

A sunset scene over the ocean with palm trees in silhouette. The sun is low on the horizon, casting a golden glow across the sky and reflecting on the water. The palm trees are dark against the bright sky.

# FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2006

**ALEX SINK**

*Chief Financial Officer, State of Florida*

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### **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](http://www.fldfs.com)

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2006**

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# **INTRODUCTORY SECTION**



CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

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.

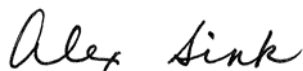
The State's strong credit rating was maintained in 2006. Bond ratings received were as follows: Moody's Investor Service (Aa1), Standard and Poor's Corporation (AAA), and Fitch, Inc. (AA+). The outlook for the State's credit rating is predicted to remain stable. Additionally, the State's benchmark debt 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](http://www.flgov.com/2006_budget_final).

## ACKNOWLEDGEMENTS

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.

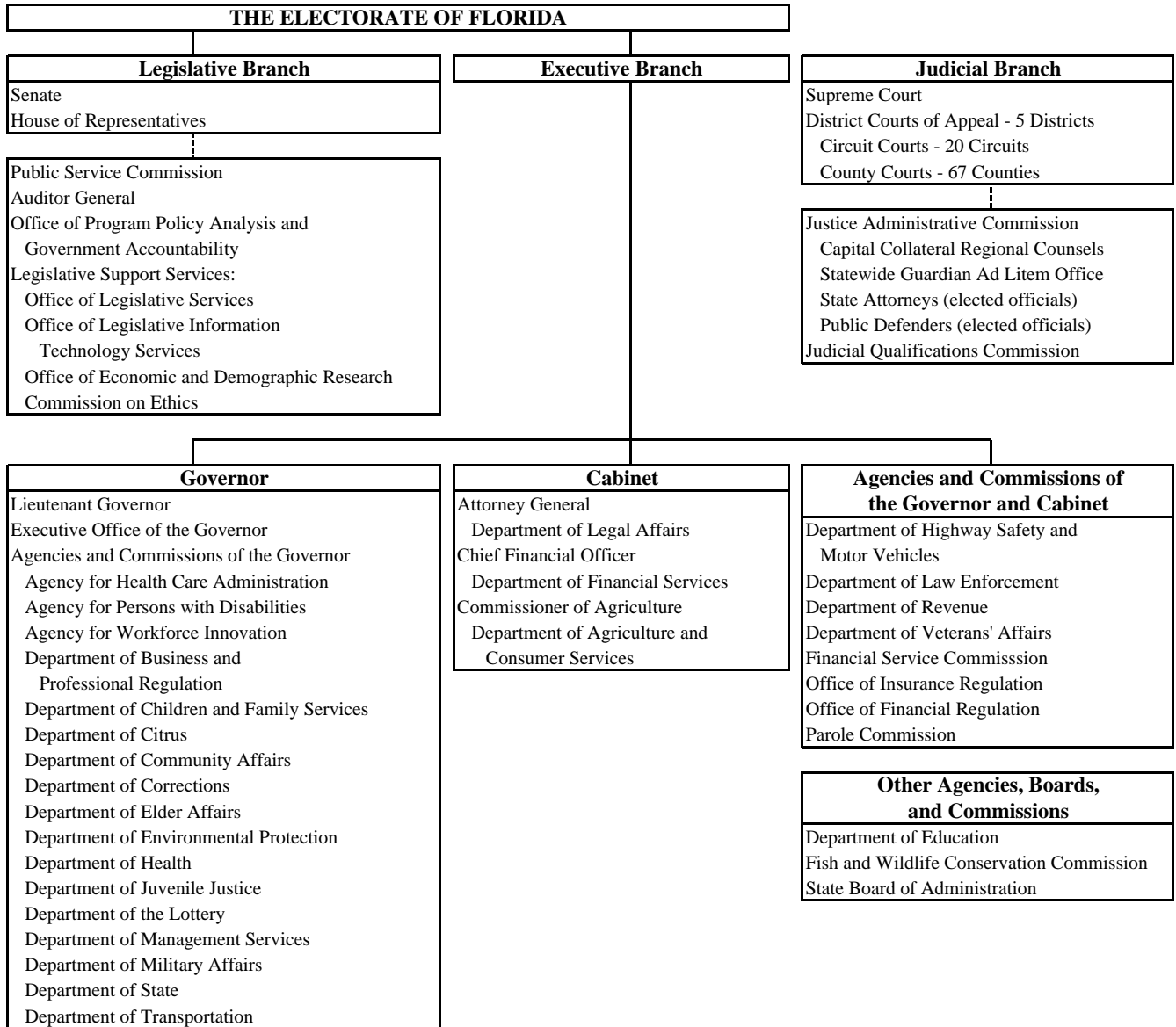
Sincerely,

A handwritten signature in cursive script that reads "Alex Sink".

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  
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.

<b>Table 1: Major Features of the Basic Financial Statements</b>				
	<b>Government-wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>• Revenues for which cash is received during or soon after the end of the year</li> <li>• Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	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)

	Governmental Activities		Business-type Activities		Total Primary Government	
	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)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,934	\$ 5,235	\$ 7,638	\$ 6,606	\$ 13,572	\$ 11,841
Operating grants and contributions	18,057	17,493	45	50	18,102	17,543
Capital grants and contributions	1,375	1,998	.....	.....	1,375	1,998
<b>Total program revenues</b>	<b>25,366</b>	<b>24,726</b>	<b>7,683</b>	<b>6,656</b>	<b>33,049</b>	<b>31,382</b>
<b>General revenues and payments</b>						
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	189	330
Miscellaneous	.....	.....	(1)	.....	(1)	.....
<b>Total general revenues and payments</b>	<b>35,491</b>	<b>32,636</b>	<b>14</b>	<b>29</b>	<b>35,505</b>	<b>32,665</b>
<b>Total revenues</b>	<b>60,857</b>	<b>57,362</b>	<b>7,697</b>	<b>6,685</b>	<b>68,554</b>	<b>64,047</b>
<b>Program expenses</b>						
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 <sup>a</sup>
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 <sup>b</sup>
Prepaid College Program	.....	.....	459	.....	459	..... <sup>c</sup>
Nonmajor enterprise funds	.....	.....	994	1,159	994	1,159
Indirect interest on long-term debt	7	20	.....	.....	7	20
<b>Total program expenses</b>	<b>57,213</b>	<b>54,508</b>	<b>9,416</b>	<b>7,821</b>	<b>66,629</b>	<b>62,329</b>
Excess (deficiency) before gain (loss) and transfers	3,644	2,854	(1,719)	(1,136)	1,925	1,718
Gain (loss) on sale of capital assets	(75)	.....	(10)	(17)	(85)	(17)
Transfers	1,321	1,250	(1,321)	(1,250)	.....	.....
<b>Change in net assets</b>	<b>4,890</b>	<b>4,104</b>	<b>(3,050)</b>	<b>(2,403)</b>	<b>1,840</b>	<b>1,701</b>
Beginning net assets	45,329	41,010	8,327	10,784	53,656	51,794
Prior period adjustments	38	215	528	(54)	566	161
<b>Ending net assets</b>	<b>\$ 50,257</b>	<b>\$ 45,329</b>	<b>\$ 5,805</b>	<b>\$ 8,327</b>	<b>\$ 56,062</b>	<b>\$ 53,656</b>

<sup>a</sup> Refer to Table 4 for more information.

<sup>b</sup> Related to hurricane expenses. Refer to Fund Analysis, Proprietary Fund, State Board of Administration.

<sup>c</sup> 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)**

State Programs	Program Expenses 2006	Less Program Revenues 2006	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
			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%
<b>Totals</b>	<b>\$ 57,213</b>	<b>\$ 25,366</b>	<b>\$31,847</b>	<b>\$29,782</b>	<b>44.3%</b>	<b>45.4%</b>

**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)**

State Programs	Program Revenues 2006	Less Program Expenses 2006	Net Program Income (Costs)		Program Expenses as a Percentage of Program Revenues	
			2006	2005	2006	2005
Transportation	\$ 703	\$ 330	\$ 373	\$ 346	46.9%	48.1%
Lottery	3,994	2,875	1,119	1,106	72.0%	69.6%
State Board of Administration	891	4,758	(3,867)	(3,024)	534.0% <sup>a</sup>	483.8%
Prepaid College Program	515	459	56	.....	89.1% <sup>b</sup>	0.0%
Nonmajor enterprise funds <sup>c</sup>	1,580	994	586	407	62.9%	74.0%
<b>Totals</b>	<b>\$ 7,683</b>	<b>\$ 9,416</b>	<b>\$ (1,733)</b>	<b>\$ (1,165)</b>	<b>122.6%</b>	<b>117.5%</b>

<sup>a</sup> Related to hurricane expenses. Refer to Fund Analysis, Proprietary Funds, State Board of Administration.

<sup>b</sup> Refer to Note 1H to the financial statements.

<sup>c</sup> 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

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

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)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS</b>				
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
<b>LIABILITIES</b>				
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
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	46,546,117	3,829,792	50,375,909	11,975,364
Restricted for:				
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

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

2006 STATE OF FLORIDA CAFR

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
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	.....	(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	<u>57,212,704</u>	<u>5,933,607</u>	<u>18,057,457</u>	<u>1,374,611</u>	<u>(31,847,029)</u>
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	<u>9,416,241</u>	<u>7,638,418</u>	<u>45,214</u>	<u>307</u>	<u>(1,732,302)</u>
Total primary government	<u>\$ 66,628,945</u>	<u>\$ 13,572,025</u>	<u>\$ 18,102,671</u>	<u>\$ 1,374,918</u>	<u>\$ (33,579,331)</u>
<b>Component units</b>					
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	<u>\$ 15,376,330</u>	<u>\$ 5,511,828</u>	<u>\$ 3,169,507</u>	<u>\$ 1,781,691</u>	<u>\$ (4,913,304)</u>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (31,847,029)	\$ (1,732,302)	\$ (33,579,331)	\$ (4,913,304)
General revenues:				
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 contributions	<u>36,737,066</u>	<u>(1,316,692)</u>	<u>35,420,374</u>	<u>5,722,104</u>
Changes in net assets				
Net assets - beginning	45,328,534	8,326,592	53,655,126	19,434,254
Adjustments to increase (decrease) beginning net assets	38,232	527,555	565,787	(3,700)
Net assets - ending	<u>\$ 50,256,803</u>	<u>\$ 5,805,153</u>	<u>\$ 56,061,956</u>	<u>\$ 20,239,354</u>

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.

2006 STATE OF FLORIDA CAFR

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

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 19,439	\$ 1,297	\$ 14,927	\$ 2,919	\$ 62,758
Pooled investments with State Treasury	11,102,470	2,926,335	990,054	1,912,627	4,080,796
Investments	161,113	.....	79	.....	875,761
Receivables, net	1,451,995	130,893	1,044,455	231,601	501,349
Due from other funds	182,619	35,289	78,094	194,191	269,984
Due from component units/primary	3,038	1,512	.....	.....	.....
Inventories	19,040	1,153	33,609	14,139	8,419
Other	958	.....	.....	776	693
Total current assets	12,940,672	3,096,479	2,161,218	2,356,253	5,799,760
<u>Noncurrent assets</u>					
Long-term investments	.....	.....	.....	.....	2,295,711
Advances to other funds	2,712	.....	326	187,396	.....
Other loans and notes receivable, net	65,974	718,818	21,684	594,309	622,900
Other	.....	.....	.....	7,112	9,971
Total noncurrent assets	68,686	718,818	22,010	788,817	2,928,582
Total assets	\$ 13,009,358	\$ 3,815,297	\$ 2,183,228	\$ 3,145,070	\$ 8,728,342
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 887,376	\$ 41,179	\$ 969,297	\$ 402,104	\$ 409,642
Due to other funds	197,614	35,680	36,179	50,313	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	147,103	14,011	6,198
Obligations under security lending agreements	2,598,104	505,703	30,568	278,852	1,147,558
Obligations under reverse repurchase agreements	1,205,419	234,626	14,182	129,376	272,992
Total current liabilities	4,958,795	832,681	1,207,385	1,010,085	2,152,635
<u>Noncurrent liabilities</u>					
Advances from other funds	600	3,345	.....	.....	358,885
Deposits	.....	.....	32,735	175,488	3,734
Deferred revenues	.....	281	18,642	337,387	15,693
Total noncurrent liabilities	600	3,626	51,377	512,875	378,312
Total liabilities	4,959,395	836,307	1,258,762	1,522,960	2,530,947
<u>Fund balances</u>					
Reserved for encumbrances	51,988	193	7,241	1,007,585	199,773
Reserved for inventories	19,040	1,153	33,609	14,139	8,418
Reserved for advances	2,712	.....	326	187,396	.....
Reserved for long-term receivables	65,974	718,537	.....	249,246	619,166
Reserved for capital outlay	243,947	1,120,085	19,111	.....	1,154,831
Reserved for debt service	.....	.....	.....	.....	75,671
Reserved for permanent trust	.....	.....	.....	.....	2,023,738
Reserved for Budget Stabilization Fund	1,092,081	.....	.....	.....	.....
Other reserved	2,031	73,292	40,274	7,112	37,410
Unreserved, reported in:					
General fund	6,572,190	.....	.....	.....	.....
Special revenue funds	.....	1,065,730	823,905	156,632	2,046,960
Capital projects funds	.....	.....	.....	.....	28,779
Permanent fund	.....	.....	.....	.....	2,649
Total fund balances	8,049,963	2,978,990	924,466	1,622,110	6,197,395
Total liabilities and fund balances	\$ 13,009,358	\$ 3,815,297	\$ 2,183,228	\$ 3,145,070	\$ 8,728,342

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

Totals  
6/30/06

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\$ 101,340
21,012,282
1,036,953
3,360,293
760,177
4,550
76,360
2,427
<hr/> 26,354,382
2,295,711
190,434
2,023,685
17,083
<hr/> 4,526,913
<u><u>\$ 30,881,295</u></u>
\$ 2,709,598
565,107
41,011
20,063
80,518
143,313
184,591
4,560,785
1,856,595
<hr/> 10,161,581
362,830
211,957
372,003
<hr/> 946,790
<hr/> 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
<hr/> 19,772,924
<u><u>\$ 30,881,295</u></u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS  
JUNE 30, 2006  
(in thousands)**

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	14,070,071	
Nondepreciable infrastructure	26,606,632	
Buildings, equipment and other depreciable assets	5,273,095	
Accumulated depreciation	(2,688,065)	
Construction work in progress	<u>6,514,534</u>	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	(801,022)	
Installment purchases/capital leases	(138,214)	
Claims payable	(2,203,939)	
Due to other governments	(1,598)	
Bonds payable	(16,799,100)	
Other	<u>(85,538)</u>	(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.		<u>220,173</u>
Net assets of governmental activities		<u>\$ 50,256,803</u>

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)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 31,209,623	\$ 321,292	\$ 347,416	\$ 2,270,245	\$ 1,168,667
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	939,732
Grants and donations	15,674	153,978	12,398,317	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	5,947	.....	17	4,838	7,079
<b>Total revenues</b>	<b>32,233,584</b>	<b>726,359</b>	<b>13,697,919</b>	<b>4,458,296</b>	<b>9,506,715</b>
<b>EXPENDITURES</b>					
Current:					
General government	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	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:					
Principal retirement	5,738	.....	1,773	.....	728,820
Interest and fiscal charges	522	.....	4	2,099	833,368
<b>Total expenditures</b>	<b>26,984,180</b>	<b>1,391,221</b>	<b>14,201,115</b>	<b>5,353,174</b>	<b>12,415,067</b>
Excess (deficiency) of revenues over expenditures	5,249,404	(664,862)	(503,196)	(894,878)	(2,908,352)
<b>OTHER FINANCING SOURCES (USES)</b>					
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)
<b>Total other financing sources (uses)</b>	<b>(4,232,299)</b>	<b>1,357,646</b>	<b>438,362</b>	<b>1,366,983</b>	<b>3,587,323</b>
<b>Net change in fund balances</b>	<b>1,017,105</b>	<b>692,784</b>	<b>(64,834)</b>	<b>472,105</b>	<b>678,971</b>
Fund balances - beginning	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
<b>Fund balances - ending</b>	<b>\$ 8,049,963</b>	<b>\$ 2,978,990</b>	<b>\$ 924,466</b>	<b>\$ 1,622,110</b>	<b>\$ 6,197,395</b>

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
<u>60,622,873</u>
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
<u>835,993</u>
<u>60,344,757</u>
<u>278,116</u>
1,152,268
426,107
10,901,916
(9,559,920)
23,751
<u>(426,107)</u>
<u>2,518,015</u>
2,796,131
16,909,945
66,848
<u>16,976,793</u>
<u>\$ 19,772,924</u>

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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, the net revenue (expense) of the internal service funds is reported with governmental activities. 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 depreciation in the current period.

Capital outlay expenditures	2,700,496	
Depreciation expense	<u>(276,672)</u>	2,423,824

In the Statement of Activities, the gain or (loss) on the sale of assets is reported whereas in the governmental funds only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the assets sold. (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 the governmental funds until available, i.e., deferred revenues. 108,267

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in compensated absences	(75,221)	
Decrease in accrued interest	361	
Decrease in claims payable	75,285	
Increase in arbitrage liability	(63)	
Decrease in due to other governments	15,830	
Increase in other liabilities	<u>(12,681)</u>	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. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond proceeds	(1,152,268)	
Refunding bond proceeds	(426,107)	
Financing agreement proceeds	(23,751)	
Repayment of bonds	711,241	
Repayment of capital leases/installment purchase contracts	25,090	
Payment to refunded bond escrow agent	426,107	
Amortization of bond premium	74,224	
Amortization of deferred amount on refunding	(10,786)	
Accrued interest payable at refunding	(7,983)	
Non-defeased bond escrow proceeds	<u>(4,122)</u>	<u>(388,355)</u>

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.

