$ 3,996,485

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		Public Education	1
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2005	\$ 1,200,372	\$ 1,200,372	\$
Reversions	5,481	5,481	
Fund Balances, July 1, 2005, restated	1,205,853	1,205,853	
REVENUES			
Direct revenues:			
Fees and charges	36,036	36,995	959
Taxes	563,642	563,642	
Interest	56,381	54,055	(2,326)
Grants	2,350,706	2,355,539	4,833
Refunds	26	19,118	19,092
Bond proceeds	812,895	796,713	(16,182)
Other	24,811	20,575	(4,236)
Total Direct Revenues	3,844,497	3,846,637	2,140
Indirect revenues:			
Transfers and distributions	2,498,985	2,637,726	138,741
Other	19	28	9
Total Indirect Revenues	2,499,004	2,637,754	138,750
TOTAL REVENUES	6,343,501	6,484,391	140,890
TOTAL AVAILABLE RESOURCES	7,549,354	7,690,244	140,890
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	36,818	35,811	1,007
Other personal services	2,422	2,106	316
Expenses	20,563	17,349	3,214
Grants and aids	3,661,922	2,774,753	887,169
Operating capital outlay	1,957	1,273	684
Fixed capital outlay	1,980,714	1,980,714	
Special categories	592,160	574,566	17,594
Financial assistance payments	40,501	40,051	450
Grants/aids to local governments	286,991	286,991	
Payments to U.S. Treasury	443	443	
Data processing services	4,020	3,448	572
Total Operating Expenditures	6,628,511	5,717,505	911,006
Nonoperating expenditures:			
Transfers	354,071	354,071	
Refunds	6,261	6,261	
Other	13,988	13,988	
Total Nonoperating Expenditures	374,320	374,320	
TOTAL EXPENDITURES	7,002,831	6,091,825	911,006
FUND BALANCES, JUNE 30, 2006	\$ 546,523	\$ 1,598,419	\$ 1,051,896

		Er	nploy	ment Servic	es	
		Budget		Actual	Fin	riance with aal Budget r / (Under)
Fund Balances, July 1, 2005	\$	300,058	\$	300,058	\$	
Reversions		17,392		17,392		
Fund Balances, July 1, 2005, restated		317,450		317,450		
REVENUES						
Direct revenues:						
Fees and charges		293,886		316,086		22,200
Licenses				1,069		1,069
Taxes		5,225		5,154		(71)
Miscellaneous		469		469		
Interest		13,361		13,254		(107)
Grants		704,100		673,297		(30,803)
Refunds		181		10,121		9,940
Other Total Direct Revenues		11,347 1,028,569		14,367 1,033,817		3,020 5,248
		1,020,309		1,033,617		3,246
Indirect revenues:						
Transfers and distributions		767,909		750,606		(17,303)
Other		2,209		1,472		(737)
Total Indirect Revenues		770,118		752,078		(18,040)
TOTAL REVENUES		1,798,687		1,785,895		(12,792)
TOTAL AVAILABLE RESOURCES		2,116,137		2,103,345		(12,792)
EXPENDITURES						
Operating expenditures:						
Salaries and benefits		133,749		116,188		17,561
Other personal services		14,972		9,222		5,750
Expenses		42,866		31,218		11,648
Grants and aids		5,222		3,971		1,251
Operating capital outlay		2,762		2,298		464
Food products		150		113		37
Fixed capital outlay		1,250		1,250		
Special categories		1,371,243		1,202,672		168,571
Data processing services		11,898		9,226		2,672
Total Operating Expenditures		1,584,112		1,376,158		207,954
Nonoperating expenditures:		40.763		40.762		
Transfers		49,762		49,762		•••••
Refunds		3,549		3,549		•••••
Other Total Nonoperating Expenditures		285,998 339,309		285,998 339,309		
TOTAL EXPENDITURES		1,923,421		1,715,467		207,954
FUND BALANCES, JUNE 30, 2006	\$	192,716	\$		\$	
TOND DALANCES, JUNE 30, 2000	Ψ	174,/10	φ	387,878	φ	195,162

	 Gove	rnme	nt Administ	ration	
	 Budget		Actual	Fin	iance with al Budget r / (Under)
Fund Balances, July 1, 2005	\$ 143,314	\$	143,314	\$	
Reversions	2,228		2,228		
Fund Balances, July 1, 2005, restated	145,542		145,542		
REVENUES Direct revenues: Fees and charges Interest Grants Refunds	73,787 4,881 17,794 75		74,109 5,014 23,522 854		322 133 5,728 779
Other	 70		117		47
Total Direct Revenues	 96,607		103,616		7,009
Indirect revenues: Transfers and distributions Other Total Indirect Revenues	41,306 41,306		44,590 1 44,591		3,284 1 3,285
TOTAL REVENUES	 · · · · · · · · · · · · · · · · · · ·				
	 137,913		148,207		10,294
TOTAL AVAILABLE RESOURCES	 283,455		293,749		10,294
EXPENDITURES Operating expenditures:					
Salaries and benefits	30,958		30,368		590
Other personal services	4,932		4,312		620
Expenses	9,837		9,317		520
Grants and aids	3,960		3,812		148
Operating capital outlay	456		400		56
Special categories	109,332		103,291		6,041
Grants/aids to local governments	4,375		4,375		
Data processing services	491		388		103
Total Operating Expenditures	164,341		156,263		8,078
Nonoperating expenditures: Transfers Refunds Other Total Nonoperating Expenditures	5,013 132 805 5,950		5,013 132 805 5,950		
					0.050
TOTAL EXPENDITURES	 170,291		162,213		8,078
FUND BALANCES, JUNE 30, 2006	\$ 113,164	\$	131,536	\$	18,372

	Business and Community Development							
		Budget		Actual	Fir	riance with nal Budget er / (Under)		
Fund Balances, July 1, 2005	\$	53,540	\$	53,540	\$			
Reversions		235,404		235,404				
Fund Balances, July 1, 2005, restated		288,944		288,944				
REVENUES Direct revenues: Fees and charges Miscellaneous		7,274 		7,337 1		63 1		
Interest		1,279		13,392		12,113		
Grants		1,611,143		1,587,570		(23,573)		
Refunds		1,074		1,074				
Other		18,797		19,252		455		
Total Direct Revenues		1,639,567		1,628,626		(10,941)		
Indirect revenues: Transfers and distributions Other Total Indirect Revenues		83,193 228 83,421		53,983 235 54,218		(29,210) 7 (29,203)		
TOTAL REVENUES		1,722,988						
				1,682,844		(40,144)		
TOTAL AVAILABLE RESOURCES		2,011,932		1,971,788		(40,144)		
EXPENDITURES Operating expenditures:								
Salaries and benefits		8,208		6,949		1,259		
Other personal services		4,683		3,776		907		
Expenses Grants and aids		3,847		2,267		1,580 251		
Operating capital outlay		2,390 61		2,139 16		45		
Special categories		1,812,894		1,812,894				
Grants/aids to local governments		44,915		44,915				
Total Operating Expenditures		1,876,998		1,872,956		4,042		
· · · ·		1,070,770		1,072,730		7,072		
Nonoperating expenditures: Transfers		29,048		29,048				
Refunds		626		626				
Other		771		771				
Total Nonoperating Expenditures		30,445		30,445				
TOTAL EXPENDITURES		1,907,443		1,903,401		4,042		
FUND BALANCES, JUNE 30, 2006	\$	104,489	\$	68,387	\$	(36,102)		

	Regulation and Licensing							
		Budget		Actual	Fir	riance with nal Budget r / (Under)		
Fund Balances, July 1, 2005	\$	95,659	\$	95,659	\$			
Reversions	_	13,494	_	13,494	-			
Fund Balances, July 1, 2005, restated		109,153		109,153				
REVENUES								
Direct revenues:								
Fees and charges		45,314		61,862		16,548		
Licenses		1,117,929		1,057,646		(60,283)		
Taxes		116,680		135,393		18,713		
Miscellaneous		191		224		33		
Interest		3,401		8,445		5,044		
Grants		3,036		463		(2,573)		
Refunds		133		72		(61)		
Other		2,871		8,315		5,444		
Total Direct Revenues		1,289,555		1,272,420		(17,135)		
Indirect revenues:								
Transfers and distributions		45,540		119,877		74,337		
Other		125		123		(2)		
Total Indirect Revenues		45,665		120,000		74,335		
TOTAL REVENUES		1,335,220		1,392,420		57,200		
TOTAL AVAILABLE RESOURCES		1,444,373		1,501,573		57,200		
		<u> </u>		<u> </u>				
EXPENDITURES								
Operating expenditures:		100 110						
Salaries and benefits		102,649		99,988		2,661		
Other personal services		12,255		11,109		1,146		
Expenses		27,449		25,941		1,508		
Grants and aids		13,420		13,384		36		
Operating capital outlay		1,926		1,725		201		
Fixed capital outlay		10		10				
Special categories		60,870		51,260		9,610		
Data processing services		8				8		
Total Operating Expenditures		218,587		203,417		15,170		
Nonoperating expenditures:								
Transfers		1,090,555		1,090,555				
Refunds						•••••		
		15,788		15,788		•••••		
Other Total Nonoperating Expanditures		56,010 1,162,353		56,010 1,162,353				
Total Nonoperating Expenditures						15 150		
TOTAL EXPENDITURES		1,380,940		1,365,770		15,170		
FUND BALANCES, JUNE 30, 2006	\$	63,433	\$	135,803	\$	72,370		

<u>.</u>	Tobacco Settlement							
]	Budget		Actual	Fin	riance with aal Budget r / (Under)		
Fund Balances, July 1, 2005 Reversions		30,134	\$	30,134	\$			
Fund Balances, July 1, 2005, restated		7,023 37,157		7,023 37,157				
REVENUES Direct revenues:								
Interest		2,100		2,036		(64)		
Refunds Other		429,000		292 428,948		292 (52)		
Total Direct Revenues		431,100		431,276		176		
Indirect revenues:		131,100		131,270		170		
Transfers and distributions Other		636,733		614,113 45		(22,620) 45		
Total Indirect Revenues		636,733		614,158		(22,575)		
TOTAL REVENUES		1,067,833		1,045,434		(22,399)		
TOTAL AVAILABLE RESOURCES		1,104,990		1,082,591		(22,399)		
EXPENDITURES Operating expenditures:								
Expenses		705		705				
Grants and aids		17,249		17,245		4		
Fixed capital outlay		2,358		2,358		17 500		
Special categories Grants/aids to local governments		1,000		386,654		17,588		
		425,554		407,962		17,592		
Nonoperating expenditures:						,		
		,		,		•••••		
		•		•		•••••		
-		,						
TOTAL EXPENDITURES		1,043,083		1,025,491		17,592		
FUND BALANCES, JUNE 30, 2006	\$	61,907	\$	57,100	\$	(4,807)		
Grants/aids to local governments Total Operating Expenditures Nonoperating expenditures: Transfers Refunds Other Total Nonoperating Expenditures TOTAL EXPENDITURES		1,000 425,554 615,199 4 2,326 617,529 1,043,083	\$	1,000 407,962 615,199 4 2,326 617,529 1,025,491	\$	17,		

		Public Safety	
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2005	\$ 48,145	\$ 48,145	\$
Reversions	14,204		
Fund Balances, July 1, 2005, restated	62,349	62,349	
REVENUES Direct revenues: Fees and charges	63,078		9,201
Licenses	58,138	· · · · · · · · · · · · · · · · · · ·	3,867
Miscellaneous	31		1
Interest	141.549		69 (51.522)
Grants Refunds	141,542 4,704	,	(51,523) 3,623
Other	55,437		2,595
Total Direct Revenues	323,379		(32,167)
Indirect revenues:		,	, , ,
Transfers and distributions Other	66,958	3 71,231 3 26	4,273 18
Total Indirect Revenues	66,966		4,291
TOTAL REVENUES	390,345	362,469	(27,876)
TOTAL AVAILABLE RESOURCES	452,694	424,818	(27,876)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	43,326	39,917	3,409
Other personal services	9,419	5,325	4,094
Expenses	30,773	,	5,740
Grants and aids	28,923	· · · · · · · · · · · · · · · · · · ·	7,973
Operating capital outlay	12,846	,	4,757
Special categories	185,607		53,965
Data processing services	143		119
Total Operating Expenditures	311,037	7 230,980	80,057
Nonoperating expenditures:	52 406	50.400	
Transfers	53,489	,	•••••
Refunds	2,715	,	
Other Total Nonoperating Expenditures	41,311 97,515		
TOTAL EXPENDITURES	408,552		80,057
		,	
FUND BALANCES, JUNE 30, 2006	\$ 44,142	2 \$ 96,323	\$ 52,181

	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2005	\$ 9,753	\$ 9,753	\$
Reversions	11	11	
Fund Balances, July 1, 2005, restated	9,764	9,764	
REVENUES Direct revenues:			
Fees and charges	5,585	5,609	24
Grants	15,000	15,992	992
Refunds	1	1	
Other	1,168	1,172	4
Total Direct Revenues	21,754	22,774	1,020
Indirect revenues:	26.650	26.710	70
Transfers and distributions Other	36,650 182	36,718 183	68 1
Total Indirect Revenues	36,832	36,901	69
TOTAL REVENUES	58,586	59,675	1,089
TOTAL AVAILABLE RESOURCES	68,350	69,439	1,089
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	8,260	6,782	1,478
Other personal services	777	354	423
Expenses	7,326	4,903	2,423
Operating capital outlay	1,926	1,085	841
Food products	615	325	290
Fixed capital outlay	16,119	16,119	
Special categories	24,066	22,172	1,894
Special expenses	324	324	
Total Operating Expenditures	59,413	52,064	7,349
Nonoperating expenditures:			
Transfers	1,477	1,477	
Refunds	121	121	
Other	402	402	
Total Nonoperating Expenditures	2,000	2,000	
TOTAL EXPENDITURES	61,413	54,064	7,349
FUND BALANCES, JUNE 30, 2006	\$ 6,937	\$ 15,375	\$ 8,438

	Consumer Protection and Safety								
	E	Budget		Actual	Fin	iance with al Budget r / (Under)			
Fund Balances, July 1, 2005	\$	45,849	\$	45,849	\$				
Reversions		22,028		22,028					
Fund Balances, July 1, 2005, restated		67,877		67,877					
REVENUES Direct revenues: Fees and charges Licenses Interest Grants Refunds Other Total Direct Revenues Indirect revenues: Transfers and distributions Other		4,228 2,200 398 150,856 167 12,756 170,605		5,331 2,135 827 139,613 5,729 18,547 172,182		1,103 (65) 429 (11,243) 5,562 5,791 1,577			
Total Indirect Revenues		274,410		275,366		956			
TOTAL REVENUES		445,015		447,548		2,533			
TOTAL AVAILABLE RESOURCES		512,892		515,425		2,533			
EXPENDITURES Operating expenditures: Salaries and benefits Other personal services Expenses Operating capital outlay Special categories Data processing services Total Operating Expenditures Nonoperating expenditures: Transfers Refunds		23,452 597 3,716 689 414,780 55 443,289		20,451 239 3,336 370 414,780 11 439,187		3,001 358 380 319 44 4,102			
Other		6,286		6,286					
Total Nonoperating Expenditures		67,213		67,213					
TOTAL EXPENDITURES		510,502		506,400		4,102			
FUND BALANCES, JUNE 30, 2006	\$	2,390	\$	9,025	\$	6,635			

