

STATE OF FLORIDA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2003



TOM GALLAGHER
CHIEF FINANCIAL OFFICER

ACKNOWLEDGEMENTS

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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.

FLORIDA LIGHTHOUSES

Built primarily in the late 1800's and after decades of withstanding the onslaught of hurricanes and the destructive forces of nature, many Florida lighthouses remain standing today. Their longevity and endurance are a testament to the dedication and tenacity of the people who have built and maintained them. Lighthouse towers have been a source of awe and wonder for many people, but for those who navigate Florida's waterways, our lighthouses have been and continue to remain a navigational necessity.

STATE OF FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2003



JEB BUSH
GOVERNOR

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

DEPARTMENT OF FINANCIAL SERVICES



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2003

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INTRODUCTORY SECTION



CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

TOM GALLAGHER

January 30, 2004

The Honorable Jeb Bush, Governor
President of the Senate
Speaker of the House of Representatives
Citizens of the State of Florida

As required by Section 216.102(3), Florida Statutes, I am pleased to submit the State of Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003.

INTRODUCTION TO THE REPORT

This report is prepared in conformance with generally accepted accounting principles (GAAP) for state and local governments. The financial statements contained within this report present the financial condition of the State at June 30, 2003 and the results of operations for the fiscal year ended June 30, 2003. The CAFR is presented in three sections: introduction, financial, and statistical and economic data.

Responsibility

As the State's Chief Financial Officer (CFO), I am responsible for preparing and publishing the CAFR. State agencies and other organizations included in the State's financial reporting entity are responsible for the financial information contained in the CAFR.

Basic Financial Statements

Basic financial statements presented in the financial section of the CAFR include government-wide financial statements, fund financial statements, and notes to the financial statements. Notes to the financial statements disclose additional information such as the State's significant accounting policies, deposits and investments, tax revenue, capital assets, pensions and other post-employment benefits, long-term liabilities, risk management, contingencies, and litigation. Notes to the financial statements are an integral part of the basic financial statements and should be viewed as such. The Management's Discussion and Analysis (MD&A), which precedes the basic financial statements, presents financial highlights, overall financial analysis, and economic outlook of the State. The various financial statements presented in the CAFR are discussed in more detail in the MD&A and Note 1 to the financial statements.

Independent Auditor

The basic financial statements have been audited by the Auditor General, and his opinion is included in the CAFR. The Auditor General also conducts a Statewide Federal Awards Audit as required by the U.S. Office of Management and Budget (OMB). This report is issued separately.

PROFILE OF THE STATE

Governmental Structure

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 dated June 30, 2003 following this letter for more detail.

Financial Reporting Entity

Because accounting and financial reporting emphasize economic substance over legal form, the financial reporting entity presented in the CAFR includes organizations in addition to the State's primary government. These organizations are defined as component units. Refer to Note 1 to the financial statements for more information.

FINANCIAL INFORMATION

Accounting System

The Florida Financial Management Information System Act requires the design and implementation of a unified management information system, which contains five subsystems. One of the five subsystems designated by the Legislature is the Florida Accounting Information Resource (FLAIR) Subsystem. The Department of Financial Services is responsible for the design, implementation, and operation of FLAIR. FLAIR is a computer-based, double entry general ledger accounting system. Internal accounting controls are in place to provide reasonable assurance regarding the safeguarding of assets and reliability of financial records for the preparation of financial statements and maintaining accountability.

Budgetary Control

While the departmental component of FLAIR provides agency management with a budgetary check mechanism, the central component (also a part of FLAIR) maintains a separate accounting system on the cash basis for the control of budget by line item of the appropriations act. Florida law strictly prohibits overspending. Refer to the Other Required Supplementary Information Section within the CAFR for a detailed discussion of the State's budget process.

Cash Management and Investment

All moneys received by any state agency must be deposited in the State Treasury, unless specifically exempted. Receipts in any fund may be by direct deposit or by transfer from another fund. The Chief Financial Officer approves disbursements from the State Treasury upon request of the agency authorized to make the expenditure. Moneys being held in the State Treasury are invested in various security instruments, as discussed in Note 2 to the financial statements.

The State Board of Administration has the investing responsibility for members of the Florida Retirement System and state and local governments. Refer to Note 2 to the financial statements for more information about the State's investments.

State Funds

Section 215.32(1), Florida Statutes, created the following state funds to account for moneys received by the State. These funds differ from external reporting funds that are required to be used in the financial statements by the Governmental Accounting Standards Board (GASB).

General Revenue Fund

The General Revenue Fund consists of all moneys received by the State from every source, except moneys deposited into trust funds, the Working Capital Fund, and the Budget Stabilization Fund. About 42 percent of all taxes, licenses, fees, and other operating receipts are credited to the General Revenue Fund.

Trust Funds

Trust funds consist of receipts that are earmarked for a specific purpose, either by general law, the Constitution, or a trust agreement. Each receipt is credited to the accounts that make up the trust funds.

Working Capital Fund

The Working Capital Fund consists of funds available in the General Revenue Fund, which are not needed for appropriations. The Working Capital Fund serves as a reserve fund to offset unanticipated expenditures, such as spending on emergencies. Refer to the Statistical and Economic Data Section of the CAFR for the operating history of the Working Capital Fund.

Budget Stabilization Fund

The Budget Stabilization Fund must be maintained at not less than 5 percent of the previous year's General Revenue net collections. Moneys in the fund may only be used to cover revenue shortfalls in the General Revenue Fund and for emergencies as defined by law. Expenditures from the fund must be restored in equal installments in each of the five succeeding fiscal years unless other repayment schedules are established by the Legislature. Refer to the Statistical and Economic Data Section of the CAFR for the operating history of the Budget Stabilization Fund.

Debt Administration

Florida maintains a high bond rating from Moody's Investors Services (Aa2), Standard and Poor's Corporation (AA+), and Fitch, Inc. (AA) on all state general obligation bonds. Bonds are issued to finance capital outlay for education projects of state universities, community colleges, and local school districts; environmental protection; and highway construction. Refer to the MD&A and Note 8 to the financial statements for more information about the State's outstanding bonds.

Tax Revenue

The largest revenue source for the State is taxes. Sales and use tax represents approximately 59 percent of all the state taxes collected. Florida's law provides that each sale, admission charge, storage, or rental is taxable unless the transaction is specifically exempt. Refer to Note 4 to the financial statements for more information about the State's tax revenue.

Tobacco Litigation Settlement

Florida's 1997 tobacco settlement is expected to total approximately \$13 billion over the initial 25-year period. As of June 30, 2003, the State has received approximately \$3.8 billion from the settlement. The settlement anticipates that the State will use the funds for children's health care coverage and other health-related services and for mandated improvements in state enforcement efforts regarding the reduction of sales of tobacco products to minors.

ACKNOWLEDGEMENTS

The preparation of the CAFR requires the cooperation of fiscal and accounting personnel throughout the State. We sincerely appreciate all those that have contributed to this effort including all state agencies and the Auditor General's Office.

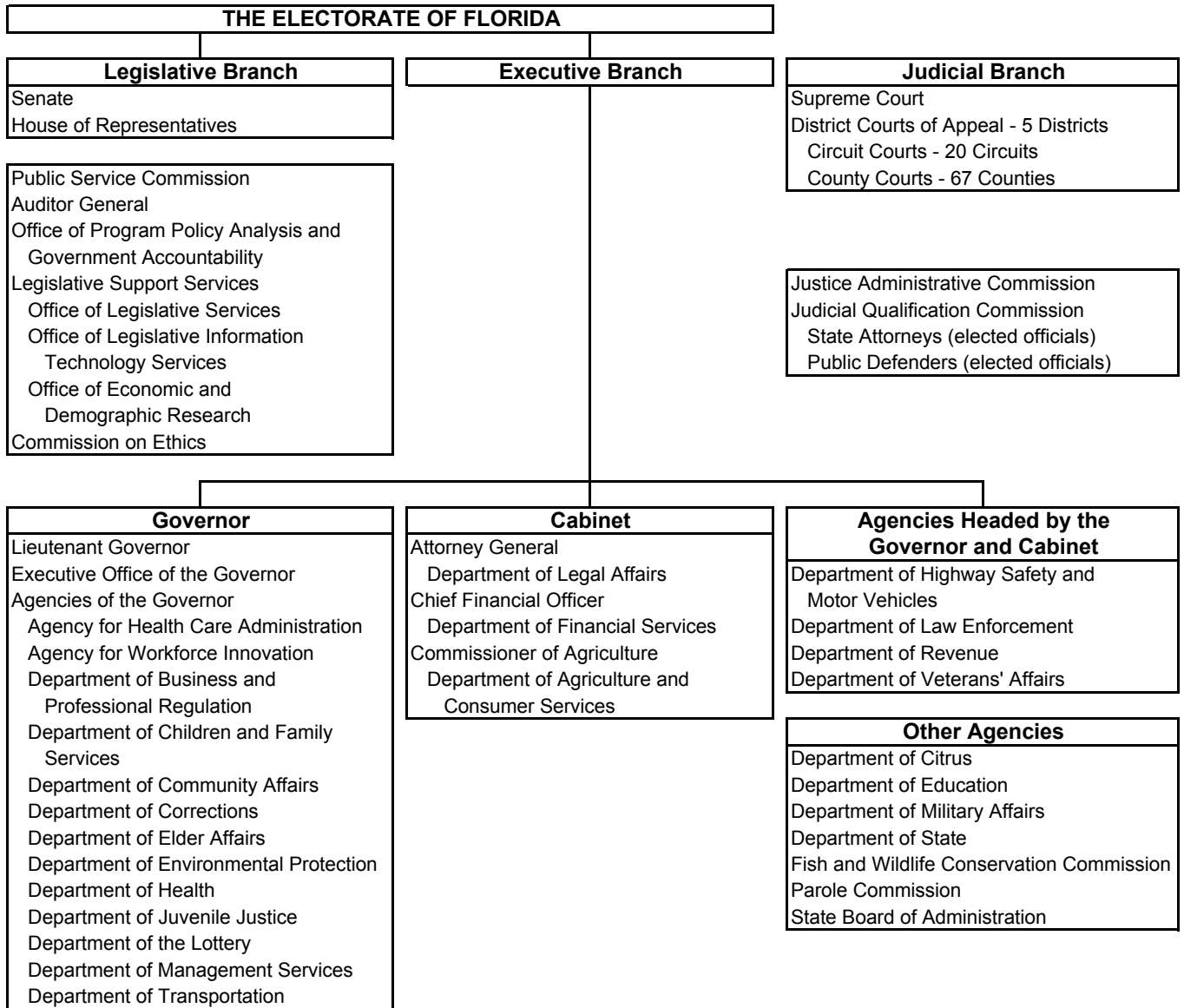
Sincerely,

//SS//

Tom Gallagher

TG:tw

ORGANIZATION AT JUNE 30, 2003



PRINCIPAL OFFICIALS AT JUNE 30, 2003

Legislative Branch

Senate
James E. "Jim" King, Jr., President
House of Representatives
Johnnie Byrd, 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

Harry Lee Anstead, Chief Justice

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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, 2003, 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. We did not audit the financial statements of the Legislature constituting less than 1 percent of assets and revenues of the general fund; nor did we audit the discretely presented component units (other than the State's universities and community colleges, comprising approximately 54 percent and 76 percent of the assets and revenues, respectively, of the aggregate discretely presented component unit column) as described in Note 1 to the basic financial statements. 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 solely upon the reports of the 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 were not adequate to document the ownership and valuation of a substantial portion of land, which is recorded at \$3.326 billion and constitutes 27.6 percent of the reported land value, and 7.5 percent of capital assets reported for governmental activities at June 30, 2003. As a result, it was not practicable in the circumstances for us to determine whether the amount reported for land within the governmental activities is fairly presented.

In our opinion, except for the effects of such adjustments, if any, of not providing adequate documentation regarding the amount reported for land within the governmental activities as described in the preceding paragraph, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2003, and the respective changes in financial position and cash flows, where applicable, 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 30, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 changed its method for recording and reporting capital outlay balances in the Public Education Fund. The change resulted in reporting these balances as a reservation of fund balance in the Public Education Fund. Previously, some balances were reported as liabilities while other balances were reported as unreserved fund balance.

The accompanying management discussion and analysis on pages 14 through 19 and the required supplementary information – budgetary information, pension trust fund information, and information on infrastructure using the modified approach on pages 112 through 126 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 9, combining statements and individual fund statements and schedules on pages 130 through 197, and the statistical and economic data section on pages 200 through 209, 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 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 and economic data section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



William O. Monroe, CPA
January 30, 2004

MANAGEMENT’S DISCUSSION AND ANALYSIS

The State of Florida (the State)’s general purpose external financial statements are presented within the financial section of this Comprehensive Annual Financial Report (CAFR). The components of the general purpose external financial statements include Management’s Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information (RSI). The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the State’s financial activities.

Overview of the Financial Statements

The State’s basic financial statements comprise 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 focus on individual parts of the State, reporting the State's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds.

Notes to the Financial Statements

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

Table 1: Major Features of the Basic Financial Statements

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State’s component units	Activities of the State that are not proprietary or fiduciary	Activities of the State that are operated similar to private businesses	Instances in which the State is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> • Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Condensed Financial Information

Condensed Statement of Net Assets

The largest component (\$43.5 billion) of the State's net assets as of June 30, 2003, reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. 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 \$14.6 billion as of June 30, 2003. 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 \$10.1 billion at June 30, 2003. 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, 2003, of \$11 billion. The State has an additional \$300 million in bonded debt in which the State does not own the related capital assets, including some Road and Bridge Bonds and Pollution Control 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 \$1.2 billion.

Business-type activities reflect a positive unrestricted net asset balance of \$228 million at June 30, 2003.

Table 2 below presents the State's condensed statement of net assets as of June 30, 2003, and 2002, derived from the government-wide Statement of Net Assets.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 18,711	\$ 17,232	\$ 12,371	\$ 11,393	\$ 31,082	\$ 28,625
Capital assets	44,010	41,834	4,861	4,619	48,871	46,453
Total assets	<u>62,721</u>	<u>59,066</u>	<u>17,232</u>	<u>16,012</u>	<u>79,953</u>	<u>75,078</u>
Other liabilities	6,156	6,745	3,532	2,920	9,688	9,665
Noncurrent liabilities	18,527	17,165	3,530	3,703	22,057	20,868
Total liabilities	<u>24,683</u>	<u>23,910</u>	<u>7,062</u>	<u>6,623</u>	<u>31,745</u>	<u>30,533</u>
Net assets:						
Invested in capital assets, net of related debt	40,382	38,329	3,145	3,061	43,527	41,390
Restricted	7,763	7,117	6,797	6,150	14,560	13,267
Unrestricted	<u>(10,107)</u>	<u>(10,290)</u>	<u>228</u>	<u>178</u>	<u>(9,879)</u>	<u>(10,112)</u>
Total net assets	<u>\$ 38,038</u>	<u>\$ 35,156</u>	<u>\$ 10,170</u>	<u>\$ 9,389</u>	<u>\$ 48,208</u>	<u>\$ 44,545</u>

Condensed Statement of Activities

Table 3 presents the State's condensed statement of activities for the fiscal year ended June 30, 2003, and 2002, 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. During the fiscal year, the net assets (before the effects of prior period adjustments) of the governmental activities increased by \$2.1 billion or 6 percent, and the net assets (before the effects of prior period adjustments) of the business-type activities increased by \$676 million or 7.2 percent.

Table 3: Condensed Statement of Activities
For the Fiscal Year Ended June 30
(in millions)

	Governmental Activities		Business - type Activities		Total Primary Government		Total % Change 2002 to 2003
	2003	2002	2003	2002	2003	2002	
Revenues							
Program revenues							
Charges for services	\$ 4,279	\$ 4,421	\$ 5,481	\$ 4,740	\$ 9,760	\$ 9,161	6.5%
Operating grants & contributions	13,538	12,159	395	184	13,933	12,343	12.9%
Capital grants & contributions	1,699	1,326	1	.....	1,700	1,326	28.2%
Total program revenues	19,516	17,906	5,877	4,924	25,393	22,830	11.2%
General revenues and payments							
Sales and use tax	15,561	15,601	.....	.....	15,561	15,601	-0.3%
Motor fuel tax	2,199	2,101	.....	.....	2,199	2,101	4.7%
Corporate income tax	1,228	1,210	.....	.....	1,228	1,210	1.5%
Documentary stamp tax	2,005	1,591	.....	.....	2,005	1,591	26.0%
Intangible tax	820	738	.....	.....	820	738	11.1%
Communication service tax	1,230	779	.....	.....	1,230	779	57.9%
Estate tax	559	745	.....	.....	559	745	-25.0%
Gross receipts utilities tax	424	527	.....	.....	424	527	-19.5%
Beverage and tobacco taxes	1,002	991	.....	.....	1,002	991	1.1%
Other taxes	1,348	1,156	.....	.....	1,348	1,156	16.6%
Interest	720	419	19	20	739	439	68.3%
Other revenues and payments	.....	114	.....	3	.....	117	-100.0%
Total general revenues and payments	27,096	25,972	19	23	27,115	25,995	4.3%
Total revenues	46,612	43,878	5,896	4,947	52,508	48,825	7.5%
Program expenses							
General government	6,273	6,499	.....	.....	6,273	6,499	-3.5%
Education	15,120	14,488	.....	.....	15,120	14,488	4.4%
Human services	16,639	14,973	.....	.....	16,639	14,973	11.1%
Criminal justice & corrections	3,103	3,066	.....	.....	3,103	3,066	1.2%
Natural resources & environment	1,945	1,738	.....	.....	1,945	1,738	11.9%
Transportation	2,398	2,071	.....	.....	2,398	2,071	15.8%
State courts	279	280	.....	.....	279	280	-0.4%
Turnpike	.....	.....	286	261	286	261	9.6%
Lottery	.....	.....	2,000	1,595	2,000	1,595	25.4%
Unemployment compensation	.....	.....	1,486	1,486	1,486	1,486	0.0%
State Board of Administration	.....	.....	33	41	33	41	-19.5%
Other	2	.....	157	158	159	158	0.6%
Total program expenses	45,759	43,115	3,962	3,541	49,721	46,656	6.6%
Excess (deficiency) before gain (loss) and transfers	853	763	1,934	1,406	2,787	2,169	
Gain (loss) on sale of capital assets	.....	.....	.....	1	.....	1	
Transfers	1,258	1,070	(1,258)	(1,070)	.....	.....
Change in net assets	2,111	1,833	676	337	2,787	2,170	
Beginning net assets	35,156	34,189	9,389	9,101	44,545	43,290	
Prior period adjustments	771	(866)	105	(49)	876	(915)	
Ending net assets	\$ 38,038	\$ 35,156	\$ 10,170	\$ 9,389	\$ 48,208	\$ 44,545	8.2%

Program Expenses and Revenues for Governmental Activities

Table 4 presents the net costs of governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net costs of governmental activities were therefore supported by general revenues, mainly taxes. Program revenues as a percentage of program expenses increased from fiscal year 2001-02 to fiscal year 2002-03 in general government, education, and human services.

**Table 4: Net Costs of Governmental Activities
for the Fiscal Year Ended June 30
(in millions)**

State Programs	Program Expenses 2003	Less Program Revenues 2003	Net Program Costs (a)		Program Revenues as a Percentage of Program Expenses	
			2003	2002	2003	2002
General government	\$ 6,273	\$ 3,322	\$ 2,951	\$ 3,220	53.0%	50.5%
Education	15,120	2,215	12,905	12,615	14.6%	12.9%
Human services	16,639	10,940	5,699	5,332	65.7%	64.4%
Criminal justice & corrections	3,103	300	2,803	2,650	9.7%	13.6%
Natural resources & environment	1,945	743	1,202	960	38.2%	44.8%
Transportation	2,398	1,987	411	167	82.9%	91.9%
State courts	279	9	270	265	3.2%	5.4%
Other	2	.....	2	.....	0.0%	0.0%
Totals	<u>\$ 45,759</u>	<u>\$ 19,516</u>	<u>\$ 26,243</u>	<u>\$ 25,209</u>	<u>42.6%</u>	<u>41.5%</u>

(a) Net program costs are mainly supported by taxes.

Program Expenses and Revenues for Business-type Activities

Table 5 presents the net income and costs of business-type activities. With the exception of unemployment compensation, program revenues generated from business-type activities were more than sufficient to cover program expenses. The net costs of unemployment compensation were supported by fund reserves. With the exception of Lottery, program expenses as a percentage of program revenues decreased for all business-type programs from fiscal year 2001-02 to fiscal year 2002-03.

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

State Programs	Program Revenues 2003	Less Program Expenses 2003	Net Program Income (Costs) (b)		Program Expenses as a Percentage of Program Revenues	
			2003	2002	2003	2002
Turnpike	\$ 541	\$ 286	\$ 255	\$ 217	52.9%	54.6%
Lottery	3,154	2,000	1,154	973	63.4%	62.1%
Unemployment compensation	1,218	1,486	(268)	(562)	122.0%	160.8%
State Board of Administration	633	33	600	592	5.2%	6.5%
Other	331	157	174	163	47.4%	49.2%
Totals	<u>\$ 5,877</u>	<u>\$ 3,962</u>	<u>\$ 1,915</u>	<u>\$ 1,383</u>	<u>67.4%</u>	<u>71.9%</u>

(a) Net program costs are supported by fund reserves.

Overall Analysis

Financial highlights for the State as a whole during the fiscal year ended June 30, 2003, include the following:

- The assets of the State exceeded its liabilities (net assets) at the close of the fiscal year by \$38 billion for governmental activities and by \$10.2 billion for business-type activities.
- The State's total net assets (before effects of prior period adjustments) increased during the year by \$2.7 billion. Net assets of governmental activities increased by \$2.1 billion, while net assets of business-type activities increased by \$676 million.

Fund Analysis

Funds that experienced significant changes during the fiscal year ended June 30, 2003, are as follows:

Governmental Funds

As of the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$12.6 billion, with \$4.7 billion reported as unreserved fund balance and the remaining amount of \$7.9 billion reserved for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

Public Education

Fund balance at June 30, 2003, totaled \$1.3 billion, which includes an increase of \$364 million before the effects of a prior period adjustment in the amount of \$669 million. The change in fund balance is primarily the result of a change in the method for reporting the remaining balances of capital outlay projects. The remaining balances are reported as fund balance reserved for fixed capital outlay items. The balances were previously reported as expenditures and liabilities (Refer to Note 13 to the financial statements).

Tax Collection and Administration

Fund balance at June 30, 2003, totaled \$348 million, an increase of \$77 million. The increase relates to an increase in documentary stamp tax collections due to low interest rates encouraging financing activities.

Employment Services

Fund balance at June 30, 2003, totaled \$292 million, an increase of \$74 million. The increase relates to an increased premium base for workers' compensation and special disability assessments.

Proprietary Funds

The State's proprietary funds reported net assets of \$10.4 billion, including \$10.2 billion for enterprise funds and \$239 million for internal service funds.

Lottery

Net assets at June 30, 2003, totaled \$353 million, an increase of \$118 million during the fiscal year. The increase primarily relates to an increase in the market value of restricted investments held to pay prize winners and investments purchased with cash collateral from security lending activities.

Unemployment Compensation

Net assets at June 30, 2003, totaled \$1.4 billion, which includes a decrease of \$274 million before the effects of a prior period adjustment in the amount of \$100 million. The \$274 million decrease primarily relates to payments associated with unemployment compensation claims exceeding program revenues by approximately \$268 million in 2003. Additionally, the ending net asset balance includes a prior period adjustment to report \$100 million for previously unreported receivables (Refer to Note 13 to the financial statements).

Budget Variances in the General Fund

As a result of changes during the fiscal year in the State's projected revenues, various appropriation revisions were made to the original budget. Refer to the budgetary comparison schedule for the General Fund in the Other RSI section of the CAFR for additional detail on budget variances.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2003, the State reported \$44 billion in capital assets for governmental activities and \$4.9 billion in capital assets for business-type activities. Refer to Note 5 to the financial statements for additional information on capital assets and Note 7 to the financial statements for additional 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 and revenues bonds to finance or refinance the cost of state fixed capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the State and payable from the 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. During the past year, the State continued to maintain a high bond rating from Moody's Investors Services (Aa2), Standard and Poor's Corporation (AA+), and Fitch, Inc. (AA) on all State general obligation bonds.

The *State of Florida 2003 Debt Affordability Report*, prepared by the Division of Bond Finance, showed an increase in the State's benchmark debt ratio of debt service to revenue for net tax-supported debt from 5.82% for the fiscal year ended June 30, 2002, to 6.12% for the fiscal year ended June 30, 2003. The increase is due to additional debt issuance for capital outlay projects related to educational facilities, environmental purposes, and transportation. 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 and Economic Data section of the CAFR for additional information on the State's long-term debt and other liabilities.

Infrastructure

The State has elected to use the modified approach to account for its bridges and roadways included on the State Highway System. Under this approach, the Florida Department of Transportation (FDOT) has made the commitment to preserve and maintain these assets at levels established by the FDOT 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 FDOT maintains an inventory of these assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained.

The condition assessments performed during fiscal year 2002-03 show that the condition of the roadway and bridges included on the State Highway System are being maintained at or near FDOT standards. These condition assessments were also consistent with condition assessments conducted during the last two years. In addition, the FDOT makes annual estimates of the amounts that must be expended to preserve and maintain the roadway and bridges included on the State Highway System at the predetermined condition levels. There were no significant differences from the estimated annual amount to preserve and maintain these assets compared with the actual amounts spent during the current period.

For further information on the FDOT's established condition standards, recent condition assessments, or other information on infrastructure reported on the modified approach, refer to the Other RSI section of this report.

Economic Conditions and Outlook

Florida's economy grew in fiscal year 2002-03 but at a slower rate than might be expected in an economic recovery. Even so, compared to the rest of the nation, Florida performed relatively better. While the U.S. experienced a decline in non-farm employment in fiscal year 2002-03, Florida posted positive growth, had a lower unemployment rate, and stronger income growth rate. This performance could be attributed to favorable natural, economic, and tax environments, and a growing population that fuels increased demand for goods and services.

A major element of Florida's economy is the construction sector. Because of low interest rates, housing starts spiked in fiscal year 2002-03. The strong performance of the housing market is expected to peak in fiscal year 2003-04. Total construction employment, which added 6,800 jobs in fiscal year 2002-03, is anticipated to create 13,400 more jobs in fiscal year 2003-04. Total residential construction expenditures increased 18.6 percent in fiscal year 2002-03 and are projected to rise 8.9 percent in fiscal year 2003-04. These represent a major stimulus to the economy as well as an increase to state revenue.

Florida has remained top ranked in the nation in total job growth and has the fastest job growth rate among the ten most populous states. Florida's non-farm employment growth grew 1.1 percent in fiscal year 2002-03, adding 81,600 jobs, led by gains in the construction, financial, government and services industries. Eighty four percent of the job increase in fiscal year 2002-03 was from services. With the strengthening economy, non-farm employment is anticipated to add 113,000 jobs in fiscal year 2003-04, pushing wages and salaries to rise 5.3 percent. The unemployment rate is anticipated to slightly decline from 5.36 percent in fiscal year 2002-03 to 5.20 percent in fiscal year 2003-04.

Population has been a major source of increased economic activity in Florida, growing by 381,000 in fiscal year 2002-03. An estimated 369,000 will be added to the state's population in fiscal year 2003-04. Over the next ten years, population growth is estimated to reach 3.3 million. Population growth has been a major driver of Florida's sustained expansion as the demand for housing, durable and non-durable goods and other services continues to increase. The projected growth in population will continue to fuel the state's economic expansion.

Florida's economy has again shown its strength and resilience. While most states have been experiencing major economic problems because of the sluggish U.S. and world economy, Florida's economy has steadily been moving up as evidenced by the strength in its labor market. Although the long-term growth is projected to be slower than previously anticipated, Florida's economic fundamentals remain strong. Such strength should provide impetus for the State's economy to achieve a more sustained growth.

Contact the State's Financial Management

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

Statewide Financial Reporting Section
Bureau of Accounting
Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399-0354
Telephone: (850) 410-9951

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STATE OF FLORIDA
BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2003



2003 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS
JUNE 30, 2003
(in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 52,275	\$ 9,551	\$ 61,826	\$ 1,252,113
Pooled investments with State Treasury (Note 2)	10,723,910	2,387,734	13,111,644	2,498,275
Investments (Note 2)	694,164	889,383	1,583,547	4,821,923
Receivables, net (Note 3)	3,354,519	324,642	3,679,161	908,859
Internal balances	446,341	(446,341)	.....	.....
Due from component units/primary	3,687	514	4,201	1,287,916
Inventories	62,819	1,307	64,126	30,987
Other	2,497	1,944	4,441	147,403
Total current assets	15,340,212	3,168,734	18,508,946	10,947,476
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	.....	76	76	91,933
Restricted pooled investments with State Treasury (Note 2)	.....	76,578	76,578	297,028
Restricted investments (Note 2)	.....	4,171,585	4,171,585	1,843,838
Long term investments (Note 2)	1,565,431	4,943,293	6,508,724	1,242,513
Due from other governmental entities	1,697,181	.....	1,697,181	.....
Other loans and notes receivable (Note 3)	71,954	893	72,847	2,966,292
Capital assets (Note 5):				
Land and other nondepreciable assets	12,031,107	768,538	12,799,645	3,300,950
Nondepreciable infrastructure	24,224,258	2,967,485	27,191,743	.....
Buildings, equipment, and other depreciable assets	5,561,406	309,547	5,870,953	11,612,191
Accumulated depreciation	(2,534,163)	(129,789)	(2,663,952)	(4,695,004)
Construction work in progress	4,727,396	945,597	5,672,993	980,651
Total capital assets	44,010,004	4,861,378	48,871,382	11,198,788
Other	35,977	10,128	46,105	279,982
Total noncurrent assets	47,380,547	14,063,931	61,444,478	17,920,374
Total assets	62,720,759	17,232,665	79,953,424	28,867,850

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

2003 STATE OF FLORIDA CAFR

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and other liabilities (Note 3)	2,757,146	146,026	2,903,172	1,364,875
Accrued prize liability (Note 10)	.....	300,094	300,094	.....
Due to component units/primary	21,921	67	21,988	338,261
Compensated absences (Note 10)	140,135	4,372	144,507	41,555
Installment purchases/capital leases (Note 10)	10,827	93	10,920	13,601
Claims payable (Note 10)	321,152	.....	321,152	.....
Bonds payable (Notes 8 and 10)	602,330	.....	602,330	94,735
Bonds payable from restricted assets (Note 8 and 10)	.....	57,585	57,585	.....
Certificates of participation payable (Note 10)	5,315	.....	5,315	2,253
Deposits (Note 10)	70,454	25,384	95,838	3,259
Deferred revenue	.....	.....	.....	874,433
Obligations under security lending agreements	1,974,866	2,983,594	4,958,460	287,032
Obligations under reverse repurchase agreements	251,723	14,719	266,442	7,947
Other	.....	.....	.....	268,621
Total current liabilities	6,155,869	3,531,934	9,687,803	3,296,572
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	50
Accrued prize liability (Note 10)	.....	1,444,742	1,444,742	.....
Due to other governments (Note 10)	7,674	2,739	10,413	.....
Due to primary	.....	.....	.....	24,827
Bonds payable (Notes 8 and 10)	15,465,432	1,639,708	17,105,140	4,945,173
Certificates of participation payable (Note 10)	90,694	.....	90,694	180,977
Installment purchases/capital leases (Note 10)	120,588	90	120,678	175,083
Deposits (Note 10)	138,018	426,046	564,064	.....
Deferred revenue	.....	.....	.....	36,301
Claims payable (Note 10)	2,133,053	.....	2,133,053	42,450
Compensated absences (Note 10)	569,432	16,957	586,389	418,699
Other	2,000	.....	2,000	2,071,538
Total noncurrent liabilities	18,526,891	3,530,282	22,057,173	7,895,098
Total liabilities	24,682,760	7,062,216	31,744,976	11,191,670
NET ASSETS				
Invested in capital assets, net of related debt	40,382,471	3,145,435	43,527,906	9,325,899
Restricted for:				
Environment, Recreation and Conservation	2,234,858	.....	2,234,858	.....
Health and Family Services	701,820	.....	701,820	.....
Transportation	975,640	.....	975,640	.....
Public Education	1,098,987	.....	1,098,987	.....
Tax Collection and Administration	200,005	.....	200,005	.....
Employment Services	288,006	.....	288,006	.....
Other governmental funds	653,567	.....	653,567	.....
Lottery	.....	350,440	350,440	.....
Unemployment compensation	.....	1,382,235	1,382,235	.....
Hurricane Catastrophe Fund	.....	4,942,992	4,942,992	.....
Debt service	79,921	.....	79,921	24,410
Other	1,934	121,088	123,022	2,062,872
Funds held for permanent endowment				
Expendable	.....	.....	.....	1,093,659
Nonexpendable	1,528,134	.....	1,528,134	1,878,119
Unrestricted (deficit)	(10,107,344)	228,259	(9,879,085)	3,291,221
Total net assets	\$ 38,037,999	\$ 10,170,449	\$ 48,208,448	\$ 17,676,180

2003 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government				
Governmental activities:				
General government	\$ 6,273,119	\$ 2,515,133	\$ 806,639	\$ 78
Education	15,120,426	292,036	1,922,649	.....
Human services	16,638,643	692,270	10,247,514	252
Criminal justice and corrections	3,103,379	176,606	119,231	4,054
Natural resources and environment	1,945,496	330,364	410,232	3,239
Transportation	2,397,921	263,274	31,869	1,691,841
State courts	278,589	8,775	273	.....
Indirect interest on long-term debt	1,832	.....	.....	.....
Total governmental activities	45,759,405	4,278,458	13,538,407	1,699,464
Business-type activities:				
Turnpike	286,254	539,808	742	319
Lottery	2,000,291	3,154,034	.....	.....
Unemployment compensation	1,485,479	823,410	394,018	.....
State Board of Administration	32,924	632,563	.....	.....
Nonmajor enterprise funds	156,979	330,922	10	592
Total business-type activities	3,961,927	5,480,737	394,770	911
Total primary government	\$ 49,721,332	\$ 9,759,195	\$ 13,933,177	\$ 1,700,375
Component units				
Florida Housing Finance Corporation	\$ 422,688	\$ 253,034	\$	\$ 254,389
South Florida Water Management District	357,547	7,583	103,899	222,092
University of Florida	3,120,166	1,827,408	851,200	31,071
Florida State University	739,742	244,262	234,268	27,464
University of South Florida	944,389	303,180	351,260	4,234
Citizens Property Insurance Corporation	368,442	841,476	.....	.....
Nonmajor component units	4,708,516	1,201,137	1,093,087	587,912
Total component units	\$ 10,661,490	\$ 4,678,080	\$ 2,633,714	\$ 1,127,162

General revenues
Taxes (Note 4)
Sales and use tax
Fuel taxes
Corporate income tax
Documentary stamp tax
Intangible personal property tax
Communication service tax
Estate tax
Utilities taxes
Beverage and tobacco taxes
Property taxes
Other taxes
Investment earnings
Gain (loss) on sale of capital assets
Payments from the State of Florida
Transfers
Contributions to permanent funds
Special items
Extraordinary gain (loss)
Miscellaneous
Total general and other revenues, payments, and transfers
Change in net assets
Net assets - beginning
Adjustments to increase (decrease) beginning net assets
Net assets - ending

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

2003 STATE OF FLORIDA CAFR

NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS	
\$ (2,951,269)	\$	\$ (2,951,269)	\$ .....	.....
(12,905,741)	.....	(12,905,741)	.....	.....
(5,698,607)	.....	(5,698,607)	.....	.....
(2,803,488)	.....	(2,803,488)	.....	.....
(1,201,661)	.....	(1,201,661)	.....	.....
(410,937)	.....	(410,937)	.....	.....
(269,541)	.....	(269,541)	.....	.....
(1,832)	.....	(1,832)	.....	.....
(26,243,076)	.....	(26,243,076)	.....	.....
.....	254,615	254,615	.....	.....
.....	1,153,743	1,153,743	.....	.....
.....	(268,051)	(268,051)	.....	.....
.....	599,639	599,639	.....	.....
.....	174,545	174,545	.....	.....
.....	1,914,491	1,914,491	.....	.....
(26,243,076)	1,914,491	(24,328,585)	.....	.....
.....	.....	.....	.....	84,735
.....	.....	.....	.....	(23,973)
.....	.....	.....	.....	(410,487)
.....	.....	.....	.....	(233,748)
.....	.....	.....	.....	(285,715)
.....	.....	.....	.....	473,034
.....	.....	.....	.....	(1,826,380)
.....	.....	.....	.....	(2,222,534)
15,561,382	.....	15,561,382	.....	.....
2,199,375	.....	2,199,375	.....	.....
1,228,130	.....	1,228,130	.....	.....
2,005,168	.....	2,005,168	.....	.....
820,212	.....	820,212	.....	.....
1,230,132	.....	1,230,132	.....	.....
558,419	.....	558,419	.....	.....
424,146	.....	424,146	.....	.....
1,001,636	.....	1,001,636	.....	.....
.....	.....	.....	.....	478,429
1,347,341	.....	1,347,341	.....	.....
720,280	19,197	739,477	.....	207,414
.....	.....	.....	.....	3,348
.....	.....	.....	.....	3,246,204
1,257,679	(1,257,679)	.....	.....	757
.....	.....	.....	.....	992
.....	.....	.....	.....	(517)
.....	.....	.....	.....	32,049
.....	171	171	.....	67,996
28,353,900	(1,238,311)	27,115,589	.....	4,036,672
2,110,824	676,180	2,787,004	.....	1,814,138
35,156,038	9,389,411	44,545,449	15,767,716
771,137	104,858	875,995	94,326
\$ 38,037,999	\$ 10,170,449	\$ 48,208,448	\$ 17,676,180

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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.