2006 STATE OF FLORIDA CAFR

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

	Transportation	Lottery	State Board of Administration	Prepaid College Program
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 17,087	\$ 386	\$ 13,826	\$ 1,426
Pooled investments with State Treasury	535,392	201,245	.....	.....
Investments	.....	.....	794,127	2,803,900
Receivables, net	4,003	29,305	1,396,905	336,503
Due from other funds	.....	.....	4,488	.....
Due from component units/primary	.....	.....	.....	.....
Inventories	.....	1,437	.....	.....
Other	143	2,552	27,045	.....
Total current assets	<u>556,625</u>	<u>234,925</u>	<u>2,236,391</u>	<u>3,141,829</u>
<u>Noncurrent assets</u>				
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
<u>Capital assets</u>				
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	<u>6,098,138</u>	<u>2,879,145</u>	<u>69,968</u>	<u>6,416,458</u>
Total assets	<u>6,654,763</u>	<u>3,114,070</u>	<u>2,306,359</u>	<u>9,558,287</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
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	.....	.....	.....
Obligations under security lending agreements	118,275	1,462,767	132,791	2,796,405
Obligations under reverse repurchase agreements	54,875	17,448	.....	.....
Certificates of participation payable	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	347,751
Total current liabilities	<u>367,378</u>	<u>1,897,565</u>	<u>2,310,833</u>	<u>3,248,058</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	183,196	.....	.....	.....
Accrued prize liability	.....	1,113,806	.....	.....
Bonds 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	.....	.....	.....	5,726,232
Total noncurrent liabilities	<u>2,111,938</u>	<u>1,116,789</u>	<u>1,409,927</u>	<u>5,726,409</u>
Total liabilities	<u>2,479,316</u>	<u>3,014,354</u>	<u>3,720,760</u>	<u>8,974,467</u>
<b>NET ASSETS</b>				
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	.....	.....	.....
Unrestricted	147,653	.....	(1,420,471)	.....
Total net assets	<u>\$ 4,175,447</u>	<u>\$ 99,716</u>	<u>\$ (1,414,401)</u>	<u>\$ 583,820</u>

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

2006 STATE OF FLORIDA CAFR

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Nonmajor Enterprise Funds	Totals 6/30/06	Internal Service Funds
\$ 2,806	\$ 35,531	\$ 12,680
2,578,771	3,315,408	199,942
.....	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	.....
<u>2,920,869</u>	<u>9,090,639</u>	<u>290,384</u>
.....	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	.....
<u>5,938</u>	<u>15,469,647</u>	<u>659,118</u>
<u>2,926,807</u>	<u>24,560,286</u>	<u>949,502</u>
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
.....	66,840	.....
16,764	18,035	3,887
33,936	4,544,174	31,385
15,745	88,068	14,562
.....	.....	14,240
.....	347,751	.....
<u>120,855</u>	<u>7,944,689</u>	<u>119,668</u>
.....	183,196	2,803
.....	1,113,806	.....
.....	3,336,107	325,576
.....	.....	264,988
.....	.....	4,934
433,913	433,913	.....
11,468	17,190	11,360
.....	5,726,232	.....
<u>445,381</u>	<u>10,810,444</u>	<u>609,661</u>
<u>566,236</u>	<u>18,755,133</u>	<u>729,329</u>
5,937	3,829,792	158,621
2,185,249	2,185,249	.....
.....	98,472	.....
.....	583,816	.....
.....	211,257	.....
169,385	(1,103,433)	61,552
<u>\$ 2,360,571</u>	<u>\$ 5,805,153</u>	<u>\$ 220,173</u>

2006 STATE OF FLORIDA CAFR

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

	Transportation	Lottery	State Board of Administration	Prepaid College Program
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 5,270	\$ 3,935,724	\$ 740,720	\$ 585,775
Fees	678,108	.....	110	5,053
Sales - state	.....	.....	17,688	.....
Rents and royalties - nonstate	10,171	367	2	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	1,127	224	.....	.....
Total operating revenues	<u>694,676</u>	<u>3,936,315</u>	<u>758,520</u>	<u>590,828</u>
<b>OPERATING EXPENSES</b>				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	2,340,859	.....	.....
Commissions on lottery sales	.....	224,570	.....	.....
Contractual services	212,340	111,971	4,719,715	328,818
Personal services	29,084	24,873	14,720	756
Depreciation	16,565	605	2,163	6
Materials and supplies	5,123	2,157	656	36
Repairs and maintenance	.....	1,682	886	1
Basic services	.....	4,890	2,249	116
Interest and fiscal charges	1	.....	312	38
Bad debt	.....	219	.....	.....
Total operating expenses	<u>263,113</u>	<u>2,711,826</u>	<u>4,740,701</u>	<u>329,771</u>
Operating income (loss)	<u>431,563</u>	<u>1,224,489</u>	<u>(3,982,181)</u>	<u>261,057</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	3,800	.....	.....	13,090
Investment earnings	8,549	57,473	122,044	(88,272)
Interest and fiscal charges	(66,853)	(162,679)	(17,455)	(114,642)
Property disposition gain (loss)	(10,372)	(23)	.....	.....
Grant expense and client benefits	.....	.....	.....	(13,187)
Other	.....	.....	.....	.....
Total nonoperating revenues (expenses)	<u>(64,876)</u>	<u>(105,229)</u>	<u>104,589</u>	<u>(203,011)</u>
Income (loss) before transfers and contributions	366,687	1,119,260	(3,877,592)	58,046
Operating transfers in	23,751	6	19,091	23
Operating transfers out	(39,216)	(1,225,068)	(10,001)	(1,804)
Capital contributions	307	.....	.....	.....
Change in net assets	<u>351,529</u>	<u>(105,802)</u>	<u>(3,868,502)</u>	<u>56,265</u>
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	<u>3,823,918</u>	<u>205,518</u>	<u>2,454,101</u>	<u>527,555</u>
Total net assets - ending	<u>\$ 4,175,447</u>	<u>\$ 99,716</u>	<u>\$ (1,414,401)</u>	<u>\$ 583,820</u>

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

Nonmajor Enterprise Funds	Totals 6/30/06	Internal Service Funds
\$ 70,509	\$ 5,337,998	\$ 49,181
1,379,086	2,062,357	.....
89	17,777	270,985
.....	10,540	492
57	57	85,685
11,791	13,142	1,582
<u>1,461,532</u>	<u>7,441,871</u>	<u>407,925</u>
806,176	806,176	.....
.....	2,340,859	.....
.....	224,570	.....
28,958	5,401,802	190,496
124,723	194,156	97,373
1,845	21,184	21,585
4,955	12,927	19,294
547	3,116	14,365
25,732	32,987	12,223
303	654	275
.....	219	.....
<u>993,239</u>	<u>9,038,650</u>	<u>355,611</u>
<u>468,293</u>	<u>(1,596,779)</u>	<u>52,314</u>
28,324	45,214	.....
100,116	199,910	233
(155)	(361,784)	(21,703)
54	(10,341)	(538)
(788)	(13,975)	.....
(808)	(808)	.....
<u>126,743</u>	<u>(141,784)</u>	<u>(22,008)</u>
595,036	(1,738,563)	30,306
10,589	53,460	4,793
(88,109)	(1,364,198)	(13,549)
.....	307	609
<u>517,516</u>	<u>(3,048,994)</u>	<u>22,159</u>
1,843,055	8,326,592	198,014
.....	527,555	.....
<u>1,843,055</u>	<u>8,854,147</u>	<u>198,014</u>
<u>\$ 2,360,571</u>	<u>\$ 5,805,153</u>	<u>\$ 220,173</u>

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

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

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



2006 STATE OF FLORIDA CAFR

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Prepaid College Program	Nonmajor Enterprise Funds	Totals 6/30/06	Internal Service Funds
\$ 478,150	\$1,495,566	\$ 7,377,207	\$ 404,179
(165,672)	(62,327)	(819,793)	(242,374)
(745)	(118,844)	(161,224)	(92,157)
.....	(840)	(840)	.....
.....	.....	(2,321,726)	.....
.....	(188)	(3,484,087)	.....
.....	(804,709)	(804,709)	.....
<u>311,733</u>	<u>508,658</u>	<u>(215,172)</u>	<u>69,648</u>
(1,781)	(69,548)	(1,376,739)	78,961
.....	28,249	28,249	.....
.....	.....	13,000	.....
<u>481</u>	<u>5</u>	<u>486</u>	<u>.....</u>
<u>(1,300)</u>	<u>(41,294)</u>	<u>(1,335,004)</u>	<u>78,961</u>
.....	.....	6	.....
.....	.....	(63,610)	(13,315)
.....	.....	.....	(386)
.....	.....	(101,379)	(16,869)
.....	(608)	(472,520)	(3,737)
.....	(608)	(637,503)	(34,307)
.....	6,384	(113,811)	36,820
20,050,553	.....	105,776,640	112
.....	.....	.....	.....
.....	.....	(244,516)	.....
87,093	102,733	322,820	(23)
(20,447,993)	.....	(103,302,531)	.....
<u>(310,347)</u>	<u>109,117</u>	<u>2,438,602</u>	<u>36,909</u>
86	575,873	250,923	151,211
.....	2,005,704	3,245,385	61,411
1,340	.....	1,340	.....
<u>1,340</u>	<u>2,005,704</u>	<u>3,246,725</u>	<u>61,411</u>
<u>\$ 1,426</u>	<u>\$2,581,577</u>	<u>\$ 3,497,648</u>	<u>\$ 212,622</u>

**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**

	<u>Transportation</u>	<u>Lottery</u>	<u>State Board of Administration</u>
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	(8,108)	21,310	695
(Increase) decrease in due from other funds	.....	.....	121
Increase (decrease) in allowance for uncollectibles	.....	218	.....
(Increase) decrease in inventories	27	(431)	.....
Increase (decrease) in accounts payable	989	(1,722)	1,208,904
Increase (decrease) in compensated absences	.....	304	213
Increase (decrease) in due to other funds	27,983	(7)	(5)
Increase (decrease) in loan program principal	.....	.....	.....
Increase (decrease) in deferred revenues	399	.....	.....
Increase (decrease) in prize liability	.....	20,343	.....
Net cash provided (used) by operating activities	<u>\$ 469,418</u>	<u>\$ 1,265,109</u>	<u>\$ (2,770,090)</u>

**Noncash investing, capital, and financing activities**

Capital appreciation	\$ .....	\$ (157,508)	\$ (201)
Contribution of fixed assets	.....	.....	.....

2006 STATE OF FLORIDA CAFR

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Prepaid College Program	Nonmajor Enterprise Funds	Totals 6/30/06	Internal 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	.....
<u>\$ 311,733</u>	<u>\$ 508,658</u>	<u>\$ (215,172)</u>	<u>\$ 69,648</u>

\$ 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.

2006 STATE OF FLORIDA CAFR

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

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Investment Trust Fund	Totals 6/30/06
<b>ASSETS</b>					
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
<u>Investments</u>					
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	4,683,925	1,094,527	13,630,371	19,409,193
Repurchase agreements	55	567,929	4,078	415,610	987,672
Bonds and notes	11,320	9,468,069	226,927	2,704,511	12,410,827
International bonds and notes	566	1,318,493	2,104	.....	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	.....	3,356,142	.....	.....	3,356,142
Equity group trust	.....	8,886	.....	.....	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
<u>Receivables</u>					
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	.....	198,801
Interest receivable	3,249	298,093	33,345	54,784	389,471
Dividends receivable	48	96,808	37	.....	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	.....	.....	.....	238,126
Capital assets	882	3,539	.....	.....	4,421
Accumulated depreciation	(317)	(2,935)	.....	.....	(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
<b>LIABILITIES</b>					
Accounts payable	378,551	126,470	426,218	991	932,230
DROP	.....	2,186,674	.....	.....	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	.....	.....	4,648,639	.....	4,648,639
Obligations under security lending agreements	119,791	16,927,473	962,817	2,815,657	20,825,738
Obligations under reverse repurchase agreements	49,255	15,192	338,625	.....	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
<b>NET ASSETS</b>					
Held in trust for pension benefits and other purposes	\$ 1,103,174	\$ 120,940,319	\$ .....	\$ 21,034,275	\$ 143,077,768

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

2006 STATE OF FLORIDA CAFR

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

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

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

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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.

2006 STATE OF FLORIDA CAFR

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

	Florida Housing Finance Corp	South Florida Water Management District	University of Florida	Florida State University
<b>ASSETS</b>				
<u>Current assets</u>				
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	284,368	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	4,700	48,519	2,296
Total current assets	<u>1,273,843</u>	<u>341,134</u>	<u>1,765,051</u>	<u>739,233</u>
<u>Noncurrent assets</u>				
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	<u>3,675,866</u>	<u>55,350</u>	<u>1,668,668</u>	<u>667,435</u>
Capital assets:				
Land and other nondepreciable assets	.....	2,194,278	85,605	130,015
Buildings, equipment, and other depreciable assets	3,323	404,332	3,827,425	1,593,556
Accumulated depreciation	(2,873)	(150,369)	(1,917,726)	(543,443)
Construction work in progress	.....	210,501	127,571	123,364
Total capital assets	<u>450</u>	<u>2,658,742</u>	<u>2,122,875</u>	<u>1,303,492</u>
Total noncurrent assets	<u>3,676,316</u>	<u>2,714,092</u>	<u>3,791,543</u>	<u>1,970,927</u>
Total assets	<u>4,950,159</u>	<u>3,055,226</u>	<u>5,556,594</u>	<u>2,710,160</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
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	26,699	9,339	4,354
Total current liabilities	<u>207,324</u>	<u>87,452</u>	<u>618,497</u>	<u>220,591</u>
<u>Noncurrent liabilities</u>				
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	.....	11,681	149,973	40,492
Other	107,002	95,559	93,445	27,362
Total noncurrent liabilities	<u>3,372,227</u>	<u>172,136</u>	<u>965,613</u>	<u>409,212</u>
Total liabilities	<u>3,579,551</u>	<u>259,588</u>	<u>1,584,110</u>	<u>629,803</u>
<b>NET ASSETS</b>				
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	<u>\$ 1,370,608</u>	<u>\$ 2,795,638</u>	<u>\$ 3,972,484</u>	<u>\$ 2,080,357</u>

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

2006 STATE OF FLORIDA CAFR

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	.....	735,246	1,393,993
267	.....	24,442	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	.....	931,413	3,423,552
.....	2,031,236	1,202,744	4,126,755
5,781	.....	64,693	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	.....	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
.....	.....	63,460	63,460
80,939	762,576	252,208	1,286,594
1,185	69,176	148,700	326,326
313,649	2,546,234	1,497,557	5,491,304
.....	.....	970	970
.....	.....	.....	24,827
99,596	.....	666,896	4,971,407
241,093	.....	298,084	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

2006 STATE OF FLORIDA CAFR

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

Functions/Programs	Expenses	Program Revenues			Florida Housing Finance Corp
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
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	.....
<b>Total component units</b>	<b>\$ 15,376,330</b>	<b>\$ 5,511,828</b>	<b>\$ 3,169,507</b>	<b>\$ 1,781,691</b>	<b>440,320</b>

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 Items	.....
Miscellaneous	18,309
<b>Total general revenues</b>	<b>18,309</b>
Change in net assets	458,629
Net assets - beginning	911,979
Adjustments to increase (decrease) beginning net assets	.....
<b>Net assets - ending</b>	<b>\$ 1,370,608</b>

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

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Net (Expense) Revenue and Changes in Net Assets						
South Florida Water Management 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)
.....	.....	.....	(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)	.....	.....	(2,072)	(7,408)
.....	596,315	331,161	319,341	.....	1,923,142	3,169,959
.....	.....	.....	234	.....	7,473	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	(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
  - *Public Education* (special revenue fund)
  - *Tax Collection and Administration* (special revenue fund)
  - *Employment Services* (special revenue fund)
  - *Lawton Chiles Endowment Fund* (permanent fund)
- Business-type
  - *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):

	Adjustments to Beginning Fund Balances Increase (Decrease)
Tax Collection and Administration	\$ (349,461)
General Fund	181,739
Environment, Recreation and Conservation	34,640
Transportation	132,385
Consumer Protection and Safety (Nonmajor)	697
Total	\$ .....

## 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 through 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

Currency	Bank Statement Balance (in U.S. \$)		
	FRS	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	<u>26,476,514</u>
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	<u>5,091,589</u>
Total investments	31,568,103
Cash on hand	300
Cash on deposit	928,233
Total State Treasury holdings	<u>32,496,636</u>
Adjustments:	
Outstanding warrants	(756,720)
Unsettled securities liability	(1,346,906)
Reconciled balance, June 30, 2006	<u>\$ 30,393,010</u>
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	<u>30,246,357</u>
Restricted pooled investments with State Treasury (Business-type activities)	146,653
Total pooled investments with State Treasury for primary government	<u>\$ 30,393,010</u>

**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**

Investment type	Fair value				Total
	FRS Pension Trust Fund	Other funds		Total	
		Managed by SBA	Not managed by SBA		
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):

	Governmental activities	Business-type activities	Fiduciary 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	<u>\$ 10,687,822</u>
Total other investments for all types - carrying value	<u>\$ 10,644,379</u>
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	<u>\$ 10,644,379</u>

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	International bonds & notes	Bankers' Acceptance	Total*	S&P rating**
\$ .....	\$ 7,443,424	\$ 2,319,918	\$ 11,918	\$ .....	\$ 9,775,260	AAA
.....	.....	595,119	.....	.....	595,119	AA
.....	.....	1,042,176	47,133	.....	1,089,309	A
.....	.....	957,848	39,495	.....	997,343	BBB
.....	.....	12,392	.....	.....	12,392	BB
4,691,198	1,144,224	10,911	.....	518,003	6,364,336	A-1
<u>\$ 4,691,198</u>	<u>\$ 8,587,648</u>	<u>\$ 4,938,364</u>	<u>\$ 98,546</u>	<u>\$ 518,003</u>	<u>18,833,759</u>	
			Repurchase agreements		778,635	Not rated
			U.S. guaranteed obligations		3,800,027	Not rated
			Mutual funds		757,547	Not rated
					<u>\$ 24,169,968</u>	

\* 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.

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

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.