	Agriculture							
	1	Budget		Actual	Fin	ance with al Budget ·/(Under)		
Fund Balances, July 1, 2005	\$	34,017	\$	34,017	\$			
Reversions		2,864		2,864				
Fund Balances, July 1, 2005, restated		36,881		36,881				
REVENUES								
Direct revenues:								
Fees and charges		73,030		67,984		(5,046)		
Licenses		16,965		16,442		(523)		
Taxes		328		345		17		
Miscellaneous		5,475		4,987		(488)		
Interest		1,470		1,444		(26)		
Grants		73,134		67,059		(6,075)		
Refunds		3,929		3,715		(214)		
Other		4,526		4,533		7		
Total Direct Revenues		178,857		166,509		(12,348)		
Indirect revenues:								
Transfers and distributions		139,235		137,700		(1,535)		
Other		214		400		186		
Total Indirect Revenues		139,449		138,100		(1,349)		
TOTAL REVENUES		318,306		304,609		(13,697)		
TOTAL AVAILABLE RESOURCES		355,187		341,490		(13,697)		
EXPENDITURES								
Operating expenditures:								
Salaries and benefits		75,908		69,411		6,497		
Other personal services		6,270		4,245		2,025		
Expenses		44,257		38,742		5,515		
Grants and aids		5,371		5,048		323		
Operating capital outlay		3,696		2,778		918		
Fixed capital outlay		4,701		4,701				
Special categories		145,316		125,953		19,363		
Payments to U.S. Treasury		9,959		9,959		15,000		
Total Operating Expenditures		295,478		260,837		34,641		
Nonoperating expenditures:		21 100		21.100				
Transfers		31,100		31,100				
Refunds		829		829				
Other		9,527		9,527				
Total Nonoperating Expenditures		41,456		41,456				
TOTAL EXPENDITURES		336,934		302,293		34,641		
FUND BALANCES, JUNE 30, 2006	\$	18,253	\$	39,197	\$	20,944		

	Juvenile Justice								
	Budget	Actual	Variance with Final Budget Over / (Under)						
Fund Balances, July 1, 2005	\$ 8,901	\$ 8,901	\$						
Reversions	3,666	3,666							
Fund Balances, July 1, 2005, restated	12,567	12,567							
REVENUES Direct revenues: Fees and charges	99,509	91,402	(8,107)						
Interest		212	212						
Grants	19,483	11,062	(8,421)						
Refunds	235	236	1						
Other	3,536	3,536							
Total Direct Revenues	122,763	106,448	(16,315)						
Indirect revenues: Transfers and distributions Other	52,024	64,732 2	12,708						
Total Indirect Revenues	52,024	64,734	12,710						
TOTAL REVENUES	174,787	171,182	(3,605)						
TOTAL AVAILABLE RESOURCES	187,354	183,749	(3,605)						
EXPENDITURES Operating expenditures: Salaries and benefits	84,412	82,329	2,083						
Other personal services	3,762	3,001	761						
Expenses	12,517	12,158	359						
Grants and aids	1,802	506	1,296						
Operating capital outlay	307	255	52						
Food products	196	195	1						
Fixed capital outlay	902	902							
Special categories	76,799	72,685	4,114						
Total Operating Expenditures	180,697	172,031	8,666						
Nonoperating expenditures: Refunds Other	14 794	14 794							
Total Nonoperating Expenditures	808	808							
TOTAL EXPENDITURES	181,505	172,839	8,666						
FUND BALANCES, JUNE 30, 2006	\$ 5,849	\$ 10,910	\$ 5,061						

	Judicial Services								
	Budget	Actual	Variance with Final Budget Over / (Under)						
Fund Balances, July 1, 2005	\$ 35,245	\$ 35,245	\$						
Reversions	680	680							
Fund Balances, July 1, 2005, restated	35,925	35,925							
REVENUES Direct revenues:									
Fees and charges	24,428	24,961	533						
Licenses	250	236	(14)						
Grants	5,662	5,679	17						
Refunds	259	293	34						
Other	5,760	5,768	8						
Total Direct Revenues	36,359	36,937	578						
Indirect revenues: Transfers and distributions	37,707	37,369	(338)						
Other	250	37,309 1	(249)						
Total Indirect Revenues	37,957	37,370	(587)						
TOTAL REVENUES	74,316	74,307	(9)						
TOTAL AVAILABLE RESOURCES	110,241	110,232	(9)						
EXPENDITURES									
Operating expenditures:									
Salaries and benefits	51,452	41,640	9,812						
Other personal services	6,253	3,065	3,188						
Expenses	2,925	2,661	264						
Operating capital outlay	181	127	54						
Special categories	26,707	20,491	6,216						
Data processing services	418	418							
Total Operating Expenditures	87,936	68,402	19,534						
Nonoperating expenditures:									
Transfers	4,878	4,878							
Refunds	569	569							
Other	1,253	1,253							
Total Nonoperating Expenditures	6,700	6,700							
TOTAL EXPENDITURES	94,636	75,102	19,534						
FUND BALANCES, JUNE 30, 2006	\$ 15,605	\$ 35,130	\$ 19,525						

	Military and Veterans' Affairs							
	Budget	Actual	Variance with Final Budget Over / (Under)					
Fund Balances, July 1, 2005	\$ 19,472	\$ 19,472	\$					
Reversions	2,956	2,956						
Fund Balances, July 1, 2005, restated	22,428	22,428						
REVENUES								
Direct revenues:								
Fees and charges	15,583	15,674	91					
Miscellaneous	172	166	(6)					
Interest	72	59	(13)					
Grants	59,658	61,404	1,746					
Refunds	15,293	15,781	488					
Other	25	447	422					
Total Direct Revenues	90,803	93,531	2,728					
Indirect revenues:								
Transfers and distributions	43,746	50,140	6,394					
Other	1	2	1					
Total Indirect Revenues	43,747	50,142	6,395					
TOTAL REVENUES	134,550	143,673	9,123					
TOTAL AVAILABLE RESOURCES	156,978	166,101	9,123					
EXPENDITURES								
Operating expenditures:								
Salaries and benefits	27,407	26,645	762					
Other personal services	2,959	2,942	17					
Expenses	44,704	43,973	731					
Operating capital outlay	662	608	54					
Food products	3,027	2,834	193					
Fixed capital outlay	12,505	12,505						
Special categories	22,477	22,477						
Total Operating Expenditures	113,741	111,984	1,757					
Nonoperating expenditures:								
Transfers	42,969	42,969						
Refunds	120	120	•••••					
Other	84	84						
Total Nonoperating Expenditures	43,173	43,173						
TOTAL EXPENDITURES	156,914	155,157	1,757					
FUND BALANCES, JUNE 30, 2006	\$ 64	\$ 10,944	\$ 10,880					

	Citrus Commission							
	B	Sudget	<i>E</i>	Actual	Variance wit Final Budge Over / (Unde			
Fund Balances, July 1, 2005	\$	8,850	\$	8,850	\$			
Reversions		1,320		1,320				
Fund Balances, July 1, 2005, restated		10,170		10,170				
REVENUES Direct revenues: Fees and charges				1		1		
Taxes		35,041		33,474		(1,567)		
Miscellaneous		70		40		(30)		
Interest		255		126		(129)		
Grants		10,214		7,817		(2,397)		
Refunds		108		144		36		
Other				22		22		
Total Direct Revenues		45,688		41,624		(4,064)		
Indirect revenues: Transfers and distributions Total Indirect Revenues				780 780		780 780		
TOTAL REVENUES		45,688		42,404		(3,284)		
TOTAL AVAILABLE RESOURCES		55,858		52,574		(3,284)		
EXPENDITURES Operating expenditures:								
Salaries and benefits		6,787		4,769		2,018		
Other personal services		168		83		85		
Expenses		7,570		4,538		3,032		
Operating capital outlay		401		77		324		
Special categories		35,465		35,465				
Data processing services		30		2		28		
Total Operating Expenditures		50,421		44,934		5,487		
Nonoperating expenditures: Transfers Other		780 1,099		780 1,099				
Total Nonoperating Expenditures		1,879		1,879				
TOTAL EXPENDITURES		52,300		46,813		5,487		
FUND BALANCES, JUNE 30, 2006	\$	3,558	\$	5,761	\$	2,203		

	School for the Deaf and the Blind							
	B	udget		Actual	Final	nce with Budget (Under)		
Fund Balances, July 1, 2005 Reversions Fund Balances, July 1, 2005, restated	\$	584 584	\$	584 584	\$			
Fund Balances, July 1, 2005, restated REVENUES Direct revenues:								
Grants Total Direct Revenues		3,331 3,331		3,342 3,342		11 11		
Indirect revenues: Transfers and distributions Total Indirect Revenues				246 246		246 246		
TOTAL REVENUES		3,331		3,588		257		
TOTAL AVAILABLE RESOURCES		3,915		4,172		257		
EXPENDITURES Operating expenditures: Special categories Total Operating Expenditures		2,948 2,948		2,948 2,948				
Nonoperating expenditures: Continuing appropriations Total Nonoperating Expenditures		564 564		564 564				
TOTAL EXPENDITURES		3,512		3,512		•••••		
FUND BALANCES, JUNE 30, 2006	\$	403	\$	660	\$	257		

	Wireless Emergency Telephone System							
	<u>I</u>	Budget		Actual	Fir	riance with nal Budget er / (Under)		
Fund Balances, July 1, 2005	\$	53,793	\$	53,793	\$			
Reversions		29		29				
Fund Balances, July 1, 2005, restated		53,822		53,822				
REVENUES Direct revenues:								
Interest		2,276		625		(1,651)		
Refunds				23		23		
Other		71,069		71,069				
TOTAL REVENUES		73,345		71,717		(1,628)		
TOTAL AVAILABLE RESOURCES _		127,167		125,539		(1,628)		
EXPENDITURES Operating expenditures:								
Expenses		731		435		296		
Grants and aids		87,523		75,662		11,861		
Total Operating Expenditures		88,254		76,097		12,157		
Nonoperating expenditures:								
Transfers		35		35		•••••		
Total Nonoperating Expenditures		35		35				
TOTAL EXPENDITURES		88,289		76,132		12,157		
FUND BALANCES, JUNE 30, 2006	\$	38,878	\$	49,407	\$	10,529		

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CAPITAL PROJECTS FUNDS

GENERAL GOVERNMENT

This fund includes various internal reporting capital projects funds administered by various agencies to account for resources used for the acquisition or construction of major capital facilities other than those financed by other funds.

RIGHT-OF-WAY AND BRIDGE CONSTRUCTION

This fund includes the internal reporting capital projects funds administered by the Department of Transportation for right-of-way acquisition and bridge construction.

HEALTH SERVICES

This fund includes various internal reporting capital projects funds administered by the Department of Health.

AGRICULTURE

This fund includes various internal reporting capital projects funds administered by the Department of Agriculture.

OTHER

This fund includes various internal reporting capital projects funds administered by other agencies.

SCHOOL FOR THE DEAF AND THE BLIND

This capital projects fund is administered by the School for the Deaf and the Blind.

COMBINING BALANCE SHEET CAPITAL PROJECTS FUNDS JUNE 30, 2006 (in thousands)

	General Government				 Health Services		culture	Other
ASSETS								
Current assets Pooled investments with State Treasury Receivables, net Due from other funds Total current assets	\$	32,941 32,941	\$	57,747 143 57,890	\$ 493 493	\$		\$ 13,881 34 13,915
Noncurrent assets Other Total noncurrent assets				9,000 9,000				
Total assets	\$	32,941	\$	66,890	\$ 493	\$		\$ 13,915
LIABILITIES AND FUND BALANCES								
Current liabilities Accounts payable and accrued liabilities Due to other funds Obligations under security lending agreements Obligations under reverse repurchase agreements Total current liabilities	\$	59 1,196 1,255	\$	9,403 8,284 3,843 21,530	\$ 	\$		\$ 1 2,368 1,099 3,468
Total liabilities		1,255		21,530				3,468
Fund balances Reserved for encumbrances Reserved for capital outlay Other reserved Unreserved		85 13,269 18,332		36,360 9,000 	 493 			 10,447
Total fund balances		31,686		45,360	493			10,447
Total liabilities and fund balances	\$	32,941	\$	66,890	\$ 493	\$		\$ 13,915

	ool for the	Totals
Deaf a	and the Blind	 6/30/06
\$	2,157	\$ 74,278
	•••••	177
	4,224	37,165
	6,381	111,620
		0.000
	•••••	9,000
		9,000
\$	6,381	\$ 120,620
\$	200	\$ 9,663
		1,196
		10,652
	•••••	4,942
	200	26,453
	200	26,453
	5,231	41,676
	950	14,712
		9,000
		28,779
	6,181	94,167
\$	6,381	\$ 120,620

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	General Government		Right-of-Way and Bridge Construction		Health Services		Agriculture		Other
REVENUES									
Fees and charges Investment earnings	\$		\$	(28)	\$		\$		\$ 661 131
Total revenues				(28)					792
EXPENDITURES Current:		2.204							10
General government		2,294		•••••		•••••		•••••	10
Human services		1,373		•••••		•••••		•••••	2,048
Criminal justice and corrections Natural resources and environment		31,772 599		•••••		•••••		•••••	•••••
				25		•••••		•••••	•••••
Transportation Capital outlay		58,733		267,476		307		•••••	•••••
Debt service:		30,733		207,470		307		•••••	•••••
Principal retirement		2,445							
Interest and fiscal charges		864							
Total expenditures		98,080		267,501		307			2,058
Excess (deficiency) of revenues over expenditures		(98,080)		(267,529)		(307)			(1,266)
OTHER FINANCING SOURCES (USES) Operating transfers in Operating transfers out		110,555		383,532 (119,555)		800 (364)		 (102)	2,393
Total other financing sources (uses)		110,555		263,977		436		(102)	2,393
Net change in fund balances		12,475		(3,552)		129		(102)	1,127
Fund balances - beginning		19,211		48,912		364		102	9,320
Fund balances - ending	\$	31,686	\$	45,360	\$	493	\$		\$ 10,447

	ol for the	Totals 6/30/06	
\$		\$	661
			103
			764
			2,304
			3,421
	•••••		31,772
			599
			25
	15,537		342,053
			2,445
			864
	15,537		383,483
	•		
	(15,537)		(382,719)
		-	
	9,144		506,424
			(120,021)
·	9,144		386,403
	(6,393)		3,684
	12,574		90,483
\$	6,181	\$	94,167

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PERMANENT FUNDS

PRIVATE GRANTS

Funds in this category include those administered by the Fish and Wildlife Conservation Commission, used to support fish and wildlife conservation programs of the State, in accordance with Section 372.105, Florida Statutes. The primary source of the principal of the funds includes proceeds of gifts, grants, contributions, and the sale of lifetime licenses. Also included in this category are various private scholarship funds administered by the Department of Education and used to pay scholarship awards as specified by the contributors. Only the interest income received and accrued from the investments of these funds can be used. No disbursement is made from the principal of the funds.

LAWTON CHILES ENDOWMENT FUND

This blended component unit was created to provide a perpetual source of enhanced funding for State children's health programs, child welfare programs, children's community-based health and human services initiatives, elder programs, and biomedical research activities related to tobacco use.