PUBLIC EDUCATION

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

TAX COLLECTION AND ADMINISTRATION

This fund accounts for operations of the State's tax collection and administration functions.

EMPLOYMENT SERVICES

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

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.

Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, beginning on page 129.

2003 STATE OF FLORIDA CAFR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 630	\$ 994	\$ 7,527	\$ 1,593	\$ 5
Pooled investments with State Treasury	4,019,809	1,836,571	853,275	788,471	1,576,048
Investments	3,144	.....	50	.....	.....
Receivables, net (Note 3)	972,769	69,823	1,113,808	60,386	128,838
Due from other funds (Note 11)	314,817	42,729	36,606	366,182	93,918
Due from component units/primary	1,053	429	18	7	.....
Inventories	20,159	1,631	20,104	14,230	.....
Other	1,223	.....	.....	754	.....
Total current assets	5,333,604	1,952,177	2,031,388	1,231,623	1,798,809
<u>Noncurrent assets</u>					
Long term investments	.....	.....	.....	.....	.....
Advances to other funds (Note 11)	12,721	.....	326	143,894	.....
Due from other governmental entities	19,139	633,163	2,269	597,861	.....
Other loans and notes receivable, net (Note 3)	881	2,547	47,638	2,472	.....
Other	24,828	.....	.....	6,158	.....
Total noncurrent assets	57,569	635,710	50,233	750,385	.....
Total assets	\$ 5,391,173	\$ 2,587,887	\$ 2,081,621	\$ 1,982,008	\$ 1,798,809
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities (Note 3)	\$ 491,796	\$ 38,250	\$ 1,055,902	\$ 503,950	\$ 36,269
Due to other funds (Note 11)	71,304	8,271	29,640	5,222	73,349
Due to component units/primary	1,129	2,168	3,959	981	.....
Compensated absences	11,603	562	2,511	2,693	.....
Claims payable	14,922	.....	.....	.....	.....
Deposits	1,712	2,689	48,717	1,265	.....
Deferred revenues	560	1,722	47	2,037	.....
Obligations under security lending agreements	1,011,335	251,836	13,339	41,224	209,899
Obligations under reverse repurchase agreements	154,352	38,436	2,036	6,292	32,035
Total current liabilities	1,758,713	343,934	1,156,151	563,664	351,552
<u>Noncurrent liabilities</u>					
Advances from other funds (Note 11)	600	7,943	.....	10,000	160,990
Deposits	.....	.....	2,269	131,787	.....
Deferred revenues	2,352	1,310	24,993	303,397	.....
Total noncurrent liabilities	2,952	9,253	27,262	445,184	160,990
Total liabilities	1,761,665	353,187	1,183,413	1,008,848	512,542
<u>Fund balances</u>					
Reserved for encumbrances	75,511	361	22,689	5,125	1,172
Reserved for inventories	20,159	1,631	20,103	14,230	.....
Reserved for advances	2,722	.....	326	143,894	.....
Reserved for long-term receivables	18,389	633,163	49,906	597,726	.....
Reserved for capital outlay	170,645	872,839	41,122	187,184	1,285,095
Reserved for debt service	.....	.....	.....	.....	.....
Reserved for permanent trust	.....	.....	.....	.....	.....
Reserved for Budget Stabilization Fund	958,890	.....	.....	.....	.....
Reserved for Working Capital Fund	416,146	.....	.....	.....	.....
Other reserved	2,546	98,001	.....	.....	.....
Unreserved, reported in:					
General fund	1,964,500	.....	.....	.....	.....
Special revenue funds	.....	628,705	764,062	25,001	.....
Capital projects funds	.....	.....	.....	.....	.....
Permanent fund	.....	.....	.....	.....	.....
Total fund balances	3,629,508	2,234,700	898,208	973,160	1,286,267
Total liabilities and fund balances	\$ 5,391,173	\$ 2,587,887	\$ 2,081,621	\$ 1,982,008	\$ 1,798,809

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

2003 STATE OF FLORIDA CAFR

Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Totals 6/30/03
\$ 1,066	\$ 281	\$ 3,070	\$ 24,809	\$ 39,975
422,197	318,247	.....	843,446	10,658,064
129,955	2,497	366,554	143,816	646,016
264,720	141,777	27,326	518,953	3,298,400
9,559	4,105	.....	95,407	963,323
.....	.....	.....	28	1,535
63	.....	.....	6,531	62,718
.....	.....	.....	519	2,496
<u>827,560</u>	<u>466,907</u>	<u>396,950</u>	<u>1,633,509</u>	<u>15,672,527</u>
.....	.....	1,512,007	53,424	1,565,431
.....	.....	.....	10,458	167,399
.....	.....	.....	444,749	1,697,181
.....	.....	.....	18,416	71,954
.....	.....	.....	2,991	33,977
.....	.....	1,512,007	530,038	3,535,942
<u>\$ 827,560</u>	<u>\$ 466,907</u>	<u>\$ 1,908,957</u>	<u>\$ 2,163,547</u>	<u>\$ 19,208,469</u>
\$ 113,153	\$ 57,745	\$ 61,835	\$ 146,297	\$ 2,505,197
358,594	34,371	64	482,513	1,063,328
8,180	887	.....	4,617	21,921
38	264	.....	966	18,637
.....	26,607	.....	.....	41,529
.....	7,924	.....	5,835	68,142
.....	148	.....	7,775	12,289
.....	40,451	325,540	74,309	1,967,933
.....	6,174	.....	11,340	250,665
<u>479,965</u>	<u>174,571</u>	<u>387,439</u>	<u>733,652</u>	<u>5,949,641</u>
7	.....	.....	1,495	181,035
.....	252	.....	3,710	138,018
.....	.....	.....	10,454	342,506
<u>7</u>	<u>252</u>	<u>.....</u>	<u>15,659</u>	<u>661,559</u>
<u>479,972</u>	<u>174,823</u>	<u>387,439</u>	<u>749,311</u>	<u>6,611,200</u>
.....	6,820	.....	30,332	142,010
62	.....	.....	6,530	62,715
.....	.....	.....	9,958	156,900
.....	.....	.....	450,080	1,749,264
.....	.....	.....	120,916	2,677,801
.....	.....	.....	79,921	79,921
.....	.....	1,521,518	.....	1,521,518
.....	.....	.....	.....	958,890
.....	.....	.....	.....	416,146
.....	.....	.....	6,638	107,185
.....	.....	.....	.....	1,964,500
347,526	285,264	.....	699,799	2,750,357
.....	.....	.....	6,963	6,963
.....	.....	.....	3,099	3,099
<u>347,588</u>	<u>292,084</u>	<u>1,521,518</u>	<u>1,414,236</u>	<u>12,597,269</u>
<u>\$ 827,560</u>	<u>\$ 466,907</u>	<u>\$ 1,908,957</u>	<u>\$ 2,163,547</u>	<u>\$ 19,208,469</u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2003
(in thousands)**

Total fund balances for governmental funds \$ 12,597,269

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Land and other nondepreciable assets	12,030,734	
Nondepreciable infrastructure	24,224,258	
Buildings, equipment and other depreciable assets	4,629,842	
Accumulated depreciation	(2,247,976)	
Construction work in progress	4,727,396	
	43,364,254	43,364,254

Long-term debt is not due and payable in the current period and therefore
is not reported in the funds.

Compensated absences	(679,662)	
Installment purchases/capital leases	(90,739)	
Claims payable	(2,412,676)	
Due to other governments	(7,190)	
Bonds payable	(15,689,728)	
	(18,879,995)	(18,879,995)

To record the net effect of assets not reported in the Governmental Funds
(held in Agency Funds), but reported in the Statement of Net Assets for
liabilities not legally defeased. 398,513

Accrued interest payable on bonds that is not recognized on the fund
statements but is recognized on the Statement of Net Assets. (35,595)

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. 354,795

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. 238,758

Net assets of governmental activities \$ 38,037,999

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
REVENUES					
Taxes (Note 4)	\$ 18,801,456	\$	\$ 306,727	\$	\$ 814,730
Licenses and permits	94,847	43,774	20,669	8,458	.....
Fees and charges	386,627	74,729	647,600	196,123	56,786
Grants and donations	10,342	120,201	10,408,061	1,732,750	1,788,282
Investment earnings	537,369	155,697	8,854	41,210	130,110
Fines, forfeits, settlements and judgments	26,509	8,383	34,283	14,107	19,411
Other revenue	668	.....	46	1,426	.....
Total revenues	19,857,818	402,784	11,426,240	1,994,074	2,809,319
EXPENDITURES					
Current:					
General government	3,140,127	.....	153,037	.....	.....
Education	10,508,167	.....	.....	.....	3,904,078
Human services	4,828,983	.....	11,403,687	.....	.....
Criminal justice and corrections	2,589,875	.....	.....	.....	.....
Natural resources and environment	285,908	1,026,667	22,888	.....	.....
Transportation	.....	.....	.....	2,280,017	.....
State courts	264,933	.....	.....	.....	.....
Capital outlay	104,750	303,851	24,165	1,836,164	3,457
Debt service:					
Principal retirement	386	.....	1,612	.....	.....
Interest and fiscal charges	41	.....	1,608	.....	.....
Total expenditures	21,723,170	1,330,518	11,606,997	4,116,181	3,907,535
Excess (deficiency) of revenues over expenditures	(1,865,352)	(927,734)	(180,757)	(2,122,107)	(1,098,216)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	2,915	295,426	.....	207,574	1,000,227
Proceeds of refunding bonds	.....	.....	.....	.....	.....
Operating transfers in (Note 11)	3,324,595	1,435,114	816,664	2,260,357	1,384,026
Operating transfers out (Note 11)	(1,189,091)	(994,452)	(513,024)	(275,206)	(921,608)
Proceeds of financing agreements	18,834	.....	.....	.....	.....
Payments to refunded bond agent	.....	.....	.....	.....	.....
Total other financing sources (uses)	2,157,253	736,088	303,640	2,192,725	1,462,645
Net change in fund balances	291,901	(191,646)	122,883	70,618	364,429
Fund balances - beginning	3,336,290	2,426,346	655,456	897,742	252,678
Adjustments to increase (decrease) beginning fund balances (Note 13)	1,317	.....	119,869	4,800	669,160
Fund balances - beginning, as restated	3,337,607	2,426,346	775,325	902,542	921,838
Fund balances - ending	\$ 3,629,508	\$ 2,234,700	\$ 898,208	\$ 973,160	\$ 1,286,267

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

2003 STATE OF FLORIDA CAFR

Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Totals 6/30/03
\$ 5,965,321	\$ 335,908	\$	\$ 159,668	\$ 26,383,810
19,322	.....	.....	963,753	1,150,823
183,321	7,184	.....	386,068	1,938,438
13	704,417	.....	482,773	15,246,839
1,252	20,648	72,259	85,204	1,052,603
4,801	4,353	35	610,102	721,984
.....	11	.....	284	2,435
6,174,030	1,072,521	72,294	2,687,852	46,496,932
758,772	1,160,106	5,177	750,113	5,967,332
.....	138,330	.....	5,757	14,556,332
.....	.....	.....	383,397	16,616,067
.....	.....	.....	387,873	2,977,748
.....	.....	.....	429,268	1,764,731
.....	.....	.....	.....	2,280,017
.....	.....	.....	10,018	274,951
2,718	2,088	.....	238,308	2,515,501
.....	.....	.....	610,274	612,272
.....	.....	.....	766,487	768,136
761,490	1,300,524	5,177	3,581,495	48,333,087
5,412,540	(228,003)	67,117	(893,643)	(1,836,155)
.....	.....	.....	129,655	1,635,797
.....	.....	.....	1,865,860	1,865,860
35,872	426,161	200,000	3,785,697	13,668,486
(5,371,493)	(124,650)	(38,400)	(2,891,614)	(12,319,538)
.....	.....	.....	209	19,043
.....	.....	.....	(1,865,860)	(1,865,860)
(5,335,621)	301,511	161,600	1,023,947	3,003,788
76,919	73,508	228,717	130,304	1,167,633
270,669	218,576	1,292,801	1,275,845	10,626,403
.....	.....	.....	8,087	803,233
270,669	218,576	1,292,801	1,283,932	11,429,636
\$ 347,588	\$ 292,084	\$ 1,521,518	\$ 1,414,236	\$ 12,597,269

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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, 2003
(in thousands)**

Net change in fund balance - total governmental funds \$ 1,167,633

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. 15,896

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	2,609,630	
Depreciation expense	<u>(323,678)</u>	
	2,285,952	2,285,952

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. (85,671)

Net effect of revenues recognized in the Statement of Activities that do not provide current financial resources and are not recognized as revenues in the governmental funds until available, i.e., deferred revenues. (14,637)

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.

Decrease in compensated absences	4,514	
Decrease in accrued interest	685	
Increase in claims payable	(236,691)	
Decrease in arbitrage liability	17,406	
Increase in due to other governments	<u>(191)</u>	
	(214,277)	(214,277)

The incurrence of long-term debt (i.e., bonds and leases) provide current financial resources to governmental funds, while the repayment of the principal 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 amount on refundings, when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond proceeds	(1,635,784)	
Refunding bond proceeds	(1,865,860)	
Financing agreement proceeds	(19,043)	
Repayment of bonds	607,851	
Repayment of capital leases/installment purchase contracts	6,216	
Payment to refunded bond escrow agent	1,865,860	
Amortization of bond premium	24,961	
Amortization of deferred amount on refunding	(3,471)	
Accrued interest at refunding	<u>(24,802)</u>	
	(1,044,072)	<u>(1,044,072)</u>

Change in net assets of governmental activities \$ 2,110,824

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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.

UNEMPLOYMENT COMPENSATION

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

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.

Nonmajor Funds

Nonmajor proprietary funds are presented, by fund type, beginning on page 163.

2003 STATE OF FLORIDA CAFR

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2003
(in thousands)**

	Transportation	Lottery	Unemployment Compensation	State Board of Administration
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 7,757	\$ 324	\$ 115	\$ 20
Pooled investments with State Treasury	389,385	136,691	1,642,670	.....
Investments	.....	.....	.....	889,383
Receivables, net (Note 3)	5,661	69,615	221,733	19,142
Due from other funds (Note 11)	3,335	.....	2,387	3,115
Due from component units/primary	.....	.....	453	.....
Inventories	.....	1,306	.....	.....
Other	.....	1,921	.....	.....
Total current assets	406,138	209,857	1,867,358	911,660
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	76	.....	.....	.....
Restricted pooled investments with State Treasury	76,478	100	.....	.....
Restricted investments	86,492	4,085,093	.....	.....
Long term investments	.....	.....	.....	4,943,293
Advances to other funds (Note 11)	500	.....	.....	.....
Other loans and notes receivable, net	893	.....	.....	.....
<u>Capital assets</u>				
Land and other nondepreciable assets	768,538	.....	.....	.....
Nondepreciable Infrastructure	2,967,485	.....	.....	.....
Buildings, equipment, and other depreciable assets	259,292	18,523	.....	7,024
Accumulated depreciation	(92,094)	(15,900)	.....	(5,424)
Construction work in progress	943,302	.....	.....	2,295
Other	10,128	.....	.....	.....
Total noncurrent assets	5,021,090	4,087,816	.....	4,947,188
Total assets	5,427,228	4,297,673	1,867,358	5,858,848
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities (Note 3)	17,989	56,085	46,425	19,343
Accrued prize liability	.....	300,094	.....	.....
Due to other funds (Note 11)	186,532	87,704	150	.....
Due to component units/primary	.....	.....	.....	.....
Compensated absences	626	600	.....	611
Installment purchases/capital leases	.....	.....	.....	.....
Bonds payable	.....	.....	.....	.....
Bonds payable from restricted assets	57,585	.....	.....	.....
Deposits	588	.....	10,629	.....
Obligations under security lending agreements	56,062	2,049,507	1,642	856,819
Obligations under reverse repurchase agreements	8,556	2,926	251	.....
Certificates of participation payable	.....	.....	.....	.....
Total current liabilities	327,938	2,496,916	59,097	876,773
<u>Noncurrent liabilities</u>				
Advances from other funds (Note 11)	145,051	.....	.....	.....
Accrued prize liability	.....	1,444,742	.....	.....
Due to other governments	2,739	.....	.....	.....
Bonds payable	1,639,708	.....	.....	.....
Certificates of participation payable	.....	.....	.....	.....
Installment purchases/capital leases	.....	.....	.....	.....
Deposits	20	.....	426,026	.....
Compensated absences	2,528	2,952	.....	2,283
Total noncurrent liabilities	1,790,046	1,447,694	426,026	2,283
Total liabilities	2,117,984	3,944,610	485,123	879,056
NET ASSETS				
Invested in capital assets, net of related debt	3,130,855	2,623	.....	3,896
Restricted for lottery	.....	350,440	.....	.....
Restricted for unemployment compensation	.....	.....	1,382,235	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	.....	4,942,992
Restricted - other	121,088	.....	.....	.....
Unrestricted	57,301	.....	.....	32,904
Total net assets	\$ 3,309,244	\$ 353,063	\$ 1,382,235	\$ 4,979,792

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

2003 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/03	Internal Service Funds
\$ 1,335	\$ 9,551	\$ 12,300
218,988	2,387,734	65,846
.....	889,383	48,148
2,271	318,422	6,261
1,586	10,423	32,138
61	514	2,152
1	1,307	101
23	1,944	5
<u>224,265</u>	<u>3,619,278</u>	<u>166,951</u>
.....	76	.....
.....	76,578	.....
.....	4,171,585	.....
.....	4,943,293	.....
.....	500	.....
.....	893	.....
.....	768,538	373
.....	2,967,485	.....
24,708	309,547	931,564
(16,371)	(129,789)	(286,187)
.....	945,597	.....
.....	10,128	.....
<u>8,337</u>	<u>14,064,431</u>	<u>645,750</u>
<u>232,602</u>	<u>17,683,709</u>	<u>812,701</u>
5,333	145,175	31,534
.....	300,094	.....
32,459	306,845	2,832
67	67	.....
2,535	4,372	1,887
93	93	4,779
.....	.....	15,075
.....	57,585	.....
14,166	25,383	2,312
19,564	2,983,594	6,933
2,986	14,719	1,058
.....	.....	5,315
<u>77,203</u>	<u>3,837,927</u>	<u>71,725</u>
.....	145,051	2,803
.....	1,444,742	.....
.....	2,739	484
.....	1,639,708	362,959
.....	.....	90,694
90	90	35,897
.....	426,046	.....
9,194	16,957	9,381
<u>9,284</u>	<u>3,675,333</u>	<u>502,218</u>
<u>86,487</u>	<u>7,513,260</u>	<u>573,943</u>
8,061	3,145,435	129,690
.....	350,440	.....
.....	1,382,235	.....
.....	4,942,992	.....
.....	121,088	1,934
138,054	228,259	107,134
<u>\$ 146,115</u>	<u>\$ 10,170,449</u>	<u>\$ 238,758</u>

2003 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (in thousands)**

	Transportation	Lottery	Unemployment Compensation	State Board of Administration
OPERATING REVENUES				
Sales - nonstate	\$ 6,730	\$ 2,872,962	\$	\$ 501,298
Fees	486,223	.....	713,862	103
Sales - state	.....	.....	.....	18,652
Rents and royalties - nonstate	8,582	.....	.....	3
Rents - state	.....	.....	.....	.....
Fines, forfeits and judgements	730	.....	.....	.....
Total operating revenues	502,265	2,872,962	713,862	520,056
OPERATING EXPENSES				
Benefit payments	.....	.....	1,483,459	.....
Payment of lottery winnings	.....	1,555,848	.....	.....
Commissions on lottery sales	.....	160,850	.....	.....
Contractual Services	185,648	97,370	742	8,010
Personal services	27,125	24,068	.....	12,486
Depreciation	14,897	1,101	.....	392
Materials and supplies	3,804	1,733	126	1,239
Repairs and maintenance	.....	1,071	1,169	773
Basic services	.....	4,984	.....	2,612
Interest and fiscal charges	2	.....	.....	275
Bad debt	.....	620	.....	.....
Total operating expenses	231,476	1,847,645	1,485,496	25,787
Operating income (loss)	270,789	1,025,317	(771,634)	494,269
NONOPERATING REVENUES (EXPENSES)				
Grants and donations	794	.....	394,017	.....
Investment earnings	40,486	281,072	116,515	116,396
Interest and fiscal charges	(55,611)	(152,514)	(1)	(7,094)
Property disposition gain (loss)	833	(38)	.....	(43)
Grant expense and client benefits	.....	.....	.....	.....
Other	.....	171	.....	.....
Total nonoperating revenues (expenses)	(13,498)	128,691	510,531	109,259
Income (loss) before transfers and contributions	257,291	1,154,008	(261,103)	603,528
Operating transfers in (Note 11)	15,614	3	11,669	.....
Operating transfers out (Note 11)	(11,916)	(1,036,080)	(24,403)	(19,077)
Capital contributions	268	.....	.....	.....
Change in net assets	261,257	117,931	(273,837)	584,451
Total net assets - beginning	3,046,264	235,132	1,556,012	4,395,341
Adjustments to increase/(decrease) beginning net assets (Note 13)	1,723	.....	100,060	.....
Total net assets - beginning, as restated	3,047,987	235,132	1,656,072	4,395,341
Total net assets - ending	\$ 3,309,244	\$ 353,063	\$ 1,382,235	\$ 4,979,792

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

2003 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/03	Internal Service Funds
\$ 66,074	\$ 3,447,064	\$ 46,726
228,067	1,428,255	.....
474	19,126	314,868
.....	8,585	26
21	21	84,405
30,887	31,617	.....
<u>325,523</u>	<u>4,934,668</u>	<u>446,025</u>
.....	1,483,459	.....
.....	1,555,848	.....
.....	160,850	.....
25,833	317,603	233,158
104,224	167,903	99,260
2,419	18,809	33,409
4,560	11,462	16,695
103	3,116	16,322
18,176	25,772	7,462
217	494	21
.....	620	.....
<u>155,532</u>	<u>3,745,936</u>	<u>406,327</u>
<u>169,991</u>	<u>1,188,732</u>	<u>39,698</u>
10	394,821	13
10,797	565,266	5,654
(150)	(215,370)	(21,901)
(375)	377	(4,420)
(923)	(923)	.....
.....	171	.....
<u>9,359</u>	<u>744,342</u>	<u>(20,654)</u>
179,350	1,933,074	19,044
3,410	30,696	14,300
(196,974)	(1,288,450)	(18,288)
592	860	840
<u>(13,622)</u>	<u>676,180</u>	<u>15,896</u>
156,662	9,389,411	249,373
<u>3,075</u>	<u>104,858</u>	<u>(26,511)</u>
<u>159,737</u>	<u>9,494,269</u>	<u>222,862</u>
<u>\$ 146,115</u>	<u>\$ 10,170,449</u>	<u>\$ 238,758</u>

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (in thousands)**

	Transportation	Lottery	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 560,374	\$ 2,861,051	\$ 681,765
Paid to vendors	(166,441)	(264,802)	(1,673)
Paid to employees	(2,866)	(24,327)	.....
Paid for grants made	.....	.....	.....
Lottery prizes	.....	(1,547,090)	.....
Unemployment benefits	.....	.....	(1,574,690)
Net cash provided (used) by operating activities	<u>391,067</u>	<u>1,024,832</u>	<u>(894,598)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(94,116)	(1,017,882)	(9,893)
Cash received from non-capital grants or donations	.....	.....	371,934
Net cash provided (used) by noncapital financing activities	<u>(94,116)</u>	<u>(1,017,882)</u>	<u>362,041</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash receipts from sale of capital assets	.....	33	.....
Cash received from the sale of bonds	.....	.....	.....
Cash received from capital grants and donations	.....	.....	.....
Payment of bond principal	(55,355)	.....	.....
Payment of principal installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(89,745)	.....	.....
Purchase or construction of capital assets	(201,036)	(840)	.....
Net cash (used) by capital and related financing activities	<u>(346,136)</u>	<u>(807)</u>	<u>.....</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	2,626	4,862	103
Proceeds from the sale or maturity of investments	1,558,187	(12,098)	.....
Investment earnings	39,669	12,086	148,269
Purchase of investments	(1,578,222)	.....	.....
Net cash provided (used) by investing activities	<u>22,260</u>	<u>4,850</u>	<u>148,372</u>
Net increase (decrease) in cash and cash equivalents	(26,925)	10,993	(384,185)
Cash and cash equivalents - beginning	500,621	126,122	2,026,970
Cash and cash equivalents - ending	<u>\$ 473,696</u>	<u>\$ 137,115</u>	<u>\$ 1,642,785</u>

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

2003 STATE OF FLORIDA CAFR

State Board of Administration	Nonmajor Enterprise Funds	Totals 6/30/03	Internal Service Funds
\$ 517,070	\$ 327,451	\$ 4,947,711	\$ 482,667
(12,862)	(58,678)	(504,456)	(284,598)
(12,576)	(98,534)	(138,303)	(104,669)
.....	(1,031)	(1,031)	.....
.....	.....	(1,547,090)	.....
72	(63)	(1,574,681)	.....
<u>491,704</u>	<u>169,145</u>	<u>1,182,150</u>	<u>93,400</u>
(19,077)	(202,730)	(1,343,698)	(60,455)
.....	10	371,944	.....
<u>(19,077)</u>	<u>(202,720)</u>	<u>(971,754)</u>	<u>(60,455)</u>
.....	.....	33	.....
.....
.....	.....	.....	4
.....	.....	(55,355)	.....
.....	(89)	(89)	(21,498)
.....	(11)	(89,756)	(11,000)
(3,473)	(2,600)	(207,949)	(9,289)
<u>(3,473)</u>	<u>(2,700)</u>	<u>(353,116)</u>	<u>(41,783)</u>
.....	7,326	14,917	316
84,502,647	166	86,048,902	30
67,162	10,783	277,969	5,129
(85,041,555)	.....	(86,619,777)	(4,050)
<u>(471,746)</u>	<u>18,275</u>	<u>(277,989)</u>	<u>1,425</u>
(2,592)	(18,000)	(420,709)	(7,413)
2,612	238,323	2,894,648	85,559
<u>\$ 20</u>	<u>\$ 220,323</u>	<u>\$ 2,473,939</u>	<u>\$ 78,146</u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

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

	<u>Transportation</u>	<u>Lottery</u>	<u>Unemployment Compensation</u>
Operating income (loss)	\$ 270,789	\$ 1,025,317	\$ (771,634)
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	14,897	1,101	.....
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	2,124	(12,680)	(38,361)
(Increase) decrease in due from other funds	(3,037)	.....	1,601
Increase (decrease) in allowance for uncollectibles	.....	449	(32,348)
(Increase) decrease in inventories	624	(180)	.....
Increase (decrease) in accounts payable	(4,029)	2,111	(39,446)
Increase (decrease) in compensated absences	.....	(16)	.....
Increase (decrease) in due to other funds	109,647	.....	1,528
Increase (decrease) in deferred revenues	52	.....	(15,938)
Increase (decrease) in prize liability	.....	8,730	.....
Net cash provided (used) by operating activities	<u>\$ 391,067</u>	<u>\$ 1,024,832</u>	<u>\$ (894,598)</u>

Noncash investing, capital, and financing activities

Capital appreciation	\$	\$ 127,159	\$
Net property transfers in (out)	(268)	.....	.....

2003 STATE OF FLORIDA CAFR

State Board of Administration	Nonmajor Enterprise Funds	Totals 6/30/03	Internal Service Funds
\$ 494,269	\$ 169,991	\$ 1,188,732	\$ 39,698
392	2,419	18,809	33,409
(5,283)	(977)	(55,177)	14,572
(2,892)	(1,347)	(5,675)	15,490
.....	557	(31,342)	.....
.....	14	458	127
15,321	524	(25,519)	(2,516)
182	(233)	(67)	(2,747)
(10,285)	(1,910)	98,980	(1,037)
.....	107	(15,779)	(3,596)
.....	8,730
<u>\$ 491,704</u>	<u>\$ 169,145</u>	<u>\$ 1,182,150</u>	<u>\$ 93,400</u>

\$ 10,090	\$	\$ 137,249	\$
.....	125	(143)	715

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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS

Individual fund descriptions and financial statements begin on page 175.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Individual fund descriptions and financial statements begin on page 181.

AGENCY FUNDS

Individual fund descriptions and financial statements begin on page 187.

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.

2003 STATE OF FLORIDA CAFR

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003
(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Investment Trust Fund	Totals 6/30/03
ASSETS					
Cash and cash equivalents	\$ 3,546	\$ 90,616	\$ 30,070	\$ 4,721	\$ 128,953
Pooled investments with State Treasury (Note 2)	671,202	185,746	4,566,227	.....	5,423,175
Total cash and cash equivalents	674,748	276,362	4,596,297	4,721	5,552,128
Investments					
Certificates of deposit	1,678	.....	.....	.....	1,678
U.S. government & federally guaranteed obligations	2,311,075	5,017,441	2,160,886	2,228,215	11,717,617
Federal agencies	607,126	5,720,375	239,796	4,163,618	10,730,915
Commercial paper	140,637	1,389,557	250,994	8,253,293	10,034,481
Repurchase agreements	64,540	1,052,777	17,942	563,048	1,698,307
Bonds and notes	699,912	9,713,822	85,002	2,694,832	13,193,568
International bonds and notes	.....	298,225	.....	.....	298,225
Real estate contracts	.....	3,353,677	.....	.....	3,353,677
Money market and mutual fund investments	175,874	331,021	.....	.....	506,895
Short term investments	.....	1,385,353	.....	.....	1,385,353
Domestic equity	198,057	49,141,637	.....	.....	49,339,694
Limited partnerships	.....	2,565,542	.....	.....	2,565,542
Equity group trust	.....	11,763	.....	.....	11,763
International equity	.....	11,756,372	.....	.....	11,756,372
Deferred compensation contracts	.....	1,394,390	.....	.....	1,394,390
Total investments (Note 2)	4,198,899	93,131,952	2,754,620	17,903,006	117,988,477
Receivables					
Accounts receivable	22,512	33,698	228,821	.....	285,031
Pension contributions	.....	57	.....	.....	57
State contributions receivable	.....	100	.....	.....	100
Nonstate contributions receivable	.....	114,470	.....	.....	114,470
Interest receivable	20,057	264,155	21,736	20,223	326,171
Dividends receivable	237	73,231	.....	.....	73,468
Pending investment sales	15,280	1,600,383	144	4,628	1,620,435
Forward contracts	.....	175,770	.....	.....	175,770
Due from state funds (Note 11)	9	14,560	423,350	.....	437,919
Due from other governments	10,191	.....	2,384	.....	12,575
Total receivables	68,286	2,276,424	676,435	24,851	3,045,996
Security lending collateral	1,233,085	9,140,400	173,472	5,556,353	16,103,310
Advances to other funds (Note 11)	160,990	.....	.....	.....	160,990
Tuition and housing receivable	1,282,438	.....	.....	.....	1,282,438
Capital assets	721	6,064	.....	.....	6,785
Accumulated depreciation	(448)	(4,350)	.....	.....	(4,798)
Other assets	227,236	.....	.....	53	227,289
Total assets	7,845,955	104,826,852	8,200,824	23,488,984	144,362,615
LIABILITIES					
Accounts payable	136,686	54,577	380,947	1,530	573,740
DROP	.....	2,161,750	.....	.....	2,161,750
Pending investment purchases	206,124	2,801,753	541	17,328	3,025,746
Forward contracts payable	.....	172,170	.....	.....	172,170
Broker rebate fees	1,094	4,927	156	5,008	11,185
Due to other funds (Note 11)	2,601	17,384	50,538	275	70,798
Due to other governments	2,526	.....	539,689	3,122	545,337
Due to component units	.....	.....	3,654,365	.....	3,654,365
Obligations under security lending agreements	1,381,036	9,160,451	729,916	5,541,886	16,813,289
Obligations under reverse repurchase agreements	22,580	2,834	84,995	.....	110,409
Claims payable	370,447	65,385	.....	.....	435,832
Deposits payable	142,815	85,424	2,759,677	.....	2,987,916
Compensated absences liability	403	1,788	.....	.....	2,191
Unclaimed property payable	168,033	.....	.....	.....	168,033
Tuition and housing benefits payable	5,104,986	.....	.....	.....	5,104,986
Total liabilities	7,539,331	14,528,443	8,200,824	5,569,149	35,837,747
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 306,624	\$ 90,298,409	\$	\$ 17,919,835	\$ 108,524,868

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

2003 STATE OF FLORIDA CAFR

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Totals 06/30/03
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$	\$ 519,224	\$	\$ 519,224
Pension fund contributions - nonstate	.....	1,659,062	.....	1,659,062
Employer/employee contributions	.....	1,009,180	.....	1,009,180
Tuition and housing contract sales	976,827	.....	.....	976,827
Purchase of time by employees	.....	47,301	.....	47,301
Fees	148,399	1,000	.....	149,399
Grants and contributions	124,953	.....	.....	124,953
Flexible benefit contributions	.....	129,782	.....	129,782
Transfers in from state funds (Note 11)	12,763	414,159	.....	426,922
Total contributions and other deposits	1,262,942	3,779,708	.....	5,042,650
<u>Investment income</u>				
Interest income	125,307	1,520,911	76,057	1,722,275
Dividends	3,428	862,441	.....	865,869
Other investment income	.....	8	.....	8
Net increase/(decrease) in fair market value	428,628	496,571	201,427	1,126,626
Total investment income	557,363	2,879,931	277,484	3,714,778
Investment activity expense	(2,733)	(226,020)	(3,009)	(231,762)
Net income from investing activity	554,630	2,653,911	274,475	3,483,016
<u>Security lending activity</u>				
Security lending income	17,982	157,928	74,063	249,973
Security lending expense	(15,744)	(123,300)	(64,951)	(203,995)
Net income from security lending	2,238	34,628	9,112	45,978
Total net investment income	556,868	2,688,539	283,587	3,528,994
Other additions	920	5	.....	925
Total additions	1,820,730	6,468,252	283,587	8,572,569
DEDUCTIONS				
Benefit payments	.....	4,314,216	.....	4,314,216
Tuition and housing payments	1,640,379	.....	.....	1,640,379
Insurance claims expense	.....	583,375	.....	583,375
HMO payments	.....	343,063	.....	343,063
Remittances to annuity companies	.....	132,482	.....	132,482
Interest expense	46,185	367	.....	46,552
Student loan default payments	107,090	.....	.....	107,090
Administrative expense	14,722	102,244	369	117,335
Prepaid participant refunds	43,810	.....	.....	43,810
Program contribution refunds	.....	3,455	.....	3,455
Property disposition gain (loss)	.....	997	.....	997
Transfers out to state funds (Note 11)	108,065	406,063	.....	514,128
Other deductions	1,131	24,003	1	25,135
Total deductions	1,961,382	5,910,265	370	7,872,017
<u>Depositor activity</u>				
Deposits	.....	.....	61,867,869	61,867,869
Withdrawals	.....	.....	(59,078,403)	(59,078,403)
Excess of deposits over withdrawals	.....	.....	2,789,466	2,789,466
Change in net assets	(140,652)	557,987	3,072,683	3,490,018
Net assets - beginning	448,417	89,740,422	14,807,349	104,996,188
Adjustments to increase (decrease) beginning net assets (Note 13)	(1,141)	.....	39,803	38,662
Net assets - beginning, as restated	447,276	89,740,422	14,847,152	105,034,850
Net assets - ending	\$ 306,624	\$ 90,298,409	\$ 17,919,835	\$ 108,524,868

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 comprehensive, residential and coeducational institution 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 193.