**FRS Pension Trust Fund** – 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).

*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**

Certificates of deposit	Commercial paper & liquidity notes	Money market funds	Federal agencies	Domestic bonds & notes	International bonds & notes	Total***	S&P rating**	Moody's rating**
\$ 66,311	\$ .....	\$ 25,519	\$ 8,821,646	\$ 5,266,537	\$ 794,936	\$ 14,974,949	AAA	
730,843	.....	.....	9,632	3,055,216	400,178	4,195,869	AA	
112,302	.....	.....	.....	4,152,703	680,351	4,945,356	A	
.....	.....	.....	.....	894,106	142,751	1,036,857	BBB	
.....	.....	.....	.....	406,951	31,949	438,900	BB	
.....	.....	.....	.....	712,891	82,977	795,868	B	
.....	.....	.....	.....	52,514	.....	52,514	CCC	
.....	.....	.....	.....	627	.....	627	C	
.....	.....	.....	.....	6,429	.....	6,429	D	
.....	.....	102,017	280	675,976	83,125	861,398		Aaa
107,017	.....	.....	.....	42,976	22,000	171,993		Aa
.....	.....	.....	.....	51,415	91,168	142,583		A
.....	.....	.....	.....	356	.....	356		Baa
.....	.....	.....	.....	4,810	.....	4,810		B
8,864	7,675,242	.....	.....	.....	.....	7,684,106	A-1*	
.....	75,000	.....	.....	.....	.....	75,000	A-2*	
.....	566,715	.....	.....	.....	.....	566,715		P-1*
450,000	.....	379	141,217	397,072	7,985	996,653	Not rated	Not rated
<b>\$ 1,475,337</b>	<b>\$ 8,316,957</b>	<b>\$ 127,915</b>	<b>\$ 8,972,775</b>	<b>\$ 15,720,579</b>	<b>\$ 2,337,420</b>	<b>36,950,983</b>		
				Repurchase agreements		5,290,311	Not rated	Not rated
				U.S. guaranteed obligations		3,767,558	Not rated	Not rated
				Domestic stocks		60,022,115	Not rated	Not rated
				Domestic equity group trust		8,886	Not rated	Not rated
				Domestic equity commingled funds		1,060,693	Not rated	Not rated
				International stocks		12,333,060	Not rated	Not rated
				International equity commingled funds		8,758,542	Not rated	Not rated
				Limited partnerships		3,356,142	Not rated	Not rated
				Option contracts		5,679	Not rated	Not rated
				Swaps contracts		(33,987)	Not rated	Not rated
				Real estate investments		5,205,999	Not rated	Not rated
				<b>Total investments</b>		<b>\$ 136,725,981</b>		

\* 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 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**

Certificates of deposit	Commercial paper & liquidity notes	Money market funds	Federal agencies	Domestic bonds & notes	International bonds & notes	Total***	S&P rating**	Moody's 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
<u>\$ 1,574,977</u>	<u>\$ 15,751,784</u>	<u>\$ 428,168</u>	<u>\$ 4,001,497</u>	<u>\$ 6,927,996</u>	<u>\$ 418,372</u>	<u>29,102,794</u>		
				Repurchase agreements		1,701,922	Not rated	Not rated
				Security lending collateral pool		3,112,463		
				U.S. guaranteed obligations		7,712,483	Not rated	Not rated
				Domestic bond & notes mutual fund		513,463	Not rated	Not rated
				Domestic stocks		1,977,029	Not rated	Not rated
				Domestic equity commingled funds		1,133,698	Not rated	Not rated
				International stocks		312,362	Not rated	Not rated
				International equity commingled funds		409,626	Not rated	Not rated
				Total investments		<u>\$ 45,975,840</u>		

\* 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	Bonds & 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
	<u>\$ 765,726</u>	<u>\$ 1,666,391</u>	<u>\$ 432,165</u>	<u>\$ 539,446</u>	<u>\$ 3,403,728</u>	

(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) 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.

**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**

	FRS Pension	
	Trust Fund	Other funds
Repurchase agreements	\$ 50,388	\$ .....
<u>Invested security lending collateral:</u>		
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	<u>\$ 10,305,612</u>	<u>\$ 2,251,740</u>

*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**

Investment type	Fair value	Effective weighted 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	<u>\$ 24,169,968</u> **	

\* 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.

***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**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (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**	(19,675)	0.37	.....	NA
Total debt investments	<u>\$ 21,868,128</u>		<u>\$ 24,126,728</u>	

\* 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.

Local Government Surplus Funds Investment Pool – 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 type	Total fair value	Investment maturities (in years)						
		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	.....	.....	.....
<b>Total debt investments</b>	<b>\$ 4,745,607</b>	<b>\$ 1,687,225</b>	<b>\$ 1,330,765</b>	<b>\$ 1,159,624</b>	<b>\$ 466,418</b>	<b>\$ 52,031</b>	<b>\$ 29,061</b>	<b>\$ 20,483</b>

\* 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**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (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	<u>\$ 5,709,473</u>		<u>\$ 31,688,046</u>	

\* 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**

Component unit/ Investment type	Total fair value	Investment maturities (in years)			
		Less than or equal to 1	> 1 to 5	> 6 to 10	> 10
Florida Housing Finance Corporation					
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**

Currency	FRS Pension Fund				LCEF
	Investment type			Total	Investment type
	Debt	Swap Contract	Equity		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 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 monthly. 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**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	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)
<b>Receivables, net</b>	<b>\$ 1,451,995</b>	<b>\$ 130,893</b>	<b>\$ 1,044,455</b>	<b>\$ 231,601</b>	<b>\$ 501,349</b>
Loans & notes receivable					
from other governments	\$ .....	\$ 634,889	\$ .....	\$ 597,667	\$ 614,520
Other loans & notes receivable	3	688	179,188	717	4,646
Advances to other governments	6,150	7,576	3,042	.....	3,734
Advances to component units	59,821	75,665	.....	.....	.....
Long-term interest receivable	.....	.....	.....	1,185	.....
Allowance for uncollectibles	.....	.....	(160,546)	(5,260)	.....
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 65,974</b>	<b>\$ 718,818</b>	<b>\$ 21,684</b>	<b>\$ 594,309</b>	<b>\$ 622,900</b>

(Continued below)

	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
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
Allowance for uncollectibles	(217,488)	.....	.....	(217,488)
<b>Receivables, net</b>	<b>\$ 3,360,293</b>	<b>\$ 10,144</b>	<b>\$ 90,339</b>	<b>\$ 3,460,776</b>
Loans & notes receivable				
from other governments	\$ 1,847,076	\$ .....	\$ .....	\$ 1,847,076
Other loans & notes receivable	185,242	.....	.....	185,242
Advances to other governments	20,502	.....	.....	20,502
Advances to component units	135,486	.....	.....	135,486
Long-term interest receivable	1,185	.....	.....	1,185
Allowance for uncollectibles	(165,806)	.....	.....	(165,806)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,023,685</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 2,023,685</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor Enterprise 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)
<b>Receivables, net</b>	<b>\$ 4,003</b>	<b>\$ 29,305</b>	<b>\$ 1,396,905</b>	<b>\$ 336,503</b>	<b>\$ 335,056</b>

(Continued below)

	Total Enterprise Funds	Government-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)
<b>Receivables, net</b>	<b>\$ 2,101,772</b>	<b>\$ 4,399</b>	<b>\$ 2,106,171</b>

**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)
<b>Receivables, net</b>	<b>\$ 1,479,855</b>
Other loans & notes receivable	\$ 3,026,737
Long-term interest receivable	5
Allowance for uncollectibles	(141,835)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,884,907</b>

“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	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental 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
<b>Accounts payable and other liabilities</b>	<b>\$ 887,376</b>	<b>\$ 41,179</b>	<b>\$ 969,297</b>	<b>\$ 402,104</b>	<b>\$ 409,642</b>

(Continued below)

	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling 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
<b>Accounts payable and other liabilities</b>	<b>\$ 2,709,598</b>	<b>\$ 34,313</b>	<b>\$ 461,289</b>	<b>\$ 3,205,200</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor Enterprise 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
<b>Accounts payable and other liabilities</b>	<b>\$ 36,993</b>	<b>\$ 18,160</b>	<b>\$ 2,177,008</b>	<b>\$ 103,861</b>	<b>\$ 37,424</b>

(Continued below)

	Total Enterprise Funds	Government-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
<b>Accounts payable and other liabilities</b>	<b>\$ 2,373,446</b>	<b>\$ 53</b>	<b>\$ 2,373,499</b>

**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
<b>Accounts payable and other liabilities</b>	<b>\$</b>	<b><u>3,282,176</u></b>

**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):

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental 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
<b>Total</b>	<b>\$ 31,209,623</b>	<b>\$ 321,292</b>	<b>\$ 347,416</b>	<b>\$ 2,270,245</b>	<b>\$ 1,168,667</b>	<b>\$ 35,317,243</b>

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):

	Beverage and Tobacco Taxes
Governmental fund statements	\$ 1,102,543
Government-wide accruals	(135)
Government-wide statements	<u>\$ 1,102,408</u>

**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.

<b>Capital Asset Category</b>	<b>Financial Statement Capitalizing Threshold</b>	<b>Estimated Useful Life (in Years)</b>
<b>Land and other nondepreciable assets</b>	Capitalize all	Not depreciable
<b>Nondepreciable infrastructure</b>	Capitalize all	Not depreciable
<b>Construction work in progress</b>	\$100,000 when work is completed	Not depreciable
<b>Buildings, equipment, and other depreciable assets</b>		
Buildings and building improvements	\$100,000	5 - 50
Infrastructure and infrastructure improvements (depreciable)	\$100,000	3 - 50
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
<b>Total depreciation expense (governmental activities)</b>	<b>\$</b>	<b>298,258</b>

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

**GOVERNMENTAL ACTIVITIES**

	Balance 7/1/2005	Adjustments	Increases	Decreases	Balance 6/30/2006
<b>Capital assets, not being depreciated:</b>					
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
<b>Total capital assets, not being depreciated</b>	<b>44,905,129</b>	<b>34,039</b>	<b>2,364,739</b>	<b>39,310</b>	<b>47,264,597</b>
<b>Capital assets, being depreciated:</b>					
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
<b>Total capital assets, being depreciated</b>	<b>5,954,209</b>	<b>99,977</b>	<b>378,180</b>	<b>284,263</b>	<b>6,148,103</b>
<b>Less accumulated depreciation for:</b>					
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
<b>Total accumulated depreciation</b>	<b>2,847,020</b>	<b>19,521</b>	<b>298,258</b>	<b>187,484</b>	<b>2,977,315</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,107,189</b>	<b>80,456</b>	<b>79,922</b>	<b>96,779</b>	<b>3,170,788</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 48,012,318</b>	<b>\$ 114,495</b>	<b>\$ 2,444,661</b>	<b>\$ 136,089</b>	<b>\$ 50,435,385</b>

**BUSINESS-TYPE ACTIVITIES**

	Balance 7/1/2005	Adjustments	Increases	Decreases	Balance 6/30/2006
<b>Capital assets, not being depreciated:</b>					
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
<b>Total capital assets, not being depreciated</b>	<b>5,230,101</b>	<b>(1,401)</b>	<b>479,597</b>	<b>23</b>	<b>5,708,274</b>
<b>Capital assets, being depreciated:</b>					
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
<b>Total capital assets, being depreciated</b>	<b>327,957</b>	<b>122</b>	<b>16,336</b>	<b>3,939</b>	<b>340,476</b>
<b>Less accumulated depreciation for:</b>					
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
<b>Total accumulated depreciation</b>	<b>159,899</b>	<b>(271)</b>	<b>21,184</b>	<b>3,418</b>	<b>177,394</b>
<b>Total capital assets, being depreciated, net</b>	<b>168,058</b>	<b>393</b>	<b>(4,848)</b>	<b>521</b>	<b>163,082</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 5,398,159</b>	<b>\$ (1,008)</b>	<b>\$ 474,749</b>	<b>\$ 544</b>	<b>\$ 5,871,356</b>



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

	COMPONENT UNITS				Balance 6/30/2006
	Balance 7/1/2005	Adjustments	Increases	Decreases	
<b>Capital assets, not being depreciated:</b>					
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
<b>Total capital assets, not being depreciated</b>	<b>5,307,534</b>	<b>(489,138)</b>	<b>1,392,652</b>	<b>651,951</b>	<b>5,559,097</b>
<b>Capital assets, being depreciated:</b>					
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
<b>Total capital assets, being depreciated</b>	<b>13,641,193</b>	<b>437,059</b>	<b>1,130,639</b>	<b>222,844</b>	<b>14,986,047</b>
<b>Less accumulated depreciation for:</b>					
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
<b>Total accumulated depreciation</b>	<b>5,634,291</b>	<b>(34,688)</b>	<b>601,385</b>	<b>147,474</b>	<b>6,053,514</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,006,902</b>	<b>471,747</b>	<b>529,254</b>	<b>75,370</b>	<b>8,932,533</b>
<b>Component units capital assets, net</b>	<b>\$ 13,314,436</b>	<b>\$ (17,391)</b>	<b>\$ 1,921,906</b>	<b>\$ 727,321</b>	<b>\$ 14,491,630</b>

## 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 office 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.

*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:**

Membership Class	Normal Cost Rates Recommended	
	by Actuarial Review as of 7/1/2004 for Fiscal Year 2005-2006	7/1/2005 Statutory Rates* (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
<b>Total Participating Employers</b>	<b>910</b>

\* 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
<b>Total Members</b>	<b>913,685</b>	<b>9,754</b>	<b>99,554</b>	<b>263</b>	<b>4,476</b>	<b>1,027,732</b>

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

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	5.08% of payroll
Employer	\$	122,952,054	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	\$	85,167	1.33% of payroll
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 June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
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
<b>Governmental Activities</b>				
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
	<u>22,500,897</u>	<u>16,855,505</u>		
Unamortized premiums (discounts) on bonds payable		445,912		
Less amount deferred on refunding		(162,252)		
Total Bonds Payable	<u>\$ 22,500,897</u>	<u>\$ 17,139,165</u>		
<b>Business-type Activities</b>				
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
	<u>3,703,495</u>	<u>3,357,700</u>		
Unamortized premiums (discounts) on bonds payable		89,794		
Less amount deferred on refunding		(44,547)		
Total Bonds Payable	<u>\$ 3,703,495</u>	<u>\$ 3,402,947</u>		



## 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):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	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 June 30	Component Units		
	Principal	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	2,164,712	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	\$ 2,164,712	\$ 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

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):

	<u>Principal at</u> <u>6/30/2006</u>
<u>Governmental Activities</u>	
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	<u>\$ 555,750</u>
<u>Business-type Activities</u>	
Toll Facilities	<u>\$ 230,025</u>
<u>Component Units</u>	
University Revenue Certificates	<u>\$ 2,699</u>

**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):

<u>Governmental Activities</u>	<u>Bond Type</u>	<u>Interest</u>
Education	SBE Capital Outlay Bonds	\$ 35,277
Education	Lottery Education Bonds	100,217
Education	Public Education Bonds	414,283
Total Education		<u>549,777</u>
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		<u>137,116</u>
Transportation	Road and Bridge Bonds (Right of Way)	77,356
Transportation	State Infrastructure Bank Bonds	2,404
Total Transportation		<u>79,760</u>
Total Direct Interest		<u>\$ 766,653</u>

**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
<b>Total</b>	<b>272,275</b>	<b>118,790</b>	<b>391,065</b>
Unamortized premiums (discounts)	9,946	.....	9,946
(Amount deferred upon refunding)	(2,993)	.....	(2,993)
<b>Total certificates of participation payable</b>	<b>\$ 279,228</b>	<b>\$ 118,790</b>	<b>\$ 398,018</b>

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 June 30	Principal	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
<b>Total</b>	<b>536,104</b>	<b>433,622</b>	<b>969,726</b>
Unamortized premiums (discounts)	8,653	.....	8,653
<b>Total certificates of participation payable</b>	<b>\$ 544,757</b>	<b>\$ 433,622</b>	<b>\$ 978,379</b>

**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):

Year Ending June 30	Primary Government	
	Governmental Activities	Component 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):

Year Ending June 30	Primary Government	
	Governmental Activities	Component 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):

	Balance 7/1/2005	Additions	Deletions	Balance 6/30/2006	Due Within One Year (Current)
<b>Governmental Activities</b>					
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
	<u>17,279,970</u>	<u>1,619,400</u>	<u>2,043,865</u>	<u>16,855,505</u>	<u>777,600</u>
Unamortized bond premiums (discounts)	448,648	72,469	75,205	445,912	.....
Amounts deferred on refunding	(126,648)	(46,390)	(10,786)	(162,252)	.....
Total bonds payable	<u>17,601,970</u>	<u>1,645,479</u>	<u>2,108,284</u>	<u>17,139,165</u>	<u>777,600</u>
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	.....
<b>Total Governmental Activities</b>	<b>\$ 21,450,304</b>	<b>\$ 2,717,581</b>	<b>\$ 3,039,054</b>	<b>\$ 21,128,831</b>	<b>\$ 1,548,505</b>

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)
<b>Business-type Activities</b>						
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	.....	.....
<b>Total Business-type Activities</b>	<b>\$ 4,083,126</b>	<b>\$ 5,963,819</b>	<b>\$ 2,789,607</b>	<b>\$ 1,467,709</b>	<b>\$ 11,368,843</b>	<b>\$ 741,595</b>
<b>Component Units</b>						
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
<b>Total Component Units</b>	<b>\$ 9,199,480</b>	<b>\$ (36,396)</b>	<b>\$ 1,637,865</b>	<b>\$ 1,321,717</b>	<b>\$ 9,479,232</b>	<b>\$ 630,198</b>



**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 to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Governmental Activities			
	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation
<b>Governmental Activities</b>				
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	.....	.....	.....
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	89,121
Lottery	2	.....	.....	27
State Board of Administration	282	.....	.....	.....
Nonmajor	8,579	.....	124	.....
<b>Fiduciary Funds</b>				
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	.....	.....	.....	.....
<b>Total</b>	<b>\$ 182,619</b>	<b>\$ 35,289</b>	<b>\$ 78,094</b>	<b>\$ 194,191</b>

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
<b>Governmental Activities</b>		
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
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	93,710	29
State Board of Administration	.....	11
Nonmajor	5,135	22
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	5,842	.....
Pension and Other Employee Benefits Trust Funds	.....	14
Agency Funds	19,225	.....
Investment Trust Fund	.....	.....
<b>Total</b>	<b>\$ 269,984</b>	<b>\$ 28,695</b>

(Continued next page)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)					Total
	Business-type Activities		Fiduciary Funds			
	State Board of Administration	Nonmajor	Pension and Other Employee Benefits Trust Funds	Agency Funds		
<b>Governmental Activities</b>						
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	
<b>Business-type Activities</b>						
Transportation	.....	.....	.....	3	89,124	
Lottery	8	14	.....	49	93,839	
State Board of Administration	.....	.....	.....	1	294	
Nonmajor	.....	9	.....	.....	13,869	
<b>Fiduciary Funds</b>						
Private-purpose Trust Funds	.....	.....	.....	.....	5,902	
Pension and Other Employee Benefits Trust Funds	4,009	1	20,890	.....	24,916	
Agency Funds	108	.....	.....	.....	84,529	
Investment Trust Fund	281	.....	.....	.....	281	
<b>Total</b>	<b>\$ 4,488</b>	<b>\$ 3,103</b>	<b>\$ 20,896</b>	<b>\$ 63,697</b>	<b>\$ 881,056</b>	

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)			
	Governmental Activities			Business-type Activities
	General Fund	Health and Family Services	Transportation	Transportation
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ .....	\$ 100	\$ 500
Environment, Recreation and Conservation	45	.....	3,300	.....
Nonmajor	664	326	.....	.....
Internal Service Funds	2,003	.....	800	.....
<b>Business-type Activities</b>				
Transportation	.....	.....	183,196	.....
<b>Total</b>	<b>\$ 2,712</b>	<b>\$ 326</b>	<b>\$ 187,396</b>	<b>\$ 500</b>