COMBINING BALANCE SHEET PERMANENT FUNDS JUNE 30, 2006 (in thousands)

	Private Grants		Lawton Chiles Endowment Fund		Totals 6/30/06	
ASSETS						
Current assets Cash and cash equivalents Pooled investments with State Treasury Investments Receivables, net Total current assets	\$	164 6,848 2,105 21 9,138	\$	937 370,950 45,498 417,385	\$	1,101 6,848 373,055 45,519 426,523
Noncurrent assets Long-term investments				2,009,688		2,009,688
Total noncurrent assets Total assets	\$	9.138	\$	2,009,688 2,427,073	\$	2,009,688 2,436,211
LIABILITIES AND FUND BALANCES	Ψ	7,136	Ψ	2,421,013	Ψ	2,430,211
Current liabilities Accounts payable and accrued liabilities Due to other funds Obligations under security lending agreements Obligations under reverse repurchase agreements	\$	37 1,207 560	\$	73,065 76 330,194	\$	73,065 113 331,401 560
Total liabilities		1,804		403,335		405,139
Fund balances Reserved for permanent trust Other reserved Unreserved		4,685 2,649		2,023,738		2,023,738 4,685 2,649
Total fund balances		7,334		2,023,738		2,031,072
Total liabilities and fund balances	\$	9,138	\$	2,427,073	\$	2,436,211

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	Private Grants		Lawton Chiles Endowment Fund		Totals 6/30/06	
REVENUES Licenses and permits Investment earnings Fines, forfeits, settlements and judgments	\$	521 443	\$	 202,524 65	\$	521 202,967 65
Total revenues		964		202,589		203,553
EXPENDITURES Current: General government Education		 76		13,492 		13,492 76
Total expenditures		76		13,492		13,568
Excess (deficiency) of revenues over expenditures		888		189,097		189,985
OTHER FINANCING SOURCES (USES) Operating transfers out		(142)		(39,225)		(39,367)
Total other financing sources (uses)		(142)		(39,225)		(39,367)
Net change in fund balances		746		149,872		150,618
Fund balances - beginning		6,588		1,873,866		1,880,454
Fund balances - ending	\$	7,334	\$	2,023,738	\$	2,031,072

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NONMAJOR ENTERPRISE FUNDS

UNEMPLOYMENT COMPENSATION

This fund accounts for the receipt of monies for and payment of unemployment compensation benefits.

OTHER

This category includes various internal reporting enterprise funds administered by various agencies.

FLORIDA ENGINEERS MANAGEMENT CORPORATION

This blended component unit was created for the benefit of the Department of Business and Professional Regulation and the Board of Professional Engineers for the purpose of providing administrative, investigative, and prosecutorial services as provided in Section 471.038, Florida Statutes.

COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS JUNE 30, 2006 (in thousands)

	Unemployment Compensation	Other	FL Engineers Management Corp	Totals 6/30/06	
ASSETS					
Current assets Cash and cash equivalents Pooled investments with State Treasury Receivables, net Due from other funds	\$ 937 2,322,059 326,126 3,021	\$ 1,553 256,712 8,930 82	\$ 316 	\$ 2,806 2,578,771 335,056 3,103	
Due from component units/primary Inventories Other Total current assets	2,652,999	240 6 267,523	31 347	1,096 6 31 2,920,869	
Noncurrent assets Capital assets Buildings, equipment, and other depreciable assets Accumulated depreciation Total noncurrent assets		15,675 (9,780) 5,895	480 (437) 43	16,155 (10,217) 5,938	
Total assets	2,652,999	273,418	390	2,926,807	
LIABILITIES					
Current liabilities Accounts payable and accrued liabilities Due to other funds Due to component units/primary Compensated absences Deposits Obligations under security lending agreements Obligations under reverse repurchase agreements Total current liabilities Noncurrent liabilities	29,503 4,334 33,837	7,805 9,535 39 2,837 16,764 33,936 15,745 86,661	116 241 357	37,424 13,869 280 2,837 16,764 33,936 15,745	
Deposits Compensated absences Total noncurrent liabilities	433,913 433,913	11,468 11,468		433,913 11,468 445,381	
Total liabilities	467,750	98,129	357	566,236	
NET ASSETS Invested in capital assets, net of related debt Restricted for unemployment compensation Unrestricted	2,185,249 	5,894 169,395	43 (10)	5,937 2,185,249 169,385	
Total net assets	\$ 2,185,249	\$ 175,289	\$ 33	\$ 2,360,571	

2006 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	employment empensation	 Other	Engineers anagement Corp	Totals 6/30/06
OPERATING REVENUES Sales - nonstate Fees Sales - state Rents - state Fines, forfeits, settlements and judgments	\$ 1,170,794 	\$ 70,509 206,479 89 57 11,791	\$ 1,813 	\$ 70,509 1,379,086 89 57 11,791
Total operating revenues	 1,170,794	288,925	1,813	1,461,532
OPERATING EXPENSES Benefit payments Contractual services Personal services Depreciation Materials and supplies Repairs and maintenance Basic services Interest and fiscal charges	806,176 	28,806 123,399 1,826 4,890 547 25,493 303	152 1,324 19 65 239	806,176 28,958 124,723 1,845 4,955 547 25,732 303
Total operating expenses	 806,176	185,264	1,799	993,239
Operating income (loss)	 364,618	103,661	14	468,293
NONOPERATING REVENUES (EXPENSES) Grants and donations Investment earnings Interest and fiscal charges Property disposition gain (loss) Grant expense and client benefits Other	27,889 98,344 	435 1,772 (155) 54 (788) (808)		28,324 100,116 (155) 54 (788) (808)
Total nonoperating revenues (expenses)	126,233	510		126,743
Income (loss) before transfers and contributions Operating transfers in	490,851 7,487	104,171 3,102	14	595,036 10,589
Operating transfers out	 (18,891)	(69,218)		(88,109)
Change in net assets	479,447	38,055	14	517,516
Total net assets - beginning	 1,705,802	137,234	19	1,843,055
Total net assets - ending	\$ 2,185,249	\$ 175,289	\$ 33	\$ 2,360,571

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	Unemployment Compensation C		Other	FL Engineers Management ther Corp		Totals 6/30/06
CASH FLOWS FROM OPERATING ACTIVITIES Cash received from customers Cash paid to vendors Cash paid to employees Cash paid for grants made Cash paid for insurance claims Unemployment benefits	\$	1,202,094 (804,485)	\$ 291,442 (61,471) (117,679) (840) (188) (224)	\$	2,030 (856) (1,165) 	\$ 1,495,566 (62,327) (118,844) (840) (188) (804,709)
Net cash provided (used) by operating activities		397,609	111,040		9	508,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers in (out) Advances, grants or loans (to) from or repayment from others Cash received from noncapital grants or donations		(7,714) 27,897 	(61,834) 352 5			(69,548) 28,249 5
Net cash provided (used) by noncapital financing activities		20,183	(61,477)			(41,294)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Purchase or construction of capital assets			(577)		(31)	(608)
Net cash provided (used) by capital and related financing activities			(577)		(31)	(608)
CASH FLOWS FROM INVESTING ACTIVITIES Security lending Investment earnings		(1,267) 101,294	7,651 1,439			6,384 102,733
Net cash provided (used) by investing activities		100,027	9,090			109,117
Net increase (decrease) in cash and cash equivalents		517,819	58,076		(22)	575,873
Cash and cash equivalents - beginning		1,805,177	200,189		338	2,005,704
Cash and cash equivalents - ending	\$	2,322,996	\$ 258,265	\$	316	\$ 2,581,577

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

	Unemployment Compensation Other		1 2		Unemployment Management				Totals 6/30/06
Operating income (loss)	\$	364,618	\$	103,661	\$	14	\$ 468,293		
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: Depreciation expense				1,826		19	1,845		
Changes in assets and liabilities:									
(Increase) decrease in accounts receivable		27,751		247		•••••	27,998		
(Increase) decrease in due from other funds				402			402		
Increase (decrease) in allowance for uncollectibles				(982)		•••••	(982)		
(Increase) decrease in inventories				(30)		•••••	(30)		
Increase (decrease) in accounts payable		5,240		3,223		8	8,471		
Increase (decrease) in compensated absences				1,257			1,257		
Increase (decrease) in due to other funds				(1,547)		(32)	(1,579)		
Increase (decrease) in deferred revenues		•••••		2,983			2,983		
Net cash provided (used) by operating activities	\$	397,609	\$	111,040	\$	9	\$ 508,658		

INTERNAL SERVICE FUNDS

DATA CENTERS

These funds account for services provided by data processing centers operated by various agencies.

COMMUNICATIONS AND FACILITIES

These funds administered by the Department of Management Services primarily account for services provided to other State agencies such as those related to the construction, operation, and maintenance of public facilities, and management and operation of the Suncom (state communication) Network.

OTHER

These funds administered by various agencies primarily account for services provided to other State agencies such as legal services, records management, and community services (inmate work squads).

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS JUNE 30, 2006 (in thousands)

	Data Centers		Communications and Facilities		Other			Totals 6/30/06
ASSETS								
Current assets Cash and cash equivalents Pooled investments with State Treasury Investments Receivables, net Due from other funds Due from component units/primary Inventories Total current assets	\$	14,749 4,676 18,136 37,561	\$	12,680 178,162 38,780 4,328 6,978 93	\$	7,031 1,140 3,581 42 8	\$	12,680 199,942 38,780 10,144 28,695 42 101 290,384
		37,301		241,021		11,002		270,304
Noncurrent assets Capital assets Land and other nondepreciable assets Buildings, equipment, and other depreciable assets Accumulated depreciation Construction work in progress Total noncurrent assets		45,702 (32,588) 		331 822,715 (252,407) 73,031 643,670		6,589 (4,255) 2,334		331 875,006 (289,250) 73,031 659,118
Total assets		50,675		884,691		14,136		949,502
LIABILITIES								, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Current liabilities								
Accounts payable and accrued liabilities Due to other funds Due to component units/primary Compensated absences Installment purchases/capital leases		7,354 125 674 395		24,282 1,326 642 272		2,677 1,744 2 1,611		34,313 3,195 2 2,927 667
Bonds payable				14,490				14,490
Deposits Obligations under security lending agreements Obligations under reverse repurchase agreements Certificates of participation payable Total current liabilities		20 516 240 9,324		3,337 30,210 14,016 14,240 102,815		530 659 306 7,529		3,887 31,385 14,562 14,240 119,668
Noncurrent liabilities Advances from other funds Bonds payable Certificates of participation payable Installment purchases/capital leases Compensated absences Total noncurrent liabilities		1,478 491 2,602 4,571		525 325,576 264,988 4,443 2,618 598,150		800 6,140 6,940		2,803 325,576 264,988 4,934 11,360 609,661
Total liabilities		13,895		700,965		14,469		729,329
NET ASSETS Invested in capital assets, net of related debt Unrestricted Total net assets	\$	12,228 24,552 36,780	\$	144,040 39,686 183,726	\$	2,353 (2,686) (333)	\$	158,621 61,552 220,173
2000 1100 000000	Ψ	20,700	Ψ	103,720	Ψ	(333)	Ψ	220,173

2006 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	Data Centers		Communications and Facilities		Other	Totals 6/30/06
OPERATING REVENUES						
Sales - nonstate	\$	300	\$	48,014	\$ 867	\$ 49,181
Sales - state		106,578		102,717	61,690	270,985
Rents and royalties - nonstate				492		492
Rents - state				85,685		85,685
Fines, forfeits, settlements and judgments					1,582	1,582
Total operating revenues		106,878		236,908	64,139	407,925
OPERATING EXPENSES						
Contractual services		35,423		148,576	6,497	190,496
Personal services		24,968		24,924	47,481	97,373
Depreciation		4,437		16,584	564	21,585
Materials and supplies		14,125		2,787	2,382	19,294
Repairs and maintenance		729		12,607	1,029	14,365
Basic services		5,647		3,531	3,045	12,223
Interest and fiscal charges		1		274		275
Total operating expenses		85,330		209,283	60,998	355,611
Operating income (loss)		21,548		27,625	3,141	52,314
NONOPERATING REVENUES/(EXPENSES)						
Investment earnings		(4)		171	66	233
Interest and fiscal charges		(4)		(21,695)	(4)	(21,703)
Property disposition gain (loss)		(491)		(32)	(15)	(538)
Total nonoperating revenues (expenses)		(499)		(21,556)	47	(22,008)
Income (loss) before transfers						
and contributions		21,049		6,069	3,188	30,306
Operating transfers in				4,793		4,793
Operating transfers out		(817)		(11,002)	(1,730)	(13,549)
Capital contributions		609		•••••		609
Change in net assets		20,841	· <u> </u>	(140)	1,458	22,159
Total net assets - beginning		15,939		183,866	(1,791)	198,014
Total net assets - ending	\$	36,780	\$	183,726	\$ (333)	\$ 220,173

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

	Data Centers	Communications and Facilities	Other	Totals 6/30/06
CASH FLOWS FROM OPERATING ACTIVITIES Cash received from customers Cash paid to vendors Cash paid to employees	\$ 98,824 (62,218) (24,122)	\$ 238,569 (166,362) (19,861)	\$ 66,786 (13,794) (48,174)	\$ 404,179 (242,374) (92,157)
Net cash provided (used) by operating activities	12,484	52,346	4,818	69,648
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers in (out)	370	81,565	(2,974)	78,961
Net cash provided (used) by noncapital financing activities	370	81,565	(2,974)	78,961
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Payment of bond principal Payment of principal installment purchase/capital lease Payment of interest on bonds/installment purchase/capital lease Purchase or construction of capital assets	(386) (128) (3,625)	(13,315) (16,741) 		(13,315) (386) (16,869) (3,737)
Net cash provided (used) by capital and related financing activities	(4,139)	(30,056)	(112)	(34,307)
CASH FLOWS FROM INVESTING ACTIVITIES Security lending Proceeds from the sale or maturity of investments Investment earnings	(37) (6)	36,322 37	535 112 (54)	36,820 112 (23)
Net cash provided (used) by investing activities	(43)	36,359	593	36,909
Net increase (decrease) in cash and cash equivalents	8,672	140,214	2,325	151,211
Cash and cash equivalents - beginning	6,077	50,628	4,706	61,411
Cash and cash equivalents - ending	\$ 14,749	\$ 190,842	\$ 7,031	\$ 212,622

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

	(Data Centers	Cor	nmunications and Facilities	Other	Totals 5/30/06
Operating income (loss)	\$	21,548	\$	27,625	\$ 3,141	\$ 52,314
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: Depreciation expense		4,437		16,584	564	21,585
Change in assets and liabilities:						
(Increase) decrease in accounts receivable		1,332		4,200	461	5,993
(Increase) decrease in due from other funds		(9,651)		2,535	(16)	(7,132)
(Increase) decrease in inventories					(133)	(133)
Increase (decrease) in accounts payable		(4,761)		598	215	(3,948)
Increase (decrease) in compensated absences		(656)		449	698	491
Increase (decrease) in due to other funds		8		4	(128)	(116)
Increase (decrease) in loan program principal		207				207
Increase (decrease) in deferred revenues		20		351	16	387
Net cash provided (used) by operating activities	\$	12,484	\$	52,346	\$ 4,818	\$ 69,648
Noncash investing, capital, and financing activities Contribution of fixed assets	\$		\$		\$ 1	\$ 1

PRIVATE-PURPOSE TRUST FUNDS

TRUST ESCROW ADMINISTRATION

These funds administered by the Department of Financial Services are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

UNCLAIMED PROPERTY

This fund includes the internal reporting funds administered by the Department of Financial Services that are used to account for unclaimed property pursuant to Chapter 717, Florida Statutes.

STUDENT LOAN GUARANTY RESERVE

This fund administered by the Department of Education is used to account for federally guaranteed loans to Florida citizens to pay for higher education.