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2003
(in thousands)

	Florida Housing Finance Corporation	South Florida Water Management District	University of Florida	Florida State University
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 323,470	\$ 769	\$ 116,501	\$ 41,862
Pooled investments with State Treasury	82,618	.....	418,046	232,478
Investments (Note 2)	1,192,260	346,651	195,654	113,163
Receivables, net (Note 3)	102,963	7,426	300,219	35,331
Due from component units/primary	.....	48,374	217,912	276,486
Inventories	.....	813	4,816	1,909
Other	527	2,465	87,852	3,793
Total current assets	1,701,838	406,498	1,341,000	705,022
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	.....	.....	22,833	1,462
Restricted investments with State Treasury	.....	.....	117,183	78,991
Restricted investments (Note 2)	.....	.....	1,110,614	356,296
Long term investments (Note 2)	.....	.....	.....	.....
Other loans and notes receivable, net (Note 3)	2,887,977	.....	32,874	10,140
Capital assets:				
Land and other nondepreciable assets	.....	1,451,348	57,993	142,328
Buildings, equipment, and other depreciable assets	3,063	327,363	3,046,754	1,164,484
Accumulated depreciation	(2,518)	(121,349)	(1,552,093)	(417,781)
Construction work in progress	.....	144,605	163,737	131,884
Total capital assets (Note 5)	545	1,801,967	1,716,391	1,020,915
Other	15,611	.....	90,191	101,628
Total noncurrent assets	2,904,133	1,801,967	3,090,086	1,569,432
Total assets	4,605,971	2,208,465	4,431,086	2,274,454
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	107,548	69,079	274,985	63,494
Due to component units/primary	.....	.....	79,845	150,489
Compensated absences (Note 10)	.....	789	8,323	2,259
Installment purchases/capital leases (Notes 9 and 10)	.....	1,634	3,281	658
Bonds payable (Notes 8 and 10)	44,940	3,450	16,549	6,284
Certificates of participation payable (Note 10)	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Deferred revenue	5,789	661	82,980	72,645
Obligations under security lending agreements	.....	.....	69,639	48,002
Obligations under reverse purchase agreements	.....	.....	.....	.....
Other (Note 10)	70,546	4,704	27,587	7,820
Total current liabilities	228,823	80,317	563,189	351,651
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Due to component units/primary	24,827	.....	.....	.....
Bonds payable (Notes 8 and 10)	3,459,993	66,375	633,876	212,806
Certificates of participation payable (Note 10)	.....	.....	.....	.....
Installment purchases/capital leases (Notes 9 and 10)	.....	2,492	16,252	26,083
Deferred revenue	33,609	.....	.....	.....
Claims payable	.....	4,878	37,572	.....
Compensated absences (Note 10)	.....	14,726	115,054	34,554
Other (Note 10)	82,228	26,711	154,095	25,065
Total noncurrent liabilities	3,600,657	115,182	956,849	298,508
Total liabilities	3,829,480	195,499	1,520,038	650,159
NET ASSETS				
Invested in capital assets, net of related debt	545	1,701,251	1,040,093	765,025
Restricted for:				
Debt service	.....	4,691	3,044	461
Other	702,333	55,443	641,388	360,081
Permanent funds:				
Expendable	.....	14,855	.....	.....
Nonexpendable	.....	5,380	584,072	249,135
Unrestricted (deficit)	73,613	231,346	642,451	249,593
Total net assets	\$ 776,491	\$ 2,012,966	\$ 2,911,048	\$ 1,624,295

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

2003 STATE OF FLORIDA CAFR

University of South Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/03
\$ 14,014	\$ 520,285	\$ 235,212	\$ 1,252,113
159,134	737,863	868,136	2,498,275
69,041	2,244,484	660,670	4,821,923
114,301	50,819	297,800	908,859
68,526	.....	676,618	1,287,916
2,287	.....	21,162	30,987
1,479	32,506	18,781	147,403
428,782	3,585,957	2,778,379	10,947,476
10,017	.....	57,621	91,933
41,445	.....	59,409	297,028
208	.....	376,720	1,843,838
318,889	.....	923,624	1,242,513
8,911	.....	26,390	2,966,292
19,640	.....	1,629,641	3,300,950
776,328	10,378	6,283,821	11,612,191
(302,253)	(6,137)	(2,292,873)	(4,695,004)
59,216	.....	481,209	980,651
552,931	4,241	6,101,798	11,198,788
47,032	.....	25,520	279,982
979,433	4,241	7,571,082	17,920,374
1,408,215	3,590,198	10,349,461	28,867,850
53,273	160,667	635,829	1,364,875
7,004	.....	100,923	338,261
3,130	.....	27,054	41,555
1,157	.....	6,871	13,601
3,089	.....	20,423	94,735
1,090	.....	1,163	2,253
.....	.....	3,259	3,259
70,851	434,268	207,239	874,433
18,899	12,125	138,367	287,032
.....	.....	7,947	7,947
2,449	125,000	30,515	268,621
160,942	732,060	1,179,590	3,296,572
.....	.....	50	50
.....	.....	.....	24,827
70,614	.....	501,509	4,945,173
116,245	.....	64,732	180,977
47,006	.....	83,250	175,083
.....	.....	2,692	36,301
.....	.....	.....	42,450
37,511	.....	216,854	418,699
10,468	1,649,952	123,019	2,071,538
281,844	1,649,952	992,106	7,895,098
442,786	2,382,012	2,171,696	11,191,670
423,387	4,241	5,391,357	9,325,899
.....	.....	16,214	24,410
.....	.....	303,627	2,062,872
73,876	.....	1,004,928	1,093,659
286,832	.....	752,700	1,878,119
181,334	1,203,945	708,939	3,291,221
\$ 965,429	\$ 1,208,186	\$ 8,177,765	\$ 17,676,180

2003 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

Functions/Programs	Expenses	Program Revenues			Florida Housing Finance Corporation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Florida Housing Finance Corporation	\$ 422,688	\$ 253,034	\$	\$ 254,389	\$ 84,735
South Florida Water Management District	357,547	7,583	103,899	222,092	.....
University of Florida	3,120,166	1,827,408	851,200	31,071	.....
Florida State University	739,742	244,262	234,268	27,464	.....
University of South Florida	944,389	303,180	351,260	4,234	.....
Citizens Property Insurance Corporation	368,442	841,476	.....	.....	.....
Nonmajor Component Units	4,708,516	1,201,137	1,093,087	587,912	.....
Total component units	\$ 10,661,490	\$ 4,678,080	\$ 2,633,714	\$ 1,127,162	84,735

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	.....
Extraordinary Items	.....
Miscellaneous	17,782
Total general revenues	<u>17,782</u>
Change in net assets	102,517
Net assets - beginning	673,974
Adjustments to increase (decrease) beginning net assets (Note 13)	.....
Net assets - ending	<u>\$ 776,491</u>

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

2003 STATE OF FLORIDA CAFR

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 Corporation	Nonmajor Component Units	Totals 6/30/03
\$	\$	\$	\$	\$	\$	\$ 84,735
(23,973)	.....	.....	.....	.....	.....	(23,973)
.....	(410,487)	.....	.....	.....	.....	(410,487)
.....	.....	(233,748)	.....	.....	.....	(233,748)
.....	.....	.....	(285,715)	.....	.....	(285,715)
.....	.....	.....	.....	473,034	.....	473,034
.....	.....	.....	.....	.....	(1,826,380)	(1,826,380)
(23,973)	(410,487)	(233,748)	(285,715)	473,034	(1,826,380)	(2,222,534)
\$ 279,029	\$	\$	\$	\$	\$ 199,400	\$ 478,429
9,712	58,870	25,252	20,633	.....	92,947	207,414
.....	.....	.....	.....	.....	3,348	3,348
.....	584,251	320,795	336,438	.....	2,004,720	3,246,204
.....	(1,478)	.....	(738)	.....	2,973	757
.....	.....	.....	.....	.....	992	992
.....	.....	.....	.....	.....	(517)	(517)
.....	.....	.....	.....	32,049	.....	32,049
7,883	.....	.....	9,848	.....	32,483	67,996
296,624	641,643	346,047	366,181	32,049	2,336,346	4,036,672
272,651	231,156	112,299	80,466	505,083	509,966	1,814,138
1,753,820	2,762,605	1,510,521	1,048,027	292,438	7,726,331	15,767,716
(13,505)	(82,713)	1,475	(163,064)	410,665	(58,532)	94,326
\$ 2,012,966	\$ 2,911,048	\$ 1,624,295	\$ 965,429	\$ 1,208,186	\$ 8,177,765	\$ 17,676,180

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

For financial reporting purposes, 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*, 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 Engineers Management Corporation
- Florida High Speed Rail Authority
- Florida Prepaid College Board
- Florida School for the Deaf and the Blind
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Investment Fraud Restoration (Financing) Corporation
- State Board of Administration (SBA)
- State Board of Education (SBE)
- Surplus Lines (Florida Surplus Lines Service Office)
- Wireless Emergency Telephone System (Wireless 911 Board)
- 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 (i.e., Lawton Chiles Endowment Fund – SBA) 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 detailed 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 on 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 Community Colleges. State universities and community 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 Junior College
- Daytona Beach Community College
- Edison Community 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 Community College
- North Florida Community College
- Okaloosa-Walton Community 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. The Governor appoints members of the governing boards of the districts, subject to confirmation by the Senate. 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 also 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:

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

*The State's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled \$19.3 million and \$37.1 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 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. Sections 244.01 through 244.03, Florida Statutes, establishing this joint venture were repealed January 7, 2003, in accordance with Chapter 2000-321, Laws of Florida. Chapter 2002-387, Laws of Florida, effective January 7, 2003, reinstated this joint venture.

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 organization 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:

Statewide Financial Reporting Section
Bureau of Accounting
Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399-0354
Telephone: (850) 410-9951
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 properly included among program revenues are reported instead as 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 are considered available when they are collected within 30 days of the end of the current fiscal year. The major revenue that meets this availability criterion is tax revenue. 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*, proprietary funds have 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 combined) for the determination of major funds. The State elected to add certain other major funds that had specific public interest. 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 - 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 - includes funds used to operate various health and family service-related programs such as health care, elder affairs, and child support.

Transportation - accounts for the maintenance and development of the State highway system and other transportation-related projects.

Public Education - includes funds to operate education-related programs.

Tax Collection and Administration - accounts for operations of the State's tax collection and administration functions. Refer to Note 4 for additional information on tax revenues.

Employment Services - accounts for funds used for employee-service related programs other than unemployment compensation (i.e., workers' compensation, employment security, labor market statistics, administration of the unemployment compensation program, etc.).

Lawton Chiles Endowment Fund - provides a perpetual source of enhanced funding for the future of 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.

Major Business-type Funds

Transportation - primarily accounts for operations of the Florida Turnpike.

Lottery - 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.

Unemployment Compensation - accounts for receipt of monies for and payment of unemployment compensation benefits.

State Board of Administration - 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.

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 include 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 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. Details of investments are 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

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 pension contributions at current rates.

Long-term Liabilities

Refer to Note 8 for information on bonds payable, Note 9 for information on capital leases, installment purchase contracts, and certificates of participation, 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."

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 that must be held in perpetuity by the donee.

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

Reserve for Working Capital Fund represents funds available in the General Revenue Fund used to offset unanticipated expenditures such as spending on emergencies.

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 which are, in part, represented by nonmonetary transactions. The majority of these nonmonetary transactions are reported within the receiving governmental funds of the State's reporting entity. Examples include nonmonetary assistance in the form of Federal grants, such as 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. Transactions related to this activity are not reported in the accompanying 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 27, 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 a revenue.

H. Reporting Changes

Changes in Reporting Component Units

The following entities are determined to be new component units of the State for the fiscal year ended June 30, 2003.

- Florida Black Business Investment Board
- Higher Educational Facilities Financing Authority

The following entity was a component unit of the State in the previous year, but is determined not to be a component unit of the State for the fiscal year ended June 30, 2003.

- Florida First Capital Finance Corporation

I. Accounting Change

Prior to the fiscal year ended June 30, 2003, the State of Florida reported capital outlay balances to be disbursed to State universities for capital outlay projects as a payable and balances to be disbursed to community colleges and district school boards for capital outlay projects as unreserved fund balance in the Public Education Fund. For the fiscal year ended June 30, 2003, the State of Florida began reporting these balances as a reservation of fund balance for capital outlay in the Public Education Fund.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2003, the carrying amount of deposits totaled \$2,660,151,253, which consisted of the following: \$178,946,012 cash and cash equivalents in financial institutions; \$76,653,684 restricted cash in financial institutions; and \$2,404,551,556 pooled investments with the State Treasury. The reported carrying amount of component unit deposits totaled \$1,327,664,761, which consisted of cash and cash equivalents in financial institutions.

Chapter 280, Florida Statutes (F.S.), generally requires public funds to be deposited in a bank or savings association that is designated by the Chief Financial Officer as authorized to receive deposits in the State and that meets the collateral requirements. The Chief Financial Officer determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Chapter 4C-2, Florida Administrative Code (FAC), and Section 280.04, Florida Statutes. The Chief Financial Officer is directed by FAC to review the "Public Depository Monthly Reports" and continually monitor the collateral pledging level(s) and required collateral of each QPD. If the Chief Financial Officer determines that a QPD has violated the law and rule and has not pledged adequate collateral and/or has not used the proper collateral pledging level or levels, the QPD is immediately notified of the fact and directed to immediately comply with the Chief Financial Officer's collateral requirements. Eligible collateral includes Federal, federally guaranteed, state and local government obligations, corporate bonds, letters of credit issued by a Federal Home Loan Bank, and with the Chief Financial Officer's permission, 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 provided the portfolio of such investment company is 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 provided such investment company takes delivery of such collateral either directly or through an authorized custodian.

Statutes provide that if a loss to public depositors is not covered by deposit insurance, demanding payment under letters of credit, and the proceeds from the sale of collateral pledged or deposited by the defaulting depository, the difference will be provided by an assessment levied against other QPDs.

Deposits held in trust that are fully secured under trust business laws, deposits that are fully secured under Federal regulations, and/or deposits that are outside the country are exempted from being placed with a QPD. Also exempt are deposits of the System Trust Fund, which is used to administer the Florida Retirement System, and wire transfers and transfers of funds solely for the purpose of paying registrars and paying agents. A number of these deposits, however, are insured or collateralized.

The deposit balances reported by the State's banks totaled \$2,834,397,005. Of this amount, \$2,830,132,322 was covered by Federal and other depository insurance, letters of credit, or the collateral pool described above and \$4,264,683 was uncollateralized. The deposit balances reported by component unit banks totaled \$865,168,547. Of this amount, \$424,774,127 was covered by Federal and other depository insurance or the collateral pool described above, \$397,739,402 was collateralized with securities held by the pledging financial institution's trust department in the component unit's name, and \$42,655,018 was uncollateralized.

B. Investments

The schedules below disclose the carrying value and fair value of each type of investment classified in categories of credit risk. These categories are as follows:

- A. Insured or registered, or securities held by the State or its agent in the State's name.
- B. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.
- C. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

Certain investments, such as mutual funds, cannot be categorized because they are not evidenced by securities that exist in physical or book entry form. Securities held by the other parties underlying securities lending agreements also are not categorized.

1. 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., and include certificates of deposit, direct obligations of the United States Treasury, obligations of Federal agencies, asset-backed or mortgage-backed securities, commercial paper, bankers' acceptances, medium-term corporate obligations, repurchase agreements, commingled and mutual funds, negotiable certificates of deposit, and, subject to certain rating conditions, foreign bonds denominated in U.S. dollars and registered with the Securities and Exchange Commission (SEC) for sale in the U.S. and convertible debt obligations of any

corporation domiciled within the U.S.

The State Treasury had holdings at June 30, 2003, of \$3,341,072,393 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.

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.

Security Lending. State statutes authorize 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, 2003. 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 \$375,256,487) is not reported in the balance sheet.

Detail of the holdings and the credit risk of pooled investments held, as well as the reconciliations to the Government-wide Statement of Net Assets and the Statement of Fiduciary Net Assets, are as follows (in thousands):

	Risk Category		Fair Value
	A	B	
U. S. Government and federally guaranteed obligations	\$ 5,044,697	\$	\$ 5,044,697
Bankers' acceptances	191,753	.....	191,753
Commercial paper	1,683,266	.....	1,683,266
Repurchase agreements	402,007	1,007,057	1,409,064
Bonds and notes	3,267,348	1,438,065	4,705,413
Certificates of deposit	.....	27,198	27,198
Total classifiable investments	<u>\$ 10,589,071</u>	<u>\$ 2,472,320</u>	<u>13,061,391</u>
Unemployment compensation funds pooled with U. S. Treasury			1,669,685
Mutual funds			1,402,824
Securities held with others under security lending agreements			2,425,809
Securities held with others under reverse repurchase agreements			<u>396,381</u>
Total nonclassifiable investments			<u>5,894,699</u>
Total investments			<u>18,956,090</u>
Cash on hand			300
Cash on deposit			<u>2,404,552</u>
Total State Treasury holdings			21,360,942
Adjustments:			
Outstanding warrants			(984,408)
Unsettled securities liability			<u>(1,765,137)</u>
Reconciled balance, June 30, 2003			<u>\$ 18,611,397</u>
Reconciliation to basic financial statements (in thousands):			
Pooled investments with State Treasury			
Governmental activities			\$ 10,723,910
Business-type activities			2,387,734
Fiduciary funds			<u>5,423,175</u>
Total pooled investments with State Treasury			18,534,819
Restricted pooled investments with State Treasury (Business-type activities)			<u>76,578</u>
Total			<u>\$ 18,611,397</u>

2. Other Investments

State Statutes allow investment of funds in a range of instruments, including federally guaranteed obligations, other Federal agency obligations, certain State bonds, commercial paper, obligations of a Florida political subdivision as permitted by law, common stock, repurchase and reverse repurchase agreements and real estate. Securities identified above may be loaned to securities dealers, provided the loan is collateralized by cash or U.S. Government securities having a fair value of at least 100 percent of the fair value of the securities loaned. If bond proceeds are invested, investments must be made in accordance with bond covenants. These covenants usually require investment in federally guaranteed obligations. During the fiscal year, a Reverse Repurchase Agreement was held as an investment that was not held as an investment at June 30, 2003.

Security Lending. Through the State Board of Administration (SBA), various funds, including the Defined Benefit Pension Plan, the Investment Trust Funds, the Florida Lottery Trust Fund, the Florida Hurricane Catastrophe Fund, the Florida Prepaid College Trust Fund, and the Lawton Chiles Endowment Fund participate in security lending programs. The SBA had received and invested \$19,303,076,484 in cash and \$449,471,229 in U.S. Government securities as collateral for the lending programs as of June 30, 2003. At June 30, 2003, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest) except for total credit risk of \$4,348,454 in two of the security lending programs. All securities 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, due to securities loan agreements being 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 39 percent to 71 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 (an Investment 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 Funds for the period ended June 30, 2003, as required by GASB Statement No. 31. Additional information pertaining to the Investment Trust Funds 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.

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, and interest rate swaps.

The Defined Benefit Pension Plan also held units in the State Street Global Advisors, Inc. (SSGA) Emerging Markets Fund and the SSGA Daily Active Emerging Markets Fund. These funds use equity return swaps and equity futures to gain exposure to certain international equity markets. The Defined Benefit Pension Plan does not directly hold positions in these derivatives; it only holds units of the emerging markets funds.

As of June 30, 2003, all of the SBA derivatives were reported at fair value.

The carrying values (securities reported at cost, amortized cost, or fair value) reported in the Other Investments Schedules for the primary government and component units are categorized as follows (in thousands):

**Other Investments Schedule
Primary Government**

	Risk Category			Carrying Value	Fair Value
	A	B	C		
Certificates of deposit	\$ 74,997	\$ 1,678	\$ 930,945	\$ 1,007,620	\$ 1,007,620
U. S. Government and federally guaranteed obligations	5,019,022	1,309	.....	5,020,331	5,105,121
Federal agencies	6,607,545	10,003	875,872	7,493,420	7,542,675
Bankers acceptances	.....	.....	.....	.....	.....
Commercial paper	11,713,157	82,987	866,330	12,662,474	12,662,393
Repurchase agreements	1,441,269	4,837,264	23,179	6,301,712	6,302,191
Bonds and notes	16,671,298	196,584	8,013,482	24,881,364	24,881,709
Stocks	52,768,044	4,715	78,204	52,850,963	52,850,292
Total classifiable investments	\$ 94,295,332	\$ 5,134,540	\$ 10,788,012	110,217,884	110,352,001
Investments held by others under security lending agreements					
U. S. obligations				9,916,898	9,931,510
Federal agencies				5,166,807	5,167,587
Bonds and notes				400,533	400,533
Stocks				3,332,877	3,332,877
Investment agreements				3,035,643	3,035,643
Real estate contracts				3,353,677	3,353,677
Deferred compensation (mutual funds and annuities)				1,394,390	1,394,390
Money market and mutual funds				9,536,934	9,536,934
Total nonclassifiable investments				36,137,759	36,153,151
Total investments				\$ 146,355,643	\$ 146,505,152

Reconciliation to the basic financial statements:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Investments - current	\$ 694,164	\$ 889,383	\$	\$ 1,583,547
Restricted investments	.....	4,171,585	.....	4,171,585
Long-term investments	1,565,431	4,943,293	117,988,477	124,497,201
Security lending collateral	.....	.....	16,103,310	16,103,310
Total investments	\$ 2,259,595	\$ 10,004,261	\$ 134,091,787	\$ 146,355,643

**Other Investments Schedule
Component Units**

	Risk Category			Carrying Value	Fair Value
	A	B	C		
Certificates of deposit	\$ 10,653	\$ 1,084	\$ 44,213	\$ 55,950	\$ 55,950
U. S. Government and federally guaranteed obligations	1,926,965	551,057	62,085	2,540,107	2,540,314
Federal agencies obligations	277,109	107,049	10,265	394,423	394,455
Commercial paper	.....	994	1,749	2,743	2,743
Repurchase agreements	666	.....	821	1,487	1,487
Bonds and notes	985,598	104,361	159,444	1,249,403	1,249,675
Stocks	886,085	59,467	281,321	1,226,873	1,227,290
Total classifiable investments	\$4,087,076	\$824,012	\$559,898	5,470,986	5,471,914
Investment agreements				753,226	753,226
Real estate agreements				25,282	25,282
Deferred compensation investments				(1,823)	(1,823)
Money market and mutual funds				1,660,603	1,661,726
Total nonclassifiable investments				2,437,288	2,438,411
Total investments				\$ 7,908,274	\$ 7,910,325
Reconciliation to the basic financial statements:					
Investments - current				\$ 4,821,923	
Restricted investments - noncurrent				1,843,838	
Long-term investments				1,242,513	
Total investments				\$ 7,908,274	

NOTE 3 - RECEIVABLES AND PAYABLES

The lines "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	Public Education
Accounts receivable	\$ 136,910	\$ 25,614	\$ 416,241	\$ 2,480	\$ 117,234
Taxes receivable	863,757	.....	.....	.....	.....
Interest & dividends receivable	29,269	7,067	542	6,395	5,943
Loans & notes receivable	4,772	35,423	.....	.....	5,149
Due from Federal government	1,112	19,093	879,017	29,364	2,272
Other receivables	720	1,683	5,633	22,345	.....
Allowance for uncollectibles	(63,771)	(19,057)	(187,625)	(198)	(1,760)
Receivables, net	\$ 972,769	\$ 69,823	\$ 1,113,808	\$ 60,386	\$ 128,838
Other loans & notes receivable	\$ 2,438	\$ 2,547	\$ 75,325	\$ 1,083	\$
Long-term interest receivable	.....	.....	.....	2,037	.....
Allowance for uncollectibles	(1,557)	.....	(27,687)	(648)	.....
Other loans & notes receivable, net	\$ 881	\$ 2,547	\$ 47,638	\$ 2,472	\$

(Continued below)

	Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts receivable	\$ 402	\$	\$ 21,401	\$ 448,759	\$ 1,169,041
Taxes receivable	264,259	82,062	.....	997	1,211,075
Interest & dividends receivable	30	1,044	5,925	4,845	61,060
Loans & notes receivable	.....	.....	.....	46,050	91,394
Due from Federal government	.....	58,671	.....	22,880	1,012,409
Other receivables	29	.....	.....	3,836	34,246
Allowance for uncollectibles	.....	.....	.....	(8,414)	(280,825)
Receivables, net	\$ 264,720	\$ 141,777	\$ 27,326	\$ 518,953	\$ 3,298,400
Other loans & notes receivable	\$	\$	\$	\$ 22,404	\$ 103,797
Long-term interest receivable	.....	.....	.....	.....	2,037
Allowance for uncollectibles	.....	.....	.....	(3,988)	(33,880)
Other loans & notes receivable, net	\$	\$	\$	\$ 18,416	\$ 71,954

(Continued below)

	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 1,680	\$ 49,858	\$ 1,220,579
Taxes receivable	.....	.....	1,211,075
Interest & dividends receivable	194	.....	61,254
Loans & notes receivable	.....	.....	91,394
Due from Federal government	865	.....	1,013,274
Other receivables	3,522	.....	37,768
Allowance for uncollectibles	.....	.....	(280,825)
Receivables, net	\$ 6,261	\$ 49,858	\$ 3,354,519
Other loans & notes receivable	\$	\$	\$ 103,797
Long-term interest receivable	.....	.....	2,037
Allowance for uncollectibles	.....	.....	(33,880)
Other loans & notes receivable, net	\$	\$	\$ 71,954

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Unemployment Compensation	State Board of Administration	Nonmajor Enterprise Funds
Accounts receivable	\$ 2,907	\$ 68,994	\$ 97,617	\$ 5,479	\$ 13,228
Taxes receivable	.....	.....	171,886	.....	.....
Interest & dividends receivable	2,512	1,909	12,455	13,663	556
Loans & notes receivable	.....	.....	.....	.....	.....
Other receivables	242	.....	3,435	.....	41
Allowance for uncollectibles	.....	(1,288)	(63,660)	.....	(11,554)
Receivables, net	\$ 5,661	\$ 69,615	\$ 221,733	\$ 19,142	\$ 2,271

(Continued below)

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 188,225	\$ 6,220	\$ 194,445
Taxes receivable	171,886	.....	171,886
Interest & dividends receivable	31,095	.....	31,095
Loans & notes receivable	.....	.....	.....
Due from Federal government	.....	.....	.....
Other receivables	3,718	.....	3,718
Allowance for uncollectibles	(76,502)	.....	(76,502)
Receivables, net	\$ 318,422	\$ 6,220	\$ 324,642

COMPONENT UNITS

Accounts receivable	\$ 680,312
Other receivables	427,861
Allowance for uncollectibles	(199,314)
Receivables, net	\$ 908,859
Other loans & notes receivable	\$ 2,975,207
Allowance for uncollectibles	(8,915)
Other loans & notes receivable, net	\$ 2,966,292

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The lines "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	Public Education
Accounts payable	\$ 419,213	\$ 32,333	\$ 1,021,411	\$ 309,293	\$ 894
Construction contracts	33	.....	.....	177,862	.....
Claims payable	3,882	.....	.....	.....	.....
Accrued salaries & wages	60,428	.....	30,024	14,939	169
Deposits payable	325	418	.....	1,800	35,206
Due to Federal government	2	72	3,668	.....	.....
Due to other governmental units	2,658	5,427	799	56	.....
Accrued interest	.....	.....	.....	.....	.....
Other payables	5,255	.....	.....	.....	.....
Accounts payable and accrued liabilities	\$ 491,796	\$ 38,250	\$ 1,055,902	\$ 503,950	\$ 36,269

(Continued below)

	Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts payable	\$ 6,684	\$ 57,151	\$ 61,826	\$ 111,982	\$ 2,020,787
Construction contracts	.....	.....	.....	3,699	181,594
Claims payable	.....	.....	.....	.....	3,882
Accrued salaries & wages	15	594	.....	8,179	114,348
Deposits payable	.....	.....	.....	174	37,923
Due to Federal government	.....	.....	.....	50	3,792
Due to other governmental units	106,421	.....	.....	18,917	134,278
Accrued Interest	.....	.....	9	2,698	2,707
Other payables	33	.....	.....	598	5,886
Accounts payable and accrued liabilities	\$ 113,153	\$ 57,745	\$ 61,835	\$ 146,297	\$ 2,505,197

(Continued below)

	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 22,512	\$ 184,820	\$ 2,228,119
Construction contracts	.....	.....	181,594
Claims payable	.....	.....	3,882
Accrued salaries & wages	2,547	.....	116,895
Deposits payable	.....	.....	37,923
Due to Federal government	.....	.....	3,792
Due to other governmental units	71	.....	134,349
Accrued Interest	.....	35,595	38,302
Other payables	6,404	.....	12,290
Accounts payable and accrued liabilities	\$ 31,534	\$ 220,415	\$ 2,757,146

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Unemployment Compensation	State Board of Administration	Nonmajor Enterprise Funds
Accounts payable	\$ 140	\$ 53,850	\$ 44,087	\$ 19,342	\$ 3,839
Construction contracts	17,324	.....	.....	.....	.....
Claims payable	.....	.....	.....	.....	.....
Accrued salaries & wages	.....	.....	.....	.....	1,494
Accrued prize liability	.....	.....	.....	.....	.....
Deposits payable	525	1,921	.....	.....	.....
Due to other governmental units	.....	.....	2,338	.....	.....
Other payables	.....	314	.....	1	.....
Accounts payable and accrued liabilities	\$ 17,989	\$ 56,085	\$ 46,425	\$ 19,343	\$ 5,333

(Continued below)

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 121,258	\$ 851	\$ 122,109
Construction contracts	17,324	.....	17,324
Claims payable	.....	.....	.....
Accrued salaries & wages	1,494	.....	1,494
Accrued prize liability	.....	.....	.....
Deposits payable	2,446	.....	2,446
Due to other governmental units	2,338	.....	2,338
Other payables	315	.....	315
Accounts payable and accrued liabilities	\$ 145,175	\$ 851	\$ 146,026

NOTE 4 - TAX REVENUES

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	Health and Family Services	Public Education	Tax Collection and Administration	Employment Services	Nonmajor Governmental Funds	Total
Sales and use tax	\$ 15,567,953	\$	\$	\$	\$	\$	\$ 15,567,953
Fuel taxes:							
Motor fuel tax	.....	.....	.....	1,854,207	.....	.....	1,854,207
Pollutant tax	.....	.....	.....	243,178	.....	.....	243,178
Aviation fuel tax	.....	.....	.....	55,299	.....	.....	55,299
Solid minerals severance tax	.....	.....	.....	41,365	.....	.....	41,365
Oil and gas production tax	.....	.....	.....	5,326	.....	.....	5,326
Total fuel taxes	.....	.....	.....	2,199,375	.....	.....	2,199,375
Corporate income tax	1,228,130	.....	.....	.....	.....	.....	1,228,130
Documentary stamp tax	.....	.....	.....	2,005,168	.....	.....	2,005,168
Intangible personal property tax	.....	.....	.....	820,212	.....	.....	820,212
Communications service tax	831,812	.....	398,320	.....	.....	.....	1,230,132
Estate tax	558,419	.....	.....	.....	.....	.....	558,419
Gross receipts utilities tax	.....	.....	416,410	7,736	.....	.....	424,146
Beverage and tobacco taxes:							
Alcoholic beverage tax	538,790	.....	.....	.....	.....	21,384	560,174
Cigarette tax	.....	.....	.....	416,309	.....	.....	416,309
Smokeless tobacco tax	25,153	.....	.....	.....	.....	.....	25,153
Total beverage and tobacco taxes	563,943	.....	.....	416,309	.....	21,384	1,001,636
Other taxes:							
Insurance premium tax	51,062	.....	.....	512,924	.....	60,383	624,369
Workers' compensation special disability tax	.....	.....	.....	.....	335,908	.....	335,908
Hospital public assistance tax	.....	306,727	.....	.....	.....	.....	306,727
Citrus excise tax	.....	.....	.....	.....	.....	48,300	48,300
Pari-Mutuel wagering tax	137	.....	.....	.....	.....	29,097	29,234
Other	.....	.....	.....	3,597	.....	504	4,101
Total other taxes	51,199	306,727	.....	516,521	335,908	138,284	1,348,639
Total	\$ 18,801,456	\$ 306,727	\$ 814,730	\$ 5,965,321	\$ 335,908	\$ 159,668	\$ 26,383,810

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

	Sales and use tax	Other taxes
Governmental fund statements	\$ 15,567,953	\$ 1,348,639
Government-wide accruals	(6,571)	(1,298)
Government-wide statements	\$ 15,561,382	\$ 1,347,341

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.