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)	
	Fiduciary Funds	
	Private-purpose Trust Funds	Total
Prepaid College Program		
General Fund	\$ .....	\$ 600
Environment, Recreation and Conservation	.....	3,345
Nonmajor	357,895	358,885
Internal Service Funds	.....	2,803
<b>Business-type Activities</b>		
Transportation	.....	183,196
<b>Total</b>	<b>\$ 357,895</b>	<b>\$ 548,829</b>

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

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Governmental Activities			
	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation
<b>Governmental Activities</b>				
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	.....	.....
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	39,216
Lottery	384	.....	.....	.....
State Board of Administration	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....
Nonmajor	54,623	.....	5,943	.....
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	12	.....	61	.....
Pension and Other Employee Benefits Trust Funds	1,517	.....	.....	.....
<b>Total</b>	<b>\$ 480,331</b>	<b>\$ 1,526,662</b>	<b>\$ 954,437</b>	<b>\$ 2,119,287</b>

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Fund
<b>Governmental Activities</b>		
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	.....
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	1,224,651	.....
State Board of Administration	10,000	.....
Prepaid College Program	.....	.....
Nonmajor	27,455	.....
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	10,236	.....
Pension and Other Employee Benefits Trust Funds	146	.....
<b>Total</b>	<b>\$ 5,821,199</b>	<b>\$ 4,793</b>

(Continued next page)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)				
	Business-type Activities				
	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor
<b>Governmental Activities</b>					
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
<b>Business-type Activities</b>					
Transportation	.....	.....	.....	.....	.....
Lottery	.....	.....	.....	.....	5
State Board of Administration	.....	.....	.....	.....	1
Prepaid College Program	.....	.....	.....	.....	.....
Nonmajor	.....	.....	.....	.....	88
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	.....	.....	.....	23	26
Pension and Other Employee Benefits Trust Funds	.....	.....	12,462	.....	3
<b>Total</b>	<b>\$ 23,751</b>	<b>\$ 6</b>	<b>\$ 19,091</b>	<b>\$ 23</b>	<b>\$ 10,589</b>

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)		
	Fiduciary Funds		
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Total
<b>Governmental Activities</b>			
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
<b>Business-type Activities</b>			
Transportation	.....	.....	39,216
Lottery	28	.....	1,225,068
State Board of Administration	.....	.....	10,001
Prepaid College Program	1,804	.....	1,804
Nonmajor	.....	.....	88,109
<b>Fiduciary Funds</b>			
Private-purpose Trust Funds	.....	.....	10,358
Pension and Other Employee Benefits Trust Funds	.....	1,048,947	1,063,075
<b>Total</b>	<b>\$ 1,832</b>	<b>\$ 1,049,099</b>	<b>\$ 12,011,100</b>

**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):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-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):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal 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

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):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-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):

	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	\$ 181,739			
Environment, Recreation and Conservation	34,640			
Transportation	132,385			
Nonmajor Governmental Funds				
Special Revenue Fund - Consumer Protection and Safety	697			
Special Revenue Fund - Tax Collection and Administration	(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	(51)			
Special Revenue Fund - Scripps Florida Funding Corporation	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		\$527,555		
Private-purpose Trust Fund - College Savings Plan				(\$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				(3,008)
- Defined Contribution Pension Plan				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				(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			(11,399)	
Major Component Unit - Florida State University			(4,977)	
Major Component Unit - University of South Florida			8,313	
Nonmajor Component Units - Other State Universities			(51,115)	
Nonmajor Component Units - Community Colleges			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 pay-as-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:

<u>Agency/Bond</u>	<u>Series</u>	<u>Amount</u>	<u>Matures</u>	<u>Interest Rate</u>
<b>Governmental Activities</b>				
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%
<b>Business-type Activities</b>				
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**

2006 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(in thousands)**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 4,909,258	\$ 4,909,258	\$ 4,909,258	\$ .....
Reversions	240,001	240,001	240,001	.....
Fund Balances, July 1, 2005, restated	5,149,259	5,149,259	5,149,259	.....
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	676,929	669,029	642,005	(27,024)
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	19,296	18,765	(531)
Refunds	10,115	10,115	279,648	269,533
Other	147,854	147,854	205,943	58,089
<b>Total Direct Revenues</b>	<b>31,150,623</b>	<b>32,612,323</b>	<b>33,158,866</b>	<b>546,543</b>
Indirect revenues:				
Transfers and distributions	2,849,245	3,547,545	3,060,027	(487,518)
Other	.....	.....	76,629	76,629
<b>Total Indirect Revenues</b>	<b>2,849,245</b>	<b>3,547,545</b>	<b>3,136,656</b>	<b>(410,889)</b>
<b>TOTAL REVENUES</b>	<b>33,999,868</b>	<b>36,159,868</b>	<b>36,295,522</b>	<b>135,654</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>39,149,127</b>	<b>41,309,127</b>	<b>41,444,781</b>	<b>135,654</b>
<b>EXPENDITURES</b>				
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	.....
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	.....
<b>Total Operating Expenditures</b>	<b>26,106,572</b>	<b>27,314,806</b>	<b>26,899,268</b>	<b>415,538</b>
Nonoperating expenditures:				
Transfers	4,463,300	4,463,300	4,463,300	.....
Refunds	338,449	338,449	338,449	.....
Other	3,532,252	3,532,252	3,532,252	.....
<b>Total Nonoperating Expenditures</b>	<b>8,334,001</b>	<b>8,334,001</b>	<b>8,334,001</b>	<b>.....</b>
<b>TOTAL EXPENDITURES</b>	<b>34,440,573</b>	<b>35,648,807</b>	<b>35,233,269</b>	<b>415,538</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 4,708,554</b>	<b>\$ 5,660,320</b>	<b>\$ 6,211,512</b>	<b>\$ 551,192</b>

The notes to required supplementary information are an integral part of this schedule.

2006 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(in thousands)**

	<b>Environment, Recreation and Conservation</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 1,375,744	\$ 1,375,744	\$ 1,375,744	\$ .....
Reversions	505	505	505	.....
Fund Balances, July 1, 2005, restated	<u>1,376,249</u>	<u>1,376,249</u>	<u>1,376,249</u>	<u>.....</u>
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	87,466	134,338	135,499	1,161
Licenses	33,284	40,260	42,864	2,604
Taxes	372,154	373,098	373,255	157
Miscellaneous	4,448	2,525	1,165	(1,360)
Interest	45,076	62,564	78,761	16,197
Grants	197,772	132,445	151,084	18,639
Refunds	771	811	4,058	3,247
Bond proceeds	750,000	499,398	499,408	10
Other	47,994	63,637	67,613	3,976
Total Direct Revenues	<u>1,538,965</u>	<u>1,309,076</u>	<u>1,353,707</u>	<u>44,631</u>
Indirect revenues:				
Transfers and distributions	1,532,104	2,067,755	2,053,940	(13,815)
Other	3,423	1,143	3,402	2,259
Total Indirect Revenues	<u>1,535,527</u>	<u>2,068,898</u>	<u>2,057,342</u>	<u>(11,556)</u>
<b>TOTAL REVENUES</b>	<b><u>3,074,492</u></b>	<b><u>3,377,974</u></b>	<b><u>3,411,049</u></b>	<b><u>33,075</u></b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b><u>4,450,741</u></b>	<b><u>4,754,223</u></b>	<b><u>4,787,298</u></b>	<b><u>33,075</u></b>
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	172,117	179,314	177,065	2,249
Other personal services	34,458	34,358	29,333	5,025
Expenses	49,572	50,495	46,407	4,088
Grants and aids	3,173	3,173	2,967	206
Operating capital outlay	3,990	3,530	3,087	443
Fixed capital outlay	819,473	819,473	819,473	.....
Special categories	249,068	266,336	236,277	30,059
Grants/aids to local governments	620,532	620,532	620,532	.....
Total Operating Expenditures	<u>1,952,383</u>	<u>1,977,211</u>	<u>1,935,141</u>	<u>42,070</u>
Nonoperating expenditures:				
Transfers	246,296	246,296	246,296	.....
Refunds	18,228	18,228	18,228	.....
Other	360,143	360,143	360,143	.....
Total Nonoperating Expenditures	<u>624,667</u>	<u>624,667</u>	<u>624,667</u>	<u>.....</u>
<b>TOTAL EXPENDITURES</b>	<b><u>2,577,050</u></b>	<b><u>2,601,878</u></b>	<b><u>2,559,808</u></b>	<b><u>42,070</u></b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b><u>\$ 1,873,691</u></b>	<b><u>\$ 2,152,345</u></b>	<b><u>\$ 2,227,490</u></b>	<b><u>\$ 75,145</u></b>

The notes to required supplementary information are an integral part of this schedule.

**BUDGETARY COMPARISON SCHEDULES**  
**GENERAL AND MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Health and Family Services</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
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	.....
<b>REVENUES</b>				
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	.....	9	6	(3)
Interest	5,148	2,620	1,175	(1,445)
Grants	11,818,506	12,882,826	11,483,568	(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:				
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)
<b>TOTAL REVENUES</b>	<b>15,413,935</b>	<b>15,790,426</b>	<b>14,768,077</b>	<b>(1,022,349)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>16,884,545</b>	<b>17,231,036</b>	<b>16,208,687</b>	<b>(1,022,349)</b>
<b>EXPENDITURES</b>				
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	.....
<b>TOTAL EXPENDITURES</b>	<b>15,993,306</b>	<b>16,339,478</b>	<b>15,364,724</b>	<b>974,754</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 891,239</b>	<b>\$ 891,558</b>	<b>\$ 843,963</b>	<b>\$ (47,595)</b>

The notes to required supplementary information are an integral part of this schedule.

2006 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(in thousands)**

	<b>Transportation</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 56,904	\$ 56,904	\$ 56,904	\$ .....
Reversions	8	8	8	.....
Fund Balances, July 1, 2005, restated	<u>56,912</u>	<u>56,912</u>	<u>56,912</u>	<u>.....</u>
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	148,520	148,520	136,716	(11,804)
Licenses	.....	.....	.....	.....
Taxes	2,462,050	2,485,984	2,451,494	(34,490)
Miscellaneous	2,716	8	9	1
Interest	2,288	2,104	6,886	4,782
Grants	.....	.....	.....	.....
Refunds	.....	.....	13,997	13,997
Other	5,908	330	6,178	5,848
Total Direct Revenues	<u>2,621,482</u>	<u>2,636,946</u>	<u>2,615,280</u>	<u>(21,666)</u>
Indirect revenues:				
Employee/employer contributions	.....	.....	.....	.....
Transfers and distributions	119,984	99,098	102,842	3,744
Other	52,746	28,812	42,921	14,109
Total Indirect Revenues	<u>172,730</u>	<u>127,910</u>	<u>145,763</u>	<u>17,853</u>
<b>TOTAL REVENUES</b>	<u><b>2,794,212</b></u>	<u><b>2,764,856</b></u>	<u><b>2,761,043</b></u>	<u><b>(3,813)</b></u>
<b>TOTAL AVAILABLE RESOURCES</b>	<u><b>2,851,124</b></u>	<u><b>2,821,768</b></u>	<u><b>2,817,955</b></u>	<u><b>(3,813)</b></u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,932	4,057	3,770	287
Other personal services	51	51	41	10
Expenses	1,451	1,450	1,388	62
Operating capital outlay	75	95	73	22
Fixed capital outlay	108,218	108,218	108,218	.....
Special categories	40	42	42	.....
Total Operating Expenditures	<u>113,767</u>	<u>113,913</u>	<u>113,532</u>	<u>381</u>
Nonoperating expenditures:				
Transfers	15,435	15,435	15,435	.....
Refunds	55,250	55,250	55,250	.....
Other	2,371,589	2,371,589	2,371,589	.....
Total Nonoperating Expenditures	<u>2,442,274</u>	<u>2,442,274</u>	<u>2,442,274</u>	<u>.....</u>
<b>TOTAL EXPENDITURES</b>	<u><b>2,556,041</b></u>	<u><b>2,556,187</b></u>	<u><b>2,555,806</b></u>	<u><b>381</b></u>
<b>FUND BALANCES, JUNE 30, 2006</b>	<u><b>\$ 295,083</b></u>	<u><b>\$ 265,581</b></u>	<u><b>\$ 262,149</b></u>	<u><b>\$ (3,432)</b></u>

The notes to required supplementary information are an integral part of this schedule.

2006 STATE OF FLORIDA CAFR

**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	<u>\$ 8,049,963</u>	<u>\$ 2,978,990</u>	<u>\$ 924,466</u>	<u>\$ 1,622,110</u>

The notes to required supplementary information are an integral part of this schedule.

**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.

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 Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((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>	<u>2004</u>
93%	93%	94%

**Maintenance Rating**

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

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

Resurfacing Program

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
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

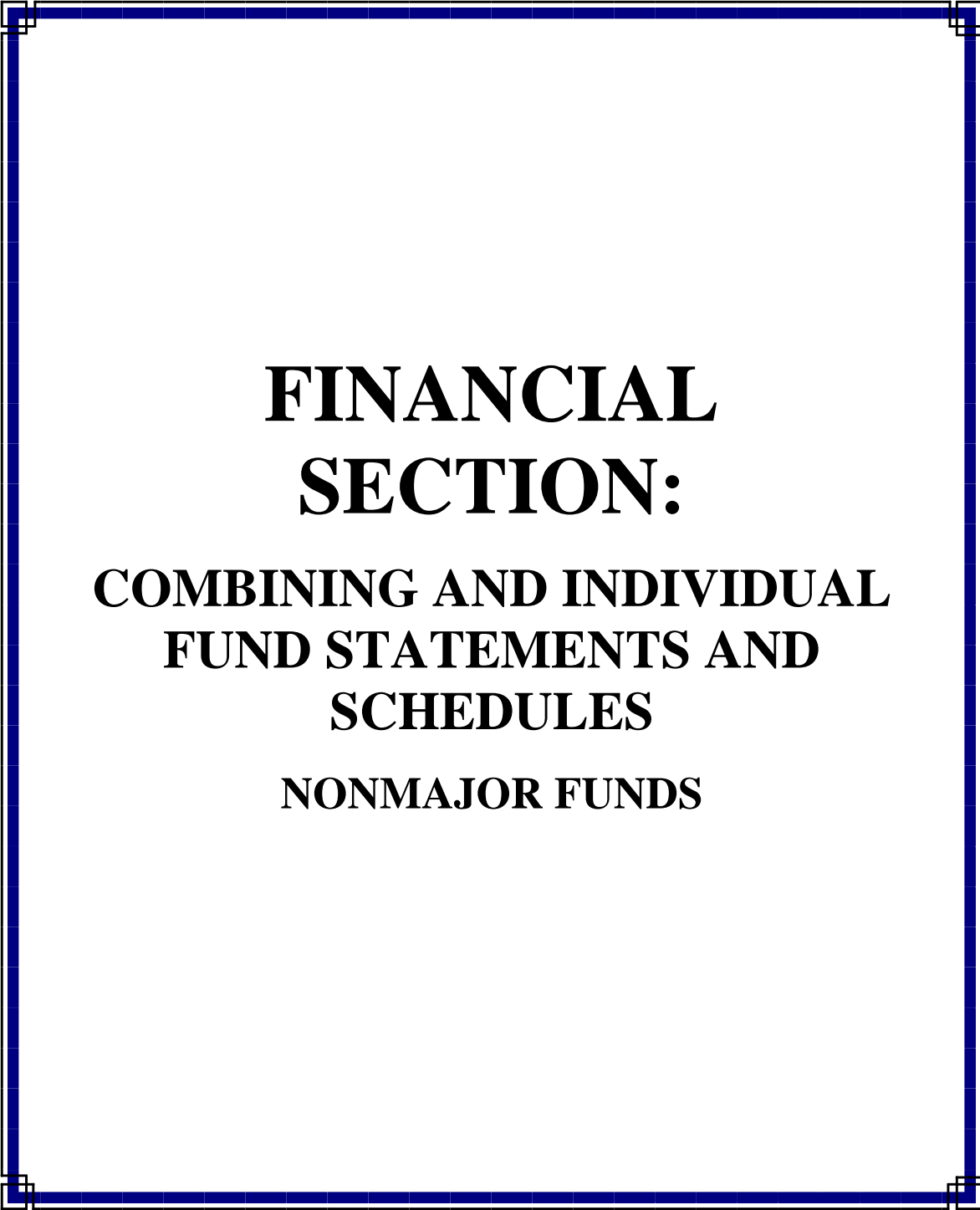
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Needed	\$102.7	\$346.6	\$320.0	\$256.8	\$236.1
Actual	88.4	348.5	312.9	142.8	250.0

Routine Maintenance Program

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
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.