OTHER

This category includes other internal reporting funds administered by various agencies that are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

COLLEGE SAVINGS PLAN

This fund, administered by the State Board of Administration, is used to account for contributions from participants of the College Savings Plan as authorized by Chapter 1009.981, Florida Statutes. Participant contributions are collected and invested in accordance with the Plan provisions and participant direction.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS PRIVATE-PURPOSE TRUST FUNDS JUNE 30, 2006

(in thousands)

(iii tiivusaiius)	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ASSETS				
Cash and cash equivalents Pooled investments with State Treasury	\$ 51,193 564,325	\$ 807 7,324	\$ 40,279	\$ 644
Total cash and cash equivalents	615,518	8,131	40,279	644
Investments Certificates of deposit U.S. government & federally guaranteed obligations Federal agencies Commercial paper Repurchase agreements Bonds and notes International bonds and notes	2,861			
Mutual fund investments	10 161	15,714		•••••
Money market and short-term investments Domestic equity	18,464	1,353		
Total investments	21,370	17,067		
	21,570	17,007		
Receivables Accounts receivable Nonstate contributions receivable Interest receivable Dividends receivable Pending investment sales Due from other governments	205,492 20,000 2,785 	 9 	856 98 22,248	
Total receivables	228,277	9	23,202	
Security lending collateral Advances to other funds Loans receivable Capital assets Accumulated depreciation Other assets	238,126 5 5,527	357,895 470 (266)	47 (47)	354
Total assets	1,108,823	383,306	63,481	998
LIABILITIES				
Accounts payable Pending investment purchases Broker rebate fees Due to other funds Due to other governments Obligations under security lending agreements Obligations under reverse repurchase agreements Compensated absences	356,207 59 99,861 46,331	17,104 560 260 276	5,012 5,843 9,045 5,742 2,664 	
Total liabilities	502,458	18,200	28,306	
NET ASSETS				_
Held in trust for individuals, organizations, and other governments	\$ 606,365	\$ 365,106	\$ 35,175	\$ 998

	llege gs Plan	Totals 6/30/06
\$	37	\$ 52,037
Ψ		612,572
	37	664,609
-	31	004,009
	17	17
	17 9,979	17 10,024
	12,623	12,623
	370	370
	55	55
	8,459	11,320
	566	566
		15,714
	4,194	22,658
	59,413	60,766
	95,676	134,113
	1	206,349
		20,000
	357	3,249
	48	48
	86	86
	•••••	22,248
	492	251,980
	13,628	13,628
		357,895
		238,126
	6	882
	(4)	(317)
		5,527
	109,835	1,666,443
	228	378,551
	388	388
	57	57
		5,902
		9,045
	13,628	119,791
		49,255
	4	280
	14,305	563,269
\$	95,530	\$ 1,103,174

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PRIVATE-PURPOSE TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

(in thousands)	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ADDITIONS				
Contributions and other deposits Fees Grants and contributions Fines, forfeits, settlements and judgments Unclaimed property remittances Transfers in from state funds	\$ 10 	\$ 86 355,371 27	\$ 5 140,770 134 	\$ 15
Total contributions and other deposits	10	355,484	140,909	15
Investment income Interest income Dividends Net increase (decrease) in fair market value Total investment income	6,463	25 25	627 627	
	0,403		027	•••••
Investment activity expense		(199)		
Net income (loss) from investing activity	6,463	(174)	627	•••••
Security lending activity Security lending income Security lending expense Net income from security lending				
Total net investment income (loss)	6,463	(174)	627	
,	0,403		027	•••••
Other additions		319		
Total additions	6,473	355,629	141,536	15
DEDUCTIONS				
Insurance claims expense Interest expense Student loan default payments Payments to unclaimed property claimants Distribution to State School Fund Administrative expense Property disposition gain (loss) Transfers out to state funds Other deductions	57,620 1,080 7,823 2	2 2 101,918 153,269 3,230 65 1,875 458	39 144,201 1 8,458 2,162	
Total deductions	66,525	260,819	154,861	10
Depositor activity Deposits Withdrawals Excess (deficiency) of deposits over withdrawals	166,497 (30,871) 135,626			30
Change in net assets	75,574	94,810	(13,325)	35
Net assets - beginning	530,791	270,296	48,500	963
Adjustments to increase (decrease) beginning net assets				
Net assets - beginning, as restated	530,791	270,296	48,500	963
Net assets - ending	\$ 606,365	\$ 365,106	\$ 35,175	\$ 998
-			· · · · · · · · · · · · · · · · · · ·	

C	ollege	Totals					
Savi	ngs Plan	6/30/06					
\$	795	\$ 810					
Ψ	28,990	169,775					
	•••••	220					
	•••••	355,371					
	1,805	1,832					
	31,590	528,008					
	1,366	8,481					
	915	915					
	2,096	2,096					
	4,377	11,492					
	(180)	(379)					
	4,197	11,113					
	ŕ	ŕ					
	504	504					
	(483)	(483)					
	21	21					
	4,218	11,134					
	581	900					
	36,389	540,042					
		57,622					
		1,121					
		144,201					
		101,918					
		153,269					
	3,041	14,095					
		65					
	23	10,358					
	4,133	6,763					
	7,197	489,412					
		166,527					
	•••••	(30,871)					
	•••••	135,656					
	29,192	186,286					
	593,893	1,444,443					
	(527,555)	(527,555)					
	66,338	916,888					
\$	95,530	\$ 1,103,174					

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

DEFINED BENEFIT PENSION PLAN

This category includes those internal reporting funds primarily administered by the Department of Management Services, Division of Retirement, to account for operations of the State's defined benefit pension plan.

DEFINED CONTRIBUTION PENSION PLAN

This category includes those internal reporting funds administered by the Department of Management Services, Division of Retirement, and State Board of Administration to account for operations of the State's defined contribution pension plan.

DEFERRED COMPENSATION PLAN

This category includes those internal reporting funds administered by the Department of Financial Services to account for operations of government employee's deferred compensation plan.

EMPLOYEE HEALTH, LIFE, AND DISABILITY PLANS

This category includes those internal reporting funds primarily administered by the Department of Management Services to account for State employee's health, life, and disability plans.

RETIREE HEALTH INSURANCE SUBSIDY

This category includes internal reporting funds administered by the Department of Management Services, Division of Retirement, to hold and invest the contributions paid by employers on behalf of their employees who are members of a State-administered retirement plan, and to pay benefits to which such employees or their beneficiaries may become entitled.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS JUNE 30, 2006 (in thousands)

(in thousands)	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Deferred Compensation Plan	Employee Health, Life and Disability Plans
ASSETS				
Cash and cash equivalents Pooled investments with State Treasury	\$ 233,945 43,785	\$ 6,006 13,979	\$ 56,846 2,825	\$ 4,773 234,935
Total cash and cash equivalents	277,730	19,985	59,671	239,708
<u>Investments</u>				
Certificates of deposit	571,972			
U.S. government & federally guaranteed obligations	3,767,558			
Federal agencies Commercial paper	8,971,502 4,659,800	•••••		•••••
Repurchase agreements	560,709			
Bonds and notes	9,411,780			
International bonds and notes	1,318,493			
Real estate contracts	5,205,999			
Mutual fund investments	9,819,236	2,042,961		•••••
Money market and short-term investments Domestic equity	2,530 60,007,803	260,992		•••••
Limited partnerships	3,356,142			
Equity group trust	8,886			
International equity	12,333,060			
Deferred compensation contracts			1,941,521	
Other investments	5,679			
Total investments	120,001,149	2,303,953	1,941,521	
Receivables				
Accounts receivable	20,526	6,284		9,403
State contributions receivable	36,054	1,193		
Nonstate contributions receivable	134,403	23,945		
Interest receivable Dividends receivable	297,072 95,109	17 1,699	5	535
Pending investment sales	1,549,282			
Forward contracts	679,497			
Due from state funds		20,891		5
Total receivables	2,811,943	54,029	5	9,943
Security lending collateral	16,740,896			
Capital assets	3,235			304
Accumulated depreciation	(2,634)			(301)
Total assets	139,832,319	2,377,967	2,001,197	249,654
LIABILITIES				
Accounts payable	116,182	6,486		3,793
DROP	2,186,674			
Pending investment purchases	3,529,324	2		
Forward contracts payable Broker rebate fees	680,255 44,204	•••••		
Due to other funds	2,874	22,036		6
Obligations under security lending agreements	16,895,113	475	499	31,386
Obligations under reverse repurchase agreements	178	221	232	14,561
Claims payable				64,002
Deposits payable	1.070			113,238
Compensated absences	1,078	28		441
Total liabilities	23,455,882	29,248	731	227,427
NET ASSETS Held in trust for passion basefits and other purposes	\$116 276 A27	¢ 2240710	¢ 2,000,466	\$ 22.227
Held in trust for pension benefits and other purposes	\$116,376,437	\$ 2,348,719	\$ 2,000,466	\$ 22,227

Retiree Health Insurance Subsidy	Totals 6/30/06
\$	\$ 301,570
163	295,687
163	597,257
2,236	574,208
2,230	3,767,558
53,999	9,025,501
24,125	4,683,925
7,220	567,929
56,289	9,468,069
•••••	1,318,493
	5,205,999
	11,862,197
24,104	287,626
	60,007,803
	3,356,142
	8,886
	12,333,060
	1,941,521
	5,679
167,973	124,414,596
	36,213
3,433	40,680
20,446	178,794
464	298,093
	96,808
	1,549,282
	679,497
	20,896
24,343	2,900,263
	16,740,896
	3,539
	(2,935)
192,479	144,653,616
9	126,470
9	2,186,674
•••••	3,529,326
	680,255
	44,204
	24,916
	16,927,473
•••••	15,192
•••••	64,002
•••••	113,238
•••••	1,547
9	23,713,297
	23,113,271
\$ 192,470	\$120,940,319

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

(in thousands)	Defined Benefit	Defined Contribution	Deferred Compensation	Employee Health, Life and Disability
	Pension Plan	Pension Plan	Plan	Plans
ADDITIONS				
Contributions and other deposits Pension fund contributions - state Pension fund contributions - nonstate Employer/employee contributions	\$ 477,341 1,616,239 69	\$ 183,800 187,860 	\$ 	\$ 1,390,636
Purchase of time by employees Fees Flexible benefit contributions Transfers in from state funds	370 13,522	90,297 1,035,425	662 198,664	 152
Total contributions and other deposits	2,107,541	1,497,382	199,326	1,390,788
Investment income Interest income Dividends Other investment income Net increase (decrease) in fair market value Total investment income	1,613,175 1,413,452 8,621,067 11,647,694	131 45,498 36 112,655 158,320	 123,584 123,584	3,236 3,236
Investment activity expense Net income (loss) from investing activity	(187,201) 11,460,493	(1,195) 157,125	123,584	(206)
Security lending activity Security lending income Security lending expense Net income from security lending	724,942 (674,451) 50,491			
Total net investment income (loss)	11,510,984	157,125	123,584	3,030
Other additions	40,604	······	656	7,686
Total additions	13,659,129	1,654,507	323,566	1,401,504
DEDUCTIONS				
Benefit payments Insurance claims expense HMO payments Supplemental insurance payments	4,538,282 	315,454	151,315 	721,233 516,268 58,029
Flexible reimbursement payments Life insurance premium payments Remittances to annuity companies Interest expense		 182,622 	 1	19,193 48,482
Administrative expense Property disposition gain (loss) Transfers out to state funds Other deductions	28,402 86 812,203 875	2,409 250,249 6	49 	4,404 1 623 183
Total deductions	5,379,848	750,740	151,365	1,368,416
Change in net assets	8,279,281	903,767	172,201	33,088
Net assets - beginning	108,100,164	1,441,944	1,861,267	(10,861)
Adjustments to increase (decrease) beginning net assets	(3,008)	3,008	(33,002)	
Net assets - beginning, as restated	108,097,156	1,444,952	1,828,265	(10,861)
Net assets - ending	\$116,376,437	\$ 2,348,719	\$ 2,000,466	\$ 22,227

Retiree Health	
Insurance	Totals
Subsidy	6/30/06
¢ 57.170	\$ 718,311
\$ 57,170 244,578	
	2,048,677
•••••	1,390,705
•••••	90,667
	662
	198,664
	1,049,099
301,748	5,496,785
6,784	1,623,326
•••••	1,458,950
102	36
183 6,967	8,857,489 11,939,801
0,907	
	(188,602)
6,967	11,751,199
	724.042
•••••	724,942
	(674,451) 50,491
•••••	*
6,967	11,801,690
	48,946
308,715	17,347,421
275,603	5,280,654
•••••	721,233
	516,268
	58,029
	19,193
	48,482
•••••	182,622
	1
65	35,329
	87
•••••	1,063,075
	1,064
275,668	7,926,037
33,047	9,421,384
159,423	111,551,937
	(22.05=)
	(33,002)
	111 519 025
159,423	111,518,935

AGENCY FUNDS

TREASURY INVESTMENT ADMINISTRATION

This agency fund accounts for cash and investments of the State's component units being held at the State Treasury. Because of differences in fiscal year end between the State and some component units, amounts reported in this fund are different from those reported in those component units' separately issued financial statements.

TAX DISTRIBUTION AND ADMINISTRATION

These agency funds administered by the Department of Revenue are primarily used to account for taxes collected by the Department that are held for other municipalities, local governments, or outside entities.

OTHER

These agency funds administered by various agencies are used to account for resources held in trust for entities outside of the State government.

SCHOOL FOR THE DEAF AND THE BLIND

These agency funds administered by the School for the Deaf and the Blind are used to account for resources held for students.

STATE BOARD OF ADMINISTRATION

These agency funds administered by the State Board of Administration are primarily used to account for investment of monies held in trust for various municipalities, local governments, or outside entities.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS JUNE 30, 2006 (in thousands)

	T.	Tax		School for		
	Treasury	Distribution		the Deaf	State Board	T-4-1-
	Investment	and	O41	and the	of	Totals 6/30/06
ASSETS	Administration	Administration	Other	Blind	Administration	0/30/00
Cash and cash equivalents	\$	\$ 3,246	\$ 19,340	\$	\$ 11,573	\$ 34,159
Pooled investments with State Treasury	3,830,176	672,424	307,866		*****	4,810,466
Total cash and cash equivalents	3,830,176	675,670	327,206		11,573	4,844,625
<u>Investments</u>						
Certificates of deposit					107,925	107,925
U.S. government & federally guaranteed obligations		•••••			2,299,718	2,299,718
Federal agencies		•••••			272,733	272,733
Commercial paper		•••••			1,094,527	1,094,527
Repurchase agreements				•••••	4,078	4,078
Bonds and notes	•••••	•••••	•••••		226,927	226,927
International bonds and notes	•••••	•••••	•••••		2,104	2,104
Domestic equity	•••••	•••••	•••••	•••••	35,352	35,352
International equity Other investments	•••••	•••••	160	•••••	38	38
			160	•••••		160
Total investments			160		4,043,402	4,043,562
Receivables						
Accounts receivable		382,088	8,328		251	390,667
Nonstate contributions receivable			7			7
Interest receivable	1,246		4,086		28,013	33,345
Dividends receivable		•••••		•••••	37	37
Pending investment sales		•••••		•••••	907	907
Futures trade equity	•••••		412		12	12
Due from state funds		63,283	413		1	63,697
Total receivables	1,246	445,371	12,834		29,221	488,672
Security lending collateral					232,747	232,747
Total assets	\$ 3,831,422	\$ 1,121,041	\$ 340,200	\$	\$ 4,316,943	\$ 9,609,606
LIABILITIES						
Accounts payable	\$ 45,340	\$ 368,719	\$ 11,913	\$	\$ 246	\$ 426,218
Pending investment purchases			603		5,310	5,913
Forward contracts payable		13,494			•••••	13,494
Broker rebate fees			7,680		569	8,249
Due to other funds	200	72,650	3,735		7,944	84,529
Due to other governments		636,913	32,115		2,693	671,721
Due to component units	2,792,420	1,110	129,262		1,725,847	4,648,639
Obligations under security lending agreements	678,612	1,110	51,247		232,958	962,817
Obligations under reverse repurchase agreements	314,850		23,775			338,625
Deposits payable	314,030	28,155	79,870		2,341,376	2,449,401
Total liabilities	\$ 3,831,422	\$ 1,121,041	\$ 340,200	ф	\$ 4,316,943	\$ 9,609,606
10tal naomues	Ψ 3,031,444	Ψ 1,141,041	ψ 5+0,400	\$	Ψ 7,310,743	Ψ 2,002,000