Capital Asset Category	Reporting Capitalization Threshold	Estimated Useful Life (in Years)
Land and land improvements	Capitalize all.	Not depreciable.
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 specific asset category.	2 – 20
Construction work in progress	\$100,000 when work is completed.	Not depreciable.
Furniture and equipment	\$1,000 and \$250 for non-circulated books.	2 – 25
Works of art and historical treasures	Capitalize all unless considered a collection. Also, capitalize if already capitalized as of June 30, 1999.	5 – 50
Library resources	\$25	5 – 50
Other fixed 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, 2003, is as follows (in thousands):

General government	\$ 69,463
Education	9,116
Human services	35,223
Criminal justice and corrections	149,019
Natural resources & environment	48,584
Transportation	43,552
State courts	2,130
Total depreciation expense (governmental activities)	<u>\$ 357,087</u>

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Primary government capital asset activities for the year ended June 30, 2003, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance 7/1/2002	Adjustments	Increases	Decreases	Balance 6/30/2003
Capital assets, not being depreciated:					
Land and other nondepreciable assets	\$ 11,250,970	\$ 2,169	\$ 778,956	\$ 988	\$ 12,031,107
Infrastructure and infrastructure improvements - nondepreciable	23,516,148	768,166	.....	60,056	24,224,258
Construction work in progress	4,117,481	(838,521)	1,515,879	67,443	4,727,396
Total capital assets, not being depreciated	38,884,599	(68,186)	2,294,835	128,487	40,982,761
Capital assets, being depreciated:					
Buildings and building improvements	3,130,589	(15,289)	254,526	45,478	3,324,348
Infrastructure and infrastructure improvements	244,001	14,108	27,772	3,113	282,768
Leasehold improvements	268	.....	.....	.....	268
Property under capital lease	185,040	20,162	4,421	19	209,604
Furniture and equipment	1,658,654	(5,493)	204,333	179,021	1,678,473
Works of art and historical treasures	1,392	(13)	.....	2	1,377
Library resources	23,401	4,887	1,265	5,007	24,546
Other	40,061	(436)	894	497	40,022
Total capital assets, being depreciated	5,283,406	17,926	493,211	233,137	5,561,406
Less accumulated depreciation for:					
Buildings and building improvements	1,128,307	(317)	146,052	10,989	1,263,053
Infrastructure and infrastructure improvements	106,227	974	9,899	983	116,117
Property under capital lease	16,211	255	6,190	18	22,638
Furniture and equipment	1,050,776	(6,316)	190,446	137,292	1,097,614
Works of art and historical treasures	386	1	34	.....	421
Library resources	6,731	(1)	2,476	1,585	7,621
Other	25,206	(196)	1,990	301	26,699
Total accumulated depreciation	2,333,844	(5,600)	357,087	151,168	2,534,163
Total capital assets, being depreciated, net	2,949,562	23,526	136,124	81,969	3,027,243
Governmental activities capital assets, net	\$ 41,834,161	\$ (44,660)	\$ 2,430,959	\$ 210,456	\$ 44,010,004

BUSINESS-TYPE ACTIVITIES

	Balance 7/1/2002	Adjustments	Increases	Decreases	Balance 6/30/2003
Capital assets, not being depreciated:					
Land and other nondepreciable assets	\$ 740,627	\$ (2,252)	\$ 30,291	\$ 128	\$ 768,538
Infrastructure and infrastructure improvements - nondepreciable	2,806,703	15,459	145,323	.....	2,967,485
Construction work in progress	886,502	(15,391)	74,486	.....	945,597
Total capital assets, not being depreciated	4,433,832	(2,184)	250,100	128	4,681,620
Capital assets, being depreciated:					
Buildings and building improvements	197,164	1,906	290	204	199,156
Infrastructure and infrastructure improvements	41	.....	.....	.....	41
Furniture and equipment	102,069	1,360	10,572	3,826	110,175
Library resources	3	.....	.....	.....	3
Other	20	.....	152	.....	172
Total capital assets, being depreciated	299,297	3,266	11,014	4,030	309,547
Less accumulated depreciation for:					
Buildings and building improvements	60,673	5	5,639	202	66,115
Infrastructure and infrastructure improvements	33	.....	.....	.....	33
Furniture and equipment	53,503	513	13,941	4,338	63,619
Library resources	3	.....	.....	.....	3
Other	6	.....	13	.....	19
Total accumulated depreciation	114,218	518	19,593	4,540	129,789
Total capital assets, being depreciated, net	185,079	2,748	(8,579)	(510)	179,758
Business-type activities capital assets, net	\$ 4,618,911	\$ 564	\$ 241,521	\$ (382)	\$ 4,861,378

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In addition, component units' capital asset activities for the year ended June 30, 2003, are as follows (in thousands):

COMPONENT UNITS					
	Balance 7/1/2002	Adjustments	Increases	Decreases	Balance 6/30/2003
Capital assets, not being depreciated:					
Land and other non-depreciable assets	\$ 2,990,455	\$ 45,820	\$ 283,752	\$ 19,077	\$ 3,300,950
Construction work in progress	903,774	(477,882)	687,181	132,422	980,651
Total capital assets, not being depreciated	3,894,229	(432,062)	970,933	151,499	4,281,601
Capital assets, being depreciated:					
Buildings and building improvements	6,674,497	440,627	333,093	23,637	7,424,580
Infrastructure and infrastructure improvements	812,022	(29,489)	93,670	1,753	874,450
Leasehold improvements	86,234	14,780	1,473	8,194	94,293
Property under capital lease	121,189	12,623	26,191	222	159,781
Furniture and equipment	2,186,161	69,526	278,207	133,985	2,399,909
Works of art and historical treasures	317	148	137	6	596
Library resources	546,275	.....	42,912	1,899	587,288
Other	72,231	(9,841)	12,492	3,588	71,294
Total capital assets, being depreciated	10,498,926	498,374	788,175	173,284	11,612,191
Less accumulated depreciation for:					
Buildings and building improvements	2,070,321	99,877	195,221	13,356	2,352,063
Infrastructure and infrastructure improvements	323,664	(7,776)	27,915	454	343,349
Leasehold improvements	25,273	5,803	3,907	5,006	29,977
Property under capital lease	8,062	4,059	6,217	19	18,319
Furniture and equipment	1,347,651	70,353	224,842	98,449	1,544,397
Works of art and historical treasures	105	5	26	6	130
Library resources	338,786	63	33,426	1,157	371,118
Other	40,592	(9,753)	6,625	1,813	35,651
Total accumulated depreciation	4,154,454	162,631	498,179	120,260	4,695,004
Total capital assets, being depreciated, net	6,344,472	335,743	289,996	53,024	6,917,187
Component units capital assets, net	\$ 10,238,701	\$ (96,319)	\$ 1,260,929	\$ 204,523	\$ 11,198,788

NOTE 6 - PENSION 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 Chapter 121, F.S., to provide a defined benefit pension plan for participating public employees. The FRS also provides non-integrated, optional retirement programs in lieu of the defined benefit pension plan to members of the Senior Management Service Class as well as faculty and specified employees in the state university system and state community colleges. In June 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as an integrated defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. The earliest enrollment in the PEORP became effective July 1, 2002. Provisions relating to the FRS are also contained in Chapter 112, F.S.

Except for elected officers and members of the 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 altogether or 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, or certain health-care related positions within State forensic or correctional facilities, 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, 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. 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. Twenty-five total years special risk service and age 52.

Note: Members who terminated employment before July 1, 2001, or who did not return to work on July 1, 2001, or their first regularly scheduled day thereafter and who were not on an approved leave of absence, must return to work for one work year before being covered by 6-year vesting.

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. During the period of DROP participation, deferred monthly benefits remain in the FRS Pension Trust Fund and accrue interest. As of June 30, 2003, the FRS Pension Trust Fund projected \$2,161,750,415 accumulated benefits and interest for 34,298 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 investment 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 when he/she decides to retire. 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 his/her vested 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 his/her 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 a 30-fiscal year period. The balance of legally required reserves for all defined benefit pension plans at June 30, 2003, was \$88,392,485,000. Of this amount, \$88,377,998,972 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. The conclusions of the review are included in the annual report of the FRS.

FRS Retirement Contribution Rates:

Membership Class	Normal Cost Rates Recommended	
	by Actuarial Review as of 7/1/01 for Fiscal Year 2002-2003	7/1/02 Statutory Rates* (Ch. 121, F.S.)
Regular	9.94%	4.65%
Senior Management	11.68%	4.95%
Special Risk	22.15%	14.90%
Special Risk Administrative Support	12.60%	5.45%
Judges	20.64%	14.75%
Legislators/Attorneys/Cabinet	15.42%	8.30%
Elected County, City, and Special District Officers	17.52%	10.75%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	11.56%	8.00%

* All rates are reduced by a variable offset by class for rate increases due to actuarial experience, a reduction of employer contribution rates, and a 0.15% offset of the PEORP administration and education fee.

STATE OF FLORIDA

FRS Participating Employers:

Employer Types	06/30/03
State Agencies	52
County Agencies	397
District School Boards	67
Community Colleges	28
Cities	130 *
Special Districts	151 *
Hospitals	4 *
Other	11
Total Participating Employers	840

* These totals include the 48 cities, 3 independent hospitals, and 18 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 6/30/2003
Active:						
Non-Vested	212,890	2,130	22,101	2	567	237,690
Vested	334,752	4,020	42,100	106	1,495	382,473
DROP Participants	23,391	277	2,878	27	147	26,720
Current Retirees and Beneficiaries	191,871	752	14,386	116	1,555	208,680
Vested Terminated	59,759	506	4,287	25	335	64,912
Total Members	822,663	7,685	85,752	276	4,099	920,475

Additional information about the FRS Pension Plan is contained in the various publications available from the Division of Retirement within the Department of Management Services. Additional information about the FRS Investment Plan is contained in various publications available from the Florida State Board of Administration. The above counts do not reflect 493 FRS Investment Plan members who received a distribution from their accounts during fiscal year 2002-03.

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, 2003, 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, 2003, 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:

	2001	2002	2003
HIS recipients as of 6/30	166,111	174,971	184,519
HIS contributions for FY ending 6/30	\$196,699,884	\$240,112,109	\$259,651,444
HIS payments for FY ending 6/30	\$207,366,190	\$217,326,138	\$228,772,757
HIS Trust Fund net assets at 6/30	\$76,929,351	\$101,282,614	\$134,080,173
HIS contribution rate	0.94%	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 defined benefit pension plan. For the fiscal year ended June 30, 2003, the State's total covered payroll for its 140,573 State employee members plus 7,494 State DROP participants amounted to \$5,002,982,669 with actual and required employer contributions totaling \$371,649,565, or 7.43 percent. The State's contributions to the FRS for the fiscal years ending June 30, 2001, and June 30, 2002, were \$540,341,275 and \$442,717,029, 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 20.63 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 university contributed 10.43 percent of covered payroll for July 2002 through June 2003. 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 2002-03. The required 0.01 percent was applied to the administration of the SUSORP program and the remainder (10.42 percent) was 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 university. Additional information pertaining to the SUSORP is as follows:

Members	14,683	
Payroll	\$ 865,893,613	
Contributions:		
Employee	\$ 43,022,176	4.97% of payroll
Employer	\$ 90,177,446	10.41% 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 contributed 12.49 percent of covered payroll for July 2002 through June 2003. 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 this fiscal year and 12.49 percent was 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	97	
Payroll	\$ 9,366,263	
Contributions:		
Employee	\$ 118,041	1.26% of payroll
Employer	\$ 1,175,092	12.55% 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, 2003, the Department had available approximately \$5.3 billion in budget authority arising from both current and prior year projects which represents amounts committed on executed contracts. Other major construction commitments of the State of Florida at June 30, 2003, totaled \$239.9 million. Additional disclosures on construction in progress are included in the capital assets note (Note 5). Construction commitments for component units totaled \$1.3 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 were \$422,677,303 for the fiscal year ended June 30, 2003. Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2003, amounted to \$331,576,443, including Series 1996 bonds payable of \$194,255,983, and Series 1999 bonds payable of \$137,320,460.

C. Operating Leases

Operating leases are not recorded on the statements of net assets; however, operating lease payments are recorded as expenses when incurred. Total operating lease payments for the State's governmental activities, business-type activities, and component units were \$299.7 million, \$20 million, and \$39.2 million, respectively, for the year ended June 30, 2003. The following is a schedule of future noncancelable operating lease payments for the primary government and component units at June 30, 2003 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2004	\$ 148,528	\$ 18,854	\$ 23,647
2005	130,052	16,885	28,941
2006	104,369	13,997	21,225
2007	75,986	11,500	14,639
2008	65,539	9,087	10,836
2009-2013	42,366	15,937	15,226
2014-2018	10,073	10,274	18,199
2019-2023	3,648	10,274	11,967
2024-2028	2,685	10,274	4,686
2029-2033	1,841	10,274	4,686
2034-2038	.....	.....	4,796
2039-2043	.....	.....	1,135
2044-2048	.....	.....	1,081
2049-2053	.....	.....	800
Total	\$ 585,087	\$ 127,356	\$ 161,864

NOTE 8 - BONDS PAYABLE**A. Outstanding Bonds**

Bonds payable at June 30, 2003, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities				
Road and Bridge Bonds	\$ 1,740,715	\$ 1,443,765	3.250-6.500	2032
SBE Capital Outlay Bonds	1,203,965	896,955	3.000-6.000	2022
Lottery Education Bonds	2,048,945	1,847,880	4.000-6.250	2022
Public Education Bonds	11,299,692	8,226,315	3.000-9.125	2033
Conservation and Recreation Lands Bonds	32,670	20,970	4.875-5.375	2012
Save Our Coast Bonds	149,960	134,505	3.000-5.250	2012
Preservation 2000 Bonds	2,687,855	1,883,310	4.000-6.000	2013
Florida Forever Bonds	914,320	893,005	3.000-6.000	2023
Pollution Control Bonds	60,000	18,075	5.600-5.600	2009
Water Pollution Control Bonds	139,775	133,285	2.000-5.500	2023
Florida Facilities Pool Bonds	614,150	373,145	2.625-6.750	2030
	20,892,047	15,871,210		
Unamortized premiums (discounts) on bonds payable		263,537		
Amount deferred on refunding		(66,985)		
Total bonds payable	\$ 20,892,047	\$ 16,067,762		
Statement of Net Assets Presentation:				
Bonds payable (current)		\$ 602,330		
Bonds payable (noncurrent)		15,465,432		
Total bonds payable		\$ 16,067,762		
Business-type Activities				
Toll Facilities Bonds	\$ 2,016,810	\$ 1,715,669	3.250-6.500	2030
Less payable from restricted assets		(57,585)		
Unamortized premiums (discounts) on bonds payable		23,547		
Amount deferred on refunding		(41,923)		
Total bonds payable	\$ 2,016,810	\$ 1,639,708		
Statement of Net Assets Presentation:				
Bonds payable (current)		\$ 57,585		
Bonds payable (noncurrent)		1,639,708		
Total bonds payable		\$ 1,697,293		

B. 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 \$17,965,000 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.

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.

Toll Facilities Bonds are issued to provide construction funds for roads and bridges. The bonds are secured by a pledge of toll facility revenues and a portion of the State-assessed gasoline taxes. The bonds outstanding at June 30, 2003, consist of \$1,173,440,000 of serial bonds and \$542,230,000 of term bonds.

C. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2003, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 602,330	\$ 808,716	\$ 1,411,046	\$ 57,585	\$ 88,103	\$ 145,688
2005	641,730	779,438	1,421,168	59,695	85,254	144,949
2006	680,265	746,342	1,426,607	54,530	82,194	136,724
2007	717,380	710,711	1,428,091	57,410	79,338	136,748
2008	747,225	673,992	1,421,217	60,470	76,304	136,774
2009-2013	4,207,345	2,768,516	6,975,861	341,500	331,545	673,045
2014-2018	3,298,890	1,753,869	5,052,759	426,810	235,224	662,034
2019-2023	3,050,405	930,736	3,981,141	402,169	122,888	525,057
2024-2028	1,517,930	290,350	1,808,280	242,545	34,756	277,301
2029-2033	407,710	45,184	452,894	12,955	880	13,835
Bonds payable and interest	15,871,210	9,507,854	25,379,064	1,715,669	1,136,486	2,852,155
Unamortized premiums (discounts)	263,537	.....	263,537	23,547	.....	23,547
(Amount deferred or refunded)	(66,985)	.....	(66,985)	(41,923)	.....	(41,923)
Total bonds payable and interest	\$ 16,067,762	\$ 9,507,854	\$ 25,575,616	\$ 1,697,293	\$ 1,136,486	\$ 2,833,779

Year Ending June 30	Component Units		
	Principal	Interest	Total
2004	\$ 94,735	\$ 249,286	\$ 344,021
2005	131,686	249,368	381,054
2006	170,144	240,798	410,942
2007	175,663	232,918	408,581
2008	214,331	224,594	438,925
2009-2013	832,342	397,188	1,229,530
2014-2018	670,158	318,743	988,901
2019-2023	654,372	231,766	886,138
2024-2028	762,748	156,175	918,923
2029-2033	689,205	76,121	765,326
2034-2038	446,360	12,645	459,005
2039-2043	208,319	2,510	210,829
Bonds payable and interest	5,050,063	2,392,112	7,442,175
Unamortized premiums (discounts)	(7,236)	.....	(7,236)
(Amount deferred or refunded)	(2,919)	.....	(2,919)
Total bonds payable and interest	\$ 5,039,908	\$ 2,392,112	\$ 7,432,020

D. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2003, the State took advantage of favorable conditions and issued bonds for the purpose of current or advance refunding (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 were 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 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, Capital Outlay Refunding Bonds, 2002 Series B in the amount of \$94,740,000 were used to advance refund \$43,685,000 of the State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Bonds, 1994 Series A maturing in the years 2005 through 2014 and to refund \$51,945,000 of the State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Bonds, 1995 Series A maturing in the years 2006 through 2015. The refunding resulted in debt savings of \$9,344,898, an economic gain of \$7,414,669, and a deferred loss on refunding of \$5,284,389.

State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds, Series 2002A in the amount of \$250,955,000 were used, in part, to advance refund \$51,900,000 of the State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds, Series 1993 maturing in the years 2004 through 2023. The refunding resulted in debt savings of \$6,255,371, an economic gain of \$4,155,120, and a deferred loss on refunding of \$1,928,216.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2002 Series B in the amount of \$264,470,000 were used to advance refund \$25,185,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, Series 1987-A (Refunding Bonds) maturing in the years 2014 through 2017 and to advance refund \$243,900,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1993 Series C maturing in the years 2004 through 2023. The refunding resulted in debt savings of \$23,302,223, an economic gain of \$15,219,835, and a deferred loss on refunding of \$8,312,072.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2002 Series C in the amount of \$326,000,000 were used to advance refund \$181,900,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1992 Series D maturing in the years 2004 through 2023 and \$149,700,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1992 Series E maturing in the years 2004 through 2023. The refunding resulted in debt savings of \$38,159,688, an economic gain of \$25,846,986, and a deferred loss on refunding of \$9,978,487.

State of Florida, Department of Management Services, Florida Facilities Pool Revenue Refunding Bonds, Series 2002A in the amount of \$46,910,000 were used to advance refund \$27,400,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1993A maturing in the years 2004 through 2023 and \$16,600,000 of the State of Florida, Department of Facilities Management, Division of Facilities Management, Florida Facilities Pool Revenue Bonds, Series 1993B maturing in the years 2004 through 2023. The refunding resulted in debt savings of \$4,659,928, an economic gain of \$3,129,902, and a deferred loss on refunding of \$1,653,266.

Current Refundings

Governmental Activities

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 2001 Series H in the amount of \$282,095,000 were used, in part, to refund \$162,890,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 1993 Series B maturing in the years 2004 through 2017. The refunding resulted in debt savings of \$17,624,169, an economic gain of \$13,826,340, and a deferred loss on refunding of \$3,632,894.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2003 Series A in the amount of \$415,585,000 along with additional funds of \$8,591,587, were used to refund \$424,435,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 1993 Series D maturing in the years 2012 through 2023. The refunding resulted in debt savings of \$33,703,053, an economic gain of \$21,956,521, and a deferred loss on refunding of \$6,535,540.

State of Florida, Department of Environmental Protection, Save Our Coast Refunding Revenue Bonds, Series 2003A in the amount of \$74,575,000 along with additional funds of \$857,056 were used to refund \$79,185,000 of the State of Florida, Department of Environmental Protection, Save Our Coast Refunding Revenue Bonds, Series 1993A maturing in the years 2004 through 2012. The refunding resulted in debt savings of \$7,501,436, an economic gain of \$6,598,412, and a deferred loss on refunding of \$1,654,299.

State of Florida, Department of Management Services, Florida Facilities Pool Revenue Refunding Bonds, Series 2003A in the amount of \$109,770,000 were used to refund \$118,440,000 of the State of Florida, Department of Management Services, Division of Facilities Management, Florida Facilities Pool Revenue Refunding Bonds, Series 1992 maturing in the years 2004 through 2017. The refunding resulted in debt savings of \$17,018,418, an economic gain of \$13,466,599, and a deferred loss on refunding of \$3,140,209.

Business-type Activities

State of Florida, Department of Transportation, Turnpike Revenue Refunding Bonds, Series 2003A in the amount of \$445,980,000 along with additional funds of \$6,079,187 were used to refund \$474,370,000 of the State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 1993A maturing in the years 2004 through 2022. The refunding resulted in debt savings of \$60,363,170, an economic gain of \$43,448,469, and a deferred loss on refunding of \$32,596,780.

E. In-substance Defeasance

During the fiscal year ended June 30, 2003, the State of Florida or other local governments used available resources to complete the following in-substance defeasance. An in-substance defeasance occurs when funds other than bond proceeds are used to establish irrevocable escrow accounts to satisfy scheduled principal and interest payments on the bonds considered defeased.

Governmental Activities

The following bond was considered to have been defeased during the fiscal year:

State of Florida, Investment Fraud Restoration Financing Corporation, Investment Restoration Revenue Bonds, Series 1999 in the amount of \$5,905,000, maturing July 2003 through July 2007.

F. Prior-year Defeased Bonds

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

	Principal at 6/30/2003
<u>Governmental Activities</u>	
Road and Bridge Bonds	\$ 133,150
SBE Higher Education Bonds	21,080
Public Education Capital Outlay Bonds	1,128,660
Inland Protection Bonds	23,855
Pollution Control Bonds	38,980
Florida Facilities Pool Bonds	11,010
Preservation 2000 Bonds	169,700
Total	<u>\$ 1,526,435</u>
<u>Business-type Activities</u>	
Toll Facilities	<u>\$ 223,705</u>
<u>Component Units</u>	
University Certificates	<u>\$ 3,312</u>

G. Arbitrage Regulations

The State of Florida complies with Federal arbitrage regulations.

H. 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	\$ 45,776
Education	Lottery Education Bonds	89,388
Education	Public Education Bonds	409,082
Total Education		<u>544,246</u>
Natural Resources and Environment	Conservation and Recreation Lands Bonds	1,174
Natural Resources and Environment	Pollution Control Bonds	1,201
Natural Resources and Environment	Water Pollution Control Bonds	2,621
Natural Resources and Environment	Inland Protection Bonds	1,190
Natural Resources and Environment	Save Our Coast Bonds	7,091
Natural Resources and Environment	Florida Forever Bonds	27,595
Natural Resources and Environment	Preservation 2000 Bonds	111,993
Total Natural Resources and Environment		<u>152,865</u>
Transportation	Road and Bridge Bonds	<u>71,811</u>
General Government	Investment Restoration Bonds	<u>185</u>
Total Direct Interest		<u><u>\$ 769,107</u></u>

NOTE 9 - CAPITAL LEASES, INSTALLMENT PURCHASE CONTRACTS, AND CERTIFICATES OF PARTICIPATION

A. Capital Leases

The State has a number of capital leases that provide for the acquisition of buildings. The State's capital leases were reported within governmental activities at June 30, 2003 and consisted of \$120.9 million for buildings. Capital leases for component units at June 30, 2003 consisted of \$66,817,366 for buildings, \$76,914,632 for furniture and equipment, and \$517,718 for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2003 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2004	\$ 12,126	\$ 17,218
2005	12,503	14,555
2006	12,503	12,291
2007	12,497	11,861
2008	12,492	9,246
2009-2013	62,417	38,820
2014-2018	47,318	32,952
2019-2023	1,782	33,427
2024-2028	.....	34,135
2029-2033	.....	25,645
Total	173,638	230,150
Less: Interest	(52,699)	(85,901)
Present value of future minimum payments	\$ 120,939	\$ 144,249

B. Installment Purchase Contracts

The State has a number of installment purchase contracts providing for the acquisition of buildings, furniture and equipment. At June 30, 2003, installment purchase contracts for governmental activities consisted of \$222,000 for buildings and \$10.25 million for furniture and equipment. For business-type activities, installment purchase contracts consisted of \$182,927 for buildings. Installment purchase contracts for component units at June 30, 2003 consisted of \$34,524,585 for buildings and \$9,909,982 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, 2003 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2004	\$ 5,385	\$ 100	\$ 7,023
2005	3,833	92	6,295
2006	1,571	.....	4,480
2007	154	.....	3,080
2008	35	.....	2,866
2009-2013	118	.....	13,773
2014-2018	.....	.....	12,338
2019-2023	.....	.....	3,870
Total	11,096	192	53,725
Less: Interest	(620)	(9)	(9,290)
Present value of future minimum payments	\$ 10,476	\$ 183	\$ 44,435

C. Certificates of Participation

The State has issued certificates of participation (original amount of \$107,385,000) to finance privately operated detention facilities. The certificates of participation's interest rates range from 4.000% to 5.375% and the last maturity is during the fiscal year ending June 30, 2018. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2003 (in thousands):

Year Ending June 30	Principal	Interest	Total
2004	\$ 5,315	\$ 4,565	\$ 9,880
2005	5,545	4,330	9,875
2006	5,820	4,082	9,902
2007	6,065	3,805	9,870
2008	6,375	3,488	9,863
2009-2013	36,905	12,318	49,223
2014-2018	29,330	3,022	32,352
Total	95,355	35,610	130,965
Unamortized premiums (discounts)	2,697	.....	2,697
(Amount deferred upon refunding)	(2,043)	.....	(2,043)
Total certificates of participation payable	<u>\$ 96,009</u>	<u>\$ 35,610</u>	<u>\$ 131,619</u>

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

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

	Balance 7/1/2002	Adjustments	Additions	Deletions	Balance 6/30/2003	Due Within One Year (Current)
GOVERNMENTAL ACTIVITIES						
Bonds payable:						
Road and Bridge Bonds	\$ 1,278,695	\$	\$ 250,955	\$ 85,885	\$ 1,443,765	\$ 34,820
SBE Capital Outlay Bonds	942,970	.....	94,740	140,755	896,955	46,625
Inland Protection Bonds	35,150	.....	.....	35,150	.....	.....
Lottery Education Bonds	1,527,465	.....	383,555	63,140	1,847,880	73,725
Public Education Bonds	7,677,700	.....	1,953,675	1,405,060	8,226,315	220,485
Conservation and Recreation						
Lands Bonds	22,710	.....	.....	1,740	20,970	1,825
Save Our Coast Bonds	158,140	.....	74,575	98,210	134,505	18,735
Preservation 2000 Bonds	2,039,295	.....	.....	155,985	1,883,310	163,020
Florida Forever Bonds	460,595	.....	445,680	13,270	893,005	19,420
Pollution Control Bonds	21,445	.....	.....	3,370	18,075	3,600
Investment Restoration Bonds	5,905	.....	.....	5,905	.....	.....
Water Pollution Control Bonds	48,060	.....	89,775	4,550	133,285	5,000
Florida Facilities Pool Bonds	390,700	.....	156,680	174,235	373,145	15,075
	14,608,830	.....	3,449,635	2,187,255	15,871,210	602,330
Unamortized bond premiums (discounts)	63,431	.....	222,694	22,588	263,537	.....
Amounts deferred on refunding	(31,619)	.....	(42,169)	(6,803)	(66,985)	.....
Total bonds payable	14,640,642	.....	3,630,160	2,203,040	16,067,762	602,330
Certificates of participation payable	100,935	519	.....	5,445	96,009	5,315
Deposits	421,204	.....	76,142	288,874	208,472	70,454
Compensated absences	711,076	(1,330)	145,771	145,950	709,567	140,135
Claims payable	2,218,658	.....	551,609	316,062	2,454,205	321,152
Installment purchases/capital leases	124,552	.....	20,358	13,495	131,415	10,827
Due to other governments:						
Federal arbitrage liability	20,336	.....	.....	17,853	2,483	.....
Due to other governments	5,000	.....	191	.....	5,191	.....
Other Liabilities	.....	.....	2,000	.....	2,000	.....
Total Governmental Activities	\$ 18,242,403	\$ (811)	\$ 4,426,231	\$ 2,990,719	\$ 19,677,104	\$ 1,150,213

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 special revenue funds related to Employment Services 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 during the fiscal year are as follows (in thousands):

	Balance 7/1/2002	Adjustments	Additions	Deletions	Balance 6/30/2003	Due Within One Year (Current)
BUSINESS-TYPE ACTIVITIES						
Bonds payable	\$ 1,799,415	\$	\$ 445,980	\$ 529,726	\$ 1,715,669	\$ 57,585
Unamortized bond premiums (discounts)	(34,616)	.....	42,139	(16,024)	23,547	.....
Amounts deferred on refunding	(12,392)	.....	(32,597)	(3,066)	(41,923)	.....
Total bonds payable	1,752,407	.....	455,522	510,636	1,697,293	57,585
Accrued prize liability	1,759,561	.....	225,559	240,284	1,744,836	300,094
Deposits	465,342	.....	25,387	39,299	451,430	25,384
Compensated absences	22,962	4,157	.....	5,790	21,329	4,372
Installment purchases/capital leases	272	.....	.....	89	183	93
Due to other governments:						
Federal arbitrage liability	321	5,699	.....	3,602	2,418	.....
Due to other governments	6,020	(5,699)	.....	.....	321	.....
Total Business-type Activities	\$ 4,006,885	\$ 4,157	\$ 706,468	\$ 799,700	\$ 3,917,810	\$ 387,528
COMPONENT UNITS						
Bonds payable	\$ 4,770,109	\$ 29,046	\$ 591,051	\$ 350,298	\$ 5,039,908	\$ 94,735
Compensated absences	452,447	709	75,436	68,338	460,254	41,555
Installment purchases/capital leases	155,293	27,375	41,751	35,735	188,684	13,601
Certificates of participation	.....	127,576	57,485	1,831	183,230	2,253
Other long-term liabilities	1,022,431	60,117	1,478,755	221,144	2,340,159	268,621
Total Component Units	\$ 6,400,280	\$ 244,823	\$2,244,478	\$ 677,346	\$ 8,212,235	\$ 420,765

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2003, 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, 2003, 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	Public Education
Governmental Activities					
General Fund	\$	\$ 3,530	\$ 25,569	\$ 124	\$ 5
Environment, Recreation and Conservation	7,219	.....	596	13	.....
Health and Family Services	2,993	13	.....	1	.....
Transportation	1,825	1,110	45	.....	.....
Public Education	67,116	.....	95	.....	.....
Tax Collection and Administration	119,677	33,872	2,244	141,350	.....
Employment Services	26,136	.....	1,898	.....	87
Lawton Chiles Endowment Fund	.....	.....	.....	.....	.....
Nonmajor	21,708	4,197	2,454	45,718	1
Internal Service Funds	1,511	.....	.....	5	.....
Business-type Activities					
Transportation	57	.....	.....	178,957	.....
Lottery	.....	.....	14	14	87,541
Unemployment Compensation	142	.....	.....	.....	.....
State Board of Administration	.....	.....	.....	.....	.....
Nonmajor	29,605	.....	1,748	.....	.....
Fiduciary Funds					
Private-purpose Trust Funds	60	.....	.....	.....	2,486
Pension and Other Employee Benefits Trust Funds	67	.....	1	.....	.....
Agency Funds	36,701	7	1,942	.....	3,798
Investment Trust Fund	.....	.....	.....	.....	.....
Total	\$ 314,817	\$ 42,729	\$ 36,606	\$ 366,182	\$ 93,918

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Governmental Activities			
	Tax Collection and Administration	Employment Services	Nonmajor	Internal Service Funds
Governmental Activities				
General Fund	\$ 20	\$ 217	\$ 34,241	\$ 3,966
Environment, Recreation and Conservation	.....	.....	296	104
Health and Family Services	2,568	3,083	1,864	18,231
Transportation	.....	.....	49	2,004
Public Education	.....	323	4,105	1,654
Tax Collection and Administration	.....	.....	39,057	86
Employment Services	2,817	.....	7	3,107
Lawton Chiles Endowment Fund	.....	.....	.....	.....
Nonmajor	29	.....	7,632	1,881
Internal Service Funds	14	428	503	299
Business-type Activities				
Transportation	.....	.....	6,700	.....
Lottery	.....	.....	6	28
Unemployment Compensation	.....	8	.....	.....
State Board of Administration	.....	.....	.....	.....
Nonmajor	57	2	905	121
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	30	25
Pension and Other Employee Benefits Trust Funds	.....	.....	4	127
Agency Funds	4,054	44	8	505
Investment Trust Fund
Total	\$ 9,559	\$ 4,105	\$ 95,407	\$ 32,138

(Continued next page)

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Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	Unemployment Compensation	State Board of Administration	Nonmajor
Governmental Activities				
General Fund	\$	\$ 1,210	\$	\$ 1,421
Environment, Recreation and Conservation	.....	43	.....	.....
Health and Family Services	.....	240	.....	125
Transportation	127	62	.....	.....
Public Education	.....	56	.....	.....
Tax Collection and Administration	.....	1	2	.....
Employment Services	.....	301	.....	18
Lawton Chiles Endowment Fund	.....	.....	64	.....
Nonmajor	.....	350	8	22
Internal Service Funds	.....	70	.....	.....
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	26	40	.....
Unemployment Compensation	.....	.....	.....	.....
State Board of Administration	.....	.....	.....	.....
Nonmajor	.....	19	.....	.....
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	9	2,634	.....
Agency Funds	3,208	.....	92	.....
Investment Trust Fund	.....	.....	275	.....
Total	\$ 3,335	\$ 2,387	\$ 3,115	\$ 1,586

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Total
Governmental Activities				
General Fund	\$	\$ 8	\$ 993	\$ 71,304
Environment, Recreation and Conservation	.....	.....	.....	8,271
Health and Family Services	.....	3	519	29,640
Transportation	.....	.....	.....	5,222
Public Education	.....	.....	.....	73,349
Tax Collection and Administration	.....	.....	22,305	358,594
Employment Services	.....	.....	.....	34,371
Lawton Chiles Endowment Fund	.....	.....	.....	64
Nonmajor	.....	.....	398,513	482,513
Internal Service Funds	.....	2	.....	2,832
Business-type Activities				
Transportation	.....	.....	818	186,532
Lottery	8	4	23	87,704
Unemployment Compensation	.....	.....	.....	150
State Board of Administration	.....	.....	.....	.....
Nonmajor	1	1	.....	32,459
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	2,601
Pension and Other Employee Benefits Trust Funds	.....	14,542	.....	17,384
Agency Funds	.....	.....	179	50,538
Investment Trust Fund	.....	.....	.....	275
Total	\$ 9	\$ 14,560	\$ 423,350	\$ 1,443,803