2006 STATE OF FLORIDA CAFR

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

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/06
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 61,097	\$ .....	\$ 560	\$ 1,101	\$ 62,758
Pooled investments with State Treasury	3,999,563	74,278	107	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
<u>Noncurrent assets</u>					
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
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
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
<u>Noncurrent liabilities</u>					
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
<u>Fund balances</u>					
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:					
Special revenue funds	2,046,960	.....	.....	.....	2,046,960
Capital projects funds	.....	28,779	.....	.....	28,779
Permanent fund	.....	.....	.....	2,649	2,649
Total fund balances	3,996,485	94,167	75,671	2,031,072	6,197,395
Total liabilities and fund balances	\$ 6,090,042	\$ 120,620	\$ 81,469	\$ 2,436,211	\$ 8,728,342



2006 STATE OF FLORIDA CAFR

**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	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/06
<b>REVENUES</b>					
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	667,157	.....	.....	65	667,222
Other revenue	7,079	.....	.....	.....	7,079
<b>Total revenues</b>	<b>9,199,326</b>	<b>764</b>	<b>103,072</b>	<b>203,553</b>	<b>9,506,715</b>
<b>EXPENDITURES</b>					
Current:					
General government	2,366,596	2,304	63,022	13,492	2,445,414
Education	4,856,586	.....	.....	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	342,053	.....	.....	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
<b>Total expenditures</b>	<b>10,413,658</b>	<b>383,483</b>	<b>1,604,358</b>	<b>13,568</b>	<b>12,415,067</b>
Excess (deficiency) of revenues over expenditures	(1,214,332)	(382,719)	(1,501,286)	189,985	(2,908,352)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bond issues	644,634	.....	6,600	.....	651,234
Proceeds of refunding bonds	.....	.....	426,107	.....	426,107
Operating transfers in	3,812,137	506,424	1,502,638	.....	5,821,199
Operating transfers out	(2,721,984)	(120,021)	(15,236)	(39,367)	(2,896,608)
Proceeds of financing agreements	11,498	.....	.....	.....	11,498
Payments to refunded bond agent	.....	.....	(426,107)	.....	(426,107)
<b>Total other financing sources (uses)</b>	<b>1,746,285</b>	<b>386,403</b>	<b>1,494,002</b>	<b>(39,367)</b>	<b>3,587,323</b>
<b>Net change in fund balances</b>	<b>531,953</b>	<b>3,684</b>	<b>(7,284)</b>	<b>150,618</b>	<b>678,971</b>
Fund balances - beginning	3,786,722	90,483	82,955	1,880,454	5,840,614
Adjustments to increase (decrease) beginning fund balances	(322,190)	.....	.....	.....	(322,190)
Fund balances - beginning, as restated	3,464,532	90,483	82,955	1,880,454	5,518,424
<b>Fund balances - ending</b>	<b>\$ 3,996,485</b>	<b>\$ 94,167</b>	<b>\$ 75,671</b>	<b>\$ 2,031,072</b>	<b>\$ 6,197,395</b>

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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)**

	Public Education	Employment Services	Government Administration	Business and Community Development
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ .....	\$ 286	\$ .....	\$ .....
Pooled investments with State Treasury	2,092,548	671,594	183,538	90,599
Investments	.....	2,197	.....	1,173
Receivables, net	22,653	115,862	694	153,975
Due from other funds	109,445	4,640	1,134	9,624
Inventories	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total current assets	<u>2,224,646</u>	<u>794,579</u>	<u>185,366</u>	<u>255,371</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	200
Other loans and notes receivable, net	.....	.....	.....	7,481
Other	.....	.....	.....	.....
Total noncurrent assets	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>7,681</u>
Total assets	<u>\$ 2,224,646</u>	<u>\$ 794,579</u>	<u>\$ 185,366</u>	<u>\$ 263,052</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 3,247	\$ 57,262	\$ 15,888	\$ 67,245
Due to other funds	5,065	17,862	249	84,684
Due to component units/primary	.....	.....	.....	224
Compensated absences	.....	149	174	54
Claims payable	.....	60,307	.....	.....
Deposits	.....	1,194	475	6,932
Deferred revenues	.....	.....	.....	.....
Obligations under security lending agreements	348,607	88,285	26,875	3,919
Obligations under reverse repurchase agreements	161,740	40,961	12,469	1,818
Total current liabilities	<u>518,659</u>	<u>266,020</u>	<u>56,130</u>	<u>164,876</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	357,895	.....	.....	.....
Deposits	.....	.....	.....	2,835
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	<u>357,895</u>	<u>.....</u>	<u>.....</u>	<u>2,835</u>
Total liabilities	<u>876,554</u>	<u>266,020</u>	<u>56,130</u>	<u>167,711</u>
<u>Fund balances</u>				
Reserved for encumbrances	14,434	72,994	3,065	12,838
Reserved for inventories	.....	.....	.....	.....
Reserved for long-term receivables	.....	.....	.....	4,646
Reserved for capital outlay	1,059,691	.....	2,655	44,923
Other reserved	.....	.....	.....	.....
Unreserved	<u>273,967</u>	<u>455,565</u>	<u>123,516</u>	<u>32,934</u>
Total fund balances	<u>1,348,092</u>	<u>528,559</u>	<u>129,236</u>	<u>95,341</u>
Total liabilities and fund balances	<u>\$ 2,224,646</u>	<u>\$ 794,579</u>	<u>\$ 185,366</u>	<u>\$ 263,052</u>

2006 STATE OF FLORIDA CAFR

Regulation and Licensing	Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ 308	\$ .....	\$ 118	\$ .....	\$ 51	\$ 114	\$ 179
172,456	93,753	112,581	16,621	85,641	86,948	26,930
.....	.....	.....	.....	.....	.....	.....
31,764	169	22,694	384	15,564	11,341	4,020
19,189	511	4,085	1,570	3,366	46,427	3,953
182	5,867	.....	.....	.....	1,599	1
114	.....	.....	.....	.....	.....	.....
224,013	100,300	139,478	18,575	104,622	146,429	35,083
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	899	.....	.....
.....	.....	971	.....	.....	.....	.....
.....	.....	971	.....	899	.....	.....
\$ 224,013	\$ 100,300	\$ 140,449	\$ 18,575	\$ 105,521	\$ 146,429	\$ 35,083
\$ 28,448	\$ 11,695	\$ 41,372	\$ 1,152	\$ 7,203	\$ 7,901	\$ 10,104
44,357	8,748	13,230	195	11,318	53,675	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	.....	.....
.....	.....	.....	.....	899	.....	.....
.....	.....	1,966	.....	2,522	.....	.....
.....	.....	2,595	.....	3,456	.....	.....
110,040	37,775	67,731	1,353	26,125	78,154	13,397
192	39	978	.....	38,352	11,067	.....
182	5,867	.....	.....	.....	1,599	.....
.....	.....	.....	.....	.....	.....	.....
367	83	.....	320	.....	23,984	6,270
23,418	.....	272	.....	.....	.....	.....
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

2006 STATE OF FLORIDA CAFR

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

	Judicial Services	Military and Veterans' Affairs	Tax Collection and Administration	Florida Clerks of Court Operations Corp	Citrus Commission
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ .....	\$ 670	\$ .....	\$ 259	\$ 711
Pooled investments with State Treasury	39,095	21,600	.....	.....	12,724
Investments	.....	.....	.....	.....	.....
Receivables, net	885	1,719	.....	145	4,171
Due from other funds	681	.....	.....	.....	.....
Inventories	.....	191	.....	.....	579
Other	.....	.....	.....	.....	511
Total current assets	40,661	24,180	.....	404	18,696
<u>Noncurrent assets</u>					
Long-term investments	.....	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....	.....
Other	.....	.....	.....	.....	.....
Total noncurrent assets	.....	.....	.....	.....	.....
Total assets	\$ 40,661	\$ 24,180	\$ .....	\$ 404	\$ 18,696
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 3,255	\$ 3,935	\$ .....	\$ 51	\$ 4,175
Due to other funds	362	216	.....	.....	514
Due to component units/primary	.....	.....	.....	.....	84
Compensated absences	25	100	.....	.....	.....
Claims payable	.....	.....	.....	.....	.....
Deposits	58	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	.....
Obligations under security lending agreements	.....	567	.....	.....	2,248
Obligations under reverse repurchase agreements	.....	263	.....	.....	1,043
Total current liabilities	3,700	5,081	.....	51	8,064
<u>Noncurrent liabilities</u>					
Advances from other funds	326	.....	.....	.....	.....
Deposits	.....	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	.....
Total noncurrent liabilities	326	.....	.....	.....	.....
Total liabilities	4,026	5,081	.....	51	8,064
<u>Fund balances</u>					
Reserved for encumbrances	759	3,379	.....	.....	.....
Reserved for inventories	.....	191	.....	.....	579
Reserved for long-term receivables	.....	.....	.....	.....	.....
Reserved for capital outlay	.....	1,826	.....	.....	.....
Other reserved	.....	.....	.....	.....	.....
Unreserved	35,876	13,703	.....	353	10,053
Total fund balances	36,635	19,099	.....	353	10,632
Total liabilities and fund balances	\$ 40,661	\$ 24,180	\$ .....	\$ 404	\$ 18,696

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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 ..... ..... 271,423	\$ 104 660 10,143 38 ..... ..... 10,945	\$ ..... 97,747 ..... 218 ..... ..... 97,965	\$ 11,824 ..... ..... 735 ..... 45 12,604	\$ ..... 194,528 1,570 64,190 ..... ..... 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	113	48,023	12,000	52,835	.....
..... ..... ..... ..... ..... 253,252	..... ..... ..... ..... ..... 10,832	..... ..... ..... ..... ..... 49,942	..... ..... ..... ..... ..... 604	..... ..... ..... ..... ..... 207,453	..... ..... ..... ..... ..... .....
253,252	10,832	49,942	604	821,973	.....
\$ 271,423	\$ 10,945	\$ 97,965	\$ 12,604	\$ 874,808	\$ .....

2006 STATE OF FLORIDA CAFR

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

	Blended Component Units				
	Investment Fraud Restoration Corp	Surplus Lines	Partnership in Correctional Excellence	Scripps Florida Funding Corp	Totals 6/30/06
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ .....	\$ 16,630	\$ 489	\$ 29,354	\$ 61,097
Pooled investments with State Treasury	.....	.....	.....	.....	3,999,563
Investments	28	.....	.....	220,944	486,880
Receivables, net	.....	106	.....	3,814	455,382
Due from other funds	.....	.....	.....	.....	224,982
Inventories	.....	.....	.....	.....	8,419
Other	.....	12	.....	11	693
Total current assets	28	16,748	489	254,123	5,237,016
<u>Noncurrent assets</u>					
Long-term investments	.....	.....	.....	228,955	229,155
Other loans and notes receivable, net	.....	.....	.....	.....	622,900
Other	.....	.....	.....	.....	971
Total noncurrent assets	.....	.....	.....	228,955	853,026
Total assets	\$ 28	\$ 16,748	\$ 489	\$ 483,078	\$ 6,090,042
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ .....	\$ 739	\$ 5	\$ 14,490	\$ 321,116
Due to other funds	.....	.....	.....	.....	244,012
Due to component units/primary	.....	.....	.....	.....	926
Compensated absences	.....	.....	.....	.....	852
Claims payable	.....	.....	.....	.....	60,307
Deposits	.....	.....	.....	.....	8,839
Deferred revenues	.....	.....	.....	.....	6,198
Obligations under security lending agreements	.....	.....	.....	228,969	805,505
Obligations under reverse repurchase agreements	.....	.....	.....	.....	267,490
Total current liabilities	.....	739	5	243,459	1,715,245
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	358,885
Deposits	.....	.....	.....	.....	3,734
Deferred revenues	.....	.....	.....	.....	15,693
Total noncurrent liabilities	.....	.....	.....	.....	378,312
Total liabilities	.....	739	5	243,459	2,093,557
<u>Fund balances</u>					
Reserved for encumbrances	.....	.....	.....	.....	158,097
Reserved for inventories	.....	.....	.....	.....	8,418
Reserved for long-term receivables	.....	.....	.....	.....	619,166
Reserved for capital outlay	.....	.....	.....	.....	1,140,119
Other reserved	.....	.....	35	.....	23,725
Unreserved	28	16,009	449	239,619	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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2006 STATE OF FLORIDA CAFR

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

	Public Education	Employment Services	Government Administration	Business and Community Development
<b>REVENUES</b>				
Taxes	\$ 999,458	\$ .....	\$ .....	\$ .....
Licenses and permits	.....	.....	.....	.....
Fees and charges	36,772	322,417	24,617	7,285
Grants and donations	2,382,672	656,017	13,127	1,831,719
Investment earnings	25,262	5,564	2,281	606
Fines, forfeits, settlements and judgments	153,390	14,367	11	.....
Other revenue	4	1,484	6	63
Total revenues	<u>3,597,558</u>	<u>999,849</u>	<u>40,042</u>	<u>1,839,673</u>
<b>EXPENDITURES</b>				
Current:				
General government	.....	1,399,471	136,557	50,119
Education	4,713,218	138,262	.....	.....
Human services	.....	.....	.....	.....
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	<u>4,714,464</u>	<u>1,541,154</u>	<u>139,991</u>	<u>1,753,910</u>
Excess (deficiency) of revenues over expenditures	<u>(1,116,906)</u>	<u>(541,305)</u>	<u>(99,949)</u>	<u>85,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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)	<u>1,152,879</u>	<u>664,463</u>	<u>71,491</u>	<u>(88,131)</u>
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	<u>1,312,119</u>	<u>405,401</u>	<u>157,694</u>	<u>97,709</u>
Fund balances - ending	<u>\$ 1,348,092</u>	<u>\$ 528,559</u>	<u>\$ 129,236</u>	<u>\$ 95,341</u>

2006 STATE OF FLORIDA CAFR

Regulation and Licensing	Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ 135,379	\$ .....	\$ .....	\$ .....	\$ .....	\$ 355	\$ 1
1,035,842	.....	59,746	.....	2,135	16,702	.....
61,911	6	82,649	7,548	5,167	78,698	88,803
350	.....	94,511	15,992	132,221	72,848	18,733
1,101	1,132	604	141	641	455	(115)
8,277	396,118	59,201	8	23,561	3,045	2,652
195	.....	955	.....	259	3,577	238
<u>1,243,055</u>	<u>397,256</u>	<u>297,666</u>	<u>23,689</u>	<u>163,984</u>	<u>175,680</u>	<u>110,312</u>
218,265	67	41,601	.....	4,957	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	321,062	.....	.....	.....	.....	.....
.....	.....	202,933	22,346	27,566	.....	159,757
.....	.....	1	.....	301,293	230,500	.....
.....	.....	.....	.....	.....	.....	.....
7,201	78	7,647	17,333	23,939	16,895	1,163
12,137	.....	2,976	.....	.....	.....	.....
1,267	.....	233	.....	.....	.....	909
<u>238,870</u>	<u>321,207</u>	<u>255,391</u>	<u>39,679</u>	<u>357,755</u>	<u>247,395</u>	<u>161,829</u>
<u>1,004,185</u>	<u>76,049</u>	<u>42,275</u>	<u>(15,990)</u>	<u>(193,771)</u>	<u>(71,715)</u>	<u>(51,517)</u>
.....	.....	.....	.....	.....	.....	.....
112,703	39,225	53,280	37,269	261,961	144,028	59,659
(1,108,175)	(80,510)	(85,940)	(13,328)	(76,460)	(68,936)	(1,205)
.....	.....	310	.....	11,141	.....	.....
<u>(995,472)</u>	<u>(41,285)</u>	<u>(32,350)</u>	<u>23,941</u>	<u>196,642</u>	<u>75,092</u>	<u>58,454</u>
8,713	34,764	9,925	7,951	2,871	3,377	6,937
105,260	27,761	62,793	9,271	75,828	64,898	14,749
.....	.....	.....	.....	697	.....	.....
<u>105,260</u>	<u>27,761</u>	<u>62,793</u>	<u>9,271</u>	<u>76,525</u>	<u>64,898</u>	<u>14,749</u>
<u>\$ 113,973</u>	<u>\$ 62,525</u>	<u>\$ 72,718</u>	<u>\$ 17,222</u>	<u>\$ 79,396</u>	<u>\$ 68,275</u>	<u>\$ 21,686</u>

2006 STATE OF FLORIDA CAFR

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

	Judicial Services	Military and Veterans' Affairs	Tax Collection and Administration	Florida Clerks of Court Operations Corp	Citrus Commission
<b>REVENUES</b>					
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	.....	.....	.....
Other revenue	154	.....	.....	.....	144
Total revenues	42,607	95,029	.....	1,028	42,026
<b>EXPENDITURES</b>					
Current:					
General government	.....	94,149	.....	740	43,639
Education	.....	.....	.....	.....	.....
Human services	.....	43,671	.....	.....	.....
Criminal justice and corrections	48,515	.....	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....	.....
State courts	15,677	.....	.....	.....	.....
Capital outlay	2,379	9,852	.....	.....	174
Debt service:					
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)
<b>OTHER FINANCING SOURCES (USES)</b>					
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

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
\$	\$	\$	\$	\$	\$
.....	.....	.....	.....	.....	.....
.....	.....	71,069	.....	.....	.....
.....	4,522	.....	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	.....
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	\$ .....

2006 STATE OF FLORIDA CAFR

**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				
	Investment Fraud Restoration Corp	Surplus Lines	Partnership in Correctional Excellence	Scripps Florida Funding Corp	Totals 6/30/06
<b>REVENUES</b>					
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
<b>EXPENDITURES</b>					
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	.....	.....	.....	.....	15,677
Capital outlay	.....	.....	.....	.....	95,332
Debt service:					
Principal retirement	.....	.....	.....	.....	15,134
Interest and fiscal charges	.....	.....	.....	.....	2,409
Total expenditures	1,003	3,933	969	69,250	10,413,658
Excess (deficiency) of revenues over expenditures	(978)	4,783	47	(57,300)	(1,214,332)
<b>OTHER FINANCING SOURCES (USES)</b>					
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	1,006	11,226	437	270,294	3,786,722
Adjustments to increase (decrease) beginning 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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2006 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(in thousands)**

	<b>Public Education</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
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	.....
<b>REVENUES</b>			
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
<b>TOTAL REVENUES</b>	<b>6,343,501</b>	<b>6,484,391</b>	<b>140,890</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>7,549,354</b>	<b>7,690,244</b>	<b>140,890</b>
<b>EXPENDITURES</b>			
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	.....
<b>TOTAL EXPENDITURES</b>	<b>7,002,831</b>	<b>6,091,825</b>	<b>911,006</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 546,523</b>	<b>\$ 1,598,419</b>	<b>\$ 1,051,896</b>