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(in thousands)

Treasury Investment Administration		Balance 6/30/05		Additions		Deductions		Balance 6/30/06	
ASSETS Pooled investments with State Treasury Interest receivable	\$	5,095,102 565	\$	562,282 6,610	\$	1,827,208 5,929	\$	3,830,176 1,246	
Total assets	\$	5,095,667	\$	568,892	\$	1,833,137	\$	3,831,422	
LIABILITIES Accounts payable Due to other funds Due to component units Obligations under security lending agreements Obligations under reverse repurchase agreements	\$	294,273 103 3,345,855 1,028,538 426,898	\$	24 565 584,292 97,096 45,049	\$	248,957 468 1,137,727 447,022 157,097	\$	45,340 200 2,792,420 678,612 314,850	
Total liabilities	\$	5,095,667	\$	727,026	\$	1,991,271	\$	3,831,422	
Tax Distribution and Administration									
ASSETS Cash and cash equivalents Pooled investments with State Treasury Accounts receivable Due from state funds	\$	5,138 623,299 332,618 48,678	\$	3,247 7,826,479 382,088 65,683	\$	5,139 7,777,354 332,618 51,078	\$	3,246 672,424 382,088 63,283	
Total assets	\$	1,009,733	\$	8,277,497	\$	8,166,189	\$	1,121,041	
LIABILITIES Accounts payable Forward contracts payable Due to other funds Due to other governments Due to component units Deposits payable	\$	353,632 12,146 66,729 576,209 1,016	\$	15,087 1,348 75,048 636,914 1,110 28,154	\$	69,127 576,210 1,016	\$	368,719 13,494 72,650 636,913 1,110 28,155	
Total liabilities	\$	1,009,733	\$	757,661	\$	646,353	\$	1,121,041	
Other	Ψ	1,007,733	Ψ	737,001	Ψ	040,555	Ψ	1,121,041	
ASSETS Cash and cash equivalents Pooled investments with State Treasury Investments Accounts receivable Nonstate contributions receivable Interest receivable Due from state funds	\$	9,270 236,064 160 5,428 7 3,764 61	\$	128,070 1,626,015 2,900 1,655 427	\$	118,000 1,554,213 1,333 75	\$	19,340 307,866 160 8,328 7 4,086 413	
Total assets	\$	254,754	\$	1,759,067	\$	1,673,621	\$	340,200	
LIABILITIES Accounts payable Pending investment purchases Forward contracts payable Broker rebate fees Due to other funds Due to other governments Due to component units	\$	12,238 486 2 6,800 2,450 57,098 78,714	\$	 117 880 5,852 1,386,931 110,529	\$	325 2 4,567 1,411,914 59,981	\$	11,913 603 7,680 3,735 32,115 129,262	
Obligations under security lending agreements Obligations under reverse repurchase agreements Deposits payable		22,373 9,285 65,308		37,633 17,702 14,562		8,759 3,212		51,247 23,775 79,870	
Total liabilities	\$	254,754	\$	1,574,206	\$	1,488,760	\$	340,200	
School for the Deaf and the Blind		·		-		-			
ASSETS Cash and cash equivalents Total assets	<u>\$</u> \$	61	\$ \$		<u>\$</u>	61	\$		
	ψ	01	Ψ		ψ	01	ψ		
LIABILITIES Accounts payable Total liabilities	<u>\$</u> \$	61 61	\$		\$ \$	61 61	\$ \$		
		-	-		•	-			

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

State Board of Administration		Balance 6/30/05		Additions		Deductions		Balance 6/30/06
ASSETS Cash and cash equivalents Pooled investments with State Treasury Investments Accounts receivable Interest receivable Dividends receivable Pending investment sales Futures trade equity Due from state funds Security lending collateral	\$	9,806 227,139 2,648,362 214 15,819 681,743 178,266	\$	16,549,540 3,055 1,395,040 251 28,050 37 907 12 54,481	\$	16,547,773 230,194 214 15,856 681,742	\$	11,573 4,043,402 251 28,013 37 907 12 1 232,747
Total assets	\$	3,761,349	\$	18,031,373	\$	17,475,779	\$	4,316,943
LIABILITIES Accounts payable Pending investment purchases Broker rebate fees Due to other funds Due to other governments Due to component units Obligations under security lending agreements Obligations under reverse repurchase agreements Deposits payable	\$	980 858 284 5,406 3,116 737,650 223,523 19,085 2,770,447	\$	4,452 285 7,944 37,538 3,357,178 232,958 	\$	734 5,406 37,961 2,368,981 223,523 19,085 2,130,316	\$	246 5,310 569 7,944 2,693 1,725,847 232,958 2,341,376
Total liabilities	\$	3,761,349	\$	5,341,600	\$	4,786,006	\$	4,316,943
Totals - All Agency Funds								
ASSETS Cash and cash equivalents Pooled investments with State Treasury Investments Accounts receivable Nonstate contributions receivable Interest receivable Dividends receivable Pending investment sales Futures trade equity Due from state funds Security lending collateral Total assets	\$	24,275 6,181,604 2,648,522 338,260 7 20,148 730,482 178,266	\$	16,680,857 10,017,831 1,395,040 385,239 36,315 37 907 12 66,110 54,481 28,636,829	\$	16,670,973 11,388,969 332,832 23,118 732,895 	\$	34,159 4,810,466 4,043,562 390,667 7 33,345 37 907 12 63,697 232,747
	<u> </u>	10,121,304	Þ	28,030,829	Þ	29,148,787	Ф	9,009,000
LIABILITIES Accounts payable Pending investment purchases Forward contracts payable Broker rebate fees Due to other funds Due to other governments Due to component units Obligations under security lending agreements Obligations under reverse repurchase agreements	\$	661,184 1,344 12,148 7,084 74,688 636,423 4,163,235 1,274,434 455,268 2,835,756	\$	15,111 4,569 1,348 1,165 89,409 2,061,383 4,053,109 367,687 62,751	\$	250,077 2 79,568 2,026,085 3,567,705 679,304 179,394	\$	426,218 5,913 13,494 8,249 84,529 671,721 4,648,639 962,817 338,625
Deposits payable Total liabilities	\$	2,835,756 10,121,564	\$	1,743,961 8,400,493	\$	2,130,316 8,912,451	\$	2,449,401 9,609,606
	<u> </u>	-,,	Ψ	-,,	Ψ	-,, 1	Ψ	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

NONMAJOR COMPONENT UNITS

OTHER WATER MANAGEMENT DISTRICTS

These districts were created in accordance with Section 373.069, Florida Statutes, to provide for the management and conservation of water and related land resources. Refer to Note 1 for additional information.

OTHER STATE UNIVERSITIES

This category includes 8 state universities. Refer to Note 1 for additional information.

COMMUNITY COLLEGES

This category includes 28 community colleges. Refer to Note 1 for additional information.

OTHER NONMAJOR COMPONENT UNITS

Other nonmajor component units include various foundations and not-for-profit organizations. Refer to Note 1 for additional information.

COMBINING STATEMENT OF NET ASSETS NONMAJOR COMPONENT UNITS JUNE 30, 2006 (in thousands)

(Other Water Management Districts	Other State	Community	Other Nonmajor Component Units	Totals 6/30/06
ASSETS	Districts	Universities	Colleges	Units	0/30/00
Current assets					
Cash and cash equivalents	\$ 2,714	\$ 192,331	\$ 239,650	\$ 26,924	\$ 461,619
Pooled investments with State Treasury	, , , , , , , , , , , , , , , , , , , ,	421,013	24,756	67,269	513,038
	490.963				
Investments	480,862	121,603	334,834	39,662	976,961
Receivables, net	15,851	204,089	80,392	140,827	441,159
Due from component units/primary	22,287	321,260	357,296	34,403	735,246
Inventories	559	4,611	9,877	9,395	24,442
Other	326	2,447	20,728	4,121	27,622
Total current assets	522,599	1,267,354	1,067,533	322,601	3,180,087
Noncurrent assets					
Restricted cash and cash equivalents		54,168	129,862	14,392	198,422
Restricted investments with State Treasury		93,964	3,193	•••••	97,157
Restricted investments	86,965	580,001	261,935	2,512	931,413
Long-term investments	·····	79,314	514,677	608,753	1,202,744
Other loans and notes receivable, net		51,642	11,739	1,312	64,693
Other	•••••	53,111	5,520		58,631
Noncurrent assets excluding capital assets		912,200	926,926	626,969	2,553,060
Capital assets:	,	,	,	,	, ,
Land and other non-depreciable assets	1,473,915	159,576	261,742	33,636	1,928,869
Buildings, equipment, and other	1,473,713	137,370	201,742	33,030	1,720,007
depreciable assets	336,829	3,596,142	3,510,496	666,565	8,110,032
Accumulated depreciation	(124,036)	(1,280,255)	(1,413,756)	(156,263)	(2,974,310)
				. , ,	619,662
Construction work in progress	21,039	314,731	178,841	105,051	
Total capital assets	1,707,747	2,790,194	2,537,323	648,989	7,684,253
Total noncurrent assets	1,794,712	3,702,394	3,464,249	1,275,958	10,237,313
Total assets	2,317,311	4,969,748	4,531,782	1,598,559	13,417,400
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	58,044	167,780	123,939	536,365	886,128
Due to component units/primary	780	38,178	9,035	24,645	72,638
Compensated absences	1,516	7,215	22,675	413	31,819
Installment purchases/capital leases		4,730	3,295	970	8,995
Claims payable		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		1,193	1,193
Bonds payable	4,355	19,747	5,004		29,106
Certificates of participation payable		3,310	*		3,310
Deposits		5,404	57,964	92	63,460
Deferred revenue	61,128	146,148	20,556	24,376	252,208
Other	750	28,288	5,117	114,545	148,700
Total current liabilities	126,573	420,800	247,585	702,599	1,497,557
	120,373	420,800	247,363	102,399	1,497,337
Noncurrent liabilities				.=.	0=0
Due to other governments				970	970
Bonds payable	52,230	560,387	54,279		666,896
Certificates of participation payable		298,084			298,084
Installment purchases/capital leases		16,801	15,831	5,406	38,038
Deposits			9,947		9,947
Deferred revenue		2,327	5,800	1,315	9,442
Compensated absences	10,773	104,586	127,219	151	242,729
Other	19,704	74,769	62,994	57,379	214,846
Total noncurrent liabilities	82,707	1,056,954	276,070	65,221	1,480,952
Total liabilities	209,280	1,477,754	523,655	767,820	2,978,509
NET ASSETS					
Invested in capital assets, net of related debt	1,649,661	1,985,923	2,419,307	539,949	6,594,840
Restricted for:					
Debt service	6,093	1,211	107		7,411
Other	127,729	448,575		124,966	701,270
Permanent funds:		-,		-,	,
Expendable		284,937	924,257	3,617	1,212,811
Nonexpendable		267,605	448,660		716,265
Unrestricted (deficit)	324,548	503,743	215,796	162,207	1,206,294
Total net assets	\$ 2,108,031	\$ 3,491,994	\$ 4,008,127	\$ 830,739	\$ 10,438,891
Total flot assets	Ψ 2,100,031	Ψ 2, Τ/1,//Τ	Ψ -1,000,127	Ψ 030,137	Ψ 10,730,071

COMBINING STATEMENT OF ACTIVITIES NONMAJOR COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (in thousands)

		ram Revenues				
Functions/Programs	 Expenses	 Charges for Services	(Operating Grants and ontributions	Capital Grants and Contributions	
Other Water Management Districts	\$ 323,866	\$ 12,106	\$	52,418	\$	99,757
Other State Universities	2,286,652	629,055		546,173		199,893
Community Colleges	2,315,131	560,644		567,159		379,871
Other Nonmajor Component Units	 558,424	151,766		285,813		99,913
Total component units	\$ 5,484,073	\$ 1,353,571	\$	1,451,563	\$	779,434

General revenues

Property taxes

Investment earnings

Gain (loss) on sale of capital assets

Payments from the State of Florida

Transfers

Contributions to permanent funds

Special Item

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Adjustments to increase (decrease) beginning net assets

Net assets - ending

Net (Expense)	Revenue and	l Changes in	n Net Assets

М	Other Water Management Districts		Other State Universities	Community Colleges		Other Nonmajor Component Units	Totals 6/30/06
\$	(159,585)	\$	•••••	\$ *****	\$		\$ (159,585)
	•••••		(911,531)				(911,531)
				(807,457)			(807,457)
						(20,932)	(20,932)
	(159,585)		(911,531)	(807,457)		(20,932)	(1,899,505)
	267,707						267,707
	12,511		65,865	59,281		62,873	200,530
	951		(3,605)	654		(72)	(2,072)
			902,388	1,017,250		3,504	1,923,142
			7,473			·····	7,473
			26,375	19,247			45,622
				3,607			3,607
	21,463		238,508	14,223		53,685	327,879
	302,632		1,237,004	1,114,262		119,990	2,773,888
	143,047		325,473	306,805		99,058	874,383
	1,962,582		3,217,636	3,688,359		734,510	9,603,087
	2,402		(51,115)	12,963		(2,829)	 (38,579)
\$	2,108,031	\$	3,491,994	\$ 4,008,127	\$	830,739	\$ 10,438,891

STATISTICAL SECTION

STATISTICAL SECTION

Table of Contents

This section of the State of Florida's CAFR provides additional detailed information for use in assessing the financial condition of the government.

\mathbf{P}_{A}	AGE
Financial Trends – These schedules contain trend information to help assess how the State's financial position has changed over time.	
 Schedule A-1 – Net Assets by Component Schedule A-2 – Changes in Net Assets Schedule A-3 – Fund Balances – Governmental Funds Schedule A-4 – Changes in Fund Balances – Governmental Funds 	218 222
Revenue Capacity – These schedules present information on the State's most significant revenue sources and can assi with evaluating the government's ability to produce its own-source revenues.	st
 Schedule B-1 – Revenue Base/Rate Schedule B-2 – Principle Sales Tax Payers by Industry 	
Debt Capacity – These schedules may assist with an understanding of the State's outstanding debt and its ability to issue new debt.	
 Schedule C-1 – Ratios of Outstanding Debt by Type Schedule C-2 – Ratios of Net General Bonded Debt Outstanding Schedule C-3 – Legal Debt Margin Schedule C-4 – Pledged-Revenue Coverage 	230 231
Demographic and Economic Information – These schedules include demographic and economic information to communicate the State's socioeconomic environment. These schedules can assist with evaluating financial statement information in context with this historical data as well as among governments.	
 Schedule D-1 – Demographic and Economic Statistics Schedule D-2 – Industry Sector Employment 	
Operating Information – These schedules include operating data to assist with understanding how information in the State's financial reports relates to services provided or activities performed by the State.	
 Schedule E-1 – Full-time Equivalent State Employees by Function Schedule E-2 – Operating Indicators by Function Schedule E-3 – Capital Assets by Function 	240

Note: The State implemented GASB Statement No. 34 in the fiscal year ended June 30, 2002. Schedules presenting government-wide information include data beginning in that year.

Sources: Unless otherwise noted, the information in these schedules is derived from the State's Comprehensive Annual Financial Report for the relevant year.