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)				
	Governmental Activities				Business-type Activities
	General Fund	Health and Family Services	Transportation	Nonmajor	Transportation
Governmental Activities					
General Fund	\$	\$	\$ 100	\$ 500	\$
Environment, Recreation and Conservation	45	.....	7,898	.....	.....
Transportation	10,000	.....	.....	.....	.....
Public Education	.....	.....	.....	.....	.....
Tax Collection and Administration	7	.....	.....	.....	.....
Nonmajor	666	326	3	.....	500
Internal Service Funds	2,003	.....	800	.....	.....
Business-type Activities					
Transportation	.....	.....	135,093	9,958	.....
Total	\$ 12,721	\$ 326	\$ 143,894	\$ 10,458	\$ 500

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)	
	Fiduciary Funds	
	Private-purpose Trust Funds	Total
Governmental Activities		
General Fund	\$	\$ 600
Environment, Recreation and Conservation	.....	7,943
Transportation	.....	10,000
Public Education	160,990	160,990
Tax Collection and Administration	.....	7
Nonmajor	.....	1,495
Internal Service Funds	2,803
Business-type Activities		
Transportation	145,051
Total	\$ 160,990	\$ 328,889

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

Transfers to Other Funds (in millions)	Transfers from Other Funds (in millions)				
	Governmental Activities				
	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
Governmental Activities					
General Fund	\$ \$	95	\$ 563	\$ \$	100
Environment, Recreation and Conservation	165	.....	4	1	1
Health and Family Services	18	.....	.....	.....	1
Transportation	23	1	.....	.....	.....
Public Education	1	.....	2	.....	.....
Tax Collection and Administration	2,430	980	112	1,574	.....
Employment Services	64	.....	13	.....	7
Lawton Chiles Endowment Fund	.....	.....	.....	.....	.....
Nonmajor	455	350	117	674	132
Internal Service Funds	9	.....	.....	1	.....
Business-type Activities					
Transportation	.....	.....	.....	10	.....
Lottery	.....	.....	.....	.....	1,036
Unemployment Compensation	6	.....	.....	.....	.....
State Board of Administration	.....	9	.....	.....	.....
Nonmajor	153	.....	6	.....	1
Fiduciary Funds					
Private-purpose Trust Funds	.....	.....	.....	.....	106
Pension and Other Employee Benefits Trust Funds	1	.....	.....	.....	.....
Total	\$ 3,325	\$ 1,435	\$ 817	\$ 2,260	\$ 1,384

(Continued below)

Transfers to Other Funds (in millions)	Transfers from Other Funds (in millions)				
	Governmental Activities				
	Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor	Internal Service Fund
Governmental Activities					
General Fund	\$ 7	\$ 10	\$ \$	388	\$ 9
Environment, Recreation and Conservation	.....	.....	.....	823	.....
Health and Family Services	5	397	.....	89	.....
Transportation	.....	.....	.....	238	.....
Public Education	.....	1	.....	905	.....
Tax Collection and Administration	.....	.....	.....	276	.....
Employment Services	21	.....	.....	19	.....
Lawton Chiles Endowment Fund	.....	.....	.....	38	.....
Nonmajor	.....	.....	200	954	4
Internal Service Funds	.....	.....	.....	8	.....
Business-type Activities					
Transportation	.....	.....	.....	2	.....
Lottery	.....	.....	.....	.....	.....
Unemployment Compensation	.....	18	.....	.....	.....
State Board of Administration	.....	.....	.....	10	.....
Nonmajor	3	.....	.....	33	1
Fiduciary Funds					
Private-purpose Trust Funds	.....	.....	.....	2	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	.....	.....
Total	\$ 36	\$ 426	\$ 200	\$ 3,785	\$ 14

(Continued next page)

Transfers to Other Funds (in millions)	Transfers from Other Funds (in millions)		
	Business-type Activities		
	Transportation	Unemployment Compensation	Nonmajor
Governmental Activities			
General Fund	\$	\$ 5	\$ 3
Environment, Recreation and Conservation	.....	.....	.....
Health and Family Services	.....	2	1
Transportation	13	.....	.....
Public Education	.....	.....	.....
Tax Collection and Administration	.....	.....	.....
Employment Services	.....	1	.....
Lawton Chiles Endowment Fund	.....	.....	.....
Nonmajor	3	3	.....
Internal Service Funds	.....	.....	.....
Business-type Activities			
Transportation	.....	.....	.....
Lottery	.....	.....	.....
Unemployment Compensation	.....	.....	.....
State Board of Administration	.....	.....	.....
Nonmajor	.....	.....	.....
Fiduciary Funds			
Private-purpose Trust Funds	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	.....
Total	\$ 16	\$ 11	\$ 4

(Continued below)

Transfers to Other Funds (in millions)	Transfers from Other Funds (in millions)		
	Fiduciary Funds		
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Total
Governmental Activities			
General Fund	\$	\$ 9	\$ 1,189
Environment, Recreation and Conservation	.....	.....	994
Health and Family Services	.....	.....	513
Transportation	.....	.....	275
Public Education	13	.....	922
Tax Collection and Administration	.....	.....	5,372
Employment Services	.....	.....	125
Lawton Chiles Endowment Fund	.....	.....	38
Nonmajor	.....	.....	2,892
Internal Service Funds	.....	.....	18
Business-type Activities			
Transportation	.....	.....	12
Lottery	.....	.....	1,036
Unemployment Compensation	.....	.....	24
State Board of Administration	.....	.....	19
Nonmajor	.....	.....	197
Fiduciary Funds			
Private-purpose Trust Funds	.....	.....	108
Pension and Other Employee Benefits Trust Funds	.....	405	406
Total	\$ 13	\$ 414	\$ 14,140

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 \$20 million for windstorm and flood. Commercial excess insurance is purchased for losses over the self-insured retention up to \$70 million for windstorm and flood losses and \$200 million for fire, lightning, and sinkhole losses.

The Fund's estimated liability for unpaid property insurance claims at the fiscal year-end is determined by management analyses. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2002, and June 30, 2003, 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, 2002	\$ 4,181	\$ 292	\$ (753)	\$ 3,720
June 30, 2003	3,720	(379)	(841)	2,500

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 State has purchased a workers' compensation policy with a \$15 million deductible. Prior to February 2002, the deductible was \$2 million.

The estimated liability for unpaid casualty insurance claims at June 30, 2003, was \$1.07 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, 2002, and June 30, 2003, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
June 30, 2002	\$ 815,819	\$ 279,686	\$ (93,505)	\$ 1,002,000
June 30, 2003	1,002,000	147,773	(82,473)	1,067,300

The amount of settlements 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 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, 2002, and June 30, 2003, 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, 2002	\$ 42,396	\$ 492,435	\$ (480,578)	\$ 54,253
June 30, 2003	54,253	582,458	(574,680)	62,031

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Fund balances and net assets at July 1, 2002, have been increased (decreased) as follows in relation to the activities of prior years (in thousands):

GOVERNMENTAL ACTIVITIES**GOVERNMENTAL FUNDS**

General Fund		
To eliminate payables previously recognized related to risk management activities.	\$	1,317
Health and Family Services		
To record the short and long-term receivables related to drug rebates.		125,048
To properly record the State's share of cost reimbursements associated with Child Support Enforcement.		(5,179)
Transportation		
To record deferred revenue previously recorded as an expenditure.		4,800
Public Education		
To record fund balance reservations for Fixed Capital Outlay items previously recorded as liabilities.		669,160

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Consumer Protection and Safety		
To eliminate payables previously recognized.		6,039
Special Revenue Funds - Citrus Commission		
To properly record receivables and payables.		2,048

INTERNAL SERVICE FUNDS

Data Centers		
To record capital assets.	\$	2,777
To eliminate revenues previously recognized.		(25,562)
Total Data Centers		(22,785)
Communications and Facilities		
To properly record unamortized premium and amount deferred amount on refunding for bonds.		(3,726)

GOVERNMENT-WIDE RECONCILING BALANCES

Transportation		
To record removal of cost applied to a leased building.	\$	(1,258)
Children and Families		
To properly record infrastructure.		930
Health		
To properly record construction work in progress.		(26,354)
Corrections		
To properly record buildings acquired in prior years.		14,883
Workforce Innovation		
To record removal of property.		6,214
TOTAL GOVERNMENT-WIDE RECONCILING BALANCES		<u>(5,585)</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$	<u>771,137</u>

BUSINESS-TYPE ACTIVITIES

Transportation		
To record Sun Pass Service Center revenue.	\$	1,723
Workforce Innovation		
To record taxes earned in the prior year.		\$ 100,060

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Nonmajor Enterprise Funds - Other		
To properly record interfund activity resulting from the abolishment of the Corporations Trust Fund.		3,075
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 104,858

FIDUCIARY FUNDS

Investment Trust Fund		
To eliminate net assets of Orlando-Orange County Expressway Authority, a former component unit of the State.		\$ 39,803
Private-purpose Trust Fund - Trust Escrow Administration		
Reclassification from a Private-purpose Trust Fund to an Agency Fund.		(1,141)
TOTAL FIDUCIARY FUNDS		\$ 38,662

COMPONENT UNITS

MAJOR COMPONENT UNITS

South Florida Water Management District		
To properly record accumulated depreciation.	\$ (13,505)	
University of Florida		
To record the effect of reporting the University's component units' current year, instead of prior year operations, in the same reporting period as the State of Florida.	(82,713)	
Florida State University		
To record the effect of reporting the University's component units' current year, instead of prior year operations, in the same reporting period as the State of Florida.	1,475	
University of South Florida		
To record the effect of reporting the University's component units' current year, instead of prior year operations, in the same reporting period as the State of Florida.	(163,064)	
Citizens Property Insurance Corporation		
Component unit formerly known as Florida Residential Property and Casualty Joint Underwriting Association was merged with the Florida Windstorm Underwriting Association to form the Citizens Property Insurance Corporation.	410,665	
TOTAL MAJOR COMPONENT UNITS		\$ 152,858

NONMAJOR COMPONENT UNITS

Other Water Management Districts - St. Johns River Water Management		
To properly reflect prior year's ending equity based on the recognition of revenue under two grants from the Florida Department of Environmental Protection.	\$ (2,740)	
Other State Universities - various		
To record the effect of reporting the Universities' component units' current year, instead of prior year operations, in the same reporting period as the State of Florida.	(19,899)	
Other State Universities - Florida A&M University		
To record the exclusion of University band money in the Alumni's Restricted Scholarship Fund and to record the exclusion of Spring Meeting Fund from Alumni records.	(34)	
Other State Universities - University of West Florida		
To properly record accounts receivable.	45	
Other State Universities - Florida International University		
To properly record Public Education Capital Outlay (PECO) funds.	5,000	
Other State Universities - University of North Florida		
To properly record accumulated depreciation.	(3,105)	
Community Colleges - various		
To restate beginning net assets due to changes in the component units of the colleges.	(18,364)	
Community Colleges - Daytona Beach Community College		
To properly record pledges receivable, the transfer of compensated absences liability from the component unit to the College, and amounts due to and from.	350	
Community Colleges - Florida Keys Community College		
To record inventory of previously contributed marine items.	27	

(Continued next page)

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Community Colleges - St. Johns River Community College To properly record PECO funds.	(751)
Community Colleges - Seminole Community College To properly recognize restricted revenues.	2,859
Community Colleges - Seminole Community College To record prior year debt expense and compensated absences.	(725)
Other Nonmajor Component Units - Florida Space Authority To adjust Other Assets for transfers and disposals of rockets and rocket motors. To properly record beginning net assets.	(1,127) (425)
Other Nonmajor Component Units - Tri-County Commuter Railroad Authority To properly reflect prior year's ending equity based on final audit which was not available as of last year's CAFR.	1,163
Other Nonmajor Component Units - Florida Healthy Kids Corporation To reflect change in accounting method used to record deferred revenue.	(3,281)
Other Nonmajor Component Units To eliminate of Florida First Capital Finance Corporation as a component unit of the State.	(1,445)
Other Nonmajor Component Units To record the elimination of component units that were reported in last year's statements that were deemed immaterial.	<u>(16,080)</u>
TOTAL NONMAJOR COMPONENT UNITS	<u>(58,532)</u>
TOTAL COMPONENT UNITS	<u>\$ 94,326</u>

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 to meet the obligations of the Board to qualified beneficiaries if moneys in the Program are insufficient. The Program is accounted for in a private-purpose trust fund. An actuarial study is performed to determine the Program's funding status. Additional information as of June 30, 2003, is as follows:

Actuarial present value of future benefits payable	\$4,844,415,233
Net assets available	\$5,013,306,885
Net assets as a percentage of tuition and housing benefits obligation	103%

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, 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 moneys 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. Beginning June 1, 1999, payments made to insurers shall not exceed the actual claims-paying capacity of the Fund up to a limit of \$11 billion for that contract year, unless the Board determines that there is sufficient estimated claims-paying capacity to provide \$11 billion of capacity for the current contract year and an additional \$11 billion of capacity for subsequent contract years. Upon such determination being made, the estimated claims-paying capacity for the current contract year shall be determined by adding to the \$11 billion limit one half of the Fund's estimated claims-paying capacity in excess of \$22 billion. The Fund is accounted for as an enterprise fund administered by the State Board of Administration. An actuarially determined formula is used to calculate the reimbursement premium collected. Additional information as of June 30, 2003, follows (in thousands):

Net assets available to meet future catastrophic losses (Fair Value)	\$	4,942,969
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There were no reported residential property losses by qualified insurers within the State for the 2003 hurricane season ending on November 30, 2003.

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, 2003, approximately \$4.5 billion of loans were outstanding under this Program. The United States Department of Education (USDOE) 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 or 95 percent. During the 2002-2003 fiscal year, the actual rates were 75, 85 and 95 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.

NOTE 17 – LITIGATION

Due to its size and broad range of activities, the State is involved in numerous routine legal actions. The departments involved believe that the results of such litigation pending or anticipated will not materially affect the State of Florida's financial position.

A. Nathan M. Hameroff, M.D., et. al. v. Agency for Health Care Administration, et. al.

Case No. 95-5931, Leon County Circuit Court, 2nd Judicial Circuit. This is a class action suit, among other similar suits, wherein the plaintiffs challenge the constitutionality of the Public Medical Assistance Trust Fund (PMATF) annual assessment on net operating revenue of freestanding outpatient facilities offering sophisticated radiology services. The case went to trial October 2, 2000. On February 5, 2001, the trial court ruled that Section 395.7015, Florida Statutes, was unconstitutional and disallowed further assessments. Judgment was entered against the Agency on February 15, 2001. The Agency successfully appealed that order to the First District Court of Appeal, and the Florida Supreme Court denied certiorari of the appellate courts decision. However, during the pending appeal, the plaintiffs returned to the Circuit Court with a new theory of the PMATF being an unconstitutional income tax and prevailed in an order dated December 20, 2002. Additionally, the Circuit Court entered an order on January 7, 2003, finding a subclass of plaintiffs to which the PMATF should have never applied. The Agency initially appealed those orders, but subsequently entered into settlement negotiations due to the large exposure and uncertain chance of success. The escrow account established on July 1, 1996, has a balance of approximately \$57 million and the Plaintiffs agreed to accept this amount as full settlement of the entire claim. In addition, the Agency would receive \$5 million from the escrow account as a contribution by the Plaintiffs for the Florida Medically Needy Program. The court at a fairness hearing on July 22, 2003, approved the settlement and class members have been notified. The Agency has received the check for \$5 million. The potential refund liability was in excess of \$144 million.

B. State Contracting and Engineering Corp. v. Florida Department of Transportation, et. al.

Case No. 98006566(11), 17th Circuit Court, Broward County. The Florida Department of Transportation used a Value Engineering Change Proposal (VECP) design submitted by State Contracting and Engineering Corp. (SCEC) for the construction of a barrier sound wall in Broward County and several subsequent Department projects. Subsequent to the initial use of the VECP design, SCEC patented the design. SCEC claims that the Department owes SCEC royalties and compensation for other damages involving the Department's use of the VECP design on the subsequent projects. The case went to trial on January 28, 2002. After a verdict in favor of Plaintiff, a judgment in the amount of \$9,111,217 was issued. The Department transferred \$10,230,000 to the court registry to cover the judgment and post-judgment interest. The judgment was appealed and remanded. On October 15, 2003, the litigation was settled as part of a multi-case settlement totaling \$8 million and final dismissal was obtained thereafter.

C. Riscorp Insurance Company and Riscorp Property & Casualty Insurance Co. v. DLES; Florida Hospitality Mutual Insurance Company v. DLES

Consolidated Case Nos. 99-5027 and 00-602, Circuit Court, Second Judicial Circuit; appealed as Florida Department of Financial Services v. Riscorp Insurance Company, et al., DCA Consolidated Case Nos. 1D02-3484 and 1D04-3485. Complainants are seeking declaratory relief and refunds of Workers' Compensation Administration and Special Disability Trust Fund assessments for years 1995-1998. A Final Judgment was entered on August 15, 2002, in favor of Riscorp in the amount of \$22,475,886. The Department has appealed that Final Order in the First District Court of Appeal and the matter is currently pending before the Court. A stipulated Final Judgment was entered in favor of Florida Hospitality Mutual Insurance Company on July 25, 2002, in the amount of \$1,620,869. The Department appealed that Final Order in the First District Court of Appeal (the appeal has been consolidated with the Riscorp appeal), and it is currently pending before the Court. Oral Argument in the consolidated cases started on January 20, 2004.

Additional claims have been filed for refund of Workers' Compensation Administration and Special Disability Trust Fund assessments. Some of these claims are in litigation, but are pending the outcome of current appeals; and for some claims litigation has not been filed pending the outcome of current appeals. The amount of potential future claims may approach \$130 million.

D. U.S. Environmental Protection Agency v. Florida Department of Transportation

This issue constitutes an environmental claim. Title to contaminated land is in dispute. The Department maintains that it is not the owner of the contaminated land. The U.S. Environmental Protection Agency (EPA) is conducting additional tests at the site for pollution and has asserted a cost recovery claim against the Department of approximately \$25.6 million. The Department's Motion for Declaratory Judgment on the Department's ownership of the property was denied and upheld on appeal. The EPA is preparing an Amended Record of Decision. On November 13, 2002, EPA served demand for access to the site. On November 26, 2003, DOT responded to EPA that DOT has no interest in the site.

E. Sarnoff v. Department of Highway Safety and Motor Vehicles

Case No. SC01-351, Florida Supreme Court. This suit alleges the improper setting of the fee for the motor vehicle inspection program. Plaintiffs challenge the constitutionality of Section 325.214(2), Florida Statutes, which imposes a \$10 fee on the emissions inspection of automobiles in 7 of Florida's 67 counties, and seek class action certification, declaratory judgment, and refund claims. On December 29, 2000, the First District Court of Appeal reversed the trial court's class certification order, and a rehearing was denied on February 2, 2001. Plaintiffs have invoked the discretionary review of the Florida Supreme Court on this issue. Oral Argument was held on November 7, 2001. The amount of potential loss to the State is estimated to be \$96 million to \$106 million. The decision of the Florida Supreme Court limited the issue in Sarnoff to a constitutional challenge to former Section 325.214, Florida Statutes, as amended by Section 2 of Chapter 98-254, Laws of Florida, which sets the \$10 emissions inspection fee. This case was dismissed by the Leon County Circuit Court in September 2003. Plaintiffs' motion for rehearing was denied in December 2003. Plaintiff's filed Notice of Appeal on January 20, 2004.

F. Rendon v. Florida Department of Transportation, et al.

Case No. 96-017716 (23), Eleventh Judicial Circuit. The Plaintiffs (persons covered by the Americans with Disabilities Act or ADA) in this certified class action suit, seek a declaratory judgment that Sections 320.0848 (2) and (3), Florida Statutes, violate the Americans with Disabilities Act of 1990 in that the surtax charged for a disabled parking permit is illegal. Issues include the right to proceed with refund claims when no one has applied for a refund claim. On November 14, 2001, the trial court granted Plaintiffs' motion for summary judgment. On February 25, 2002, the State appealed the decision to the Third District Court of Appeal (Case No. 3D02-61). On October 30, 2002, the Third District Court of Appeal reversed the Trial Court's decision and granted Summary Judgment in favor of the State. The State was found not to have violated the ADA and no refund was required. Plaintiffs petitioned the Florida Supreme Court seeking jurisdiction (Case No. SC03-42). The Florida Supreme Court denied jurisdiction. Plaintiffs have filed a Petition for Review to the U.S. Supreme Court (Case No. 03-559). The Attorney General is representing FDOT and the Department of Highway Safety and Motor Vehicles. Estimated potential loss to the State be in excess of \$35 million.

G. Pharmaceutical Research and Manufacturers of America v. Rhonda M. Medows & Bob Sharpe (in their official capacities) Agency for Health Care Administration

Case No. 4:01 CV356-WS, United States District Court for the Northern District of Florida; United States Court of Appeals for the Eleventh Circuit, United States Supreme Court. "Pharma" is challenging the recent Medicaid preferred drug list on constitutional and civil rights grounds. Pharma alleges that the statute is preempted by federal law under the Supremacy Clause of the United States Constitution and deprives Pharma members of federally protected rights. Complaint was filed August 7, 2001. A decision finding for the Agency on all counts was rendered on December 28, 2001. Pharma appealed this case to the U.S. Eleventh Circuit Court of Appeals. The appellate court upheld the decision in favor of the defendants on September 6, 2002. Pharma filed a petition for a writ of certiorari in the U.S. Supreme Court on December 5, 2002, to which the Agency responded on January 8, 2003. The U.S. Supreme Court denied the petition for certiorari on May 27, 2003. Case is at an end. Although this lawsuit does not claim money damages, the fiscal impact to Medicaid could have been as high as \$300 million annually on anticipated savings to the pharmacy program if an injunction was rendered against the Agency. With the end of the case, there is no longer any monetary exposure to the Agency.

H. St. Paul Surety v. Florida Department of Transportation

This originated as a pre-suit claim arising out of Case No. CI 00-6996, 9th Judicial Circuit, Orange County, Florida (Cone Constructors, Inc., v. FL Dept of Transportation). In that case, the Florida Department of Transportation terminated Cone Constructors, Inc., on a construction contract involving a portion of the Suncoast Parkway. Cone Constructors, Inc., sued claiming breach of contract and wrongful termination. Subsequent to the initial court filings, the contractor filed for bankruptcy and the Department was able to settle the dispute with the bankruptcy trustee for a payment of \$575,000. However, once Cone Constructors, Inc., was terminated, St. Paul was required to finish the project and did so. St. Paul alleged that it incurred losses on the project, and sought damages from the Department. Suit was filed July 2003 in Hillsborough County Circuit Court (Case No. 03-6888, Division E). This case has now been settled for \$3.75 million.

I. Traylor Brothers, Inc., v. Department of Transportation

Case No. 02-856, 17th Judicial Circuit, Broward County. The Department of Transportation contracted with Traylor Brothers to construct a 'signature' bascule bridge over the Intercoastal Waterway in Fort Lauderdale, Florida. Traylor Brothers has sued the Department for breach of contract alleging, among other things, that the contract documents contained errors, defects, and omissions and failed to disclose the complexity of the project, that the Department failed to properly administer and coordinate the construction activities under the contract, and that there were differing site conditions. The Court has denied the Department's Motion to Dismiss. Discovery has been undertaken by both parties and is ongoing. Potential loss to the State could approach \$37 million.

J. Graves Brothers v. Florida Citrus Commission

Case No. 2002-CA-4686, Tenth Judicial Circuit Court. Five citrus blenders filed a constitutional challenge to the "box tax" of the Florida Citrus Commission, Section 601.15, Florida Statutes. The complaint states that the tax is an illegal imposition upon compelled speech. The case has been transferred to Polk County. Plaintiffs obtained a Partial Summary Judgment on March 31, 2003; a Declaratory Judgment and Preliminary Injunction were entered by the Court, both of which were appealed to the Second District Court of Appeal. That appeal is currently pending, and further proceedings in the lower court have been stayed, including the injunctive relief granted by the court. The potential loss to the State was revised to the Plaintiff's claim for a refund of the three (3) previous years taxes totaling approximately \$12 million.

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

Case No. H27-CA-2002-938-DM, 5th Judicial Circuit, Hernando County. This is a suit for breach of contract seeking compensatory damages, return of assessments for late completion, lost future profit allegedly resulting from lost bonding ability, and prejudgment interest on these amounts. Stay was lifted on August 15, 2003. The Department's Motion for Leave to Amend was approved by an Agreed Order on September 23, 2003. The Plaintiff's Motion for Leave to File Second Amended Complaint was heard and granted on November 13, 2003. The Department filed Motion to Dismiss Plaintiff's Second Amended Complaint or Portions Thereof on December 3, 2003. The potential loss to the State could approach \$50 million.

L. ContractPoint Florida Parks, LLC, v. Florida Department of Environmental Protection

Case No. 03-CA-1005, 2nd Judicial Circuit, Leon County. This is a suit for breach of contract with the Department that would have allowed the Plaintiffs to build, manage, and receive income from cabins in eight State parks for thirty years. Plaintiff seeks to begin trial early without discovery but the Department has filed a motion to abate notice of trial, which is pending. Plaintiff seeks damages of \$50 million to \$250 million.

M. Marilyn Shumaker Gerkin, as guardian for Helen L. Shumaker, and on behalf of all others similarly situated, v. Jerry Regier, individually and in his official capacity as the Secretary of the Florida Department of Children and Family Services, and Rhonda M. Medows, individually and in her official capacity as the Secretary of the Agency for Health Care Administration

Case No. 8:03CV2381-T24MAP, United States District Court for the Middle District of Florida. This is a class action suit brought by the daughter and guardian of a Medicaid recipient alleging that the defendants have not allowed the deductions from income required by federal law in determining eligibility for a class of Medicaid recipients. Complaint was served November 21, 2003. Case is still in very early stages and attempts at settlement are being made. Potential loss to the State could approach \$35 million.

N. Kevin Rabin, Ruth Sinreich and Michael Roberts (formerly Citrix Systems, Inc.) v. Department of Revenue

Case No. 02-22977-09, AG #L02-4-4135, Broward County Circuit Court. The Department of Revenue issued a corporate Income tax assessment against Citrix Systems, Inc. Citrix responded by filing an action in Broward County Circuit Court contesting the assessment and asserting that Florida sales and use taxes are facially unconstitutional because they would impose tax liabilities on transactions involving communication of information or on businesses and individuals who are recipients of information. Citrix and three individual plaintiffs seek to state a class action asserting that all taxes are a facial violation of their First Amendment rights. Citrix has dismissed its claims. The Circuit Court granted the Department of Revenue's motion to transfer venue. The remaining plaintiffs have appealed the Circuit Court's order to the Fourth District Court of Appeal. The case is currently in the briefing stage. The potential loss to the State could be in excess of \$25 million.

O. Prado-Steiman Bush

Case No. 98-6496-SEITZ, pending in the United States District Court for the Southern District of Florida, Miami Division. This case challenges the administration of the DS Waiver. The case addresses individuals already enrolled on the DS Waiver and individuals waiting for such services. The Second Amended Complaint asserts violations of the Americans with Disabilities Act, the Rehabilitation Act, the Social Security Act, regulations promulgated pursuant to these statutes, and the Due Process Clause. All Claims but ADA and Rehabilitation Act claims are also brought pursuant to 42 U.S.C. § 1983. After Court approval of a settlement agreement, the parties were in compliance phase until April 2003, when a motion asserting material breach was filed. Plaintiffs seek to set aside the settlement agreement and pursue litigation on the merits of their claim. Defendants have filed a response opposing the motion asserting material breach, and the matter is fully briefed and awaiting action by the Court. Should the Court determine material breach has occurred, then further discovery would be necessary (likely after pleadings were amended), and the matter would proceed to trial. Estimates of the potential financial impact could approach \$337.5 million.

NOTE 18 – DEFICIT FUND EQUITY

A. Governmental Activities

Special Revenue Fund - Department of Education

The *State School Trust Fund* has a deficit fund balance of approximately \$132.8 million. The deficit is a result of establishing an advance (liability) for potential future claims on a portion of cash transfers received from the Unclaimed Property Trust Fund. Currently, the projected collections continue to exceed the projected claim payments. Due to the long-term nature of the ultimate liability that causes the deficit, the Department plans to continue utilizing the underlying cash for educational programs.

B. Business-type Activities

Enterprise Fund - Department of Legal Affairs

The *Legal Services Trust Fund* has a deficit fund equity of approximately \$2.5 million. The deficit is a result of revenues being insufficient to cover long-term obligations, mainly compensated absences liability. The Department intends to implement a more stringent billing policy to reduce the deficit.

C. Fiduciary Funds

Employee Benefits Trust Fund - Department of Management Services

The *State Employees' Health Insurance Trust Fund* has a deficit of approximately \$106.1 million. The deficit is a result of insurance claims exceeding insurance premiums. Amounts were appropriated for the 2003-2004 fiscal year to address the deficit; however, the deficit increased by \$63.1 million from prior year. Section 8 of the Governor's Recommended Appropriations Bill for the 2004-05 fiscal year describes a redesign for the health insurance program, the intent of which is to reduce the deficit.

NOTE 19 – SUBSEQUENT EVENTS

The following bond series for the primary government were issued subsequent to June 30, 2003:

Agency/Bond	Series	Amount	Matures	Interest Rate
GOVERNMENTAL ACTIVITIES				
State Board of Education, Capital Outlay Bonds	2003A	\$44,630,000	1/1/2004 - 1/1/2023	3.000% - 5.000%
Department of Transportation, Turnpike Revenue Refunding Bonds	2003B	\$303,945,000	7/1/2004 - 7/1/2025	3.250% - 5.250%
State Board of Education, Public Education Capital Outlay Bonds	2002D	\$200,000,000	6/1/2004 - 6/1/2033	3.000% - 5.000%
State Board of Education, Public Education Capital Outlay Bonds	2003B	\$200,000,000	6/1/2004 - 6/1/2033	3.000% - 5.000%
Department of Environmental Protection, Florida Forever Revenue Bonds	2003C	\$142,985,000	7/1/2004 - 7/1/2023	4.000% - 6.000%
Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds	2003A	\$300,000,000	7/1/2004 - 7/1/2033	2.500% - 5.250%
State Board of Education, Lottery Revenue Bonds	2003A	\$200,000,000	7/1/2004 - 7/1/2023	2.250% - 5.250%
Department of Transportation, Turnpike Revenue Bonds	2003C	\$200,925,000	7/1/2004 - 7/1/2033	2.375% - 5.000%
State Board of Education, Public Education Capital Outlay Bonds	2001J	\$200,000,000	6/1/2004 - 6/1/2033	3.000% - 5.000%
Department of Corrections, Certificates of Participation	2004	\$28,215,000	3/1/2005 - 3/1/2015	2.000% - 5.000%
COMPONENT UNITS				
Florida Atlantic University, Housing Revenue Bonds	2003	\$35,285,000	7/1/2004 - 7/1/2033	3.000% - 4.875%
Florida State University, Parking Facility Revenue Bonds	2003B	\$15,645,000	7/1/2004 - 7/1/2023	2.000% - 4.500%

**OTHER REQUIRED
SUPPLEMENTARY
INFORMATION**

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**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	General Fund			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2002	\$ 2,493,721	\$ 2,493,721	\$ 2,493,721	\$
Reversions	30,636	30,636	30,636	.....
Fund Balances, July 1, 2002, restated	2,524,357	2,524,357	2,524,357	.....
REVENUES				
Direct revenues:				
Fees and charges	342,498	347,498	403,055	55,557
Licenses	69,603	71,703	77,600	5,897
Taxes	19,182,363	19,012,663	18,095,938	(916,725)
Miscellaneous	2,187	2,187	1,562	(625)
Interest	256,637	265,237	289,155	23,918
Grants	17,202	17,202	10,539	(6,663)
Refunds	1,502	1,502	196,479	194,977
Other	167,741	167,741	3,149	(164,592)
Total Direct Revenues	20,039,733	19,885,733	19,077,477	(808,256)
Indirect revenues:				
Transfers and distributions	4,440,651	4,566,051	4,232,482	(333,569)
Other	.....	.....	911	911
Total Indirect Revenues	4,440,651	4,566,051	4,233,393	(332,658)
TOTAL REVENUES	24,480,384	24,451,784	23,310,870	(1,140,914)
TOTAL AVAILABLE RESOURCES	27,004,741	26,976,141	25,835,227	(1,140,914)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,130,207	3,258,307	3,236,938	21,369
Other personal services	48,476	62,529	55,015	7,514
Expenses	479,086	542,393	527,865	14,528
Grants and aids	8,890,083	8,894,801	8,807,248	87,553
Operating capital outlay	14,022	21,905	20,424	1,481
Food products	67,290	68,489	68,100	389
Fixed capital outlay	102,081	102,081	102,081	.....
Lump sum	402,302	89	.....	89
Special categories	5,769,049	5,961,473	5,914,917	46,556
Financial assistance payments	226,006	226,006	223,506	2,500
Grants/aids to local governments	93,911	93,911	93,911	.....
Data processing services	73,125	77,273	75,619	1,654
Pensions and benefits	9,699	9,699	9,499	200
Total Operating Expenditures	19,305,337	19,318,956	19,135,123	183,833
Nonoperating expenditures:				
Transfers	2,236,696	2,236,696	2,236,696	.....
Refunds	399,795	399,795	399,795	.....
Other	214,132	214,132	214,132	.....
Total Nonoperating Expenditures	2,850,623	2,850,623	2,850,623	.....
TOTAL EXPENDITURES	22,155,960	22,169,579	21,985,746	183,833
FUND BALANCES, JUNE 30, 2003	\$ 4,848,781	\$ 4,806,562	\$ 3,849,481	\$ (957,081)

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

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**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 1,423,742	\$ 1,423,742	\$ 1,423,742	\$
Reversions	1,183	1,183	1,183	.....
Fund Balances, July 1, 2002, restated	1,424,925	1,424,925	1,424,925	.....
REVENUES				
Direct revenues:				
Fees and charges	87,687	46,292	74,172	27,880
Licenses	31,345	43,672	44,030	358
Miscellaneous	12,408	30	657	627
Interest	68,983	73,229	68,571	(4,658)
Grants	91,459	130,444	110,053	(20,391)
Refunds	8,562	87	2,191	2,104
Bond proceeds	.....	606,049	605,692	(357)
Other	5,713	66,593	40,008	(26,585)
Total Direct Revenues	306,157	966,396	945,374	(21,022)
Indirect revenues:				
Transfers and distributions	2,054,473	1,532,021	1,415,183	(116,838)
Other	9,669	.....	2,715	2,715
Total Indirect Revenues	2,064,142	1,532,021	1,417,898	(114,123)
TOTAL REVENUES	2,370,299	2,498,417	2,363,272	(135,145)
TOTAL AVAILABLE RESOURCES	3,795,224	3,923,342	3,788,197	(135,145)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	155,259	156,212	153,897	2,315
Other personal services	33,327	34,085	29,926	4,159
Expenses	43,369	48,042	44,632	3,410
Grants and aids	3,615	3,615	3,234	381
Operating capital outlay	4,284	4,832	4,386	446
Fixed capital outlay	933,066	933,066	933,066	.....
Special categories	311,913	311,471	289,512	21,959
Grants/aids to local governments	479,091	479,091	479,091	.....
Data processing services	8,717	8,595	8,595	.....
Total Operating Expenditures	1,972,641	1,979,009	1,946,339	32,670
Nonoperating expenditures:				
Transfers	355,301	355,301	355,301	.....
Refunds	1,057	1,057	1,057	.....
Other	15,760	15,760	15,760	.....
Total Nonoperating Expenditures	372,118	372,118	372,118	.....
TOTAL EXPENDITURES	2,344,759	2,351,127	2,318,457	32,670
FUND BALANCES, JUNE 30, 2003	\$ 1,450,465	\$ 1,572,215	\$ 1,469,740	\$ (102,475)

