



JANET NAPOLITANO
GOVERNOR

WILLIAM BELL
DIRECTOR

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December 21, 2006

The Honorable Janet Napolitano
Governor of the State of Arizona
State Capitol
1700 W. Washington
Phoenix, AZ 85007

Dear Governor Napolitano:

In compliance with Arizona Revised Statutes Section 35-131, I respectfully submit the Annual Financial Report of the State of Arizona for the fiscal year ended June 30, 2006.

This report is prepared on a cash basis and reflects the financial transactions of the State of Arizona for the fiscal year ended June 30, 2006, as well as the financial condition of the State as of June 30, 2006.

All State funds and agencies are included in the report at a summary level. As required by Laws 2005, Chapter 331, Section 4, this report also includes statements reflecting non-appropriated activity in the same detail as the General Fund. The law provided for a phased-in approach and required reporting on 5 pilot agencies for FY06. The FY06 Annual Financial Report exceeds that requirement by including the non-appropriated detailed activity for 46 agencies.

Sincerely,

A handwritten signature in black ink, appearing to read "William Bell".

William Bell
Director

WB:DCP:md