Net Assets by Component For the Last Five Fiscal Years (in thousands)

(Accrual Basis of Accounting)

	Fiscal Year							
Governmental Activities		2002		2003		2004		2005
Invested in capital assets, net of related debt Restricted	\$	38,329,290	\$	40,382,471	\$	41,779,939	\$	43,469,131
Environment, Recreation and Conservation		2,426,345		2,234,858		2,058,225		2,251,215
Health and Family Services		537,474		701,820		642,614		682,991
Transportation		897,742		975,640		804,510		1,017,620
Public Education (2)		246,260		1,098,987		1,019,230		1,037,249
Tax Collection and Administration (2) Employment Services (2)		187,855 214,204		200,005		208,388		220,221
Nonmajor Governmental funds		214,204 864,616		288,006 655,501		350,380 321,728		405,403 339,061
Debt Service		445,994		79,921		75,732		82,955
Funds held for permanent endowment		- ,				,		- ,
Nonexpendable		1,295,901		1,528,134		1,739,038		1,873,866
Unrestricted	_	(10,289,643)		(10,107,344)		(7,990,134)		(6,051,178)
Total governmental activities net assets	\$	35,156,038	\$	38,037,999	\$	41,009,650	\$	45,328,534
Percent change from prior year		N/A		8.20%		7.81%		10.53%
Business-type Activities Invested in capital assets, net of related debt	\$	3,061,253	\$	3,145,435	\$	2,890,246	\$	3,331,056
Restricted	Ф		Ф		Ф		Ф	
Lottery Prepaid College Program		232,248		350,440		201,371		204,037
Unemployment compensation		1,556,012		1,382,235		1,372,721		1,698,824
Hurricane Catastrophe Fund		4,362,126		4,942,992		5,476,178		2,387,054
Nonmajor Enterprise funds				121,088		252,193		395,216
Unrestricted	_	177,772	Φ	228,259	Φ	591,731	Φ	310,405
Total business-type activities net assets ⁽¹⁾	\$	9,389,411	\$	10,170,449	\$	10,784,440	\$	8,326,592
Percent change from prior year		N/A		8.32%		6.04%		-22.79%
Total Primary Government								
Invested in capital assets, net of related debt	\$	41,390,543	\$	43,527,906	\$	44,670,185	\$	46,800,187
Restricted Environment, Recreation and Conservation		2,426,345		2,234,858		2,058,225		2,251,215
Health and Family Services		537,474		701,820		642,614		682,991
Transportation		897,742		975,640		804,510		1,017,620
Public Education (2)		246,260		1,098,987		1,019,230		1,037,249
Tax Collection and Administration (2)		187,855		200,005		208,388		220,221
Employment Services (2)		214,204		288,006		350,380		405,403
Nonmajor governmental funds (2)		770,274		653,567		321,728		339,061
Lottery		232,248		350,440		201,371		204,037
Prepaid College Program (3)								
Unemployment Compensation		1,556,012		1,382,235		1,372,721		1,698,824
Hurricane Catastrophe Fund Nonmajor enterprise funds		4,362,126 94,342		4,942,992 123,022		5,476,178 252,193		2,387,054 395,216
Debt Service		445,994		79,921		75,732		82,955
Funds held for permanent endowment		,>> .		,,,,,,		70,702		02,555
Nonexpendable		1,295,901		1,528,134		1,739,038		1,873,866
Unrestricted		(10,111,871)		(9,879,085)		(7,398,403)		(5,740,773)
Total primary government net assets ⁽⁴⁾	\$	44,545,449	\$	48,208,448	\$	51,794,090	\$	53,655,126
Percent change from prior year		N/A		8.22%		7.44%		3.59%

Notes: Reporting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted.

The State implemented GASB Statement No. 34 in fiscal year 2002. This schedule is retroactive to the year of implementation.

⁽¹⁾ In 2005 and 2006, total business-type activities net assets decreased primarily as a result of reimbursements for losses associated with four hurricanes in 2004.

Public Education, Tax Collection and Administration, and Employment Services were reclassified as nonmajor as of July 1, 2005. Refer to Note 1H to the financial statements for additional information.

⁽³⁾ Florida Prepaid College Program was relassified as major business-type fund for fiscal year ended June 30, 2006. Refer to Note 1H to the financial statements for additional information.

 $^{^{\}left(4\right)}$ See Schedule A-2 for changes in net assets from year to year

	riscai i cai
\$	2006 46,546,117
	2,974,802 800,337 1,624,834
	2,056,047 75,671
\$	2,023,738 (5,844,743) 50,256,803
	10.87%
\$	3,829,792
	98,472 583,816 2,185,249
•	211,257 (1,103,433)
\$	5,805,153
	-30.28%
\$	50,375,909
	2,974,802 800,337 1,624,834
	 2,056,047
	98,472 583,816 2,185,249
	211,257 75,671
_	2,023,738 (6,948,176)
\$	56,061,956

4.49%

Fiscal Year

Changes in Net Assets For the Last Five Fiscal Years (in thousands)

(Accrual Basis of Accounting)

	Fiscal Year							
Expenses		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>
Governmental activities:								
General government	\$	6,499,588	\$	6,273,119	\$	6,637,809	\$	6,902,109
Education		14,488,469		15,120,426		16,413,985		17,439,674
Human services		14,973,427		16,638,643		18,119,304		19,865,453
Criminal justice and corrections		3,065,808		3,103,379		3,285,460		3,466,376
Natural resources and environment		1,737,772		1,945,496		2,038,909		3,298,381
Transportation		2,070,684		2,397,921		2,632,638		3,147,739
State courts		279,821		278,589		273,091		367,941
Indirect interest on long-term debt				1,832		17,526		20,028
Total governmental activities expenses		43,115,569		45,759,405		49,418,722		54,507,701
Business-type activities:								
Transportation		261,540		286,254		316,629		321,595
Lottery		1,595,011		2,000,291		2,170,062		2,528,646
Unemployment Compensation		1,485,594		1,485,479		1,330,824		981,954
State Board of Administration		40,876		32,924		35,844		3,811,900
Prepaid College Program		150 470		156.070		150.046		176 692
Nonmajor enterprise funds		158,478		156,979		159,046		176,683
Total business-type activities expenses Total primary government expenses	•	3,541,499 46,657,068	\$	3,961,927 49,721,332	\$	4,012,405 53,431,127	\$	7,820,778 62,328,479
Total primary government expenses	Ψ	40,037,008	ψ	49,721,332	Ψ	33,431,127	Ψ	02,320,479
Program Revenues Governmental activities: Charges for services								
General government	\$	2,608,450	\$	2,515,133	\$	2,913,634	\$	3,469,736
Education		160,123	·	292,036		266,020		209,149
Human services		566,067		692,270		822,255		885,836
Criminal justice and corrections		227,347		176,606		210,415		192,988
Natural resources and environment		301,137		330,364		275,774		288,837
Transportation		544,175		263,274		246,640		174,836
State courts		13,790		8,775		10,226		13,517
Operating grants and contributions		12,159,433		13,538,407		15,874,370		17,492,835
Capital grants and contributions		1,326,135		1,699,464		1,522,849		1,998,133
Total governmental activities program revenues		17,906,657		19,516,329		22,142,183		24,725,867
Business-type activities: Charges for services								
Transportation		476,999		539,808		578,631		665,097
Lottery		2,568,469		3,154,034		3,073,191		3,635,052
Unemployment Compensation		739,855		823,410		1,059,811		1,253,872
State Board of Administration Prepaid College Program		633,436		632,563		580,514		787,759
Nonmajor enterprise funds		321,304		330,922		276,832		264,304
Operating grants and contributions		184,354		394,770		258,398		49,151
Capital grants and contributions		256		911		9,259		432
Total business-type activities program revenues		4,924,673		5,876,418		5,836,636		6,655,667
Total primary government program revenues	\$	22,831,330	\$	25,392,747	\$	27,978,819	\$	31,381,534
(1)								
Net (Expense) Revenue (1)	Φ.	(05.000.015)	φ.	(0.6.0.10.07.5	.	(00.00 = 500)	_	(20 701 02 0
Governmental activities	\$	(25,208,912)	\$	(26,243,076)	\$	(27,276,539)	\$	(29,781,834)
Business-type activities	_	1,383,174		1,914,491		1,824,231	_	(1,165,111)
Total primary government net (expense)	\$	(23,825,738)	\$	(24,328,585)	\$	(25,452,308)	\$	(30,946,945)

Fiscal Year	
<u>2006</u>	
\$ 7,410,799 18,210,639 19,765,378 3,811,677 4,284,896 3,308,209 414,044 7,062	
57,212,704	
329,966 2,874,533	
4,758,156 459,404 994,182	
9,416,241 \$ 66,628,945	
\$ 3,485,512 211,352 954,495 267,248 346,037 651,776 17,187 18,057,457 1,374,611 25,365,675	
698,409 3,993,788	
891,506 502,579 1,552,136 45,214 307 7,683,939	
\$ 33,049,614	
\$ (31,847,029) (1,732,302)	

\$ (33,579,331)

Continues

Fiscal Year

Changes in Net Assets For the Last Five Fiscal Years (in thousands) (Accrual Basis of Accounting)

SCHEDULE A-2

(Continued)

General Revenues and Other Changes in Net Assets

Net Assets Fiscal Year								
Governmental activities:		<u>2002</u>		<u>2003</u>		2004		2005
Taxes								
Sales and use tax	\$	15,601,244	\$	15,561,382	\$	17,128,515	\$	19,056,249
Fuel taxes		2,100,946		2,199,375		2,316,572		2,414,012
Corporate income tax		1,210,346		1,228,130		1,441,338		1,785,213
Documentary stamp tax		1,590,981		2,005,168		2,613,194		3,376,210
Intangible personal property tax		737,776		820,212		860,046		998,904
Communication service tax		779,167		1,230,132		1,250,208		1,343,835
Beverage and tobacco taxes		990,271		1,001,636		1,041,042		1,088,542
Insurance premium tax		504,422		624,369		711,145		764,559
Gross receipts utilities tax		526,586		424,146		462,172		496,725
Other taxes		1,396,833		1,281,391		1,088,378		1,010,806
Investment earnings (loss)		418,916		720,280		(66,838)		300,620
Gain (loss) on sale of capital assets								
Transfers		1,070,190		1,257,679		1,216,769		1,249,753
Miscellaneous		113,620				11		
Total governmental activities		27,041,298		28,353,900		30,062,552		33,885,428
Business-type activities:								
Investment earnings		20,078		19,197		13,181		28,872
Gain (loss) on sale of capital assets		950				(17,063)		(17,018)
Transfers		(1,070,190)		(1,257,679)		(1,216,769)		(1,249,753)
Miscellaneous		3,081		171		(2,544)		(1,272)
Total business-type activities		(1,046,081)		(1,238,311)		(1,223,195)		(1,239,171)
Total primary government	\$	25,995,217	\$	27,115,589	\$	28,839,357	\$	32,646,257
Change in Net Assets								
Governmental activities	\$	1,832,386	\$	2,110,824	\$	2,786,013	\$	4,103,594
Business-type activities (2)	Ψ	337,093	Ψ	676,180	Ψ	601,036	Ψ	(2,404,282)
Total primary government (3)	\$	2,169,479	\$	2,787,004	\$	3,387,049	\$	1,699,312

Note: The State implemented GASB Statement No. 34 in fiscal year 2002. This schedule is retroactive to the year of implementation.

⁽¹⁾ Net (expense) is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants and its reliance upon funding from general revenues.

⁽²⁾ In 2005 and 2006, the business-type activities expenses increased primarily as a result of an increase in hurricane reinsurance claims.
(3) See Schedule A-1 for ending net asset balances for reported years.

(Continued)

\$ 20,729,364 2,591,946 2,363,056 4,051,479 1,104,008 1,433,092 1,102,408 879,079 585,520 477,156 174,039 (75,501) 1,321,420 36,737,066

Fiscal Year

15,877 (10,341) (1,321,420) (808) (1,316,692)

\$ 35,420,374

\$ 4,890,035 (3,048,994) \$ 1,841,041

Fund Balances Governmental Funds Last Five Fiscal Years (in thousands)

(Modified Accrual Basis of Accounting)

	Fiscal Year							
General Fund:		2002		2003		2004		2005
Reserved for:								
Encumbrances	\$	44,038	\$	75,511	\$	43,172	\$	78,253
Inventories		17,922		20,159		26,024		16,091
Advances		681		2,722		16,748		12,719
Long-term receivables				18,389		37,895		78,494
Capital outlay				170,645		62,855		93,857
Budget Stabilization Fund		940,890		958,890		966,390		995,805
Working Capital Fund		304,652		416,146		1,473,221		316,562
Other		26,588		2,546		1,437		2,067
Unreserved		2,001,519		1,964,500		2,426,497		5,257,271
Total general fund		3,336,290		3,629,508		5,054,239		6,851,119
Percent change from prior year		N/A		8.79%		39.25%		35.55%
Other Governmental Funds: Reserved								
Encumbrances		171,350		66,499		54,250		719,895
Inventories		40,394		42,556		52,426		52,309
Advances		241,504		154,178		153,602		173,247
Long-term receivables		1,578,536		1,730,875		1,680,902		1,461,031
Capital outlay		888,134		2,507,156		2,178,477		1,839,728
Debt service		445,994		79,921		75,732		82,955
Permanent trust		1,292,801		1,521,518		1,739,038		1,873,866
Working capital fund		1,272,001		1,321,310		1,732,030		107,171
Other		101,271		104.639		91.242		,
Unreserved, reported in:		101,271		104,037		71,242		
Special revenue funds		2,479,412		2,750,357		3,173,987		3,705,392
Capital projects funds		50,713		6,963		21,741		41,250
Permanent fund		4		3,099		2,640		1,982
Total other governmental funds		7,290,113		8,967,761		9,224,037		10,058,826
Total Governmental Funds (1)	\$	10,626,403	\$	12,597,269	\$	14,278,276	\$	16,909,945
Percent change from prior year		N/A		18.55%		13.34%		18.43%

Note: The State implemented GASB Statement No. 34 in fiscal year 2002. This schedule is retroactive to the year of implementation.

⁽¹⁾ See Schedule A-4 for changes in fund balances from year to year.

Fiscal Year								
<u>2006</u>								
\$	51,988 19,040 2,712 65,974 243,947 1,092,081							
	2,031 6,572,190 8,049,963							
	17.50%							
	1,214,792 57,319 187,722 1,586,949 2,294,027							
	75,671 2,023,738							
	158,088							
	4,093,227 28,779 2,649 11,722,961							
\$	19,772,924							

16.93%

Changes in Fund Balances Governmental Funds Last Five Fiscal Years

SCHEDULE A-4

(Modified Accrual Basis of Accounting)

(Mounted Accidal Basis of Accounting)	Fiscal Year							
Revenues		2002		2003		<u>2004</u>		2005
Taxes	\$	25,430,688	\$	26,383,810	\$	28,912,610	\$	32,334,920
Licenses and permits		1,119,032		1,150,823		1,165,928		1,263,525
Fees and charges		1,916,809		1,938,438		2,351,133		2,488,530
Grants and donations		13,456,767		15,246,839		17,254,145		19,270,292
Investment earnings		495,127		1,052,603		210,791		729,118
Fines, forfeits, settlements and judgments		978,728		721,984		594,967		630,682
Other revenue		2,461		2,435		214,840		317,190
Total revenues		43,399,612		46,496,932		50,704,414		57,034,257
Expenditures								
General government		5,726,035		5,967,332		6,610,855		6,891,380
Education		14,462,838		14,556,332		15,828,609		16,844,368
Human services		14,957,079		16,616,067		18,083,861		19,810,089
Criminal justice and corrections		2,946,024		2,977,748		3,172,357		3,384,667
Natural resources and environment		1,574,462		1,764,731		1,747,445		3,030,371
Transportation		1,167,957		2,280,017		2,520,378		3,021,534
State courts		277,232		274,951		269,972		360,374
Capital outlay		3,327,986		2,515,501		2,109,937		2,148,634
Debt service:								
Principal retirement		557,533		612,272		674,697		795,954
Interest and fiscal charges		736,514		768,136		838,163		825,872
Total expenditures		45,733,660		48,333,087		51,856,274		57,113,243
Revenues over (under) expenditures		(2,334,048)		(1,836,155)		(1,151,860)		(78,986)
Other Financing Sources (Uses)								
Proceeds of bond issues		1,414,747		1,635,797		1,333,158		1,231,340
Proceeds of refunding bonds		971,060		1,865,860		166,383		2,470,805
Proceeds of financing agreements		1,913		19,043		57,383		44,819
Payments to refunded bond agent		(971,060)		(1,865,860)		(166,383)		(2,470,805)
Operating transfers in		11,552,102		13,668,486		12,931,311		13,472,264
Operating transfers out		(10,390,438)		(12,319,538)		(11,552,231)		(12,107,675)
Total other financing sources (uses)		2,578,324		3,003,788		2,769,621		2,640,748
Net Change in Fund Balances	\$	244,276	\$	1,167,633	\$	1,617,761	\$	2,561,762
Debt Service as a Percentage of								
Noncapital Expenditures		3.1%		3.0%		3.0%		3.0%

Note: The State implemented GASB Statement No. 34 in fiscal year 2002. This schedule is retroactive to the year of implementation.