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

2003 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Health and Family Services			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2002	\$ 765,799	\$ 765,799	\$ 765,799	\$
Reversions	235,862	235,862	235,862	.....
Fund Balances, July 1, 2002, restated	1,001,661	1,001,661	1,001,661	.....
REVENUES				
Direct revenues:				
Fees and charges	762,638	789,983	852,562	62,579
Licenses	52,595	19,891	20,671	780
Miscellaneous	557	7	7	.....
Interest	3,786	3,845	9,509	5,664
Grants	9,325,486	11,141,994	10,805,829	(336,165)
Refunds	860,031	631,313	722,394	91,081
Other	531,030	35,312	34,386	(926)
Total Direct Revenues	11,536,123	12,622,345	12,445,358	(176,987)
Indirect revenues:				
Transfers and distributions	1,595,815	838,556	589,887	(248,669)
Other	.....	.....	2,902	2,902
Total Indirect Revenues	1,595,815	838,556	592,789	(245,767)
TOTAL REVENUES	13,131,938	13,460,901	13,038,147	(422,754)
TOTAL AVAILABLE RESOURCES	14,133,599	14,462,562	14,039,808	(422,754)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,068,667	1,082,541	1,044,378	38,163
Other personal services	92,812	89,144	76,962	12,182
Expenses	411,724	413,215	366,629	46,586
Grants and aids	195,348	193,059	175,659	17,400
Operating capital outlay	18,711	17,256	14,175	3,081
Food products	893	873	491	382
Fixed capital outlay	9,890	9,890	9,890	.....
Lump sum	119,984	.....	.....	.....
Special categories	10,824,049	11,295,581	10,531,812	763,769
Financial assistance payments	66,248	66,248	35,898	30,350
Grants/aids to local governments	4,116	4,116	4,116	.....
Data processing services	49,408	69,717	62,584	7,133
Claim bills and relief acts	760	760	760	.....
Special expenses	.....	41	41	.....
Total Operating Expenditures	12,862,610	13,242,441	12,323,395	919,046
Nonoperating expenditures:				
Transfers	748,230	748,230	748,230	.....
Refunds	8,018	8,018	8,018	.....
Other	9,268	9,268	9,268	.....
Total Nonoperating Expenditures	765,516	765,516	765,516	.....
TOTAL EXPENDITURES	13,628,126	14,007,957	13,088,911	919,046
FUND BALANCES, JUNE 30, 2003	\$ 505,473	\$ 454,605	\$ 950,897	\$ 496,292

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, 2003
(in thousands)**

	Transportation			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2002	\$ 27,020	\$ 27,020	\$ 27,020	\$
Reversions	1	1	1	.....
Fund Balances, July 1, 2002, restated	27,021	27,021	27,021	.....
REVENUES				
Direct revenues:				
Interest	13,727	1,770	1,907	137
Grants	.....	30	31	1
Bond proceeds	200,000	200,000	207,574	7,574
Other	3,810	37	5,500	5,463
Total Direct Revenues	217,537	201,837	215,012	13,175
Indirect revenues:				
Transfers and distributions	19,206	34,500	35,457	957
Other	6,000	.....	.....	.....
Total Indirect Revenues	25,206	34,500	35,457	957
TOTAL REVENUES	242,743	236,337	250,469	14,132
TOTAL AVAILABLE RESOURCES	269,764	263,358	277,490	14,132
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	741	758	747	11
Other personal services	20	20	14	6
Expenses	191	181	182	(1)
Fixed capital outlay	32,999	32,999	32,999	.....
Special categories	3	.....	.....	.....
Total Operating Expenditures	33,954	33,958	33,942	16
Nonoperating expenditures:				
Transfers	207,573	207,573	207,573	.....
Total Nonoperating Expenditures	207,573	207,573	207,573	.....
TOTAL EXPENDITURES	241,527	241,531	241,515	16
FUND BALANCES, JUNE 30, 2003	\$ 28,237	\$ 21,827	\$ 35,975	\$ 14,148

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

2003 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Public Education			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2002	\$ 948,058	\$ 948,058	\$ 948,058	\$
Reversions	248	248	248	.....
Fund Balances, July 1, 2002, restated	948,306	948,306	948,306	.....
REVENUES				
Direct revenues:				
Fees and charges	25,369	30,207	29,785	(422)
Licenses	1,739	.....	.....	.....
Taxes	775,195	405,007	404,787	(220)
Miscellaneous	8,120	8,660	8,602	(58)
Interest	53,715	75,023	644,431	569,408
Grants	2,030,053	1,810,162	1,804,236	(5,926)
Refunds	3,000	.....	13,554	13,554
Bond proceeds	1,374,542	884,000	883,112	(888)
Other	13,008	17,784	11,193	(6,591)
Total Direct Revenues	4,284,741	3,230,843	3,799,700	568,857
Indirect revenues:				
Employee/employer contributions	21,077	.....	.....	.....
Transfers and distributions	1,557,101	2,040,494	1,505,145	(535,349)
Other	.....	1,417	1,413	(4)
Total Indirect Revenues	1,578,178	2,041,911	1,506,558	(535,353)
TOTAL REVENUES	5,862,919	5,272,754	5,306,258	33,504
TOTAL AVAILABLE RESOURCES	6,811,225	6,221,060	6,254,564	33,504
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	11,058	32,044	31,021	1,023
Other personal services	1,285	3,064	2,594	470
Expenses	10,129	23,844	22,010	1,834
Grants and aids	2,294,826	2,577,474	2,219,259	358,215
Operating capital outlay	1,218	2,069	1,627	442
Fixed capital outlay	1,665,887	1,665,887	1,665,887	.....
Special categories	501,455	502,936	477,794	25,142
Financial assistance payments	93,676	93,676	93,006	670
Grants/aids to local governments	121,441	121,441	121,441	.....
Payments to U.S. Treasury	.....	199	199	.....
Data processing services	428	432	288	144
Total Operating Expenditures	4,701,403	5,023,066	4,635,126	387,940
Nonoperating expenditures:				
Transfers	410,870	410,870	410,870	.....
Refunds	2,155	2,155	2,155	.....
Other	160,774	160,774	160,774	.....
Total Nonoperating Expenditures	573,799	573,799	573,799	.....
TOTAL EXPENDITURES	5,275,202	5,596,865	5,208,925	387,940
FUND BALANCES, JUNE 30, 2003	\$ 1,536,023	\$ 624,195	\$ 1,045,639	\$ 421,444

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

2003 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Tax Collection and Administration			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2002	\$ 400,424	\$ 400,424	\$ 400,424	\$
Reversions	90	90	90	.....
Fund Balances, July 1, 2002, restated	400,514	400,514	400,514	.....
REVENUES				
Direct revenues:				
Fees and charges	166,944	166,944	154,559	(12,385)
Licenses	21,404	18,144	19,151	1,007
Taxes	5,718,800	5,961,431	5,992,239	30,808
Miscellaneous	.....	.....	24	24
Interest	1,400	1,030	.....	(1,030)
Refunds	.....	.....	20,184	20,184
Other	.....	.....	13,158	13,158
Total Direct Revenues	5,908,548	6,147,549	6,199,315	51,766
Indirect revenues:				
Transfers and distributions	192,865	234,282	216,314	(17,968)
Other	43,284	43,397	50,103	6,706
Total Indirect Revenues	236,149	277,679	266,417	(11,262)
TOTAL REVENUES	6,144,697	6,425,228	6,465,732	40,504
TOTAL AVAILABLE RESOURCES	6,545,211	6,825,742	6,866,246	40,504
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	67,094	68,085	68,007	78
Other personal services	2,739	2,552	2,075	477
Expenses	32,123	35,739	34,895	844
Grants and aids	23,588	23,341	20,687	2,654
Operating capital outlay	5,274	2,802	2,650	152
Special categories	2,540	2,294	1,731	563
Data processing services	8,101	7,489	5,562	1,927
Total Operating Expenditures	141,459	142,302	135,607	6,695
Nonoperating expenditures:				
Transfers	2,344,686	2,344,686	2,344,686	.....
Refunds	81,853	81,853	81,853	.....
Other	3,883,472	3,883,472	3,883,472	.....
Total Nonoperating Expenditures	6,310,011	6,310,011	6,310,011	.....
TOTAL EXPENDITURES	6,451,470	6,452,313	6,445,618	6,695
FUND BALANCES, JUNE 30, 2003	\$ 93,741	\$ 373,429	\$ 420,628	\$ 47,199

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

2003 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Employment Services			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2002	\$ 130,205	\$ 130,205	\$ 130,205	\$
Reversions	2,080	2,080	2,080	.....
Fund Balances, July 1, 2002, restated	<u>132,285</u>	<u>132,285</u>	<u>132,285</u>	<u>.....</u>
REVENUES				
Direct revenues:				
Fees and charges	4,174	4,946	5,730	784
Licenses	.....	.....	843	843
Taxes	300,000	300,000	328,542	28,542
Miscellaneous	550	1,050	482	(568)
Interest	6,874	340	155,704	155,364
Grants	756,808	744,796	653,122	(91,674)
Refunds	3,808	60	18,329	18,269
Other	3,039	2,927	4,304	1,377
Total Direct Revenues	<u>1,075,253</u>	<u>1,054,119</u>	<u>1,167,056</u>	<u>112,937</u>
Indirect revenues:				
Transfers and distributions	521,664	423,539	294,070	(129,469)
Other	159	.....	1,088	1,088
Total Indirect Revenues	<u>521,823</u>	<u>423,539</u>	<u>295,158</u>	<u>(128,381)</u>
TOTAL REVENUES	<u>1,597,076</u>	<u>1,477,658</u>	<u>1,462,214</u>	<u>(15,444)</u>
TOTAL AVAILABLE RESOURCES	<u>1,729,361</u>	<u>1,609,943</u>	<u>1,594,499</u>	<u>(15,444)</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	125,298	127,616	115,919	11,697
Other personal services	18,864	18,486	13,431	5,055
Expenses	54,546	52,037	48,283	3,754
Grants and aids	17,741	17,741	6,042	11,699
Operating capital outlay	2,743	3,409	2,094	1,315
Food products	80	80	80	.....
Fixed capital outlay	592	592	592	.....
Special categories	938,050	967,708	918,739	48,969
Data processing services	14,682	14,324	12,698	1,626
Total Operating Expenditures	<u>1,172,596</u>	<u>1,201,993</u>	<u>1,117,878</u>	<u>84,115</u>
Nonoperating expenditures:				
Transfers	68,745	68,745	68,745	.....
Refunds	3,376	3,376	3,376	.....
Other	213,546	213,546	213,546	.....
Total Nonoperating Expenditures	<u>285,667</u>	<u>285,667</u>	<u>285,667</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>1,458,263</u>	<u>1,487,660</u>	<u>1,403,545</u>	<u>84,115</u>
FUND BALANCES, JUNE 30, 2003	<u>\$ 271,098</u>	<u>\$ 122,283</u>	<u>\$ 190,954</u>	<u>\$ 68,671</u>

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

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2003 STATE OF FLORIDA CAFR

**BUDGET TO GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services
Budgetary basis fund balances	\$ 3,849,481	\$ 1,469,740	\$ 950,897
Items not included in budgetary basis fund balances:			
Security lending investments within the State Treasury	1,165,687	290,271	15,375
Fair value adjustments to investments within the State Treasury	280,863	69,939	3,704
Special investments within the State Treasury	16,756	.....	9,821
Non-State Treasury cash and investments	3,774	994	7,577
Transfer of funds for general activities of state universities	(1,790,848)	.....	.....
Other GAAP basis fund balances not included in budgetary basis fund balances	(34,180)	(2,408)	(5,075)
Adjusted budgetary basis fund balances	3,491,533	1,828,536	982,299
Adjustments (basis differences):			
Net receivables (payables) not certified forward	41,083	404,172	(126,883)
Inventories, prepaid items and deferred charges	21,381	1,631	20,103
Encumbrances	75,511	361	22,689
GAAP basis fund balances	<u>\$ 3,629,508</u>	<u>\$ 2,234,700</u>	<u>\$ 898,208</u>

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

2003 STATE OF FLORIDA CAFR

Transportation	Public Education	Tax Collection and Administration	Employment Services
\$ 35,975	\$ 1,045,639	\$ 420,628	\$ 190,954
47,515	241,934	.....	46,624
11,448	58,292	.....	11,234
.....
1,593	5	131,021	2,779
.....
291,727	53,917	2	(1)
388,258	1,399,787	551,651	251,590
558,635	(114,692)	(204,125)	33,674
21,142	.....	62	.....
5,125	1,172	.....	6,820
\$ 973,160	\$ 1,286,267	\$ 347,588	\$ 292,084

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 September 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 45 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 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 fund (consist 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 Executive Office of 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 the 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 nonoperating 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 \$150,000, whichever is greater. Transfers of general revenue appropriations in excess of 5 percent or \$150,000, whichever is greater, or for fixed capital outlay, may be approved by 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 5 percent of the original approved budget or \$1 million, whichever is greater. The Legislative Budget Commission may approve trust fund transfers in excess of 5 percent or \$1,000,000. 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 certified forward into the next fiscal year. Certifications forward for agencies and the judicial branch are subject to the approval of the Governor and the Chief Justice of the Supreme Court, respectively.

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) 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, the Budget Stabilization Fund, and the Working Capital Fund. (See the Letter of Transmittal within the CAFR for more detail.) 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 elected to present its 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 nonmajor special revenue funds which have legally adopted annual budgets are presented with other combining and individual fund statements and schedules. The operating history of the Budget Stabilization Fund and the Working Capital Fund is presented in the Statistical and Economic Data section of the CAFR.

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 certified forwards, plus current year

payables and encumbrances which are 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 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 the budgetary data excludes most fixed capital outlay projects. Many fixed capital outlay projects are funded on a multi-year basis since major construction projects require several years to complete. These are accounted for as capital projects funds. Appropriations are made in total the first year even though they are released and expended over a period of years as required by the projects. Although the State Transportation Trust Fund within the Department of Transportation is reported as a special revenue fund, the projects within the fund are primarily of a multi-year nature, generally requiring several years to complete and are accounted and appropriated for accordingly. Because of the multi-year nature of such projects, these multi-year fixed capital outlay projects and the State Transportation Trust Fund are not presented on the budgetary comparison schedules.

Budget to GAAP Reconciliation

The budgetary comparison schedules for the General Fund and the major special revenue funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Since 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, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

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, 1998	\$ 66,997,227	\$ 63,205,829	\$ (3,791,398)	106.00%	\$ 18,010,189	(21.05%)
July 1, 1999	77,795,313	68,575,249	(9,220,064)	113.45%	18,998,086	(1) (48.53%)
July 1, 2000	88,503,838	74,948,950	(13,554,888)	118.09%	20,463,403	(1) (66.24%)
July 1, 2001	95,517,948	80,993,718	(14,524,230)	117.93%	21,360,862	(1) (68.00%)
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%)

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
1998	\$ 3,206,516	100%
1999	3,096,290	100%
2000	1,969,057	111% ⁽²⁾
2001	1,869,731	110%
2002	1,825,485	98%
2003	1,844,203	98%

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, 2003
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar of Pay, Open
Equivalent single amortization period	Not Applicable ⁽³⁾
Asset valuation method	5-Year Smoothed Method
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	6.25% ⁽⁴⁾
Includes inflation at	3.50%
Cost-of-Living Adjustments	3.00%

(1) Includes Deferred Retirement Option Program (DROP) Payroll

(2) The 2000 required annual contribution and the corresponding percent contributed were restated to reflect a change in the annual required contribution through the use of the actuarial determined surplus.

(3) The UAAL surplus for the July 1, 2003 valuation precludes the need for an amortization period.

(4) Includes individual salary growth of 5.00%, plus an age-graded merit scale from 5.00% at age 20, to 1.50% at age 40, to 0.25% at age 60.

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 12,000 centerline miles of roads and 6,443 bridges that the State is responsible to maintain.

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 are 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.

The FDOT standard is to ensure that 80% of the pavement on the State Highway System has a score greater than six in all three criteria.

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.

The FDOT standard is to ensure that 90 percent 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>2003</u>	<u>2002</u>	<u>2001</u>
80%	79%	79%

Percentage of bridges meeting FDOT standards

<u>2003</u>	<u>2002</u>	<u>2001</u>
93%	93%	93%

Maintenance Rating

<u>2003</u>	<u>2002</u>	<u>2001</u>
85	85	84

**Comparison of Needed-to-Actual Maintenance/Preservation
(Millions of Dollars)**

Resurfacing Program

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Needed	611.0	416.9	467.0	416.4	385.7
Actual	420.4	367.4	421.2	342.4	360.0

Bridge Repair/Replacement Program

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Needed	256.8	236.1	344.6	200.5	259.4
Actual	142.8	250.0	379.5	196.7	292.2

Routine Maintenance Program

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Needed	419.8	388.2	374.3	348.2	342.9
Actual	418.1	392.9	371.7	357.9	338.4

The Florida Department of Transportation determines its program needs based on a five year plan (plan). The needed amounts provided above are for estimated expenses and commitments relating to appropriate 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 difference between the needed and actual amounts above reflect these changes.

FINANCIAL SECTION:

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR FUNDS

Alligator Reef Lighthouse

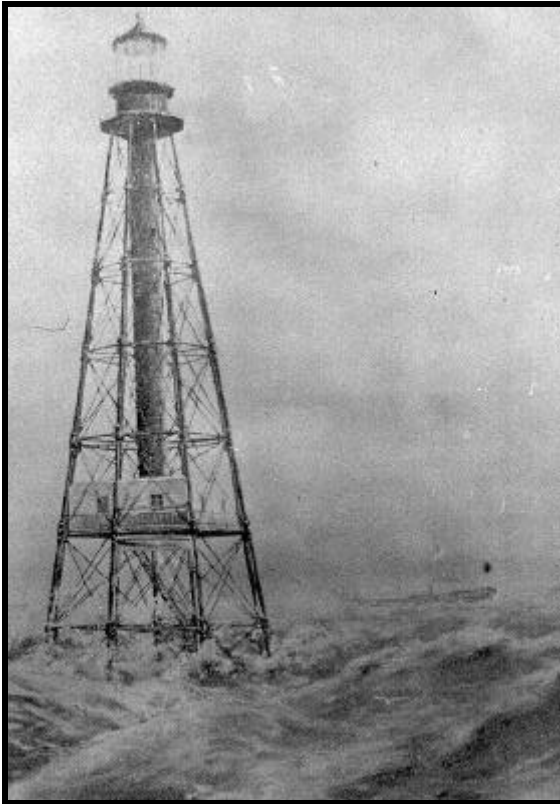


Photo courtesy of Florida State Archives

The Alligator Reef Lighthouse is located in the waters off the southern end of the Upper Matacumbe Key in the Florida Keys. Alligator Reef was named in remembrance of the USS Alligator, a 12-gun schooner that protected against piracy and illegal slave trade activities. In 1822, following a heated battle, the ship was destroyed after it ran aground off the coast of Florida.

A lighthouse was suggested for the area in 1857 but funding was not available until 1870 because of other more critical lighthouse projects and the start of the Civil War. Pilings were driven into the reef to support a white octagonal pyramid skeletal tower enclosing a stair cylinder, which provided safe passage to the lamp. The Lighthouse Keeper's dwelling was built on the platform at the base of the lighthouse. Paulding Kemble completed construction of the 150-foot tall skeletal iron tower in 1873 for a total cost of \$185,000.

The structure was first lit on November 23, 1873. The original beacon, created by a revolving first order Fresnel lens, consisted of five white flashes and one red flash every 30 seconds. The lens was eventually replaced with a 190mm rotating plastic optic. Alligator Reef Lighthouse remains active and is operated by the United States Coast Guard. The structure is accessible only by boat and is not open to the public.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Individual fund descriptions and financial statements begin on page 133.

CAPITAL PROJECTS FUNDS

Individual fund descriptions and financial statements begin on page 157.

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.

OTHER PERMANENT FUNDS

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, and 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.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Other Permanent Funds	Totals 6/30/03
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 24,597	\$	\$ 77	\$ 135	\$ 24,809
Pooled investments with State Treasury	808,434	25,088	5,517	4,407	843,446
Investments	110,568	.....	30,453	2,795	143,816
Receivables, net	125,048	123	393,766	16	518,953
Due from other funds	57,552	37,838	.....	17	95,407
Due from component units/primary	28	.....	.....	.....	28
Inventories	6,531	.....	.....	.....	6,531
Other	519	.....	.....	.....	519
Total current assets	<u>1,133,277</u>	<u>63,049</u>	<u>429,813</u>	<u>7,370</u>	<u>1,633,509</u>
<u>Noncurrent assets</u>					
Long term investments	200	.....	53,224	.....	53,424
Advances to other funds	500	9,958	.....	.....	10,458
Due from other governmental entities	444,749	.....	.....	.....	444,749
Other loans and notes receivable, net	18,416	.....	.....	.....	18,416
Other	2,991	.....	.....	.....	2,991
Total noncurrent assets	<u>466,856</u>	<u>9,958</u>	<u>53,224</u>	<u>.....</u>	<u>530,038</u>
Total assets	<u>\$ 1,600,133</u>	<u>\$ 73,007</u>	<u>\$ 483,037</u>	<u>\$ 7,370</u>	<u>\$ 2,163,547</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 138,070	\$ 4,117	\$ 4,110	\$	\$ 146,297
Due to other funds	83,442	9	399,006	56	482,513
Due to component units/primary	4,617	.....	.....	.....	4,617
Compensated absences	966	.....	.....	.....	966
Deposits	5,835	.....	.....	.....	5,835
Deferred revenues	7,775	.....	.....	.....	7,775
Obligations under security lending agreements	71,392	2,311	.....	606	74,309
Obligations under reverse repurchase agreements	10,895	353	.....	92	11,340
Total current liabilities	<u>322,992</u>	<u>6,790</u>	<u>403,116</u>	<u>754</u>	<u>733,652</u>
<u>Noncurrent liabilities</u>					
Advances from other funds	1,495	.....	.....	.....	1,495
Deposits	3,710	.....	.....	.....	3,710
Deferred revenues	10,454	.....	.....	.....	10,454
Total noncurrent liabilities	<u>15,659</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>15,659</u>
Total liabilities	<u>338,651</u>	<u>6,790</u>	<u>403,116</u>	<u>754</u>	<u>749,311</u>
<u>Fund balances</u>					
Reserved for encumbrances	30,332	.....	.....	.....	30,332
Reserved for inventories	6,530	.....	.....	.....	6,530
Reserved for advances	.....	9,958	.....	.....	9,958
Reserved for long-term receivables	450,080	.....	.....	.....	450,080
Reserved for capital outlay	71,620	49,296	.....	.....	120,916
Reserved for debt service	.....	.....	79,921	.....	79,921
Other reserved	3,121	.....	.....	3,517	6,638
Unreserved, reported in:					
Special revenue funds	699,799	.....	.....	.....	699,799
Capital projects funds	.....	6,963	.....	.....	6,963
Permanent fund	.....	.....	.....	3,099	3,099
Total fund balances	<u>1,261,482</u>	<u>66,217</u>	<u>79,921</u>	<u>6,616</u>	<u>1,414,236</u>
Total liabilities and fund balances	<u>\$ 1,600,133</u>	<u>\$ 73,007</u>	<u>\$ 483,037</u>	<u>\$ 7,370</u>	<u>\$ 2,163,547</u>

2003 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Other Permanent Funds	Totals 6/30/03
REVENUES					
Taxes	\$ 159,668	\$	\$	\$	\$ 159,668
Licenses and permits	963,351	.....	.....	402	963,753
Fees and charges	323,027	.....	63,041	.....	386,068
Grants and donations	482,773	.....	.....	.....	482,773
Investment earnings	56,588	4,453	23,382	781	85,204
Fines, forfeits, settlements and judgments	610,102	.....	.....	.....	610,102
Other revenue	284	.....	.....	.....	284
Total revenues	2,595,793	4,453	86,423	1,183	2,687,852
EXPENDITURES					
Current:					
General government	684,069	4,780	61,264	.....	750,113
Education	3,964	1,709	.....	84	5,757
Human services	368,299	15,098	.....	.....	383,397
Criminal justice and corrections	376,780	11,093	.....	.....	387,873
Natural resources and environment	428,839	411	.....	18	429,268
State courts	10,018	.....	.....	.....	10,018
Capital outlay	73,336	164,972	.....	.....	238,308
Debt service:					
Principal retirement	2,424	.....	607,850	.....	610,274
Interest and fiscal charges	146	2	766,339	.....	766,487
Total expenditures	1,947,875	198,065	1,435,453	102	3,581,495
Excess (deficiency) of revenues over expenditures	647,918	(193,612)	(1,349,030)	1,081	(893,643)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	92,213	.....	37,442	.....	129,655
Proceeds of refunding bonds	.....	.....	1,865,860	.....	1,865,860
Operating transfers in	2,209,172	267,930	1,306,036	2,559	3,785,697
Operating transfers out	(2,439,508)	(91,461)	(360,521)	(124)	(2,891,614)
Proceeds of financing agreements	209	.....	.....	.....	209
Payments to refunded bond agent	.....	.....	(1,865,860)	.....	(1,865,860)
Total other financing sources (uses)	(137,914)	176,469	982,957	2,435	1,023,947
Net change in fund balances	510,004	(17,143)	(366,073)	3,516	130,304
Fund balances - beginning	743,391	83,360	445,994	3,100	1,275,845
Adjustments to increase (decrease) beginning fund balances (Note 13)	8,087	.....	.....	.....	8,087
Fund balances - beginning, as restated	751,478	83,360	445,994	3,100	1,283,932
Fund balances - ending	\$ 1,261,482	\$ 66,217	\$ 79,921	\$ 6,616	\$ 1,414,236

Anclote Keys Lighthouse

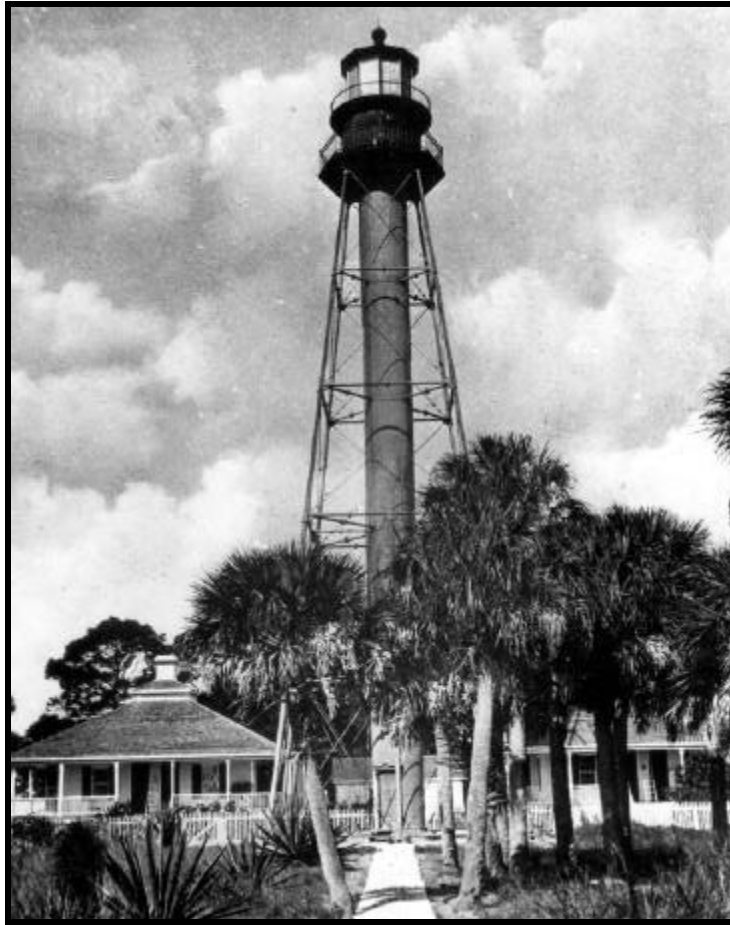


Photo courtesy of Florida State Archives

The Anclote Keys are located just off the west coast of Florida at the mouth of the Anclote River in the Gulf of Mexico. The Anclote Keys Lighthouse was first lit on September 15, 1887. The site of this lighthouse was chosen carefully, making it one of the few Florida lighthouses that has not been moved or relocated. The lighthouse is 96 feet high and has a square pyramidal skeletal frame built of iron. The original third order Fresnel lens beacon consisted of a white flashing light, but in 1963 the lighthouse was converted from gas to electricity.

The lighthouse keeper and his assistant lived in identical dwellings built approximately fifty feet from the base of the tower. In addition to the houses and tower, the lighthouse grounds consist of an oil storage house, a storeroom, and a chicken coop. The lighthouse was inactivated in 1985, but the grounds and the tower are maintained by the State of Florida. Anclote Keys Lighthouse is not currently open to the public.

NONMAJOR SPECIAL REVENUE FUNDS

GOVERNMENT ADMINISTRATION

This fund includes various 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 various internal reporting special revenue funds primarily administered by the Executive Office of the Governor and the Department of Community Affairs. It also includes the Hurricane Andrew Disaster Relief Trust Funds administered by various other agencies.

REGULATION AND LICENSING

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

CONSUMER PROTECTION AND SAFETY

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

JUVENILE JUSTICE

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

JUDICIAL SERVICES

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

MILITARY AND VETERANS' AFFAIRS

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

CITRUS COMMISSION

As authorized in Chapter 601, Florida Statutes, this blended component unit was established to primarily promote the general welfare of the Florida citrus industry.

STATE BOARD OF ADMINISTRATION

This blended component unit 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, Florida Statutes, this blended component unit 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, Florida Statutes, this blended component unit 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 by dialing the telephone number "911."

WORKFORCE FLORIDA INC

This not-for-profit blended component unit was created pursuant to Chapter 445, Florida Statutes, 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, Florida Statutes, this blended component unit was created as a nonprofit public benefit corporation for the purpose of financing or refinancing the costs of water pollution control projects and activities described in Section 403.1835, Florida Statutes.

INLAND PROTECTION FINANCING CORPORATION

Pursuant to Section 376.3075, Florida Statutes, this blended component unit was created for the purpose of financing the rehabilitation of petroleum contamination sites pursuant to Sections 376.30-376.319, Florida Statutes, and the payment, purchase and settlement of reimbursement obligations of the State of Florida Department of Environmental Protection pursuant to Section 376.3071(12) existing as of December 31, 1996.

INVESTMENT FRAUD RESTORATION CORPORATION

Pursuant to Section 517.1204, Florida Statutes, this blended component unit was created as a nonprofit public benefit corporation for the purpose of financing 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, Florida Statutes.

SURPLUS LINES

Pursuant to Section 626.921, Florida Statutes, this blended component unit was created to establish a system that would permit better access by consumers to approved unauthorized insurers.