2006 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(in thousands)**

	<b>Employment Services</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 300,058	\$ 300,058	\$ .....
Reversions	17,392	17,392	.....
Fund Balances, July 1, 2005, restated	317,450	317,450	.....
<b>REVENUES</b>			
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	11,347	14,367	3,020
Total Direct Revenues	1,028,569	1,033,817	5,248
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)
<b>TOTAL REVENUES</b>	<b>1,798,687</b>	<b>1,785,895</b>	<b>(12,792)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>2,116,137</b>	<b>2,103,345</b>	<b>(12,792)</b>
<b>EXPENDITURES</b>			
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:			
Transfers	49,762	49,762	.....
Refunds	3,549	3,549	.....
Other	285,998	285,998	.....
Total Nonoperating Expenditures	339,309	339,309	.....
<b>TOTAL EXPENDITURES</b>	<b>1,923,421</b>	<b>1,715,467</b>	<b>207,954</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 192,716</b>	<b>\$ 387,878</b>	<b>\$ 195,162</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Government Administration</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 143,314	\$ 143,314	\$ .....
Reversions	2,228	2,228	.....
Fund Balances, July 1, 2005, restated	145,542	145,542	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	73,787	74,109	322
Interest	4,881	5,014	133
Grants	17,794	23,522	5,728
Refunds	75	854	779
Other	70	117	47
Total Direct Revenues	96,607	103,616	7,009
Indirect revenues:			
Transfers and distributions	41,306	44,590	3,284
Other	.....	1	1
Total Indirect Revenues	41,306	44,591	3,285
<b>TOTAL REVENUES</b>	<b>137,913</b>	<b>148,207</b>	<b>10,294</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>283,455</b>	<b>293,749</b>	<b>10,294</b>
<b>EXPENDITURES</b>			
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	5,013	5,013	.....
Refunds	132	132	.....
Other	805	805	.....
Total Nonoperating Expenditures	5,950	5,950	.....
<b>TOTAL EXPENDITURES</b>	<b>170,291</b>	<b>162,213</b>	<b>8,078</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 113,164</b>	<b>\$ 131,536</b>	<b>\$ 18,372</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Business and Community Development</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 53,540	\$ 53,540	\$ .....
Reversions	235,404	235,404	.....
Fund Balances, July 1, 2005, restated	288,944	288,944	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	7,274	7,337	63
Miscellaneous	.....	1	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	<u>1,639,567</u>	<u>1,628,626</u>	<u>(10,941)</u>
Indirect revenues:			
Transfers and distributions	83,193	53,983	(29,210)
Other	228	235	7
Total Indirect Revenues	<u>83,421</u>	<u>54,218</u>	<u>(29,203)</u>
<b>TOTAL REVENUES</b>	<b><u>1,722,988</u></b>	<b><u>1,682,844</u></b>	<b><u>(40,144)</u></b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b><u>2,011,932</u></b>	<b><u>1,971,788</u></b>	<b><u>(40,144)</u></b>
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	8,208	6,949	1,259
Other personal services	4,683	3,776	907
Expenses	3,847	2,267	1,580
Grants and aids	2,390	2,139	251
Operating capital outlay	61	16	45
Special categories	1,812,894	1,812,894	.....
Grants/aids to local governments	44,915	44,915	.....
Total Operating Expenditures	<u>1,876,998</u>	<u>1,872,956</u>	<u>4,042</u>
Nonoperating expenditures:			
Transfers	29,048	29,048	.....
Refunds	626	626	.....
Other	771	771	.....
Total Nonoperating Expenditures	<u>30,445</u>	<u>30,445</u>	<u>.....</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,907,443</u></b>	<b><u>1,903,401</u></b>	<b><u>4,042</u></b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b><u>\$ 104,489</u></b>	<b><u>\$ 68,387</u></b>	<b><u>\$ (36,102)</u></b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Regulation and Licensing</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 95,659	\$ 95,659	\$ .....
Reversions	13,494	13,494	.....
Fund Balances, July 1, 2005, restated	109,153	109,153	.....
<b>REVENUES</b>			
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
<b>TOTAL REVENUES</b>	<b>1,335,220</b>	<b>1,392,420</b>	<b>57,200</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>1,444,373</b>	<b>1,501,573</b>	<b>57,200</b>
<b>EXPENDITURES</b>			
Operating expenditures:			
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	56,010	56,010	.....
Total Nonoperating Expenditures	1,162,353	1,162,353	.....
<b>TOTAL EXPENDITURES</b>	<b>1,380,940</b>	<b>1,365,770</b>	<b>15,170</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 63,433</b>	<b>\$ 135,803</b>	<b>\$ 72,370</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Tobacco Settlement</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 30,134	\$ 30,134	\$ .....
Reversions	7,023	7,023	.....
Fund Balances, July 1, 2005, restated	37,157	37,157	.....
<b>REVENUES</b>			
Direct revenues:			
Interest	2,100	2,036	(64)
Refunds	.....	292	292
Other	429,000	428,948	(52)
Total Direct Revenues	431,100	431,276	176
Indirect revenues:			
Transfers and distributions	636,733	614,113	(22,620)
Other	.....	45	45
Total Indirect Revenues	636,733	614,158	(22,575)
<b>TOTAL REVENUES</b>	<b>1,067,833</b>	<b>1,045,434</b>	<b>(22,399)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>1,104,990</b>	<b>1,082,591</b>	<b>(22,399)</b>
<b>EXPENDITURES</b>			
Operating expenditures:			
Expenses	705	705	.....
Grants and aids	17,249	17,245	4
Fixed capital outlay	2,358	2,358	.....
Special categories	404,242	386,654	17,588
Grants/aids to local governments	1,000	1,000	.....
Total Operating Expenditures	425,554	407,962	17,592
Nonoperating expenditures:			
Transfers	615,199	615,199	.....
Refunds	4	4	.....
Other	2,326	2,326	.....
Total Nonoperating Expenditures	617,529	617,529	.....
<b>TOTAL EXPENDITURES</b>	<b>1,043,083</b>	<b>1,025,491</b>	<b>17,592</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 61,907</b>	<b>\$ 57,100</b>	<b>\$ (4,807)</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Public Safety</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 48,145	\$ 48,145	\$ .....
Reversions	14,204	14,204	.....
Fund Balances, July 1, 2005, restated	62,349	62,349	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	63,078	72,279	9,201
Licenses	58,138	62,005	3,867
Miscellaneous	31	32	1
Interest	449	518	69
Grants	141,542	90,019	(51,523)
Refunds	4,704	8,327	3,623
Other	55,437	58,032	2,595
Total Direct Revenues	323,379	291,212	(32,167)
Indirect revenues:			
Transfers and distributions	66,958	71,231	4,273
Other	8	26	18
Total Indirect Revenues	66,966	71,257	4,291
<b>TOTAL REVENUES</b>	<b>390,345</b>	<b>362,469</b>	<b>(27,876)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>452,694</b>	<b>424,818</b>	<b>(27,876)</b>
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	43,326	39,917	3,409
Other personal services	9,419	5,325	4,094
Expenses	30,773	25,033	5,740
Grants and aids	28,923	20,950	7,973
Operating capital outlay	12,846	8,089	4,757
Special categories	185,607	131,642	53,965
Data processing services	143	24	119
Total Operating Expenditures	311,037	230,980	80,057
Nonoperating expenditures:			
Transfers	53,489	53,489	.....
Refunds	2,715	2,715	.....
Other	41,311	41,311	.....
Total Nonoperating Expenditures	97,515	97,515	.....
<b>TOTAL EXPENDITURES</b>	<b>408,552</b>	<b>328,495</b>	<b>80,057</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 44,142</b>	<b>\$ 96,323</b>	<b>\$ 52,181</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Corrections</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 9,753	\$ 9,753	\$ .....
Reversions	11	11	.....
Fund Balances, July 1, 2005, restated	<u>9,764</u>	<u>9,764</u>	<u>.....</u>
<b>REVENUES</b>			
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	<u>21,754</u>	<u>22,774</u>	<u>1,020</u>
Indirect revenues:			
Transfers and distributions	36,650	36,718	68
Other	182	183	1
Total Indirect Revenues	<u>36,832</u>	<u>36,901</u>	<u>69</u>
<b>TOTAL REVENUES</b>	<b><u>58,586</u></b>	<b><u>59,675</u></b>	<b><u>1,089</u></b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b><u>68,350</u></b>	<b><u>69,439</u></b>	<b><u>1,089</u></b>
<b>EXPENDITURES</b>			
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	<u>59,413</u>	<u>52,064</u>	<u>7,349</u>
Nonoperating expenditures:			
Transfers	1,477	1,477	.....
Refunds	121	121	.....
Other	402	402	.....
Total Nonoperating Expenditures	<u>2,000</u>	<u>2,000</u>	<u>.....</u>
<b>TOTAL EXPENDITURES</b>	<b><u>61,413</u></b>	<b><u>54,064</u></b>	<b><u>7,349</u></b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b><u>\$ 6,937</u></b>	<b><u>\$ 15,375</u></b>	<b><u>\$ 8,438</u></b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Consumer Protection and Safety</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 45,849	\$ 45,849	\$ .....
Reversions	22,028	22,028	.....
Fund Balances, July 1, 2005, restated	67,877	67,877	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	4,228	5,331	1,103
Licenses	2,200	2,135	(65)
Interest	398	827	429
Grants	150,856	139,613	(11,243)
Refunds	167	5,729	5,562
Other	12,756	18,547	5,791
Total Direct Revenues	170,605	172,182	1,577
Indirect revenues:			
Transfers and distributions	274,391	275,345	954
Other	19	21	2
Total Indirect Revenues	274,410	275,366	956
<b>TOTAL REVENUES</b>	<b>445,015</b>	<b>447,548</b>	<b>2,533</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>512,892</b>	<b>515,425</b>	<b>2,533</b>
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	23,452	20,451	3,001
Other personal services	597	239	358
Expenses	3,716	3,336	380
Operating capital outlay	689	370	319
Special categories	414,780	414,780	.....
Data processing services	55	11	44
Total Operating Expenditures	443,289	439,187	4,102
Nonoperating expenditures:			
Transfers	60,448	60,448	.....
Refunds	479	479	.....
Other	6,286	6,286	.....
Total Nonoperating Expenditures	67,213	67,213	.....
<b>TOTAL EXPENDITURES</b>	<b>510,502</b>	<b>506,400</b>	<b>4,102</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 2,390</b>	<b>\$ 9,025</b>	<b>\$ 6,635</b>



**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(in thousands)**

	<b>Agriculture</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 34,017	\$ 34,017	\$ .....
Reversions	2,864	2,864	.....
Fund Balances, July 1, 2005, restated	36,881	36,881	.....
<b>REVENUES</b>			
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)
<b>TOTAL REVENUES</b>	<b>318,306</b>	<b>304,609</b>	<b>(13,697)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>355,187</b>	<b>341,490</b>	<b>(13,697)</b>
<b>EXPENDITURES</b>			
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	.....
Total Operating Expenditures	295,478	260,837	34,641
Nonoperating expenditures:			
Transfers	31,100	31,100	.....
Refunds	829	829	.....
Other	9,527	9,527	.....
Total Nonoperating Expenditures	41,456	41,456	.....
<b>TOTAL EXPENDITURES</b>	<b>336,934</b>	<b>302,293</b>	<b>34,641</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 18,253</b>	<b>\$ 39,197</b>	<b>\$ 20,944</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Juvenile Justice</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 8,901	\$ 8,901	\$ .....
Reversions	3,666	3,666	.....
Fund Balances, July 1, 2005, restated	12,567	12,567	.....
<b>REVENUES</b>			
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	52,024	64,732	12,708
Other	.....	2	2
Total Indirect Revenues	52,024	64,734	12,710
<b>TOTAL REVENUES</b>	<b>174,787</b>	<b>171,182</b>	<b>(3,605)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>187,354</b>	<b>183,749</b>	<b>(3,605)</b>
<b>EXPENDITURES</b>			
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	14	14	.....
Other	794	794	.....
Total Nonoperating Expenditures	808	808	.....
<b>TOTAL EXPENDITURES</b>	<b>181,505</b>	<b>172,839</b>	<b>8,666</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 5,849</b>	<b>\$ 10,910</b>	<b>\$ 5,061</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<b>Judicial Services</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 35,245	\$ 35,245	\$ .....
Reversions	680	680	.....
Fund Balances, July 1, 2005, restated	<u>35,925</u>	<u>35,925</u>	<u>.....</u>
<b>REVENUES</b>			
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	<u>36,359</u>	<u>36,937</u>	<u>578</u>
Indirect revenues:			
Transfers and distributions	37,707	37,369	(338)
Other	250	1	(249)
Total Indirect Revenues	<u>37,957</u>	<u>37,370</u>	<u>(587)</u>
<b>TOTAL REVENUES</b>	<b><u>74,316</u></b>	<b><u>74,307</u></b>	<b><u>(9)</u></b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b><u>110,241</u></b>	<b><u>110,232</u></b>	<b><u>(9)</u></b>
<b>EXPENDITURES</b>			
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	<u>87,936</u>	<u>68,402</u>	<u>19,534</u>
Nonoperating expenditures:			
Transfers	4,878	4,878	.....
Refunds	569	569	.....
Other	1,253	1,253	.....
Total Nonoperating Expenditures	<u>6,700</u>	<u>6,700</u>	<u>.....</u>
<b>TOTAL EXPENDITURES</b>	<b><u>94,636</u></b>	<b><u>75,102</u></b>	<b><u>19,534</u></b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b><u>\$ 15,605</u></b>	<b><u>\$ 35,130</u></b>	<b><u>\$ 19,525</u></b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

<b>Military and Veterans' Affairs</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 19,472	\$ 19,472	\$ .....
Reversions	2,956	2,956	.....
Fund Balances, July 1, 2005, restated	22,428	22,428	.....
<b>REVENUES</b>			
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
<b>TOTAL REVENUES</b>	<b>134,550</b>	<b>143,673</b>	<b>9,123</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>156,978</b>	<b>166,101</b>	<b>9,123</b>
<b>EXPENDITURES</b>			
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	.....
<b>TOTAL EXPENDITURES</b>	<b>156,914</b>	<b>155,157</b>	<b>1,757</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 64</b>	<b>\$ 10,944</b>	<b>\$ 10,880</b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

	<u>Citrus Commission</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over / (Under)</u>
Fund Balances, July 1, 2005	\$ 8,850	\$ 8,850	\$ .....
Reversions	1,320	1,320	.....
Fund Balances, July 1, 2005, restated	<u>10,170</u>	<u>10,170</u>	<u>.....</u>
<b>REVENUES</b>			
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	<u>45,688</u>	<u>41,624</u>	<u>(4,064)</u>
Indirect revenues:			
Transfers and distributions	.....	780	780
Total Indirect Revenues	<u>.....</u>	<u>780</u>	<u>780</u>
<b>TOTAL REVENUES</b>	<b><u>45,688</u></b>	<b><u>42,404</u></b>	<b><u>(3,284)</u></b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b><u>55,858</u></b>	<b><u>52,574</u></b>	<b><u>(3,284)</u></b>
<b>EXPENDITURES</b>			
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	<u>50,421</u>	<u>44,934</u>	<u>5,487</u>
Nonoperating expenditures:			
Transfers	780	780	.....
Other	1,099	1,099	.....
Total Nonoperating Expenditures	<u>1,879</u>	<u>1,879</u>	<u>.....</u>
<b>TOTAL EXPENDITURES</b>	<b><u>52,300</u></b>	<b><u>46,813</u></b>	<b><u>5,487</u></b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b><u>\$ 3,558</u></b>	<b><u>\$ 5,761</u></b>	<b><u>\$ 2,203</u></b>

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

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

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
(in thousands)

**Wireless Emergency Telephone System**

	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over / (Under)</b>
Fund Balances, July 1, 2005	\$ 53,793	\$ 53,793	\$ .....
Reversions	29	29	.....
Fund Balances, July 1, 2005, restated	53,822	53,822	.....
<b>REVENUES</b>			
Direct revenues:			
Interest	2,276	625	(1,651)
Refunds	.....	23	23
Other	71,069	71,069	.....
<b>TOTAL REVENUES</b>	<b>73,345</b>	<b>71,717</b>	<b>(1,628)</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>127,167</b>	<b>125,539</b>	<b>(1,628)</b>
<b>EXPENDITURES</b>			
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	.....
<b>TOTAL EXPENDITURES</b>	<b>88,289</b>	<b>76,132</b>	<b>12,157</b>
<b>FUND BALANCES, JUNE 30, 2006</b>	<b>\$ 38,878</b>	<b>\$ 49,407</b>	<b>\$ 10,529</b>

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

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

2006 STATE OF FLORIDA CAFR

**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
<b>REVENUES</b>					
Fees and charges	\$ .....	\$ .....	\$ .....	\$ .....	\$ 661
Investment earnings	.....	(28)	.....	.....	131
Total revenues	.....	(28)	.....	.....	792
<b>EXPENDITURES</b>					
Current:					
General government	2,294	.....	.....	.....	10
Human services	1,373	.....	.....	.....	2,048
Criminal justice and corrections	31,772	.....	.....	.....	.....
Natural resources and environment	599	.....	.....	.....	.....
Transportation	.....	25	.....	.....	.....
Capital outlay	58,733	267,476	307	.....	.....
Debt service:					
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)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	110,555	383,532	800	.....	2,393
Operating transfers out	.....	(119,555)	(364)	(102)	.....
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

<u>School for the Deaf and the Blind</u>	<u>Totals 6/30/06</u>
\$ .....	\$ 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
<u>\$ 6,181</u>	<u>\$ 94,167</u>

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



2006 STATE OF FLORIDA CAFR

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

	<u>Private Grants</u>	<u>Lawton Chiles Endowment Fund</u>	<u>Totals 6/30/06</u>
<b>REVENUES</b>			
Licenses and permits	\$ 521	\$ .....	\$ 521
Investment earnings	443	202,524	202,967
Fines, forfeits, settlements and judgments	.....	65	65
Total revenues	<u>964</u>	<u>202,589</u>	<u>203,553</u>
<b>EXPENDITURES</b>			
Current:			
General government	.....	13,492	13,492
Education	76	.....	76
Total expenditures	<u>76</u>	<u>13,492</u>	<u>13,568</u>
Excess (deficiency) of revenues over expenditures	<u>888</u>	<u>189,097</u>	<u>189,985</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
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	<u>6,588</u>	<u>1,873,866</u>	<u>1,880,454</u>
Fund balances - ending	<u>\$ 7,334</u>	<u>\$ 2,023,738</u>	<u>\$ 2,031,072</u>

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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
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 937	\$ 1,553	\$ 316	\$ 2,806
Pooled investments with State Treasury	2,322,059	256,712	.....	2,578,771
Receivables, net	326,126	8,930	.....	335,056
Due from other funds	3,021	82	.....	3,103
Due from component units/primary	856	240	.....	1,096
Inventories	.....	6	.....	6
Other	.....	.....	31	31
Total current assets	2,652,999	267,523	347	2,920,869
<u>Noncurrent assets</u>				
Capital assets				
Buildings, equipment, and other depreciable assets	.....	15,675	480	16,155
Accumulated depreciation	.....	(9,780)	(437)	(10,217)
Total noncurrent assets	.....	5,895	43	5,938
Total assets	2,652,999	273,418	390	2,926,807
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	29,503	7,805	116	37,424
Due to other funds	4,334	9,535	.....	13,869
Due to component units/primary	.....	39	241	280
Compensated absences	.....	2,837	.....	2,837
Deposits	.....	16,764	.....	16,764
Obligations under security lending agreements	.....	33,936	.....	33,936
Obligations under reverse repurchase agreements	.....	15,745	.....	15,745
Total current liabilities	33,837	86,661	357	120,855
<u>Noncurrent liabilities</u>				
Deposits	433,913	.....	.....	433,913
Compensated absences	.....	11,468	.....	11,468
Total noncurrent liabilities	433,913	11,468	.....	445,381
Total liabilities	467,750	98,129	357	566,236
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	.....	5,894	43	5,937
Restricted for unemployment compensation	2,185,249	.....	.....	2,185,249
Unrestricted	.....	169,395	(10)	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)**

	Unemployment Compensation	Other	FL Engineers Management Corp	Totals 6/30/06
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ .....	\$ 70,509	\$ .....	\$ 70,509
Fees	1,170,794	206,479	1,813	1,379,086
Sales - state	.....	89	.....	89
Rents - state	.....	57	.....	57
Fines, forfeits, settlements and judgments	.....	11,791	.....	11,791
Total operating revenues	1,170,794	288,925	1,813	1,461,532
<b>OPERATING EXPENSES</b>				
Benefit payments	806,176	.....	.....	806,176
Contractual services	.....	28,806	152	28,958
Personal services	.....	123,399	1,324	124,723
Depreciation	.....	1,826	19	1,845
Materials and supplies	.....	4,890	65	4,955
Repairs and maintenance	.....	547	.....	547
Basic services	.....	25,493	239	25,732
Interest and fiscal charges	.....	303	.....	303
Total operating expenses	806,176	185,264	1,799	993,239
Operating income (loss)	364,618	103,661	14	468,293
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	27,889	435	.....	28,324
Investment earnings	98,344	1,772	.....	100,116
Interest and fiscal charges	.....	(155)	.....	(155)
Property disposition gain (loss)	.....	54	.....	54
Grant expense and client benefits	.....	(788)	.....	(788)
Other	.....	(808)	.....	(808)
Total nonoperating revenues (expenses)	126,233	510	.....	126,743
Income (loss) before transfers and contributions	490,851	104,171	14	595,036
Operating transfers in	7,487	3,102	.....	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	Other	FL Engineers Management Corp	Totals 6/30/06
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,202,094	\$ 291,442	\$ 2,030	\$ 1,495,566
Cash paid to vendors	.....	(61,471)	(856)	(62,327)
Cash paid to employees	.....	(117,679)	(1,165)	(118,844)
Cash paid for grants made	.....	(840)	.....	(840)
Cash paid for insurance claims	.....	(188)	.....	(188)
Unemployment benefits	(804,485)	(224)	.....	(804,709)
Net cash provided (used) by operating activities	397,609	111,040	9	508,658
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(7,714)	(61,834)	.....	(69,548)
Advances, grants or loans (to) from or repayment from others	27,897	352	.....	28,249
Cash received from noncapital grants or donations	.....	5	.....	5
Net cash provided (used) by noncapital financing activities	20,183	(61,477)	.....	(41,294)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase or construction of capital assets	.....	(577)	(31)	(608)
Net cash provided (used) by capital and related financing activities	.....	(577)	(31)	(608)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	(1,267)	7,651	.....	6,384
Investment earnings	101,294	1,439	.....	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	FL Engineers Management Corp	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	<u>\$ 397,609</u>	<u>\$ 111,040</u>	<u>\$ 9</u>	<u>\$ 508,658</u>

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**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).