Fiscal Year							
2006 \$ 35,317,243 1,318,920 3,141,434 19,567,321 455,205 804,869 17,881 60,622,873							
7,428,922 17,643,897 19,755,015 3,673,967 4,030,076 3,188,602 412,793 2,639,161							
736,331 835,993 60,344,757							
278,116							
1,152,268 426,107 23,751 (426,107) 10,901,916 (9,559,920) 2,518,015							
\$ 2,796,131							

2.7%

Revenue Base/Rate Taxable Sales by Industry Last Ten Calendar Years (in thousands)

			Calendar Year		
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Agriculture	\$ 743,904	\$ 764,474	\$ 734,896	\$ 679,383	\$ 723,723
Mining	446,532	454,497	467,248	462,446	453,275
Construction	3,379,224	3,454,089	3,602,982	4,029,836	4,250,093
Manufacturing	7,636,304	7,549,719	7,803,800	8,187,878	9,392,811
Transportation	12,941,847	13,680,819	14,315,728	14,874,760	16,781,408
Communications					
Wholesale	8,346,814	8,866,679	9,527,504	10,666,116	10,682,707
Retail trade	109,970,261	117,588,944	126,713,518	140,181,237	147,909,435
Finance and insurance	12,417,237	13,505,727	14,658,873	15,922,843	17,625,485
Services	27,093,404	37,582,655	32,132,414	37,204,697	38,750,858
Government	173,231	317,431	234,823	232,525	323,263
Other	2,210,392	2,257,719	2,213,153	2,170,824	2,170,054
Total	\$ 185,359,150	\$ 206,022,753	\$ 212,404,939	\$ 234,612,545	\$ 249,063,112
State direct sales tax rate	6.0%	6.0%	6.0%	6.0%	6.0%

Notes: The sales tax rate on non-residential electricity is 7.0%. The sales tax rate on communication services (non-residential phone and all cable) has been 6.8% since October 1, 2001. The sales tax rate on amusement machines is 4.0%. As of July 1, 2005, the sales tax requirement for farm equipment changed from a 2.5% tax rate to become exempt from sales tax.

Taxable sales information is available for reporting on a calendar-year basis only.

Source: Florida Department of Revenue

Calendar Year										
<u>2001</u>	<u>-</u>	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		
467 4,143 8,437 14,730 750 10,608 152,163 18,198 37,507	7,418 0,089 0,000 3,768 3,684 3,371 7,089	\$ 1,523,8 475,9 4,339,1 9,973,5 7,297,9 12,080,2 8,946,4 155,667,2 19,188,0 37,431,7 195,9	76 03 28 88 97 43 30 05 31	2,113,243 487,506 3,896,742 13,314,291 7,585,459 12,202,644 12,559,558 171,423,008 20,805,219 36,410,849 264,591 622,774	\$	2,227,668 570,630 4,186,503 14,619,140 8,735,773 13,163,094 17,282,512 178,084,155 21,102,170 39,880,491 147,522 787,651	\$	2,242,702 751,037 4,881,040 17,726,833 9,548,276 14,253,972 22,480,523 198,092,426 23,697,839 44,364,971 102,172 946,250		
\$ 249,892	,	\$ 258,322,5		281,685,884	\$ 3	300,787,309	\$	339,088,041		
	6.0%	6	.0%	6.0%		6.0%		6.0%		

Principal Sales Tax Payers By Industry Calendar Years 2005 and 1996 (dollars are in thousands)

SCHEDULE B-2

	Calendar Year 2005			005	Calendar Year 1996			
Industry	Number of filers		Sales Tax Liability	Percentage of Total	Number of filers		ales Tax Liability	Percentage of Total
Agriculture	10,709	\$	148,715	0.66%	4,468	\$	47,043	0.39%
Mining	857		49,685	0.22%	992		28,583	0.24%
Construction	7,485		321,273	1.43%	13,932		212,058	1.79%
Manufacturing	29,650		1,163,685	5.17%	24,820		475,319	3.98%
Transportation, communications,								
electric, gas, and sanitation	10,133		1,701,225	7.55%	9,117		898,886	7.52%
Wholesale	41,576		1,478,613	6.57%	38,962		522,502	4.37%
Retail trade	256,520		13,051,352	57.96%	290,281		6,969,859	58.34%
Finance and insurance	144,423		1,588,553	7.05%	117,610		789,912	6.61%
Services	100,605		2,945,294	13.08%	113,678		1,713,611	14.34%
Government	50		6,662	0.03%	242		145,976	1.22%
Other	3,273		62,444	0.28%	4,619		143,090	1.20%
Total	605,281	\$	22,517,501	100.00%	618,721	\$ 1	1,946,839	100.00%

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available for reporting. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. In addition, some of the categories from the revenue base/rate schedule have been combined in preparing this schedule.

Taxable sales information is available for reporting on a calendar-year basis only.

Source: Florida Department of Revenue

Ratios of Outstanding Debt by Type Last Five Fiscal Years (dollars in millions, except per capita)

	Business-
	type
Governmental Activities	Activities

Fiscal Year	Full Faith and Credit	Pledged Revenue	Lea Inst	apital ses and allment chases	rtificates of ticipation	Gov	Total vernmental	ledged evenue	P	Total rimary vernment	Debt as a Percentage of Tax-supported Revenues (1)	Debt Per Capita ⁽²⁾
2002 2003 2004 2005 2006	\$ 9,921 10,586 11,170 12,035 11,476	\$ 4,688 5,286 5,301 5,245 5,379	\$	125 132 182 174 144	\$ 101 96 91 85 279	\$	14,835 16,100 16,744 17,539 17,278	\$ 1,799 1,716 2,159 2,071 3,358	\$	16,634 17,816 18,903 19,610 20,636	71.39% 73.70% 72.41% 66.37% 62.56%	\$ 992.05 1,036.93 1,072.77 1,088.03 1,118.45

Notes: Details regarding the State's outstanding debt can be found in Notes 8 and 9 to the Financial Statements.

The State implemented GASB Statement No. 34 in fiscal year 2002. This schedule is retroactive to the year of implementation.

⁽¹⁾ Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.

⁽²⁾ Population data used in calculation of this ratio can be found in Schedule D-1.

Ratios of Net General Bonded Debt Outstanding Last Five Fiscal Years (dollars in millions, except per capita)

SCHEDULE C-2

General Bonded Debt Outstanding

Fiscal Year	Full Faith and Credit	Capital Leases and Installment Purchases	Certificates of Participation	Total	Restricted Resources	Net General Bonded Debt Outstanding	Debt as a Percentage of Tax-supported Revenues ⁽¹⁾	Per Capita ⁽²⁾
2002	\$ 9,921	\$ 125	\$ 101	\$10,147	\$ 321	\$ 9,826	42.17%	\$586.02
2003	10,586	132	96	10,814	343	10,471	43.32%	609.44
2004	11,170	182	91	11,443	362	11,081	42.45%	628.86
2005	12,035	174	85	12,294	384	11,910	40.31%	660.81
2006	11,476	144	279	11,899	409	11,490	34.84%	622.75

Notes: Details regarding the State's outstanding debt can be found in Notes 8 and 9 to the Financial Statements.

The State implemented GASB Statement No. 34 in fiscal year 2002. This schedule is retroactive to the year of implementation.

⁽¹⁾ Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.

⁽²⁾ Population data used in calculation of this ratio can be found in Schedule D-1.

Legal Debt Margin Last Ten Fiscal Years (dollars in millions)

SCHEDULE C-3

Legal debt margin calculated for fiscal year 2006

Tax-supported revenues (1) \$32,984

Debt limit (2) 1,979

Debt applicable to limit:

Aggregate debt service on tax-supported debt 1,681

Legal debt margin \$298

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit (2)	\$1,123	\$ 1,209	\$1,263	\$1,339	\$1,373	\$1,398	\$ 1,450	\$1,566	\$1,773	\$ 1,979
Total debt applicable to limit	801	928	1,072	1,166	1,303	1,357	1,460	1,552	1,596	1,681
Legal debt margin	\$ 322	\$ 281	\$ 191	\$ 173	\$ 70	\$ 41	\$ (10)	\$ 14	\$ 177	\$ 298
Total net debt applicable to the limit as a percentage of debt limit.	71.33%	76.76%	84.88%	87.08%	94.90%	97.07%	100.69%	99.11%	90.02%	84.94%

⁽¹⁾ For purposes of this Schedule C-3, tax-supported revenues are comprised of the general revenues of the State, including primarily sales and use tax receipts, and the specific State tax revenues pledged for payment of debt service. Tax-supported debt is debt secured by the full faith and credit of the State or payable from general revenue or specified State tax sources. As of June 30, 2006, the total outstanding balance of tax-supported debt was approximately \$17,865,600,000.

Source: Florida State Board of Administration, Division of Bond Finance

⁽²⁾ The State debt fiscal responsibility policy, Section 215.98, Florida Statutes, establishes the ratio of tax supported debt service to tax-supported revenues as the benchmark debt ratio for purposes of setting the State's legal debt margin. Under the present policy, if the ratio exceeds 6%, additional tax-supported debt may be authorized only if the Legislature determines the additional debt is in the best interest of the State. If the ratio exceeds 7%, additional tax-supported debt may be authorized only if the Legislature determines it is necessary to address a critical State emergency. The 6% ratio has been used to determine the debt limit in this schedule.

Pledged-Revenue Coverage Last Ten Fiscal Years (dollars in thousands)

Year Ended		Op	Less perating		t Available for Debt		Debt Ser		Coverage
6/30	Revenue	_	<u>kpenses</u>	_	<u>Service</u>	<u> P</u>	<u>rincipal</u>	<u>Interest</u>	Ratio
1996 1997 1998 1999 2000 2001	\$ 12,051 12,559 13,354 14,040 14,926 15,380	ge \$	2,918 2,701 2,980 4,163 3,491 3,140	\$	9,133 9,858 10,374 9,877 11,435 12,240	\$	1,330 1,405 1,490 1,580 1,675 1,780	\$ 1,803 1,723 1,638 1,546 1,450 1,348	2.92 3.15 3.32 3.16 3.66 3.91
2002 2003 2004 2005 Florida T	15,933 16,251 17,230 17,053		4,482 3,869 5,123 5,033		11,451 12,382 12,107 12,020		1,595 2,015 2,100 2,180	627 624 544 462	5.15 4.69 4.58 4.55
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005	\$ 231,782 251,989 273,912 291,987 320,623 384,214 421,897 462,001 534,755 598,762		68,949 70,472 73,048 87,203 99,850 115,778 121,021 130,984 153,485 157,570	\$	162,833 181,517 200,864 204,784 220,773 268,436 300,876 331,017 381,270 441,192	\$	14,005 14,830 15,620 17,675 28,735 38,415 49,955 52,330 58,615 70,910	\$ 63,999 63,226 60,739 84,869 87,859 92,602 92,655 86,137 106,783 103,940	2.09 2.33 2.63 2.00 1.89 2.05 2.11 2.39 2.31 2.52
Save Our 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005	Coast (1) \$ 62,900 68,500 84,800 96,200 99,300 106,500 127,600 162,400 213,600 273,000	\$		\$	62,900 68,500 84,800 96,200 99,300 106,500 127,600 162,400 213,600 273,000	\$	11,380 12,260 12,925 14,945 15,440 16,235 17,095 19,025 18,735 19,595	\$ 13,705 12,939 12,298 10,192 9,776 9,036 8,255 6,623 6,099 5,370	2.51 2.72 3.36 3.83 3.94 4.21 5.03 6.33 8.60 10.94
Florida F 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005	\$ 451,500 491,700 608,900 690,300 712,600 764,900 915,900 1,165,800 1,533,100 1,960,100	vatio \$	on 2000 (1	\$	451,500 491,700 608,900 690,300 712,600 764,900 915,900 1,165,800 1,533,100 1,960,100	\$	48,800 62,990 84,085 98,410 119,560 142,275 159,185 169,255 186,045 194,640	\$ 83,657 96,615 103,719 116,409 127,484 133,102 129,697 135,310 148,929 140,275	3.41 3.08 3.24 3.21 2.88 2.78 3.17 3.83 4.58 5.85

Pledged-Revenue Coverage Last Ten Fiscal Years (dollars in thousands)

SCHEDULE C-4

Year Ended		Less Net Available Operating for Debt		Debt Se	rvice	Coverage
6/30	Revenue	Expenses	Service	Principal	Interest	Ratio
Conserva	tion and Recr	reation Land	1),(2),(3)			
1996	\$ 40,482	\$	\$ 40,482	\$ 1,160	\$ 1,763	13.85
1997	55,376		55,376	1,320	1,575	19.13
1998	65,239		65,239	1,355	1,516	22.72
1999	73,292		73,292	1,415	1,455	25.54
2000	75,076		75,076	1,485	1,391	26.10
2001	80,292		80,292	1,570	1,324	27.74
2002	64,448		64,448	1,655	1,252	22.17
2003	80,235		80,235	1,740	1,174	27.53
2004	102,098		102,098	1,825	1,092	35.00
2005	127,975		127,975	1,940	1,003	43.48
Lottery E	ducation (1),(4))				
1996	\$	\$	\$	\$	\$	
1997			••••	•••••		
1998						
1999	807,227		807,227	18,925	20,842	20.30
2000	908,353		908,353	25,885	30,484	16.11
2001	907,157		907,157	40,275	59,466	9.10
2002	926,488		926,488	52,840	74,691	7.26
2003	1,035,178		1,035,178	63,140	92,920	6.63
2004	1,051,658		1,051,658	77,975	100,797	5.88
2005	1,103,633		1,103,633	84,255	102,638	5.91
Alligator	Allev (5)					
1996	\$	\$	\$	\$	\$	
1997						
1998	10,042	3,016	7,026	770	3,023	1.85
1999	10,319	3,361	6,958	815	2,852	1.90
2000	11,364	3,486	7,878	860	2,808	2.15
2001	12,060	5,068	6,992	905	2,760	1.91
2002	12,468	4,663	7,805	955	2,711	2.13
2003	13,023	5,147	7,876	1,010	2,658	2.15
2004	14,118	5,297	8,821	1,070	2,597	2.41
2005	14,437	5,114	9,323	1,135	2,533	2.54

Notes: Prior year data has been restated to match the corresponding Official Statement, when necessary.

Due to the timing of disclosure requirements for the Florida State Board of Administration, Division of Bond Finance, coverage information will end with the prior fiscal year.

Source: Florida State Board of Administration, Division of Bond Finance

Operating Expenses are not listed for the Lottery Program and the Environmental Programs, e.g. Save Our Coast, Florida Forever/Preservation 2000 and Conservation and Recreation Land Programs. For these programs, either no operating expenses reduce revenues available for debt service, or, in the case of the Lottery, include expenses unrelated to the operation of the program, such as payment of lottery prizes. Instead, for these programs, the revenue shown is the amount available to pay debt service.