PARTNERSHIP IN CORRECTIONAL EXCELLENCE

This blended component unit 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, Florida Statutes.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003
(in thousands)

	Government Administration	Business and Community Development	Regulation and Licensing	Tobacco Settlement	Public Safety
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 1	\$	\$ 395	\$	\$ 101
Pooled investments with State Treasury	76,362	68,082	175,106	32,779	78,981
Investments	.....	1	.....	.....	.....
Receivables, net	205	7,610	29,247	207	16,462
Due from other funds	847	4,626	23,623	.....	2,895
Due from component units/primary	.....	28	.....	.....	.....
Inventories	.....	.....	201	2,348	.....
Other	.....	.....	.....	.....	.....
Total current assets	77,415	80,347	228,572	35,334	98,439
<u>Noncurrent assets</u>					
Long term investments	.....	200	.....	.....	.....
Advances to other funds	.....	.....	.....	.....	500
Due from other governmental entities	.....	3,791	.....	.....	.....
Other loans and notes receivable, net	.....	11,625	.....	.....	4,018
Other	.....	.....	.....	.....	2,991
Total noncurrent assets	.....	15,616	.....	.....	7,509
Total assets	\$ 77,415	\$ 95,963	\$ 228,572	\$ 35,334	\$ 105,948
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 9,028	\$ 6,962	\$ 7,083	\$ 11,401	\$ 12,953
Due to other funds	368	893	55,144	1,737	16,224
Due to component units/primary	16	3,641	444	242	.....
Compensated absences	103	29	98	65	83
Deposits	150	4,563	.....	.....	1,063
Deferred revenues	.....	2,262	15	.....	2,430
Obligations under security lending agreements	7,631	5,396	17,784	1,691	1,797
Obligations under reverse repurchase agreements	1,165	824	2,714	258	274
Total current liabilities	18,461	24,570	83,282	15,394	34,824
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	1,132
Deposits	.....	3,180	.....	.....	530
Deferred revenues	.....	.....	.....	.....	1,028
Total noncurrent liabilities	.....	3,180	.....	.....	2,690
Total liabilities	18,461	27,750	83,282	15,394	37,514
<u>Fund balances</u>					
Reserved for encumbrances	868	8,469	.....	5	1,293
Reserved for inventories	.....	.....	201	2,348	.....
Reserved for long-term receivables	.....	9,122	.....	.....	.....
Reserved for capital outlay	1,375	18,311	49	10,347	5
Other reserved	.....	.....	2,442	.....	.....
Unreserved	56,711	32,311	142,598	7,240	67,136
Total fund balances	58,954	68,213	145,290	19,940	68,434
Total liabilities and fund balances	\$ 77,415	\$ 95,963	\$ 228,572	\$ 35,334	\$ 105,948

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Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice	Judicial Services	Military and Veterans' Affairs
\$ 1,586	\$ 13	\$ 101	\$ 254	\$	\$ 833
26,442	22,060	51,252	37,972	24,607	15,232
6	.....	.....	.....	.....	.....
7,071	2,476	6,451	1,793	1,007	1,576
1,454	2,148	1,417	2,864	900	38
.....
2,025	.....	1,264	1	.....	157
.....
38,584	26,697	60,485	42,884	26,514	17,836
.....
.....
.....
.....	2,773	.....	.....	.....	.....
.....
.....	2,773	.....	.....	.....	.....
\$ 38,584	\$ 29,470	\$ 60,485	\$ 42,884	\$ 26,514	\$ 17,836
\$ 5,506	\$ 1,354	\$ 4,750	\$ 10,477	\$ 2,186	\$ 2,331
1,868	668	1,410	1,911	378	237
.....	.....	14	5	.....	.....
118	124	308	2	7	12
.....	12	.....	.....	47	.....
.....	3,068	.....	.....	.....	.....
.....	1,037	5,023	2,784	.....	224
.....	158	767	425	.....	33
7,492	6,421	12,272	15,604	2,618	2,837
.....	37	.....	.....	326	.....
.....
.....	831	.....	.....	.....	.....
.....	868	.....	.....	326	.....
7,492	7,289	12,272	15,604	2,944	2,837
.....	16,277	3,171	.....	73	176
2,025	.....	1,264	1	.....	156
.....
11,687	.....	4,920	17,935	.....	6,991
.....
17,380	5,904	38,858	9,344	23,497	7,676
31,092	22,181	48,213	27,280	23,570	14,999
\$ 38,584	\$ 29,470	\$ 60,485	\$ 42,884	\$ 26,514	\$ 17,836

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003
(in thousands)

	Citrus Commission	State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 957	\$	\$ 1,341	\$	\$ 12,239
Pooled investments with State Treasury	28,185	.....	901	89,689	.....
Investments	.....	.....	7,165	.....	.....
Receivables, net	2,137	.....	394	6,881	280
Due from other funds	.....	16,735	.....	.....	.....
Due from component units/primary	.....	.....	.....	.....	.....
Inventories	535	.....	.....	.....	.....
Other	476	.....	5	.....	11
Total current assets	32,290	16,735	9,806	96,570	12,530
<u>Noncurrent assets</u>					
Long term investments	.....	.....	.....	.....	.....
Advances to other funds	.....	.....	.....	.....	.....
Due from other governmental entities	.....	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....	.....
Other	.....	.....	.....	.....	.....
Total noncurrent assets	.....	.....	.....	.....	.....
Total assets	\$ 32,290	\$ 16,735	\$ 9,806	\$ 96,570	\$ 12,530
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 5,606	\$ 16,732	\$ 198	\$ 26,199	\$ 3,813
Due to other funds	563	3	.....	7	.....
Due to component units/primary	255	.....	.....	.....	.....
Compensated absences	16	.....	1	.....	.....
Deposits	.....	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	.....
Obligations under security lending agreements	3,855	.....	.....	12,280	.....
Obligations under reverse repurchase agreements	588	.....	.....	1,874	.....
Total current liabilities	10,883	16,735	199	40,360	3,813
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	.....
Deposits	.....	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	8,595
Total noncurrent liabilities	.....	.....	.....	.....	8,595
Total liabilities	10,883	16,735	199	40,360	12,408
<u>Fund balances</u>					
Reserved for encumbrances	.....	.....	.....	.....	.....
Reserved for inventories	535	.....	.....	.....	.....
Reserved for long-term receivables	.....	.....	.....	.....	.....
Reserved for capital outlay	.....	.....	.....	.....	.....
Other reserved	.....	.....	.....	.....	.....
Unreserved	20,872	.....	9,607	56,210	122
Total fund balances	21,407	.....	9,607	56,210	122
Total liabilities and fund balances	\$ 32,290	\$ 16,735	\$ 9,806	\$ 96,570	\$ 12,530

2003 STATE OF FLORIDA CAFR

FL Water Pollution Control Financing Corp	Inland Protection Financing Corp	Investment Fraud Restoration Corp	Surplus Lines	Partnership in Correctional Excellence	Totals 6/30/03
\$ 1,317	\$ 150	\$	\$ 5,038	\$ 271	\$ 24,597
80,783	.....	.....	1	.....	808,434
91,094	11,321	981	.....	.....	110,568
41,110	.....	.....	89	52	125,048
.....	5	.....	.....	.....	57,552
.....	.....	.....	.....	.....	28
.....	.....	.....	.....	.....	6,531
.....	.....	.....	27	.....	519
<u>214,304</u>	<u>11,476</u>	<u>981</u>	<u>5,155</u>	<u>323</u>	<u>1,133,277</u>
.....	.....	.....	.....	.....	200
.....	.....	.....	.....	.....	500
440,958	.....	.....	.....	.....	444,749
.....	.....	.....	.....	.....	18,416
.....	.....	.....	.....	.....	2,991
<u>440,958</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>466,856</u>
<u>\$ 655,262</u>	<u>\$ 11,476</u>	<u>\$ 981</u>	<u>\$ 5,155</u>	<u>\$ 323</u>	<u>\$ 1,600,133</u>
\$ 3	\$ 9,715	\$ 3	\$ 1,770	\$	\$ 138,070
272	1,759	.....	.....	.....	83,442
.....	.....	.....	.....	.....	4,617
.....	.....	.....	.....	.....	966
.....	.....	.....	.....	.....	5,835
.....	.....	.....	.....	.....	7,775
11,890	.....	.....	.....	.....	71,392
1,815	.....	.....	.....	.....	10,895
<u>13,980</u>	<u>11,474</u>	<u>3</u>	<u>1,770</u>	<u>.....</u>	<u>322,992</u>
.....	.....	.....	.....	.....	1,495
.....	.....	.....	.....	.....	3,710
.....	.....	.....	.....	.....	10,454
.....	.....	.....	.....	.....	15,659
<u>13,980</u>	<u>11,474</u>	<u>3</u>	<u>1,770</u>	<u>.....</u>	<u>338,651</u>
.....	.....	.....	.....	.....	30,332
.....	.....	.....	.....	.....	6,530
440,958	.....	.....	.....	.....	450,080
.....	.....	.....	.....	.....	71,620
.....	.....	673	.....	6	3,121
200,324	2	305	3,385	317	699,799
<u>641,282</u>	<u>2</u>	<u>978</u>	<u>3,385</u>	<u>323</u>	<u>1,261,482</u>
<u>\$ 655,262</u>	<u>\$ 11,476</u>	<u>\$ 981</u>	<u>\$ 5,155</u>	<u>\$ 323</u>	<u>\$ 1,600,133</u>

2003 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, 2003
(in thousands)**

	Government Administration	Business and Community Development	Regulation and Licensing	Tobacco Settlement	Public Safety
REVENUES					
Taxes	\$	\$	\$ 110,865	\$	\$
Licenses and permits	.....	.....	889,346	.....	57,447
Fees and charges	12,207	4,429	21,671	.....	44,576
Grants and donations	37,218	213,138	371	.....	88,184
Investment earnings	3,367	2,811	9,236	3,335	1,008
Fines, forfeits, settlements and judgments	90	40	6,013	546,608	46,530
Other revenue	.....	.....	.....	.....	.....
Total revenues	<u>52,882</u>	<u>220,418</u>	<u>1,037,502</u>	<u>549,943</u>	<u>237,745</u>
EXPENDITURES					
Current:					
General government	93,385	54,453	163,673	54	26,838
Education	.....	.....	.....	.....	.....
Human services	.....	.....	.....	346,989	.....
Criminal justice and corrections	.....	.....	.....	.....	137,370
Natural resources and environment	.....	229,661	.....	.....	.....
State courts	.....	.....	.....	.....	.....
Capital outlay	1,170	569	3,167	1,279	3,958
Debt service:					
Principal retirement	.....	.....	.....	.....	2,424
Interest and fiscal charges	.....	.....	.....	.....	141
Total expenditures	<u>94,555</u>	<u>284,683</u>	<u>166,840</u>	<u>348,322</u>	<u>170,731</u>
Excess (deficiency) of revenues over expenditures	<u>(41,673)</u>	<u>(64,265)</u>	<u>870,662</u>	<u>201,621</u>	<u>67,014</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	.....	.....	.....	.....
Operating transfers in	658,355	72,005	79,413	216,518	34,195
Operating transfers out	(587,629)	(48,344)	(892,924)	(472,586)	(93,216)
Proceeds of financing agreements	.....	209	.....	.....	.....
Total other financing sources (uses)	<u>70,726</u>	<u>23,870</u>	<u>(813,511)</u>	<u>(256,068)</u>	<u>(59,021)</u>
Net change in fund balances	29,053	(40,395)	57,151	(54,447)	7,993
Fund balances - beginning	29,901	108,608	88,139	74,387	60,441
Adjustments to increase (decrease) beginning fund balances (Note 13)	.....	.....	.....	.....	.....
Fund balances - beginning, as restated	<u>29,901</u>	<u>108,608</u>	<u>88,139</u>	<u>74,387</u>	<u>60,441</u>
Fund balances - ending	<u>\$ 58,954</u>	<u>\$ 68,213</u>	<u>\$ 145,290</u>	<u>\$ 19,940</u>	<u>\$ 68,434</u>

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Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice	Judicial Services	Military and Veterans' Affairs
\$	\$	\$ 492	\$ 11	\$	\$
.....	.....	16,284	.....	274	.....
71,977	2,728	72,849	1,313	19,384	17,700
1,060	16,992	34,585	14,720	6,561	57,030
.....	656	2,941	1,572	3	126
13	4,035	2,320	2,533	1,917	1
.....	.....	8	275	.....	.....
<u>73,050</u>	<u>24,411</u>	<u>129,479</u>	<u>20,424</u>	<u>28,139</u>	<u>74,857</u>
.....	1,615	.....	.....	.....	34,915
.....
.....	.....	.....	.....	.....	21,310
92,827	19,231	.....	83,616	42,559	.....
.....	33,382	165,796	.....	.....	.....
.....	.....	.....	.....	10,018	.....
14,135	484	7,261	14,495	2,458	23,943
.....
.....
<u>106,962</u>	<u>54,712</u>	<u>173,057</u>	<u>98,111</u>	<u>55,035</u>	<u>80,168</u>
<u>(33,912)</u>	<u>(30,301)</u>	<u>(43,578)</u>	<u>(77,687)</u>	<u>(26,896)</u>	<u>(5,311)</u>
.....
26,641	30,229	52,539	77,152	32,732	11,065
(49,070)	(9,982)	(11,725)	(947)	(6,328)	(1,600)
.....
<u>(22,429)</u>	<u>20,247</u>	<u>40,814</u>	<u>76,205</u>	<u>26,404</u>	<u>9,465</u>
<u>(56,341)</u>	<u>(10,054)</u>	<u>(2,764)</u>	<u>(1,482)</u>	<u>(492)</u>	<u>4,154</u>
87,433	26,196	50,977	28,762	24,062	10,845
.....	6,039	.....	.....	.....	.....
<u>87,433</u>	<u>32,235</u>	<u>50,977</u>	<u>28,762</u>	<u>24,062</u>	<u>10,845</u>
<u>\$ 31,092</u>	<u>\$ 22,181</u>	<u>\$ 48,213</u>	<u>\$ 27,280</u>	<u>\$ 23,570</u>	<u>\$ 14,999</u>

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Citrus Commission	State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc
REVENUES					
Taxes	\$ 48,300	\$	\$	\$	\$
Licenses and permits	.....	.....	.....	.....	.....
Fees and charges	77	.....	363	46,981	.....
Grants and donations	3,861	.....	1,461	.....	7,494
Investment earnings	2,033	197	65	6,569	.....
Fines, forfeits, settlements and judgments	2	.....	.....	.....	.....
Other revenue	1	.....	.....	.....	.....
Total revenues	54,274	197	1,889	53,550	7,494
EXPENDITURES					
Current:					
General government	57,437	185,835	.....	52,626	7,503
Education	.....	.....	3,964	.....	.....
Human services	.....	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....	.....
State courts	.....	.....	.....	.....	.....
Capital outlay	181	.....	219	.....	17
Debt service:					
Principal retirement	.....	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....	.....
Total expenditures	57,618	185,835	4,183	52,626	7,520
Excess (deficiency) of revenues over expenditures	(3,344)	(185,638)	(2,294)	924	(26)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	.....	.....	.....	.....
Operating transfers in	978	428,137	2,625	.....	.....
Operating transfers out	(1,909)	(255,301)	.....	(35)	.....
Proceeds of financing agreements	.....	.....	.....	.....	.....
Total other financing sources (uses)	(931)	172,836	2,625	(35)	.....
Net change in fund balances	(4,275)	(12,802)	331	889	(26)
Fund balances - beginning	23,634	12,802	9,276	55,321	148
Adjustments to increase (decrease) beginning fund balances (Note 13)	2,048	.....	.....	.....	.....
Fund balances - beginning, as restated	25,682	12,802	9,276	55,321	148
Fund balances - ending	\$ 21,407	\$	\$ 9,607	\$ 56,210	\$ 122

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FL Water Pollution Control Financing Corp	Inland Protection Financing Corp	Investment Fraud Restoration Corp	Surplus Lines	Partnership in Correctional Excellence	Totals 6/30/03
\$	\$	\$	\$	\$	\$ 159,668
.....	.....	.....	.....	.....	963,351
.....	.....	.....	5,909	863	323,027
.....	.....	.....	.....	98	482,773
22,457	161	10	41	.....	56,588
.....	.....	.....	.....	.....	610,102
.....	.....	.....	.....	.....	284
22,457	161	10	5,950	961	2,595,793
283	183	34	5,235	.....	684,069
.....	.....	.....	.....	.....	3,964
.....	.....	.....	.....	.....	368,299
.....	.....	.....	.....	1,177	376,780
.....	.....	.....	.....	.....	428,839
.....	.....	.....	.....	.....	10,018
.....	.....	.....	.....	.....	73,336
.....	.....	.....	.....	.....	2,424
5	.....	.....	.....	.....	146
288	183	34	5,235	1,177	1,947,875
22,169	(22)	(24)	715	(216)	647,918
92,213	.....	.....	.....	.....	92,213
485,919	22	312	.....	335	2,209,172
(7,912)	.....	.....	.....	.....	(2,439,508)
.....	.....	.....	.....	.....	209
570,220	22	312	.....	335	(137,914)
592,389	.....	288	715	119	510,004
48,893	2	690	2,670	204	743,391
.....	.....	.....	.....	.....	8,087
48,893	2	690	2,670	204	751,478
\$ 641,282	\$ 2	\$ 978	\$ 3,385	\$ 323	\$ 1,261,482

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Government Administration		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 54,209	\$ 54,209	\$
Reversions	416	416	.....
Fund Balances, July 1, 2002, restated	54,625	54,625	.....
REVENUES			
Direct revenues:			
Fees and charges	44,681	25,568	(19,113)
Interest	851	1,250	399
Grants	11,657	37,223	25,566
Refunds	7,359	182	(7,177)
Other	328	106	(222)
Total Direct Revenues	64,876	64,329	(547)
Indirect revenues:			
Transfers and distributions	62,675	88,459	25,784
Total Indirect Revenues	62,675	88,459	25,784
TOTAL REVENUES	127,551	152,788	25,237
TOTAL AVAILABLE RESOURCES	182,176	207,413	25,237
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	29,576	28,639	937
Other personal services	6,239	3,665	2,574
Expenses	14,363	12,900	1,463
Grants and aids	10,999	10,972	27
Operating capital outlay	987	664	323
Fixed capital outlay	2,123	2,123	.....
Special categories	34,997	34,197	800
Grants/aids to local governments	625	625	.....
Data processing services	1,636	1,579	57
Total Operating Expenditures	101,545	95,364	6,181
Nonoperating expenditures:			
Transfers	7,310	7,310	.....
Refunds	677	677	.....
Other	1,093	1,093	.....
Total Nonoperating Expenditures	9,080	9,080	.....
TOTAL EXPENDITURES	110,625	104,444	6,181
FUND BALANCES, JUNE 30, 2003	\$ 71,551	\$ 102,969	\$ 31,418

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)

	Business and Community Development		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 86,569	\$ 86,569	\$
Reversions	168,725	168,725	.....
Fund Balances, July 1, 2002, restated	255,294	255,294	.....
REVENUES			
Direct revenues:			
Fees and charges	5,995	4,429	(1,566)
Interest	3,694	629	(3,065)
Grants	369,498	220,508	(148,990)
Refunds	.....	1,165	1,165
Other	249	585	336
Total Direct Revenues	379,436	227,316	(152,120)
Indirect revenues:			
Transfers and distributions	98,743	76,229	(22,514)
Other	.....	24	24
Total Indirect Revenues	98,743	76,253	(22,490)
TOTAL REVENUES	478,179	303,569	(174,610)
TOTAL AVAILABLE RESOURCES	733,473	558,863	(174,610)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	7,826	6,956	870
Other personal services	5,127	3,195	1,932
Expenses	3,403	2,582	821
Grants and aids	6,469	6,451	18
Operating capital outlay	93	48	45
Fixed capital outlay	1,273	1,273	.....
Special categories	84,454	34,247	50,207
Grants/aids to local governments	74,000	74,000	.....
Total Operating Expenditures	182,645	128,752	53,893
Nonoperating expenditures:			
Transfers	36,489	36,489	.....
Refunds	7	7	.....
Other	608	608	.....
Total Nonoperating Expenditures	37,104	37,104	.....
TOTAL EXPENDITURES	219,749	165,856	53,893
FUND BALANCES, JUNE 30, 2003	\$ 513,724	\$ 393,007	\$ (120,717)

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Regulation and Licensing		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2002	\$ 162,847	\$ 162,847	\$
Reversions	142	142	.....
Fund Balances, July 1, 2002, restated	162,989	162,989	.....
REVENUES			
Direct revenues:			
Fees and charges	20,535	21,498	963
Licenses	810,919	912,441	101,522
Taxes	103,660	109,425	5,765
Miscellaneous	2,143	149	(1,994)
Interest	3,876	4,481	605
Grants	.....	371	371
Refunds	220	45	(175)
Other	4,952	5,900	948
Total Direct Revenues	946,305	1,054,310	108,005
Indirect revenues:			
Transfers and distributions	84,300	73,650	(10,650)
Other	.....	18	18
Total Indirect Revenues	84,300	73,668	(10,632)
TOTAL REVENUES	1,030,605	1,127,978	97,373
TOTAL AVAILABLE RESOURCES	1,193,594	1,290,967	97,373
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	86,292	85,445	847
Other personal services	14,424	13,518	906
Expenses	24,678	24,214	464
Grants and aids	11,291	11,279	12
Operating capital outlay	2,164	2,042	122
Fixed capital outlay	61	61	.....
Special categories	16,692	13,463	3,229
Data processing services	1,437	1,244	193
Total Operating Expenditures	157,039	151,266	5,773
Nonoperating expenditures:			
Transfers	826,587	826,587	.....
Refunds	6,877	6,877	.....
Other	46,021	46,021	.....
Total Nonoperating Expenditures	879,485	879,485	.....
TOTAL EXPENDITURES	1,036,524	1,030,751	5,773
FUND BALANCES, JUNE 30, 2003	\$ 157,070	\$ 260,216	\$ 103,146

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Tobacco Settlement		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2002	\$ 75,084	\$ 75,084	\$
Reversions	7,022	7,022	.....
Fund Balances, July 1, 2002, restated	82,106	82,106	.....
REVENUES			
Direct revenues:			
Interest	2,608	3,087	479
Refunds	.....	8	8
Other	546,441	546,441	.....
Total Direct Revenues	549,049	549,536	487
Indirect revenues:			
Transfers and distributions	741,188	712,807	(28,381)
Other	.....	12	12
Total Indirect Revenues	741,188	712,819	(28,369)
TOTAL REVENUES	1,290,237	1,262,355	(27,882)
TOTAL AVAILABLE RESOURCES	1,372,343	1,344,461	(27,882)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	20,115	19,547	568
Other personal services	2,691	2,204	487
Expenses	8,830	8,487	343
Grants and aids	16,349	16,349	.....
Operating capital outlay	118	30	88
Fixed capital outlay	5,907	5,907	.....
Special categories	402,585	396,148	6,437
Grants/aids to local governments	3,628	3,628	.....
Data processing services	2,323	2,323	.....
Total Operating Expenditures	462,546	454,623	7,923
Nonoperating expenditures:			
Transfers	873,502	873,502	.....
Other	847	847	.....
Total Nonoperating Expenditures	874,349	874,349	.....
TOTAL EXPENDITURES	1,336,895	1,328,972	7,923
FUND BALANCES, JUNE 30, 2003	\$ 35,448	\$ 15,489	\$ (19,959)

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Public Safety		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2002	\$ 47,042	\$ 47,042	\$
Reversions	919	919	.....
Fund Balances, July 1, 2002, restated	<u>47,961</u>	<u>47,961</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	39,121	40,182	1,061
Licenses	56,580	57,493	913
Interest	1,357	647	(710)
Grants	107,776	92,553	(15,223)
Refunds	33	4,081	4,048
Other	30,755	41,144	10,389
Total Direct Revenues	<u>235,622</u>	<u>236,100</u>	<u>478</u>
Indirect revenues:			
Transfers and distributions	56,452	49,258	(7,194)
Sale of investments	10	.....	(10)
Other	.....	51	51
Total Indirect Revenues	<u>56,462</u>	<u>49,309</u>	<u>(7,153)</u>
TOTAL REVENUES	<u>292,084</u>	<u>285,409</u>	<u>(6,675)</u>
TOTAL AVAILABLE RESOURCES	<u>340,045</u>	<u>333,370</u>	<u>(6,675)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	33,125	31,159	1,966
Other personal services	8,878	6,753	2,125
Expenses	24,111	20,357	3,754
Grants and aids	36,264	29,379	6,885
Operating capital outlay	10,466	7,782	2,684
Fixed capital outlay	28	28	.....
Special categories	160,838	105,362	55,476
Data processing services	162	94	68
Total Operating Expenditures	<u>273,872</u>	<u>200,914</u>	<u>72,958</u>
Nonoperating expenditures:			
Transfers	38,222	38,222	.....
Refunds	1,465	1,465	.....
Other	31,711	31,711	.....
Total Nonoperating Expenditures	<u>71,398</u>	<u>71,398</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>345,270</u>	<u>272,312</u>	<u>72,958</u>
FUND BALANCES, JUNE 30, 2003	<u>\$ (5,225)</u>	<u>\$ 61,058</u>	<u>\$ 66,283</u>

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Corrections		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2002	\$ 79,936	\$ 79,936	\$
Reversions	321	321	.....
Fund Balances, July 1, 2002, restated	<u>80,257</u>	<u>80,257</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	28,552	25,386	(3,166)
Miscellaneous	.....	1	1
Interest	.....	225	225
Grants	1,104	1,132	28
Refunds	433	528	95
Other	739	241	(498)
Total Direct Revenues	<u>30,828</u>	<u>27,513</u>	<u>(3,315)</u>
Indirect revenues:			
Transfers and distributions	45,544	48,593	3,049
Other	70	159	89
Total Indirect Revenues	<u>45,614</u>	<u>48,752</u>	<u>3,138</u>
TOTAL REVENUES	<u>76,442</u>	<u>76,265</u>	<u>(177)</u>
TOTAL AVAILABLE RESOURCES	<u>156,699</u>	<u>156,522</u>	<u>(177)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	34,726	32,934	1,792
Other personal services	3,575	3,073	502
Expenses	22,303	18,826	3,477
Operating capital outlay	4,136	997	3,139
Food products	600	400	200
Fixed capital outlay	13,070	13,070	.....
Special categories	58,269	56,094	2,175
Data processing services	636	636	.....
Special expenses	129	129	.....
Total Operating Expenditures	<u>137,444</u>	<u>126,159</u>	<u>11,285</u>
Nonoperating expenditures:			
Refunds	397	397	.....
Other	6,610	6,610	.....
Total Nonoperating Expenditures	<u>7,007</u>	<u>7,007</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>144,451</u>	<u>133,166</u>	<u>11,285</u>
FUND BALANCES, JUNE 30, 2003	<u>\$ 12,248</u>	<u>\$ 23,356</u>	<u>\$ 11,108</u>

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)

	Consumer Protection and Safety		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 24,388	\$ 24,388	\$
Reversions	21,855	21,855	.....
Fund Balances, July 1, 2002, restated	46,243	46,243	.....
REVENUES			
Direct revenues:			
Fees and charges	2,380	2,509	129
Interest	243	2,255	2,012
Grants	17,565	17,416	(149)
Refunds	276	329	53
Other	27,593	114,138	86,545
Total Direct Revenues	48,057	136,647	88,590
Indirect revenues:			
Transfers and distributions	60,765	40,477	(20,288)
Other	.....	39	39
Total Indirect Revenues	60,765	40,516	(20,249)
TOTAL REVENUES	108,822	177,163	68,341
TOTAL AVAILABLE RESOURCES	155,065	223,406	68,341
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	15,774	14,746	1,028
Other personal services	409	153	256
Expenses	2,286	1,751	535
Operating capital outlay	596	182	414
Special categories	37,924	17,072	20,852
Data processing services	42	.....	42
Total Operating Expenditures	57,031	33,904	23,127
Nonoperating expenditures:			
Transfers	7,822	7,822	.....
Refunds	8	8	.....
Other	47,500	47,500	.....
Total Nonoperating Expenditures	55,330	55,330	.....
TOTAL EXPENDITURES	112,361	89,234	23,127
FUND BALANCES, JUNE 30, 2003	\$ 42,704	\$ 134,172	\$ 91,468

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Agriculture		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2002	\$ 22,780	\$ 22,780	\$
Reversions	3,211	3,211	.....
Fund Balances, July 1, 2002, restated	25,991	25,991	.....
REVENUES			
Direct revenues:			
Fees and charges	63,889	69,122	5,233
Licenses	15,322	15,747	425
Taxes	262	211	(51)
Miscellaneous	6,311	6,276	(35)
Interest	1,374	1,641	267
Grants	60,780	38,062	(22,718)
Refunds	209	471	262
Other	15,340	2,735	(12,605)
Total Direct Revenues	<u>163,487</u>	<u>134,265</u>	<u>(29,222)</u>
Indirect revenues:			
Transfers and distributions	64,463	64,914	451
Other	.....	289	289
Total Indirect Revenues	<u>64,463</u>	<u>65,203</u>	<u>740</u>
TOTAL REVENUES	<u>227,950</u>	<u>199,468</u>	<u>(28,482)</u>
TOTAL AVAILABLE RESOURCES	<u>253,941</u>	<u>225,459</u>	<u>(28,482)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	64,286	59,064	5,222
Other personal services	6,164	5,419	745
Expenses	33,253	29,137	4,116
Grants and aids	5,084	3,781	1,303
Operating capital outlay	3,097	2,258	839
Fixed capital outlay	1,187	1,187	.....
Special categories	66,378	57,362	9,016
Grants/aids to local governments	69	69	.....
Payments to U.S. Treasury	10,879	10,879	.....
Data processing services	11	.....	11
Special expenses	142	142	.....
Total Operating Expenditures	<u>190,550</u>	<u>169,298</u>	<u>21,252</u>
Nonoperating expenditures:			
Transfers	8,163	8,163	.....
Refunds	975	975	.....
Other	11,011	11,011	.....
Total Nonoperating Expenditures	<u>20,149</u>	<u>20,149</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>210,699</u>	<u>189,447</u>	<u>21,252</u>
FUND BALANCES, JUNE 30, 2003	<u>\$ 43,242</u>	<u>\$ 36,012</u>	<u>\$ (7,230)</u>

2003 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Juvenile Justice		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 19,817	\$ 19,817	\$
Reversions	2,216	2,216	.....
Fund Balances, July 1, 2002, restated	22,033	22,033	.....
REVENUES			
Direct revenues:			
Fees and charges	681	1,239	558
Interest	419	837	418
Grants	16,483	18,673	2,190
Refunds	.....	119	119
Other	2,822	2,180	(642)
Total Direct Revenues	20,405	23,048	2,643
Indirect revenues:			
Transfers and distributions	69,863	74,857	4,994
Other	.....	13	13
Total Indirect Revenues	69,863	74,870	5,007
TOTAL REVENUES	90,268	97,918	7,650
TOTAL AVAILABLE RESOURCES	112,301	119,951	7,650
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	13,538	13,359	179
Other personal services	502	375	127
Expenses	4,697	4,087	610
Grants and aids	1,802	1,266	536
Operating capital outlay	34	17	17
Food products	233	228	5
Fixed capital outlay	13,767	13,767	.....
Special categories	71,098	63,702	7,396
Special expenses	61	61	.....
Total Operating Expenditures	105,732	96,862	8,870
Nonoperating expenditures:			
Transfers	62	62	.....
Refunds	68	68	.....
Other	793	793	.....
Total Nonoperating Expenditures	923	923	.....
TOTAL EXPENDITURES	106,655	97,785	8,870
FUND BALANCES, JUNE 30, 2003	\$ 5,646	\$ 22,166	\$ 16,520

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Judicial Services		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 21,535	\$ 21,535	\$
Reversions	673	673	.....
Fund Balances, July 1, 2002, restated	22,208	22,208	.....
REVENUES			
Direct revenues:			
Fees and charges	19,331	16,953	(2,378)
Licenses	300	274	(26)
Interest	3	10,985	10,982
Grants	9,630	7,022	(2,608)
Refunds	1,568	188	(1,380)
Other	4,260	1,764	(2,496)
Total Direct Revenues	35,092	37,186	2,094
Indirect revenues:			
Transfers and distributions	41,320	27,518	(13,802)
Total Indirect Revenues	41,320	27,518	(13,802)
TOTAL REVENUES	76,412	64,704	(11,708)
TOTAL AVAILABLE RESOURCES	98,620	86,912	(11,708)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	38,996	34,160	4,836
Other personal services	5,905	3,521	2,384
Expenses	2,944	1,679	1,265
Operating capital outlay	142	110	32
Special categories	23,116	17,686	5,430
Total Operating Expenditures	71,103	57,156	13,947
Nonoperating expenditures:			
Transfers	1,385	1,385	.....
Refunds	226	226	.....
Other	6,441	6,441	.....
Total Nonoperating Expenditures	8,052	8,052	.....
TOTAL EXPENDITURES	79,155	65,208	13,947
FUND BALANCES, JUNE 30, 2003	\$ 19,465	\$ 21,704	\$ 2,239

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 27,143	\$ 27,143	\$
Reversions	924	924	.....
Fund Balances, July 1, 2002, restated	28,067	28,067	.....
REVENUES			
Direct revenues:			
Fees and charges	10,465	10,928	463
Miscellaneous	2	1	(1)
Interest	65	60	(5)
Grants	51,792	57,634	5,842
Refunds	7,786	6,408	(1,378)
Other	1,186	64	(1,122)
Total Direct Revenues	71,296	75,095	3,799
Indirect revenues:			
Transfers and distributions	685	8,335	7,650
Other	15	3	(12)
Total Indirect Revenues	700	8,338	7,638
TOTAL REVENUES	71,996	83,433	11,437
TOTAL AVAILABLE RESOURCES	100,063	111,500	11,437
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	17,458	16,044	1,414
Other personal services	731	721	10
Expenses	12,969	11,371	1,598
Operating capital outlay	477	417	60
Food products	1,482	1,352	130
Fixed capital outlay	23,143	23,143	.....
Special categories	5,043	4,844	199
Total Operating Expenditures	61,303	57,892	3,411
Nonoperating expenditures:			
Transfers	1,360	1,360	.....
Refunds	35	35	.....
Other	59	59	.....
Total Nonoperating Expenditures	1,454	1,454	.....
TOTAL EXPENDITURES	62,757	59,346	3,411
FUND BALANCES, JUNE 30, 2003	\$ 37,306	\$ 52,154	\$ 14,848

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Citrus Commission		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 19,148	\$ 19,148	\$
Reversions	2,268	2,268	.....
Fund Balances, July 1, 2002, restated	21,416	21,416	.....
REVENUES			
Direct revenues:			
Fees and charges	.....	24	24
Taxes	47,313	48,387	1,074
Miscellaneous	162	49	(113)
Interest	599	997	398
Grants	4,996	6,415	1,419
Refunds	141	194	53
Other	12	101	89
Total Direct Revenues	53,223	56,167	2,944
TOTAL REVENUES	53,223	56,167	2,944
TOTAL AVAILABLE RESOURCES	74,639	77,583	2,944
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	7,386	6,311	1,075
Other personal services	188	141	47
Expenses	8,497	6,137	2,360
Operating capital outlay	422	155	267
Special categories	57,117	46,119	10,998
Data processing services	30	10	20
Total Operating Expenditures	73,640	58,873	14,767
Nonoperating expenditures:			
Refunds	22	22	.....
Other	1,787	1,787	.....
Total Nonoperating Expenditures	1,809	1,809	.....
TOTAL EXPENDITURES	75,449	60,682	14,767
FUND BALANCES, JUNE 30, 2003	\$ (810)	\$ 16,901	\$ 17,711

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 179	\$ 179	\$
Reversions	.....	.....	.....
Fund Balances, July 1, 2002, restated	179	179	.....
REVENUES			
Direct revenues:			
Grants	2,500	3,708	1,208
Total Direct Revenues	2,500	3,708	1,208
TOTAL REVENUES	2,500	3,708	1,208
TOTAL AVAILABLE RESOURCES	2,679	3,887	1,208
EXPENDITURES			
Operating expenditures:			
Special categories	3,040	3,040	.....
Total Operating Expenditures	3,040	3,040	.....
TOTAL EXPENDITURES	3,040	3,040	.....
FUND BALANCES, JUNE 30, 2003	\$ (361)	\$ 847	\$ 1,208

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2002	\$ 45,634	\$ 45,634	\$
Reversions	9,090	9,090	.....
Fund Balances, July 1, 2002, restated	54,724	54,724	.....
REVENUES			
Direct revenues:			
Interest	3,448	3,210	(238)
Other	45,894	45,894	.....
Total Direct Revenues	49,342	49,104	(238)
TOTAL REVENUES	49,342	49,104	(238)
TOTAL AVAILABLE RESOURCES	104,066	103,828	(238)
EXPENDITURES			
Operating expenditures:			
Expenses	639	233	406
Grants and aids	84,006	57,760	26,246
Total Operating Expenditures	84,645	57,993	26,652
Nonoperating expenditures:			
Transfers	20	20	.....
Total Nonoperating Expenditures	20	20	.....
TOTAL EXPENDITURES	84,665	58,013	26,652
FUND BALANCES, JUNE 30, 2003	\$ 19,401	\$ 45,815	\$ 26,414

Cape Canaveral Lighthouse



Photo courtesy of Florida State Archives

Located inside the Kennedy Space Center, the current Cape Canaveral Lighthouse is the second of two lighthouses built in the area. Only the brick foundation remains of the first lighthouse, which was built in 1848.

The current lighthouse was originally completed in 1868, but was moved to its present location in 1893. The tower is 145 feet high and is constructed of sheets of iron that have been bolted together. The interior of the tower has fourteen levels that were originally intended to serve as storage and housing for the lighthouse keeper. The exterior of the tower features wide bands that have been painted in alternating colors of black and white. The original first order Fresnel lens used at the Cape Canaveral Lighthouse was restored and is displayed at the Ponce de Leon Inlet Lighthouse Museum.

Because of its location in NASA's security zone, the Cape Canaveral Lighthouse is one of the most restricted lighthouses in the nation. The Cape Canaveral Lighthouse is not currently open to the public but can be observed on a bus tour of the Kennedy Space Center.

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.

JUVENILE JUSTICE

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

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.

VETERANS' AFFAIRS

This capital projects fund is administered by the Department of Veterans' Affairs.