2006 STATE OF FLORIDA CAFR

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

	Data Centers	Communications and Facilities	Other	Totals 6/30/06
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ .....	\$ 12,680	\$ .....	\$ 12,680
Pooled investments with State Treasury	14,749	178,162	7,031	199,942
Investments	.....	38,780	.....	38,780
Receivables, net	4,676	4,328	1,140	10,144
Due from other funds	18,136	6,978	3,581	28,695
Due from component units/primary	.....	.....	42	42
Inventories	.....	93	8	101
Total current assets	<u>37,561</u>	<u>241,021</u>	<u>11,802</u>	<u>290,384</u>
<u>Noncurrent assets</u>				
Capital assets				
Land and other nondepreciable assets	.....	331	.....	331
Buildings, equipment, and other depreciable assets	45,702	822,715	6,589	875,006
Accumulated depreciation	(32,588)	(252,407)	(4,255)	(289,250)
Construction work in progress	.....	73,031	.....	73,031
Total noncurrent assets	<u>13,114</u>	<u>643,670</u>	<u>2,334</u>	<u>659,118</u>
Total assets	<u>50,675</u>	<u>884,691</u>	<u>14,136</u>	<u>949,502</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	7,354	24,282	2,677	34,313
Due to other funds	125	1,326	1,744	3,195
Due to component units/primary	.....	.....	2	2
Compensated absences	674	642	1,611	2,927
Installment purchases/capital leases	395	272	.....	667
Bonds payable	.....	14,490	.....	14,490
Deposits	20	3,337	530	3,887
Obligations under security lending agreements	516	30,210	659	31,385
Obligations under reverse repurchase agreements	240	14,016	306	14,562
Certificates of participation payable	.....	14,240	.....	14,240
Total current liabilities	<u>9,324</u>	<u>102,815</u>	<u>7,529</u>	<u>119,668</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	1,478	525	800	2,803
Bonds payable	.....	325,576	.....	325,576
Certificates of participation payable	.....	264,988	.....	264,988
Installment purchases/capital leases	491	4,443	.....	4,934
Compensated absences	2,602	2,618	6,140	11,360
Total noncurrent liabilities	<u>4,571</u>	<u>598,150</u>	<u>6,940</u>	<u>609,661</u>
Total liabilities	<u>13,895</u>	<u>700,965</u>	<u>14,469</u>	<u>729,329</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	12,228	144,040	2,353	158,621
Unrestricted	24,552	39,686	(2,686)	61,552
Total net assets	<u>\$ 36,780</u>	<u>\$ 183,726</u>	<u>\$ (333)</u>	<u>\$ 220,173</u>

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
<b>OPERATING REVENUES</b>				
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	<u>106,878</u>	<u>236,908</u>	<u>64,139</u>	<u>407,925</u>
<b>OPERATING EXPENSES</b>				
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	<u>85,330</u>	<u>209,283</u>	<u>60,998</u>	<u>355,611</u>
Operating income (loss)	<u>21,548</u>	<u>27,625</u>	<u>3,141</u>	<u>52,314</u>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
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)	<u>(499)</u>	<u>(21,556)</u>	<u>47</u>	<u>(22,008)</u>
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	<u>20,841</u>	<u>(140)</u>	<u>1,458</u>	<u>22,159</u>
Total net assets - beginning	<u>15,939</u>	<u>183,866</u>	<u>(1,791)</u>	<u>198,014</u>
Total net assets - ending	<u>\$ 36,780</u>	<u>\$ 183,726</u>	<u>\$ (333)</u>	<u>\$ 220,173</u>

**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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 98,824	\$ 238,569	\$ 66,786	\$ 404,179
Cash paid to vendors	(62,218)	(166,362)	(13,794)	(242,374)
Cash paid to employees	(24,122)	(19,861)	(48,174)	(92,157)
Net cash provided (used) by operating activities	12,484	52,346	4,818	69,648
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payment of bond principal	.....	(13,315)	.....	(13,315)
Payment of principal installment purchase/capital lease	(386)	.....	.....	(386)
Payment of interest on bonds/installment purchase/capital lease	(128)	(16,741)	.....	(16,869)
Purchase or construction of capital assets	(3,625)	.....	(112)	(3,737)
Net cash provided (used) by capital and related financing activities	(4,139)	(30,056)	(112)	(34,307)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	(37)	36,322	535	36,820
Proceeds from the sale or maturity of investments	.....	.....	112	112
Investment earnings	(6)	37	(54)	(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	Communications and Facilities	Other	Totals 6/30/06
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	<u>\$ 12,484</u>	<u>\$ 52,346</u>	<u>\$ 4,818</u>	<u>\$ 69,648</u>

**Noncash investing, capital, and financing activities**

Contribution of fixed assets	\$ .....	\$ .....	\$ 1	\$ 1
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**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)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ASSETS</b>				
Cash and cash equivalents	\$ 51,193	\$ 807	\$ .....	\$ .....
Pooled investments with State Treasury	564,325	7,324	40,279	644
Total cash and cash equivalents	615,518	8,131	40,279	644
<u>Investments</u>				
Certificates of deposit	.....	.....	.....	.....
U.S. government & federally guaranteed obligations	45	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Commercial paper	.....	.....	.....	.....
Repurchase agreements	.....	.....	.....	.....
Bonds and notes	2,861	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	.....	15,714	.....	.....
Money market and short-term investments	18,464	.....	.....	.....
Domestic equity	.....	1,353	.....	.....
Total investments	21,370	17,067	.....	.....
<u>Receivables</u>				
Accounts receivable	205,492	.....	856	.....
Nonstate contributions receivable	20,000	.....	.....	.....
Interest receivable	2,785	9	98	.....
Dividends receivable	.....	.....	.....	.....
Pending investment sales	.....	.....	.....	.....
Due from other governments	.....	.....	22,248	.....
Total receivables	228,277	9	23,202	.....
Security lending collateral	.....	.....	.....	.....
Advances to other funds	.....	357,895	.....	.....
Loans receivable	238,126	.....	.....	.....
Capital assets	5	470	47	354
Accumulated depreciation	.....	(266)	(47)	.....
Other assets	5,527	.....	.....	.....
Total assets	1,108,823	383,306	63,481	998
<b>LIABILITIES</b>				
Accounts payable	356,207	17,104	5,012	.....
Pending investment purchases	.....	.....	.....	.....
Broker rebate fees	.....	.....	.....	.....
Due to other funds	59	.....	5,843	.....
Due to other governments	.....	.....	9,045	.....
Obligations under security lending agreements	99,861	560	5,742	.....
Obligations under reverse repurchase agreements	46,331	260	2,664	.....
Compensated absences	.....	276	.....	.....
Total liabilities	502,458	18,200	28,306	.....
<b>NET ASSETS</b>				
Held in trust for individuals, organizations, and other governments	\$ 606,365	\$ 365,106	\$ 35,175	\$ 998



2006 STATE OF FLORIDA CAFR

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College Savings Plan	Totals 6/30/06
\$ 37	\$ 52,037
.....	612,572
37	664,609
17	17
9,979	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)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Fees	\$ 10	\$ .....	\$ 5	\$ .....
Grants and contributions	.....	.....	140,770	15
Fines, forfeits, settlements and judgments	.....	86	134	.....
Unclaimed property remittances	.....	355,371	.....	.....
Transfers in from state funds	.....	27	.....	.....
Total contributions and other deposits	10	355,484	140,909	15
<u>Investment income</u>				
Interest income	6,463	25	627	.....
Dividends	.....	.....	.....	.....
Net increase (decrease) in fair market value	.....	.....	.....	.....
Total investment income	6,463	25	627	.....
Investment activity expense	.....	(199)	.....	.....
Net income (loss) from investing activity	6,463	(174)	627	.....
<u>Security lending activity</u>				
Security lending income	.....	.....	.....	.....
Security lending expense	.....	.....	.....	.....
Net income from security lending	.....	.....	.....	.....
Total net investment income (loss)	6,463	(174)	627	.....
Other additions	.....	319	.....	.....
Total additions	6,473	355,629	141,536	15
<b>DEDUCTIONS</b>				
Insurance claims expense	57,620	2	.....	.....
Interest expense	1,080	2	39	.....
Student loan default payments	.....	.....	144,201	.....
Payments to unclaimed property claimants	.....	101,918	.....	.....
Distribution to State School Fund	.....	153,269	.....	.....
Administrative expense	7,823	3,230	1	.....
Property disposition gain (loss)	.....	65	.....	.....
Transfers out to state funds	2	1,875	8,458	.....
Other deductions	.....	458	2,162	10
Total deductions	66,525	260,819	154,861	10
<u>Depositor activity</u>				
Deposits	166,497	.....	.....	30
Withdrawals	(30,871)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	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

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

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**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.

2006 STATE OF FLORIDA CAFR

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

	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Deferred Compensation Plan	Employee Health, Life and Disability Plans
<b>ASSETS</b>				
Cash and cash equivalents	\$ 233,945	\$ 6,006	\$ 56,846	\$ 4,773
Pooled investments with State Treasury	43,785	13,979	2,825	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	8,971,502	.....	.....	.....
Commercial paper	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	2,530	260,992	.....	.....
Domestic equity	60,007,803	.....	.....	.....
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	.....
<u>Receivables</u>				
Accounts receivable	20,526	6,284	.....	9,403
State contributions receivable	36,054	1,193	.....	.....
Nonstate contributions receivable	134,403	23,945	.....	.....
Interest receivable	297,072	17	5	535
Dividends receivable	95,109	1,699	.....	.....
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
<b>LIABILITIES</b>				
Accounts payable	116,182	6,486	.....	3,793
DROP	2,186,674	.....	.....	.....
Pending investment purchases	3,529,324	2	.....	.....
Forward contracts payable	680,255	.....	.....	.....
Broker rebate fees	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	.....	.....	.....	113,238
Compensated absences	1,078	28	.....	441
Total liabilities	23,455,882	29,248	731	227,427
<b>NET ASSETS</b>				
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
<u>163</u>	<u>597,257</u>
2,236	574,208
.....	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
<u>167,973</u>	<u>124,414,596</u>
.....	36,213
3,433	40,680
20,446	178,794
464	298,093
.....	96,808
.....	1,549,282
.....	679,497
.....	20,896
<u>24,343</u>	<u>2,900,263</u>
.....	16,740,896
.....	3,539
.....	(2,935)
<u>192,479</u>	<u>144,653,616</u>
9	126,470
.....	2,186,674
.....	3,529,326
.....	680,255
.....	44,204
.....	24,916
.....	16,927,473
.....	15,192
.....	64,002
.....	113,238
.....	1,547
<u>9</u>	<u>23,713,297</u>
<u>\$ 192,470</u>	<u>\$ 120,940,319</u>

**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)**

	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Deferred Compensation Plan	Employee Health, Life and Disability Plans
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$ 477,341	\$ 183,800	\$ .....	\$ .....
Pension fund contributions - nonstate	1,616,239	187,860	.....	.....
Employer/employee contributions	69	.....	.....	1,390,636
Purchase of time by employees	370	90,297	.....	.....
Fees	.....	.....	662	.....
Flexible benefit contributions	.....	.....	198,664	.....
Transfers in from state funds	13,522	1,035,425	.....	152
Total contributions and other deposits	2,107,541	1,497,382	199,326	1,390,788
<u>Investment income</u>				
Interest income	1,613,175	131	.....	3,236
Dividends	1,413,452	45,498	.....	.....
Other investment income	.....	36	.....	.....
Net increase (decrease) in fair market value	8,621,067	112,655	123,584	.....
Total investment income	11,647,694	158,320	123,584	3,236
Investment activity expense	(187,201)	(1,195)	.....	(206)
Net income (loss) from investing activity	11,460,493	157,125	123,584	3,030
<u>Security lending activity</u>				
Security lending income	724,942	.....	.....	.....
Security lending expense	(674,451)	.....	.....	.....
Net income from security lending	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
<b>DEDUCTIONS</b>				
Benefit payments	4,538,282	315,454	151,315	.....
Insurance claims expense	.....	.....	.....	721,233
HMO payments	.....	.....	.....	516,268
Supplemental insurance payments	.....	.....	.....	58,029
Flexible reimbursement payments	.....	.....	.....	19,193
Life insurance premium payments	.....	.....	.....	48,482
Remittances to annuity companies	.....	182,622	.....	.....
Interest expense	.....	.....	1	.....
Administrative expense	28,402	2,409	49	4,404
Property disposition gain (loss)	86	.....	.....	1
Transfers out to state funds	812,203	250,249	.....	623
Other deductions	875	6	.....	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 Subsidy	Totals 6/30/06
\$ 57,170	\$ 718,311
244,578	2,048,677
.....	1,390,705
.....	90,667
.....	662
.....	198,664
.....	1,049,099
<u>301,748</u>	<u>5,496,785</u>
6,784	1,623,326
.....	1,458,950
.....	36
183	8,857,489
<u>6,967</u>	<u>11,939,801</u>
.....	(188,602)
<u>6,967</u>	<u>11,751,199</u>
.....	724,942
.....	(674,451)
.....	50,491
<u>6,967</u>	<u>11,801,690</u>
.....	48,946
<u>308,715</u>	<u>17,347,421</u>
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
<u>275,668</u>	<u>7,926,037</u>
33,047	9,421,384
159,423	111,551,937
.....	(33,002)
<u>159,423</u>	<u>111,518,935</u>
<u>\$ 192,470</u>	<u>\$ 120,940,319</u>

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## **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.

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2006 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**AGENCY FUNDS**

**JUNE 30, 2006**

**(in thousands)**

	Treasury Investment Administration	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/06
<b>ASSETS</b>						
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	.....	.....	.....	.....	38	38
Other investments	.....	.....	160	.....	.....	160
Total investments	.....	.....	160	.....	4,043,402	4,043,562
<u>Receivables</u>						
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	.....	.....	.....	.....	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
<b>LIABILITIES</b>						
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	.....	51,247	.....	232,958	962,817
Obligations under reverse repurchase agreements	314,850	.....	23,775	.....	.....	338,625
Deposits payable	.....	28,155	79,870	.....	2,341,376	2,449,401
Total liabilities	\$ 3,831,422	\$ 1,121,041	\$ 340,200	\$ .....	\$ 4,316,943	\$ 9,609,606

2006 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(in thousands)

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

2006 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**(in thousands)**

<u>State Board of Administration</u>	Balance 6/30/05	Additions	Deductions	Balance 6/30/06
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,806	\$ 16,549,540	\$ 16,547,773	\$ 11,573
Pooled investments with State Treasury	227,139	3,055	230,194	.....
Investments	2,648,362	1,395,040	.....	4,043,402
Accounts receivable	214	251	214	251
Interest receivable	15,819	28,050	15,856	28,013
Dividends receivable	.....	37	.....	37
Pending investment sales	.....	907	.....	907
Futures trade equity	.....	12	.....	12
Due from state funds	681,743	.....	681,742	1
Security lending collateral	178,266	54,481	.....	232,747
Total assets	<u>\$ 3,761,349</u>	<u>\$ 18,031,373</u>	<u>\$ 17,475,779</u>	<u>\$ 4,316,943</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 980	\$ .....	\$ 734	\$ 246
Pending investment purchases	858	4,452	.....	5,310
Broker rebate fees	284	285	.....	569
Due to other funds	5,406	7,944	5,406	7,944
Due to other governments	3,116	37,538	37,961	2,693
Due to component units	737,650	3,357,178	2,368,981	1,725,847
Obligations under security lending agreements	223,523	232,958	223,523	232,958
Obligations under reverse repurchase agreements	19,085	.....	19,085	.....
Deposits payable	2,770,447	1,701,245	2,130,316	2,341,376
Total liabilities	<u>\$ 3,761,349</u>	<u>\$ 5,341,600</u>	<u>\$ 4,786,006</u>	<u>\$ 4,316,943</u>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,275	\$ 16,680,857	\$ 16,670,973	\$ 34,159
Pooled investments with State Treasury	6,181,604	10,017,831	11,388,969	4,810,466
Investments	2,648,522	1,395,040	.....	4,043,562
Accounts receivable	338,260	385,239	332,832	390,667
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	20,148	36,315	23,118	33,345
Dividends receivable	.....	37	.....	37
Pending investment sales	.....	907	.....	907
Futures trade equity	.....	12	.....	12
Due from state funds	730,482	66,110	732,895	63,697
Security lending collateral	178,266	54,481	.....	232,747
Total assets	<u>\$ 10,121,564</u>	<u>\$ 28,636,829</u>	<u>\$ 29,148,787</u>	<u>\$ 9,609,606</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 661,184	\$ 15,111	\$ 250,077	\$ 426,218
Pending investment purchases	1,344	4,569	.....	5,913
Forward contracts payable	12,148	1,348	2	13,494
Broker rebate fees	7,084	1,165	.....	8,249
Due to other funds	74,688	89,409	79,568	84,529
Due to other governments	636,423	2,061,383	2,026,085	671,721
Due to component units	4,163,235	4,053,109	3,567,705	4,648,639
Obligations under security lending agreements	1,274,434	367,687	679,304	962,817
Obligations under reverse repurchase agreements	455,268	62,751	179,394	338,625
Deposits payable	2,835,756	1,743,961	2,130,316	2,449,401
Total liabilities	<u>\$ 10,121,564</u>	<u>\$ 8,400,493</u>	<u>\$ 8,912,451</u>	<u>\$ 9,609,606</u>

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**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.