⁽²⁾ Refer to Florida Statutes Sections 201.15, 211.3103, and 259.032.

Phosphate Severance Tax and Documentary Stamp Tax Revenue are combined in calculating revenue source. Beginning in 2002, revenues are reduced by amounts transferred to State Game Trust Fund pursuant to F.S. 201.15(5).

⁽⁴⁾ Lottery Education Bonds issued in 1998 with debt service information beginning in fiscal year 1999.

⁽⁵⁾ Alligator Alley Bonds issued in 1998 with debt service information beginning in fiscal year 1998.

		Population		Personal Income (in millions)			
		Percent Change from		Percent Change from			
Year	<u>Florida</u>	Prior Year	<u>U.S.</u>	Prior Year	<u>Florida</u>	<u>U.S.</u>	
1997	15,011,734	2.11%	272,646,925	1.21%	\$ 372,094	\$ 6,907,332	
1998	15,309,861	1.99%	275,854,104	1.18%	402,454	7,415,709	
1999	15,679,863	2.42%	279,040,168	1.15%	423,834	7,796,137	
2000	16,074,809	2.52%	282,193,477	1.13%	457,539	8,422,074	
2001	16,413,469	2.11%	285,107,923	1.03%	478,637	8,716,992	
2002	16,767,358	2.16%	287,984,799	1.01%	495,489	8,872,871	
2003	17,181,411	2.47%	290,850,005	0.99%	515,600	9,150,908	
2004	17,620,690	2.56%	293,656,842	0.97%	566,372	9,717,173	
2005	18,023,424	2.29%	296,410,404	0.94%	606,612	10,224,761	
2006	(1) 18,450,470	2.37%	299,102,661	0.91%	653,704	10,950,766	

Note: 1997-2004 State data reflect revisions to be consistent with U.S. data for July 1 and to more accurately generate per capita data.

Sources: U.S. Department of Labor, Bureau of Labor Statistics; Florida Agency for Workforce Innovation, Labor Market Information; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Measurement Division; U.S. Bureau of the Census, Population Division; Office of Economic & Demographic Research, The Florida Legislature and Population Studies Program; Bureau of Economic & Business Research, The University of Florida

State of Florida Population by Age

Age Group	2000 Census	Percent	2010 Projection	Percent	2020 Projection	Percent
0 - 14	3,034,656	18.99	3,577,422	17.96	4,075,163	17.36
15 - 24	1,942,430	12.15	2,554,012	12.82	2,733,825	11.65
25 - 44	4,569,515	28.59	4,955,179	24.87	5,612,673	23.91
45 - 64	3,628,573	22.70	5,338,916	26.80	6,074,035	25.87
65 and Over	2,807,650	17.57	3,494,819	17.55	4,980,142	21.21
Total	15,982,824	100.00	19,920,348	100.00	23,475,838	100.00
Total	13,962,624	100.00	17,720,346	100.00	23,473,636	100.00

Source: Demographic Estimating Conference Database, updated July 2006. Year 2000 Census data incorporates adjustments for age misreporting prepared by the University of Florida, Bureau of Economic and Business Research.

⁽¹⁾ Forecast from October 2006 Florida Estimating Conferences

⁽²⁾ School enrollment is by State fiscal year and other data is by calendar year.

	Median	Public School
Per Capita Personal Income Unemployment Rate	Age	Enrollment (2)

1	<u>Florida</u>	<u>U.S.</u>	<u>Florida</u>	<u>U.S.</u>	<u>Florida</u>	<u>Florida</u>
\$	24,787	\$ 25,334	5.0%	4.9%	37.9	2,239,411
	26,287	26,883	4.5%	4.5%	38.2	2,294,160
	27,030	27,939	4.0%	4.2%	38.5	2,331,958
	28,463	29,845	3.8%	4.0%	38.7	2,376,128
	29,161	30,574	4.7%	4.7%	39.1	2,434,403
	29,551	30,810	5.7%	5.8%	39.5	2,500,161
	30,009	31,463	5.3%	6.0%	39.5	2,539,932
	32,142	33,090	4.7%	5.5%	39.7	2,598,231
	33,657	34,495	3.8%	5.1%	39.7	2,638,127
	35,430	36,612	3.2%	4.7%	39.9	2,673,563

Industry Sector Employment For Calendar Years 2005 and 2001 (in thousands)

	2	2005	2001 ⁽¹⁾		
		Percentage of Total		Percentage of Total	
<u>Industry</u>	Employment	Employment (2)	Employment	Employment (2)	
Retail trade	984	12.16%	934	12.49%	
Administrative and waste services	824	10.18%	733	9.80%	
Health care and social assistance	817	10.10%	742	9.93%	
Local government	744	9.19%	690	9.23%	
Accommodation and food services	718	8.87%	640	8.56%	
Construction	576	7.12%	445	5.95%	
Professional and technical services	428	5.29%	371	4.96%	
Manufacturing	400	4.94%	440	5.89%	
Finance and insurance	355	4.39%	322	4.31%	
Wholesale trade	339	4.19%	313	4.19%	
Total	6,185	76.43%	5,630	75.31%	

Note: Privacy requirements prevent the State from obtaining and reporting specific information about the largest employers in the State's jurisdiction. Reporting by industry reveals the degree of concentration in the State's total employment base.

[&]quot;Employment" is being calculated based on average total employment by industry for each calendar year.

Ratios of "Total" employment are based on the following:

2005	2001
7,810	7,171
282	305
8,092	7,476
	7,810 282

Sources: Florida Agency for Workforce Innovation, Labor Market Statistics; Associate-In Food and Resource Economics, University of Florida; Florida Department of Labor & Employment Security, Bureau of Labor Market Information

⁽¹⁾ In 2001, the industrial coding structure changed from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS). As a result, comparability of data prior to 2001 is not reasonable. This schedule presents calendar years 2005 and 2001. Both periods utilize the North American Industry Classification System, which provides comparability.

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	Fiscal Year						
Function	<u>1997</u>	<u> 1998</u>	<u> 1999</u>	<u>2000</u>	<u>2001</u>	2002	2003
Financial administration	12,644	12,896	13,092	13,392	13,585	13,175	15,385
Streets and highways	9,785	9,718	9,783	9,744	9,022	8,467	7,606
Public welfare	24,225	24,061	23,594	24,153	23,922	22,463	21,647
Police protection	3,385	4,287	4,350	4,207	4,225	4,226	4,328
Natural resources	7,593	7,562	7,806	8,322	8,391	8,418	8,489
Health	12,815	12,817	13,081	14,255	14,473	14,566	15,014
Housing (1)							
Community development	448	407	392	372	335	337	295
Criminal justice and corrections	37,734	38,249	38,904	38,452	38,168	36,430	37,471
Utility and transportation	361	368	372	382	370	370	369
Employee security (2)					1,398	1,539	1,445
Education	862	842	889	1,817	2,165	2,205	2,386
State courts	2,515	2,644	2,675	2,767	2,921	1,792	1,953
Other	2,184	2,182	2,135	2,173	2,117	2,042	1,980
		_			_		
Total	114,551	116,033	117,073	120,036	121,092	116,030	118,368

Note: FTE's are calculated based on a 40 hour work week. A numerical designator is based on 100% for a full-time employee (i.e. 1.00 point or FTE). All others are pro-rated accordingly.

Sources: Florida Legislature, Florida State Courts System, Florida State Board of Administration, Florida Justice Administration Commission, Florida Department of Management Services, Human Resource Management, People First! Data Team

⁽¹⁾ New function added in fiscal year 2004 for reporting purposes.

⁽²⁾ Agency formed and FTE determination required in fiscal year 2001.

Fiscal Year						
2004	<u>2005</u>	2006				
15,453	15,627	15,532				
7,356	7,397	7,318				
19,369	19,697	14,506				
5,270	5,317	5,374				
7,711	8,113	8,127				
15,197	15,731	16,301				
29	27	29				
291	279	299				
37,710	43,206	43,588				
346	328	325				
1,307	1,339	1,317				
2,367	2,415	2,461				
2,735	3,869	4,137				
2,024	2,018	2,171				
,						
117,165	125.363	121.485				

Operating Indicators by Function Last Ten Fiscal Years

SCHEDULE E-2

	Fiscal Year				
General government	<u>1997</u>	<u>1998</u>	<u>1999</u>	2000	2001
Department of Revenue (2)					
Total administered taxes (in millions)	19,779	21,314	22,681	23,863	25,066
Department of Management Services (2)					
Number of retired members covered (1)	155,702	164,029	171,152	181,026	188,770
Education					
Universities					
University enrollments	213,273	218,290	223,922	232,794	240,753
Degrees awarded	44,431	46,154	46,742	47,825	48,956
Human services					
Department of Health (2)					
Number of live births	192,304	195,564	196,963	204,030	205,800
Number of deaths	153,830	157,160	162,122	162,839	167,181
Department of Children and Families					
Food stamp recipients	1,166,935	990,325	947,104	902,084	881,808
Food stamp households	503,390	436,330	430,860	419,744	422,251
Criminal justice and corrections					
Department of Corrections					
Inmate admissions	21,951	22,654	23,762	25,743	25,731
Community supervision admissions	95,429	95,973	98,871	96,887	96,223
Facility population	64,713	66,280	68,599	71,233	72,007
Natural resources and environment					
Department of Environmental Protection					
State park visitations	13,740,605	14,138,243	14,686,150	16,760,822	18,075,329
Department of Fish and Wildlife Conservation					
Fishing and hunting licenses holders	1,227,795	1,225,780	1,381,845	1,357,447	1,284,197
<u>Transportation</u>					
Department of Transportation					
Vehicles registered	12,474,667	12,810,046	13,451,793	13,869,980	15,506,616
Titles issued	4,651,261	4,676,782	4,685,258	5,152,272	5,122,220
Traffic crashes (2)	240,639	245,440	243,409	246,541	256,169
Daily vehicle miles traveled (in thousands)	231,215	239,518	245,757	254,114	258,528
State courts					
State Courts System					
Number of cases filed/added:		40= =00	40.04.4	404.000	
Circuit criminal defendants	184,674	187,790	192,816	184,229	182,581
County criminal	503,395	501,985	508,037	502,476	513,101
County civil	338,359	340,507	337,239	359,628	407,142
Traffic	519,846	483,057	477,603	447,561	446,039
Family court	333,460	336,036	331,542	344,507	362,185
Circuit civil	149,298	155,446	160,901	162,446	171,775
Probate	88,723	91,241	91,034	94,054	95,020

Note: Items denoted as unavailable have not been calculated for reporting as of the date of this CAFR.

Sources: Florida Department of Revenue, Florida Retirement System, Florida Department of Education, Florida Department of Health, Florida Department of Children and Families, Florida Department of Corrections, Florida Department of Environmental Protection, U.S. Fish & Wildlife Service, Florida Department of Transportation, Florida State Courts

⁽¹⁾ The Florida Retirement System includes retirees from six major employers. (The State of Florida, State University System, Counties, School Boards, Community Colleges, and Cities & Special Districts)

⁽²⁾ Information for this agency and/or item is only reported by calendar year. Information reported in each column represents calendar year ended December 31.

Fiscal Year							
2002	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>			
26,369	27,811	30,756	34,742	Unavailable			
198,303	208,680	224,813	236,974	Unavailable			
251,984	262,354	271,337	277,583	287,375			
52,306	54,863	58,554	59,771	61,215			
205,580	212,243	218,045	226,219	Unavailable			
167,702	168,459	168,364	170,300	Unavailable			
983,511	1,042,418	1,238,517	1,286,530	1,248,359			
466,894	505,452	602,323	629,685	623,270			
26,049	28,882	31,896	32,204	35,098			
97,284	99,123	100,557	99,616	103,387			
73,553	77,316	81,974	84,901	88,576			
17,722,275	18,240,624	19,106,966	17,296,273	18,174,879			
1,272,549	1,221,884	1,471,395	1,538,965	Unavailable			
15,798,757	17,249,305	17,948,464	18,762,439	21,773,396			
5,244,493	5,127,520	6,477,928	6,829,690	7,181,742			
250,470	243,294	252,902	268,605	Unavailable			
267,229	273,744	280,754	292,398	300,010			
179,757	182,893	193,870	199,009	219,157			
499,339	489,437	489,422	485,864	509,525			
444,703	459,959	473,660	425,012	479,514			
454,696	487,413	523,072	510,513	571,858			
371,961	369,652	378,429	365,990	365,468			
186,218	184,858	178,970	162,116	164,245			
96,712	101,736	108,183	109,505	111,583			

Capital Assets by Function Last Ten Fiscal Years

SCHEDULE E-3

	Fiscal Year					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General government						
Department of Management Services:						
Buildings	72	74	77	82	211	90
Buildings	12	/4	//	02	211	90
Education						
Universities and colleges: (1)						
Total inventory of assignable square feet	29,191,433	30,284,308	31,899,448	33,749,502	35,846,672	37,185,692
Human services						
Department of Health						
Buildings	52	58	58	59	64	64
Vehicles	Unavailable	Unavailable	23,998	23,463	24,065	31,684
			- ,	-,	,	- ,
Department of Children and Families						
Buildings	547	547	548	548	551	491
<u>Criminal justice and corrections</u>						
Department of Corrections						
Correctional institutions	60	60	60	57	57	56
Work camps, forestry camps	33	37	35	37	36	36
Work release centers	31	29	30	29	26	24
Other facilities	8	5	5	5	6	5
Natural resources and environment						
Division of Recreation and Parks						
Number of state parks	145	151	151	151	153	155
Acres of state parks	455,853	511,550	523,910	513,425	555,814	570,576
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Department of Environmental Protection	1					
Acres of land (2)	2,878,139	3,002,319	3,152,857	3,341,600	3,559,115	3,836,193
Fish and Wildlife Commission						
Vehicles	Unavailable	Unavailable	838	836	1,371	1,494
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Transportation						
Department of Transportation						
Highway lane miles	38,789	39,066	39,416	39,730	40,042	40,451
Vehicles	7,266	Unavailable	6,116	6,116	5,942	5,868
Buildings	1,386	1,492	1,563	1,575	1,607	1,662
State courts						
State Courts System						
Machinery and equipment	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
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Note: Items noted as Unavailable have not determined as of the publication date.

Sources: Florida Department of Management Services, Florida Department of Education, Florida Department of Health, Florida Department of Corrections, Florida Division of Recreation and Parks, Florida Department of Transportation, Florida Department of Financial Services, Division of Risk Management, Florida State Courts System

⁽¹⁾ Universities and colleges are presented in the CAFR as discretely presented component units of the State.

⁽²⁾ Acreage information includes a cumulative total of acres *acquired* through programs such as Preservation 2000, Florida Forever, Environmentally Endangered Lands, Conservation and Recreation Lands, Land Acquisition Trust Fund, Save Our Coast Trust Fund, Farm Bill and by donations and exchanges. The Water Management Districts have acquired and hold title to lands through other programs that are not included in this schedule.

Fiscal Year							
2003	<u>2004</u>	<u>2005</u>	<u>2006</u>				
90	90	90	85				
39,665,618	40,113,683	40,494,602	41,778,515				
64 25,269	65 25,350	69 25,987	69 25,805				
507	514	515	227				
56	58	59	59				
36	35	37	40				
24	23	26	30				
7	7	6	6				
156	157	158	159				
593,459	603,953	730,573	723,852				
4,035,686	4,143,860	4,257,103	4,316,161				
1,637	1,591	1,562	1,514				
40,696	40,970	41,295	41,613				
5,679	4,872	5,709	5,841				
1,624	1,619	1,584	1,578				
4,646	4,496	4,800	7,825				

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