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2006 STATE OF FLORIDA CAFR

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

	Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/06
<b>ASSETS</b>					
<u>Current assets</u>					
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
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
<u>Noncurrent assets</u>					
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	86,965	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 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)
Construction work in progress	21,039	314,731	178,841	105,051	619,662
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
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
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
<u>Noncurrent liabilities</u>					
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
<b>NET ASSETS</b>					
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

2006 STATE OF FLORIDA CAFR

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	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
<b>Total component units</b>	<b>\$ 5,484,073</b>	<b>\$ 1,353,571</b>	<b>\$ 1,451,563</b>	<b>\$ 779,434</b>

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

2006 STATE OF FLORIDA CAFR

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Net (Expense) Revenue and Changes in Net Assets

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

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# **STATISTICAL SECTION**

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# 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.

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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)

SCHEDULE A-1

	<u>Fiscal Year</u>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 38,329,290	\$ 40,382,471	\$ 41,779,939	\$ 43,469,131
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 <sup>(2)</sup>	246,260	1,098,987	1,019,230	1,037,249
Tax Collection and Administration <sup>(2)</sup>	187,855	200,005	208,388	220,221
Employment Services <sup>(2)</sup>	214,204	288,006	350,380	405,403
Nonmajor Governmental funds	864,616	655,501	321,728	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	<u>\$ 35,156,038</u>	<u>\$ 38,037,999</u>	<u>\$ 41,009,650</u>	<u>\$ 45,328,534</u>
Percent change from prior year	N/A	8.20%	7.81%	10.53%
<b>Business-type Activities</b>				
Invested in capital assets, net of related debt	\$ 3,061,253	\$ 3,145,435	\$ 2,890,246	\$ 3,331,056
Restricted				
Lottery	232,248	350,440	201,371	204,037
Prepaid College Program	.....	.....	.....	.....
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	228,259	591,731	310,405
Total business-type activities net assets <sup>(1)</sup>	<u>\$ 9,389,411</u>	<u>\$ 10,170,449</u>	<u>\$ 10,784,440</u>	<u>\$ 8,326,592</u>
Percent change from prior year	N/A	8.32%	6.04%	-22.79%
<b>Total Primary Government</b>				
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 <sup>(2)</sup>	246,260	1,098,987	1,019,230	1,037,249
Tax Collection and Administration <sup>(2)</sup>	187,855	200,005	208,388	220,221
Employment Services <sup>(2)</sup>	214,204	288,006	350,380	405,403
Nonmajor governmental funds <sup>(2)</sup>	770,274	653,567	321,728	339,061
Lottery	232,248	350,440	201,371	204,037
Prepaid College Program <sup>(3)</sup>	.....	.....	.....	.....
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	94,342	123,022	252,193	395,216
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	(10,111,871)	(9,879,085)	(7,398,403)	(5,740,773)
Total primary government net assets <sup>(4)</sup>	<u>\$ 44,545,449</u>	<u>\$ 48,208,448</u>	<u>\$ 51,794,090</u>	<u>\$ 53,655,126</u>
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.

- <sup>(1)</sup> 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.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> Florida Prepaid College Program was reclassified as major business-type fund for fiscal year ended June 30, 2006. Refer to Note 1H to the financial statements for additional information.
- <sup>(4)</sup> See Schedule A-2 for changes in net assets from year to year

**Fiscal Year**

**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%

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

	<b>Fiscal Year</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Expenses</b>				
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	<u>43,115,569</u>	<u>45,759,405</u>	<u>49,418,722</u>	<u>54,507,701</u>
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	.....	.....	.....	.....
Nonmajor enterprise funds	158,478	156,979	159,046	176,683
Total business-type activities expenses	<u>3,541,499</u>	<u>3,961,927</u>	<u>4,012,405</u>	<u>7,820,778</u>
Total primary government expenses	<u>\$ 46,657,068</u>	<u>\$ 49,721,332</u>	<u>\$ 53,431,127</u>	<u>\$ 62,328,479</u>
<b>Program Revenues</b>				
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	<u>17,906,657</u>	<u>19,516,329</u>	<u>22,142,183</u>	<u>24,725,867</u>
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	633,436	632,563	580,514	787,759
Prepaid College Program	.....	.....	.....	.....
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	<u>4,924,673</u>	<u>5,876,418</u>	<u>5,836,636</u>	<u>6,655,667</u>
Total primary government program revenues	<u>\$ 22,831,330</u>	<u>\$ 25,392,747</u>	<u>\$ 27,978,819</u>	<u>\$ 31,381,534</u>
<b>Net (Expense) Revenue<sup>(1)</sup></b>				
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)	<u>\$ (23,825,738)</u>	<u>\$ (24,328,585)</u>	<u>\$ (25,452,308)</u>	<u>\$ (30,946,945)</u>

**Fiscal Year****2006**

\$ 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**

**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**

	<b>Fiscal Year</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Governmental activities:				
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	.....
<b>Total governmental activities</b>	<b>27,041,298</b>	<b>28,353,900</b>	<b>30,062,552</b>	<b>33,885,428</b>
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)
<b>Total business-type activities</b>	<b>(1,046,081)</b>	<b>(1,238,311)</b>	<b>(1,223,195)</b>	<b>(1,239,171)</b>
<b>Total primary government</b>	<b>\$ 25,995,217</b>	<b>\$ 27,115,589</b>	<b>\$ 28,839,357</b>	<b>\$ 32,646,257</b>
<b>Change in Net Assets</b>				
Governmental activities	\$ 1,832,386	\$ 2,110,824	\$ 2,786,013	\$ 4,103,594
Business-type activities <sup>(2)</sup>	337,093	676,180	601,036	(2,404,282)
<b>Total primary government<sup>(3)</sup></b>	<b>\$ 2,169,479</b>	<b>\$ 2,787,004</b>	<b>\$ 3,387,049</b>	<b>\$ 1,699,312</b>

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

<sup>(1)</sup> 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.

<sup>(2)</sup> In 2005 and 2006, the business-type activities expenses increased primarily as a result of an increase in hurricane reinsurance claims.

<sup>(3)</sup> See Schedule A-1 for ending net asset balances for reported years.

Fiscal Year2006

\$ 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

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)

	<b>Fiscal Year</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>General Fund:</b>				
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	<u>3,336,290</u>	<u>3,629,508</u>	<u>5,054,239</u>	<u>6,851,119</u>
Percent change from prior year	N/A	8.79%	39.25%	35.55%
<b>Other Governmental Funds:</b>				
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	.....	.....	.....	107,171
Other	101,271	104,639	91,242	.....
Unreserved, reported in:				
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	<u>7,290,113</u>	<u>8,967,761</u>	<u>9,224,037</u>	<u>10,058,826</u>
<b>Total Governmental Funds</b> <sup>(1)</sup>	<u>\$ 10,626,403</u>	<u>\$ 12,597,269</u>	<u>\$ 14,278,276</u>	<u>\$ 16,909,945</u>
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.

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



Fiscal Year2006

\$ 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**

(Modified Accrual Basis of Accounting)

	<b>Fiscal Year</b>			
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>Revenues</b>				
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
<b>Total revenues</b>	<b>43,399,612</b>	<b>46,496,932</b>	<b>50,704,414</b>	<b>57,034,257</b>
<b>Expenditures</b>				
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
<b>Total expenditures</b>	<b>45,733,660</b>	<b>48,333,087</b>	<b>51,856,274</b>	<b>57,113,243</b>
Revenues over (under) expenditures	(2,334,048)	(1,836,155)	(1,151,860)	(78,986)
<b>Other Financing Sources (Uses)</b>				
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)
<b>Total other financing sources (uses)</b>	<b>2,578,324</b>	<b>3,003,788</b>	<b>2,769,621</b>	<b>2,640,748</b>
<b>Net Change in Fund Balances</b>	<b>\$ 244,276</b>	<b>\$ 1,167,633</b>	<b>\$ 1,617,761</b>	<b>\$ 2,561,762</b>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	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
	<u>60,622,873</u>
	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
	<u>60,344,757</u>
	278,116
	1,152,268
	426,107
	23,751
	(426,107)
	10,901,916
	<u>(9,559,920)</u>
	<u>2,518,015</u>
\$	<u>2,796,131</u>

2.7%

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

SCHEDULE B-1

	<u>Calendar Year</u>				
	<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
<b>Total</b>	<b>\$ 185,359,150</b>	<b>\$ 206,022,753</b>	<b>\$ 212,404,939</b>	<b>\$ 234,612,545</b>	<b>\$ 249,063,112</b>
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

<b>Calendar Year</b>				
<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
\$ 628,505	\$ 1,523,823	\$ 2,113,243	\$ 2,227,668	\$ 2,242,702
467,097	475,976	487,506	570,630	751,037
4,143,642	4,339,103	3,896,742	4,186,503	4,881,040
8,437,418	9,973,528	13,314,291	14,619,140	17,726,833
14,730,089	7,297,988	7,585,459	8,735,773	9,548,276
750,000	12,080,297	12,202,644	13,163,094	14,253,972
10,608,768	8,946,443	12,559,558	17,282,512	22,480,523
152,163,684	155,667,230	171,423,008	178,084,155	198,092,426
18,198,371	19,188,005	20,805,219	21,102,170	23,697,839
37,507,089	37,431,731	36,410,849	39,880,491	44,364,971
221,225	195,930	264,591	147,522	102,172
2,036,553	1,202,541	622,774	787,651	946,250
<b><u>\$ 249,892,441</u></b>	<b><u>\$ 258,322,595</u></b>	<b><u>\$ 281,685,884</u></b>	<b><u>\$ 300,787,309</u></b>	<b><u>\$ 339,088,041</u></b>
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

Industry	Calendar Year 2005			Calendar Year 1996		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales 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%
<b>Total</b>	<b>605,281</b>	<b>\$ 22,517,501</b>	<b>100.00%</b>	<b>618,721</b>	<b>\$ 11,946,839</b>	<b>100.00%</b>

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)

SCHEDULE C-1

Fiscal Year	Governmental Activities					Business-type Activities		Debt as a Percentage of Tax-supported Revenues <sup>(1)</sup>	Debt Per Capita <sup>(2)</sup>
	Full Faith and Credit	Pledged Revenue	Capital Leases and Installment Purchases	Certificates of Participation	Total Governmental	Pledged Revenue	Total Primary Government		
2002	\$ 9,921	\$ 4,688	\$ 125	\$ 101	\$ 14,835	\$ 1,799	\$ 16,634	71.39%	\$ 992.05
2003	10,586	5,286	132	96	16,100	1,716	17,816	73.70%	1,036.93
2004	11,170	5,301	182	91	16,744	2,159	18,903	72.41%	1,072.77
2005	12,035	5,245	174	85	17,539	2,071	19,610	66.37%	1,088.03
2006	11,476	5,379	144	279	17,278	3,358	20,636	62.56%	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.

<sup>(1)</sup> 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.

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

**Ratios of Net General Bonded Debt Outstanding**

SCHEDULE C-2

Last Five Fiscal Years

(dollars in millions, except per capita)

<b>General Bonded Debt Outstanding</b>								
<b>Fiscal Year</b>	<b>Full Faith and Credit</b>	<b>Capital Leases and Installment Purchases</b>	<b>Certificates of Participation</b>	<b>Total</b>	<b>Restricted Resources</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Debt as a Percentage of Tax-supported Revenues<sup>(1)</sup></b>	<b>Per Capita<sup>(2)</sup></b>
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.

- <sup>(1)</sup> 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.
- <sup>(2)</sup> 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 <sup>(1)</sup>	\$ 32,984
Debt limit <sup>(2)</sup>	1,979
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>1,681</u>
Legal debt margin	<u>\$ 298</u>

	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 <sup>(2)</sup>	\$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	<u>801</u>	<u>928</u>	<u>1,072</u>	<u>1,166</u>	<u>1,303</u>	<u>1,357</u>	<u>1,460</u>	<u>1,552</u>	<u>1,596</u>	<u>1,681</u>
Legal debt margin	<u>\$ 322</u>	<u>\$ 281</u>	<u>\$ 191</u>	<u>\$ 173</u>	<u>\$ 70</u>	<u>\$ 41</u>	<u>\$ (10)</u>	<u>\$ 14</u>	<u>\$ 177</u>	<u>\$ 298</u>
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%

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

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

2006 STATE OF FLORIDA CAFR

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

SCHEDULE C-4

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

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

SCHEDULE C-4

Year Ended 6/30	Revenue	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
<i>Conservation and Recreation Land</i> <sup>(1),(2),(3)</sup>						
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
<i>Lottery Education</i> <sup>(1),(4)</sup>						
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
<i>Alligator Alley</i> <sup>(5)</sup>						
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.

- (1) 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.
- (3) 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.

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

Year	Population (as of July 1)				Personal Income (in millions)	
	Florida	Percent Change from Prior Year	U.S.	Percent Change from Prior Year	Florida	U.S.
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	<sup>(1)</sup> 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.

<sup>(1)</sup> Forecast from October 2006 Florida Estimating Conferences

<sup>(2)</sup> School enrollment is by State fiscal year and other data is by calendar year.

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

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.

<u>Per Capita Personal Income</u>		<u>Unemployment Rate</u>		<u>Median Age</u>	<u>Public School Enrollment<sup>(2)</sup></u>
<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)**

SCHEDULE D-2

<u>Industry</u>	<u>2005</u>		<u>2001</u> <sup>(1)</sup>	
	<u>Percentage of Total</u>		<u>Percentage of Total</u>	
	<u>Employment</u>	<u>Employment</u> <sup>(2)</sup>	<u>Employment</u>	<u>Employment</u> <sup>(2)</sup>
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%
<b>Total</b>	<b>6,185</b>	<b>76.43%</b>	<b>5,630</b>	<b>75.31%</b>

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.

<sup>(1)</sup> 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.

<sup>(2)</sup> "Employment" is being calculated based on average total employment by industry for each calendar year. Ratios of "Total" employment are based on the following:

	<u>2005</u>	<u>2001</u>
Total non-agricultural employment (in thousands)	7,810	7,171
Total agricultural employment (in thousands)	282	305
<b>Total employment</b>	<b>8,092</b>	<b>7,476</b>

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

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2006 STATE OF FLORIDA CAFR

**Full-time Equivalent (FTE) State Employees by Function  
Last Ten Fiscal Years**

SCHEDULE E-1

<b>Function</b>	<b>Fiscal Year</b>						
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
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 <sup>(1)</sup>	.....	.....	.....	.....	.....	.....	.....
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 <sup>(2)</sup>	.....	.....	.....	.....	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
<b>Total</b>	<b>114,551</b>	<b>116,033</b>	<b>117,073</b>	<b>120,036</b>	<b>121,092</b>	<b>116,030</b>	<b>118,368</b>

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.

<sup>(1)</sup> New function added in fiscal year 2004 for reporting purposes.

<sup>(2)</sup> Agency formed and FTE determination required in fiscal year 2001.

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



<b>Fiscal Year</b>		
<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
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
<u>117,165</u>	<u>125,363</u>	<u>121,485</u>

**Operating Indicators by Function**  
**Last Ten Fiscal Years**

SCHEDULE E-2

<b>General government</b>	<b>Fiscal Year</b>				
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Department of Revenue</b> <sup>(2)</sup>					
Total administered taxes ( <i>in millions</i> )	19,779	21,314	22,681	23,863	25,066
<b>Department of Management Services</b> <sup>(2)</sup>					
Number of retired members covered <sup>(1)</sup>	155,702	164,029	171,152	181,026	188,770
<b>Education</b>					
<b>Universities</b>					
University enrollments	213,273	218,290	223,922	232,794	240,753
Degrees awarded	44,431	46,154	46,742	47,825	48,956
<b>Human services</b>					
<b>Department of Health</b> <sup>(2)</sup>					
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
<b>Department of Children and Families</b>					
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
<b>Criminal justice and corrections</b>					
<b>Department of Corrections</b>					
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
<b>Natural resources and environment</b>					
<b>Department of Environmental Protection</b>					
State park visitations	13,740,605	14,138,243	14,686,150	16,760,822	18,075,329
<b>Department of Fish and Wildlife Conservation</b>					
Fishing and hunting licenses holders	1,227,795	1,225,780	1,381,845	1,357,447	1,284,197
<b>Transportation</b>					
<b>Department of Transportation</b>					
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 <sup>(2)</sup>	240,639	245,440	243,409	246,541	256,169
Daily vehicle miles traveled ( <i>in thousands</i> )	231,215	239,518	245,757	254,114	258,528
<b>State courts</b>					
<b>State Courts System</b>					
Number of cases filed/added:					
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.

<sup>(1)</sup> 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)

<sup>(2)</sup> Information for this agency and/or item is only reported by calendar year. Information  
reported in each column represents calendar year ended December 31.

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

Fiscal Year				
<u>2002</u>	<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

	<b>Fiscal Year</b>					
	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>
<b><u>General government</u></b>						
<b>Department of Management Services:</b>						
Buildings	72	74	77	82	211	90
<b><u>Education</u></b>						
<b>Universities and colleges: <sup>(1)</sup></b>						
Total inventory of assignable square feet	29,191,433	30,284,308	31,899,448	33,749,502	35,846,672	37,185,692
<b><u>Human services</u></b>						
<b>Department of Health</b>						
Buildings	52	58	58	59	64	64
Vehicles	Unavailable	Unavailable	23,998	23,463	24,065	31,684
<b>Department of Children and Families</b>						
Buildings	547	547	548	548	551	491
<b><u>Criminal justice and corrections</u></b>						
<b>Department of Corrections</b>						
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
<b><u>Natural resources and environment</u></b>						
<b>Division of Recreation and Parks</b>						
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
<b>Department of Environmental Protection</b>						
Acres of land <sup>(2)</sup>	2,878,139	3,002,319	3,152,857	3,341,600	3,559,115	3,836,193
<b>Fish and Wildlife Commission</b>						
Vehicles	Unavailable	Unavailable	838	836	1,371	1,494
<b><u>Transportation</u></b>						
<b>Department of Transportation</b>						
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
<b><u>State courts</u></b>						
<b>State Courts System</b>						
Machinery and equipment	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

Note: Items noted as Unavailable have not determined as of the publication date.

<sup>(1)</sup> Universities and colleges are presented in the CAFR as discretely presented component units of the State.

<sup>(2)</sup> 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.

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

<b>Fiscal Year</b>			
<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
90	90	90	85
39,665,618	40,113,683	40,494,602	41,778,515
64	65	69	69
25,269	25,350	25,987	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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