SCHOOL FOR THE DEAF AND THE BLIND

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

OTHER

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

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2003
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Juvenile Justice	Health Services	Agriculture
ASSETS					
<u>Current assets</u>					
Pooled investments with State Treasury	\$	\$ 21,747	\$	\$ 653	\$ 102
Receivables, net	.....	123	.....	.....	.....
Due from other funds	27,909	6,700	.....	.....	.....
Total current assets	<u>27,909</u>	<u>28,570</u>	<u>.....</u>	<u>653</u>	<u>102</u>
<u>Noncurrent assets</u>					
Advances to other funds	.....	9,958	.....	.....	.....
Total noncurrent assets	.....	9,958	.....	.....	.....
Total assets	<u>\$ 27,909</u>	<u>\$ 38,528</u>	<u>\$</u>	<u>\$ 653</u>	<u>\$ 102</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 410	\$ 3,307	\$	\$	\$
Due to other funds	5	3	.....	.....	.....
Obligations under security lending agreements	.....	2,306	.....	.....	.....
Obligations under reverse repurchase agreements	.....	352	.....	.....	.....
Total current liabilities	<u>415</u>	<u>5,968</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total liabilities	<u>415</u>	<u>5,968</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
<u>Fund balances</u>					
Reserved for advances	.....	9,958	.....	.....	.....
Reserved for capital outlay	20,898	22,602	.....	653	.....
Unreserved	6,596	.....	.....	.....	102
Total fund balances	<u>27,494</u>	<u>32,560</u>	<u>.....</u>	<u>653</u>	<u>102</u>
Total liabilities and fund balances	<u>\$ 27,909</u>	<u>\$ 38,528</u>	<u>\$</u>	<u>\$ 653</u>	<u>\$ 102</u>

Veterans' Affairs	School for the Deaf and the Blind	Other	Totals 6/30/03
\$ 102	\$ 2,315	\$ 169	\$ 25,088
.....	.....	.....	123
.....	3,229	.....	37,838
<u>102</u>	<u>5,544</u>	<u>169</u>	<u>63,049</u>
.....	.....	.....	9,958
.....	.....	.....	9,958
<u>\$ 102</u>	<u>\$ 5,544</u>	<u>\$ 169</u>	<u>\$ 73,007</u>
\$	\$ 400	\$	\$ 4,117
.....	1	.....	9
.....	.....	5	2,311
.....	.....	1	353
.....	401	6	6,790
.....	401	6	6,790
.....	.....	.....	9,958
.....	5,143	.....	49,296
<u>102</u>	<u>.....</u>	<u>163</u>	<u>6,963</u>
<u>102</u>	<u>5,143</u>	<u>163</u>	<u>66,217</u>
<u>\$ 102</u>	<u>\$ 5,544</u>	<u>\$ 169</u>	<u>\$ 73,007</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)

	General Government	Right-of-Way and Bridge Construction	Juvenile Justice	Health Services	Agriculture
REVENUES					
Investment earnings	\$	\$ 4,450	\$	\$	\$
Total revenues	.....	4,450	.....	.....	.....
EXPENDITURES					
Current:					
General government	1,791	.....	.....	.....	.....
Education	.....	.....	.....	.....	.....
Human services	14,765	.....	.....	333	.....
Criminal justice and corrections	11,093	.....	.....	.....	.....
Natural resources and environment	257	.....	.....	.....	154
Capital outlay	18,876	134,200	2,037	244	1,259
Debt service:					
Interest and fiscal charges	.....	2	.....	.....	.....
Total expenditures	46,782	134,202	2,037	577	1,413
Excess (deficiency) of revenues over expenditures	(46,782)	(129,752)	(2,037)	(577)	(1,413)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	36,705	216,459	.....	33	1,414
Operating transfers out	(3,912)	(86,606)	(80)	.....	(328)
Total other financing sources (uses)	32,793	129,853	(80)	33	1,086
Net change in fund balances	(13,989)	101	(2,117)	(544)	(327)
Fund balances - beginning	41,483	32,459	2,117	1,197	429
Fund balances - ending	\$ 27,494	\$ 32,560	\$	\$ 653	\$ 102

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Veterans' Affairs	School for the Deaf and the Blind	Other	Totals 6/30/03
\$	\$	\$ 3	\$ 4,453
.....	.....	3	4,453
.....	.....	2,989	4,780
.....	1,709	.....	1,709
.....	.....	.....	15,098
.....	.....	.....	11,093
.....	.....	.....	411
129	8,227	.....	164,972
.....	.....	.....	2
129	9,936	2,989	198,065
(129)	(9,936)	(2,986)	(193,612)
.....	10,331	2,988	267,930
.....	(535)	.....	(91,461)
.....	9,796	2,988	176,469
(129)	(140)	2	(17,143)
231	5,283	161	83,360
\$ 102	\$ 5,143	\$ 163	\$ 66,217

Egmont Key Lighthouse

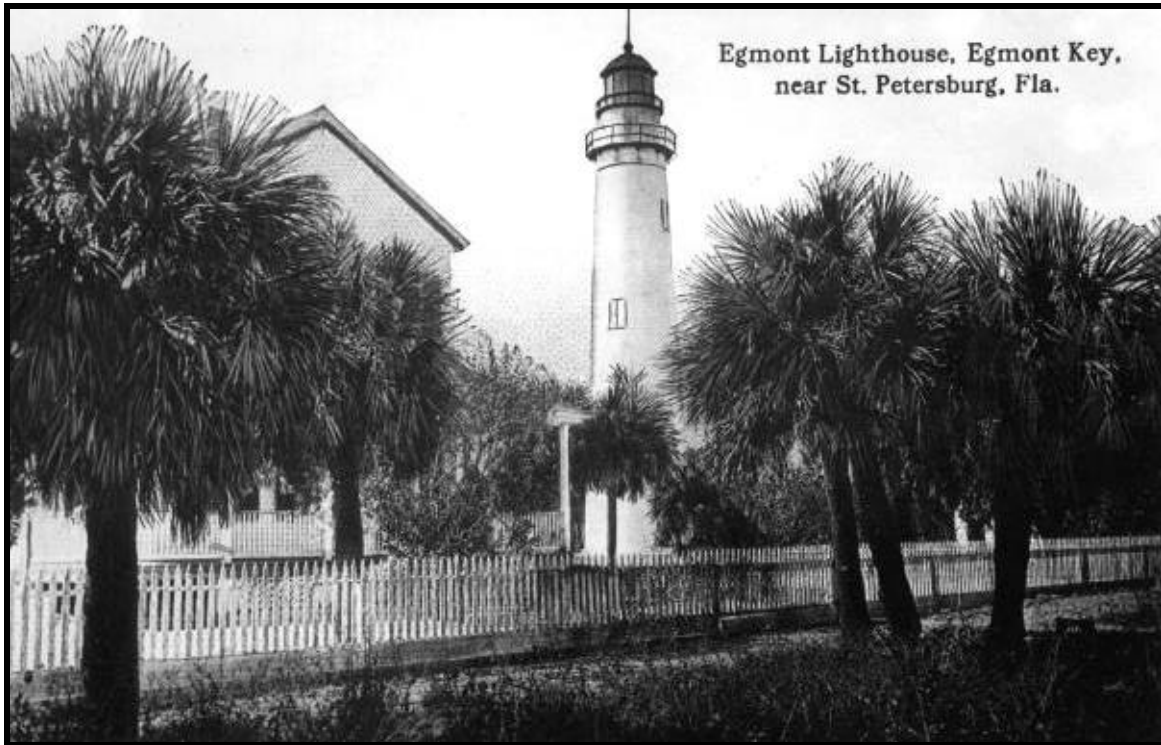


Photo courtesy of Florida State Archives

The Egmont Key Lighthouse marks the entrance to Tampa Bay and helps to guide ships into the Ports of Tampa and Saint Petersburg. When constructed and lit in May 1848 for \$10,000, it was the sole navigational light between Key West and Saint Marks.

In 1858, due to erosion and storm damage, the original lighthouse was rebuilt and was moved inland approximately 90 feet. The 76 foot tall white tower has a conical shape and is constructed of brick, concrete, and iron. The original light was a third order Fresnel lens that flashed every fifteen seconds. The top portion of the lighthouse was removed in 1944 and replaced with a more modern fixed white light that did not have to be enclosed. The lighthouse was automated in 1990, making this lighthouse one of the last lighthouses to be automated in the nation.

The lighthouse is located on Egmont Key, which is a National Wildlife Refuge, and remains in service today as a functioning navigational device. There are currently no tours of the lighthouse, but boat tours from the Egmont State Park to Egmont Key allow access to the lighthouse grounds.

NONMAJOR ENTERPRISE FUNDS

OTHER

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

Board of Professional Engineers for the purpose of providing administrative, investigative, and prosecutorial services as provided in Section 471.038, Florida Statutes.

FLORIDA ENGINEERS MANAGEMENT CORPORATION

This blended component unit was created for the benefit of the Department of Business and Professional Regulation and the

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2003
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/03
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	\$ 1,173	\$ 162	\$ 1,335
Pooled investments with State Treasury	218,988	.....	218,988
Receivables, net	2,271	.....	2,271
Due from other funds	1,586	.....	1,586
Due from component units/primary	61	.....	61
Inventories	1	.....	1
Other	.....	23	23
Total current assets	<u>224,080</u>	<u>185</u>	<u>224,265</u>
<u>Noncurrent assets</u>			
Capital assets			
Buildings, equipment, and other depreciable assets	24,292	416	24,708
Accumulated depreciation	(16,047)	(324)	(16,371)
Total noncurrent assets	<u>8,245</u>	<u>92</u>	<u>8,337</u>
Total assets	<u>232,325</u>	<u>277</u>	<u>232,602</u>
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable and accrued liabilities	5,260	73	5,333
Due to other funds	32,459	.....	32,459
Due to component units/primary	8	59	67
Compensated absences	2,535	.....	2,535
Installment purchases/capital leases	93	.....	93
Deposits	14,116	50	14,166
Obligations under security lending agreements	19,564	.....	19,564
Obligations under reverse repurchase agreements	2,986	.....	2,986
Total current liabilities	<u>77,021</u>	<u>182</u>	<u>77,203</u>
<u>Noncurrent liabilities</u>			
Installment purchases/capital leases	90	.....	90
Compensated absences	9,194	.....	9,194
Total noncurrent liabilities	<u>9,284</u>	<u>.....</u>	<u>9,284</u>
Total liabilities	<u>86,305</u>	<u>182</u>	<u>86,487</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,061	.....	8,061
Unrestricted	137,959	95	138,054
Total net assets	<u>\$ 146,020</u>	<u>\$ 95</u>	<u>\$ 146,115</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/03
OPERATING REVENUES			
Sales - nonstate	\$ 66,074	\$	\$ 66,074
Fees	226,254	1,813	228,067
Sales - state	474	.....	474
Rents - state	21	.....	21
Fines, forfeits and judgements	30,887	.....	30,887
Total operating revenues	323,710	1,813	325,523
OPERATING EXPENSES			
Contractual Services	25,315	518	25,833
Personal services	103,432	792	104,224
Depreciation	2,346	73	2,419
Materials and supplies	4,560	.....	4,560
Repairs and maintenance	103	.....	103
Basic services	17,682	494	18,176
Interest and fiscal charges	217	.....	217
Total operating expenses	153,655	1,877	155,532
Operating income (loss)	170,055	(64)	169,991
NONOPERATING REVENUES (EXPENSES)			
Grants and donations	10	.....	10
Investment earnings	10,797	.....	10,797
Interest and fiscal charges	(150)	.....	(150)
Property disposition gain (loss)	(367)	(8)	(375)
Grant expense and client benefits	(923)	.....	(923)
Total nonoperating revenues (expenses)	9,367	(8)	9,359
Income (loss) before transfers and contributions	179,422	(72)	179,350
Operating transfers in	3,410	.....	3,410
Operating transfers out	(196,974)	.....	(196,974)
Capital contributions	592	.....	592
Change in net assets	(13,550)	(72)	(13,622)
Total net assets - beginning	156,495	167	156,662
Adjustments to increase (decrease) beginning net assets (Note 13)	3,075	.....	3,075
Total net assets - beginning, as restated	159,570	167	159,737
Total net assets - ending	\$ 146,020	\$ 95	\$ 146,115

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/03
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 325,527	\$ 1,924	\$ 327,451
Paid to vendors	(57,597)	(1,081)	(58,678)
Paid to employees	(97,764)	(770)	(98,534)
Paid for grants made	(1,031)	.....	(1,031)
Unemployment benefits	(63)	.....	(63)
Net cash provided by operating activities	169,072	73	169,145
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(202,730)	.....	(202,730)
Cash received from non-capital grants or donations	10	.....	10
Net cash (used) by noncapital financing activities	(202,720)	.....	(202,720)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of principal installment purchase/capital lease	(89)	.....	(89)
Payment of interest on bonds/installment purchase/capital lease	(11)	.....	(11)
Purchase or construction of capital assets	(2,588)	(12)	(2,600)
Net cash (used) by capital and related financing activities	(2,688)	(12)	(2,700)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	7,326	.....	7,326
Proceeds from the sale or maturity of investments	166	.....	166
Investment earnings	10,783	.....	10,783
Net cash provided by investing activities	18,275	.....	18,275
Net increase in cash and cash equivalents	(18,061)	61	(18,000)
Cash and cash equivalents - beginning	238,222	101	\$ 238,323
Cash and cash equivalents - ending	\$ 220,161	\$ 162	\$ 220,323

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

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

	<u>Other</u>	<u>FL Engineers Management Corp</u>	<u>Totals 6/30/03</u>
Operating income (loss)	\$ 170,055	\$ (64)	\$ 169,991
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	2,346	73	2,419
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(977)	.....	(977)
(Increase) decrease in due from other funds	(1,347)	.....	(1,347)
Increase (decrease) in allowance for uncollectibles	557	.....	557
(Increase) decrease in inventories	1	13	14
Increase (decrease) in accounts payable	511	13	524
Increase (decrease) in compensated absences	(233)	.....	(233)
Increase (decrease) in due to other funds	(1,898)	(12)	(1,910)
Increase (decrease) in deferred revenues	57	50	107
Net cash provided by operating activities	<u>\$ 169,072</u>	<u>\$ 73</u>	<u>\$ 169,145</u>

Noncash investing, capital, and financing activities

Net property transfers in (out)	\$ 125	\$ 125
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Key West Lighthouse



Photo courtesy of Florida State Archives

The original Key West Lighthouse, built in 1825 near the island's coastline on Whitehead Point, stood 65 feet tall and was first lit in 1825. A hurricane destroyed the tower in 1846 and a new lighthouse was constructed further inland to protect it from storms.

The Key West Lighthouse has a distinctive black lantern atop a white-washed conical brick tower. First lit on January 15, 1848, the structure was increased to 86 feet in 1894 and is the fifteenth oldest surviving lighthouse in the nation. In 1927, the lamp was converted from acetylene gas to electricity.

The Coast Guard deactivated the lighthouse as a navigational aid in 1969. In 1972 the Key West Art and Historical Society leased the building and, following the addition of safety features, opened it to the public in 1989. Restoration of the Keeper's quarters was completed in 1990. The Key West Lighthouse, museum, and gift shop are currently open to the public.

INTERNAL SERVICE FUNDS

DATA CENTERS

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

COMMUNICATIONS AND FACILITIES

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

OTHER

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

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2003
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/03
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 9	\$ 12,290	\$ 1	\$ 12,300
Pooled investments with State Treasury	18,273	43,699	3,874	65,846
Investments	.....	48,148	.....	48,148
Receivables, net	1,064	4,613	584	6,261
Due from other funds	17,806	11,739	2,593	32,138
Due from component units/primary	1	1,851	300	2,152
Inventories	.....	97	4	101
Other	5	.....	.....	5
Total current assets	<u>37,158</u>	<u>122,437</u>	<u>7,356</u>	<u>166,951</u>
<u>Noncurrent assets</u>				
Capital assets				
Land and other nondepreciable assets	.....	373	.....	373
Buildings, equipment, and other depreciable assets	108,217	816,788	6,559	931,564
Accumulated depreciation	(77,128)	(205,086)	(3,973)	(286,187)
Total noncurrent assets	<u>31,089</u>	<u>612,075</u>	<u>2,586</u>	<u>645,750</u>
Total assets	<u>68,247</u>	<u>734,512</u>	<u>9,942</u>	<u>812,701</u>
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	10,620	19,511	1,403	31,534
Due to other funds	690	191	1,951	2,832
Compensated absences	948	445	494	1,887
Installment purchases/capital leases	3,129	1,650	.....	4,779
Bonds payable	.....	15,075	.....	15,075
Deposits	.....	1,886	426	2,312
Obligations under security lending agreements	1,386	5,341	206	6,933
Obligations under reverse repurchase agreements	212	815	31	1,058
Certificates of participation payable	.....	5,315	.....	5,315
Total current liabilities	<u>16,985</u>	<u>50,229</u>	<u>4,511</u>	<u>71,725</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	1,478	525	800	2,803
Due to other governments	.....	484	.....	484
Bonds payable	.....	362,959	.....	362,959
Certificates of participation payable	.....	90,694	.....	90,694
Installment purchases/capital leases	4,577	31,320	.....	35,897
Compensated absences	4,843	2,318	2,220	9,381
Total noncurrent liabilities	<u>10,898</u>	<u>488,300</u>	<u>3,020</u>	<u>502,218</u>
Total liabilities	<u>27,883</u>	<u>538,529</u>	<u>7,531</u>	<u>573,943</u>
NET ASSETS				
Invested in capital assets, net of related debt	22,414	104,690	2,586	129,690
Restricted - other	.....	1,934	.....	1,934
Unrestricted	17,950	89,359	(175)	107,134
Total net assets	<u>\$ 40,364</u>	<u>\$ 195,983</u>	<u>\$ 2,411</u>	<u>\$ 238,758</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/03
OPERATING REVENUES				
Sales - nonstate	\$	\$ 44,227	\$ 2,499	\$ 46,726
Sales - state	170,961	95,562	48,345	314,868
Rents and royalties - nonstate	.....	26	.....	26
Rents - state	.....	84,405	.....	84,405
Total operating revenues	170,961	224,220	50,844	446,025
OPERATING EXPENSES				
Contractual Services	79,189	148,907	5,062	233,158
Personal services	43,749	18,827	36,684	99,260
Depreciation	14,143	18,687	579	33,409
Materials and supplies	13,144	1,385	2,166	16,695
Repairs and maintenance	3,705	11,639	978	16,322
Basic services	4,389	.....	3,073	7,462
Interest and fiscal charges	21	.....	.....	21
Total operating expenses	158,340	199,445	48,542	406,327
Operating income (loss)	12,621	24,775	2,302	39,698
NONOPERATING REVENUES/(EXPENSES)				
Grants and donations	.....	.....	13	13
Investment earnings	639	4,866	149	5,654
Interest and fiscal charges	(463)	(21,436)	(2)	(21,901)
Property disposition gain (loss)	(3,395)	(651)	(374)	(4,420)
Total nonoperating revenues (expenses)	(3,219)	(17,221)	(214)	(20,654)
Income (loss) before transfers and contributions	9,402	7,554	2,088	19,044
Operating transfers in	6,353	7,946	1	14,300
Operating transfers out	(4,585)	(12,620)	(1,083)	(18,288)
Capital contributions	443	127	270	840
Change in net assets	11,613	3,007	1,276	15,896
Total net assets - beginning	51,536	196,702	1,135	249,373
Adjustments to increase (decrease) beginning net assets (Note 13)	(22,785)	(3,726)	.....	(26,511)
Total net assets - beginning, as restated	28,751	192,976	1,135	222,862
Total net assets - ending	\$ 40,364	\$ 195,983	\$ 2,411	\$ 238,758

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/03
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 160,468	\$ 272,016	\$ 50,183	\$ 482,667
Paid to vendors	(108,954)	(165,196)	(10,448)	(284,598)
Paid to employees	(45,229)	(20,242)	(39,198)	(104,669)
Net cash provided by operating activities	6,285	86,578	537	93,400
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out)	4,759	(64,101)	(1,113)	(60,455)
Net cash provided (used) by noncapital financing activities	4,759	(64,101)	(1,113)	(60,455)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash received from capital grants and donations	.....	.....	4	4
Payment of principal installment purchase/capital lease	(3,943)	(17,555)	.....	(21,498)
Payment of interest on bonds/installment purchase/capital lease	(485)	(10,515)	.....	(11,000)
Purchase or construction of capital assets	(7,076)	(1,717)	(496)	(9,289)
Net cash (used) by capital and related financing activities	(11,504)	(29,787)	(492)	(41,783)
CASH FLOWS FROM INVESTING ACTIVITIES				
Security lending	881	(670)	105	316
Proceeds from the sale or maturity of investments	.....	.....	30	30
Investment earnings	644	4,343	142	5,129
Purchase of investments	.....	(4,050)	.....	(4,050)
Net cash provided by investing activities	1,525	(377)	277	1,425
Net increase (decrease) in cash and cash equivalents	1,065	(7,687)	(791)	(7,413)
Cash and cash equivalents - beginning	17,217	63,676	4,666	85,559
Cash and cash equivalents - ending	\$ 18,282	\$ 55,989	\$ 3,875	\$ 78,146

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

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

	Data Centers	Communications and Facilities	Other	Totals 6/30/03
Operating income (loss)	\$ 12,621	\$ 24,775	\$ 2,302	\$ 39,698
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	14,143	18,687	579	33,409
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(13,608)	27,913	267	14,572
(Increase) decrease in due from other funds	16,325	(300)	(535)	15,490
(Increase) decrease in inventories	19	93	15	127
Increase (decrease) in accounts payable	(21,128)	18,315	297	(2,516)
Increase (decrease) in compensated absences	57	(193)	(2,611)	(2,747)
Increase (decrease) in due to other funds	(1,644)	(43)	650	(1,037)
Increase (decrease) in deferred revenues	(500)	(2,669)	(427)	(3,596)
Net cash provided by operating activities	<u>\$ 6,285</u>	<u>\$ 86,578</u>	<u>\$ 537</u>	<u>\$ 93,400</u>

Noncash investing, capital, and financing activities

Net property transfers in (out)	\$ 739	\$ 100	\$ (124)	\$ 715
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Pensacola Lighthouse



Photo courtesy of Florida State Archives

In March 1823, with the condition that Florida was ceded from Spain to the United States, Congress authorized the construction of a lighthouse at the entrance to the Pensacola Bay. The original tower was 30 feet tall and was the fourth lighthouse built in Florida. The lighthouse was first lit on December 20, 1826, but complaints about the inferior construction of the original lighthouse and obstruction of the beam by nearby trees prompted the commission of a second lighthouse in 1854. A new lighthouse was constructed 1,600 feet west of the original site and was activated on January 1, 1859.

Standing 160 feet tall and made of brick, granite, and iron, it has the distinction of being the fourth tallest brick lighthouse in the nation. The Pensacola light was originally designed to rotate using a mechanism similar to that of a clock with a pendulum. In 1939, the lighthouse was equipped with electricity and remained in operation until September 8, 1965. The lighthouse is currently open for tours and several artifacts are on display in a nearby museum.

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.

FLORIDA 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.

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.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2003
(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	FL Prepaid College Program
ASSETS				
Cash and cash equivalents	\$ 404	\$	\$	\$ 3,142
Pooled investments with State Treasury	597,262	7,195	66,077	.....
Total cash and cash equivalents	<u>597,666</u>	<u>7,195</u>	<u>66,077</u>	<u>3,142</u>
<u>Investments</u>				
Certificates of deposit	1,678	.....	.....	.....
U.S. government & federally guaranteed obligations	105	.....	.....	2,310,970
Federal agencies	.....	.....	.....	607,126
Commercial paper	.....	.....	.....	140,637
Repurchase agreements	.....	.....	.....	64,540
Bonds and notes	1,375	.....	.....	698,537
Money market and mutual fund investments	.....	5,809	.....	170,065
Domestic equity	41	5,292	.....	192,724
Total investments	<u>3,199</u>	<u>11,101</u>	<u>.....</u>	<u>4,184,599</u>
<u>Receivables</u>				
Accounts receivable	15,804	6	215	6,487
Interest receivable	6,236	.....	219	13,602
Dividends receivable	.....	.....	.....	237
Pending investment sales	.....	.....	.....	15,280
Due from state funds	.....	1	8	.....
Due from other governments	.....	.....	10,191	.....
Total receivables	<u>22,040</u>	<u>7</u>	<u>10,633</u>	<u>35,606</u>
Security lending collateral	.....	.....	.....	1,233,085
Advances to other funds	.....	160,990	.....	.....
Tuition and housing receivable	.....	.....	.....	1,282,438
Capital assets	.....	537	67	79
Accumulated depreciation	.....	(324)	(52)	(72)
Other assets	227,236	.....	.....	.....
Total assets	<u>850,141</u>	<u>179,506</u>	<u>76,725</u>	<u>6,738,877</u>
LIABILITIES				
Accounts payable	115,750	11,122	2,126	7,688
Pending investment purchases	831	.....	.....	205,293
Broker rebate fees	.....	.....	.....	1,094
Due to other funds	55	1	2,514	.....
Due to other governments	.....	.....	2,526	.....
Obligations under security lending agreements	140,440	.....	7,511	1,233,085
Obligations under reverse repurchase agreements	21,434	.....	1,146	.....
Claims payable	370,447	.....	.....	.....
Deposits payable	139,144	.....	.....	3,039
Compensated absences liability	.....	228	.....	175
Unclaimed property payable	.....	168,033	.....	.....
Tuition and housing benefits payable	.....	.....	.....	5,104,986
Total liabilities	<u>788,101</u>	<u>179,384</u>	<u>15,823</u>	<u>6,555,360</u>
NET ASSETS				
Held in trust for individuals, organizations, and other governments	<u>\$ 62,040</u>	<u>\$ 122</u>	<u>\$ 60,902</u>	<u>\$ 183,517</u>

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Other	Totals 6/30/03
\$ 668	\$ 3,546 671,202
668	674,748
.....	1,678
.....	2,311,075
.....	607,126
.....	140,637
.....	64,540
.....	699,912
.....	175,874
.....	198,057
.....	4,198,899
.....	22,512
.....	20,057
.....	237
.....	15,280
.....	9
.....	10,191
.....	68,286
.....	1,233,085
.....	160,990
.....	1,282,438
38	721
.....	(448)
.....	227,236
706	7,845,955
.....	136,686
.....	206,124
.....	1,094
31	2,601
.....	2,526
.....	1,381,036
.....	22,580
.....	370,447
632	142,815
.....	403
.....	168,033
.....	5,104,986
663	7,539,331
\$ 43	\$ 306,624

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	FL Prepaid College Program
ADDITIONS				
<u>Contributions and other deposits</u>				
Tuition and housing contract sales	\$	\$	\$	\$ 976,827
Fees	52,394	85,774	25	10,206
Grants and contributions	.....	.....	111,858	12,970
Transfers in from state funds	4	12,668	91	.....
Total contributions and other deposits	<u>52,398</u>	<u>98,442</u>	<u>111,974</u>	<u>1,000,003</u>
<u>Investment income</u>				
Interest income	52,829	.....	4,820	67,658
Dividends	.....	.....	.....	3,428
Net increase/(decrease) in fair market value	.....	.....	.....	428,628
Total investment income	<u>52,829</u>	<u>.....</u>	<u>4,820</u>	<u>499,714</u>
Investment activity expense	(781)	.....	.....	(1,952)
Net income (loss) from investing activity	<u>52,048</u>	<u>.....</u>	<u>4,820</u>	<u>497,762</u>
<u>Security lending activity</u>				
Security lending income	.....	.....	.....	17,982
Security lending expense	.....	.....	.....	(15,744)
Net income from security lending	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>2,238</u>
Total net investment income (loss)	<u>52,048</u>	<u>.....</u>	<u>4,820</u>	<u>500,000</u>
Other additions	.....	77	706	137
Total additions	<u>104,446</u>	<u>98,519</u>	<u>117,500</u>	<u>1,500,140</u>
DEDUCTIONS				
Tuition and housing payments	.....	.....	.....	1,640,379
Interest expense	46,111	.....	74	.....
Student loan default payments	.....	.....	107,090	.....
Administrative expense	17	2,696	4	12,005
Prepaid participant refunds	.....	.....	.....	43,810
Transfers out to state funds	210	95,223	12,495	137
Other deductions	78	835	8	127
Total deductions	<u>46,416</u>	<u>98,754</u>	<u>119,671</u>	<u>1,696,458</u>
Change in net assets	<u>58,030</u>	<u>(235)</u>	<u>(2,171)</u>	<u>(196,318)</u>
Net assets - beginning	5,151	357	63,073	379,835
Adjustments to increase (decrease) beginning net assets (Note 13)	<u>(1,141)</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Net assets - beginning, as restated	<u>4,010</u>	<u>357</u>	<u>63,073</u>	<u>379,835</u>
Net assets - ending	<u>\$ 62,040</u>	<u>\$ 122</u>	<u>\$ 60,902</u>	<u>\$ 183,517</u>

Other	Totals 6/30/03
\$	\$ 976,827
.....	148,399
125	124,953
.....	12,763
<u>125</u>	<u>1,262,942</u>
.....	125,307
.....	3,428
.....	428,628
.....	557,363
.....	(2,733)
.....	554,630
.....	17,982
.....	(15,744)
.....	2,238
.....	556,868
.....	920
<u>125</u>	<u>1,820,730</u>
.....	1,640,379
.....	46,185
.....	107,090
.....	14,722
.....	43,810
.....	108,065
83	1,131
<u>83</u>	<u>1,961,382</u>
42	(140,652)
1	448,417
.....	(1,141)
<u>1</u>	<u>447,276</u>
<u>\$ 43</u>	<u>\$ 306,624</u>

Ponce de Leon Inlet Lighthouse



Photo courtesy of Florida State Archives

The first lighthouse, built in 1835, was destroyed by a severe storm. In 1887, a taller tower was completed and housed a first order fixed Fresnel lens that could be seen from 20 miles. Reaching a height of 175 feet, the Ponce de Leon Lighthouse is the second tallest lighthouse in the nation. The tower is constructed of red painted brick that was shipped from Baltimore.

Originally named Mosquito Inlet Lighthouse, the named was changed to the Ponce de Leon Inlet Lighthouse in 1927. During the same period, electricity was provided to the lighthouse and a generator was installed to provide power to the surrounding buildings.

The Lighthouse was completely automated in 1953. The Coast Guard abandoned the lighthouse in 1970 when a new station was established on the south side of the Inlet.

In 1972, the lighthouse was listed on the National Register of Historic Places and the Ponce de Leon Inlet Lighthouse Preservation Association was founded to preserve and maintain the lighthouse. The Lighthouse is currently open to the public and features a lighthouse museum within the Keeper's dwellings, a lens exhibit, and oil storage building.

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.

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**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2003
(in thousands)**

	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Deferred Compensation Plan	Employee Health, Life and Disability Plans
ASSETS				
Cash and cash equivalents	\$ 44,348	\$ 1	\$ 32,934	\$ 12,973
Pooled investments with State Treasury	34,304	4,016	171	147,248
Total cash and cash equivalents	78,652	4,017	33,105	160,221
<u>Investments</u>				
U.S. government & federally guaranteed obligations	5,000,196	543	.....	.....
Federal agencies	5,682,417	2,640	.....	.....
Commercial paper	1,363,039	3,718	.....	.....
Repurchase agreements	1,022,443	7,766	.....	.....
Bonds and notes	9,713,713	109	.....	.....
International bonds and notes	287,910	.....	.....	.....
Real estate contracts	3,353,677	.....	.....	.....
Money market and mutual fund investments	.....	331,021	.....	.....
Short term investments	1,385,353	.....	.....	.....
Domestic equity	49,139,332	2,305	.....	.....
Limited partnerships	2,565,542	.....	.....	.....
Equity group trust	11,763	.....	.....	.....
International equity	11,756,372	.....	.....	.....
Deferred compensation contracts	.....	.....	1,394,390	.....
Total investments	91,281,757	348,102	1,394,390	.....
<u>Receivables</u>				
Accounts receivable	27,810	2,218	.....	3,670
Pension contributions	27	.....	.....	.....
State contributions receivable	97	.....	.....	.....
Nonstate contributions receivable	93,330	.....	.....	.....
Interest receivable	263,450	9	1	571
Dividends receivable	73,138	93	.....	.....
Pending investment sales	1,600,383	.....	.....	.....
Forward contracts	175,770	.....	.....	.....
Due from state funds	7	9,816	.....	11
Total receivables	2,234,012	12,136	1	4,252
Security lending collateral	9,140,400	.....	.....	.....
Capital assets	4,234	883	.....	947
Accumulated depreciation	(3,138)	(381)	.....	(831)
Total assets	102,735,917	364,757	1,427,496	164,589
LIABILITIES				
Accounts payable	42,744	7,622	.....	4,206
DROP	2,161,750	.....	.....	.....
Pending investment purchases	2,801,753	.....	.....	.....
Forward contracts payable	172,170	.....	.....	.....
Broker rebate fees	4,927	.....	.....	.....
Due to other funds	17,201	7	.....	171
Obligations under security lending agreements	9,141,956	150	23	18,322
Obligations under reverse repurchase agreements	11	23	4	2,796
Claims payable	.....	.....	.....	65,385
Deposits payable	.....	.....	.....	85,424
Compensated absences liability	920	189	.....	679
Total liabilities	14,343,432	7,991	27	176,983
NET ASSETS				
Held in trust for pension benefits and other purposes	\$ 88,392,485	\$ 356,766	\$ 1,427,469	\$ (12,394)

Retiree Health Insurance Subsidy	Totals 6/30/03
\$ 360	\$ 90,616
7	185,746
<u>367</u>	<u>276,362</u>
16,702	5,017,441
35,318	5,720,375
22,800	1,389,557
22,568	1,052,777
.....	9,713,822
10,315	298,225
.....	3,353,677
.....	331,021
.....	1,385,353
.....	49,141,637
.....	2,565,542
.....	11,763
.....	11,756,372
.....	1,394,390
<u>107,703</u>	<u>93,131,952</u>
.....	33,698
30	57
3	100
21,140	114,470
124	264,155
.....	73,231
.....	1,600,383
.....	175,770
4,726	14,560
<u>26,023</u>	<u>2,276,424</u>
.....	9,140,400
.....	6,064
.....	(4,350)
<u>134,093</u>	<u>104,826,852</u>
5	54,577
.....	2,161,750
.....	2,801,753
.....	172,170
.....	4,927
5	17,384
.....	9,160,451
.....	2,834
.....	65,385
.....	85,424
.....	1,788
<u>10</u>	<u>14,528,443</u>
<u>\$ 134,083</u>	<u>\$ 90,298,409</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Deferred Compensation Plan	Employee Health, Life and Disability Plans
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$ 372,248	\$ 87,438	\$	\$
Pension fund contributions - nonstate	1,458,765	183	.....	.....
Employer/employee contributions	27	.....	.....	1,009,153
Purchase of time by employees	1,045	46,256	.....	.....
Fees	.....	.....	.....	1,000
Flexible benefit contributions	.....	.....	129,782	.....
Transfers in from state funds	19,172	394,822	.....	165
Total contributions and other deposits	1,851,257	528,699	129,782	1,010,318
<u>Investment income</u>				
Interest income	1,506,649	292	26	12,127
Dividends	861,142	1,299	.....	.....
Other investment income	.....	8	.....	.....
Net increase/(decrease) in fair market value	471,214	25,193	.....	.....
Total investment income	2,839,005	26,792	26	12,127
Investment activity expense	(130,455)	(1,356)	.....	(94,209)
Net income (loss) from investing activity	2,708,550	25,436	26	(82,082)
<u>Security lending activity</u>				
Security lending income	157,928	.....	.....	.....
Security lending expense	(123,300)	.....	.....	.....
Net income from security lending	34,628	.....	.....	.....
Total net investment income (loss)	2,743,178	25,436	26	(82,082)
Other additions	3	2	.....	.....
Total additions	4,594,438	554,137	129,808	928,236
DEDUCTIONS				
Benefit payments	3,909,557	39,594	136,292	.....
Insurance claims expense	.....	.....	.....	583,375
HMO payments	.....	.....	.....	343,063
Remittances to annuity companies	.....	132,482	.....	.....
Interest expense	367	.....	.....	.....
Administrative expense	24,564	26,077	29	51,514
Program contribution refunds	3,455	.....	.....	.....
Property disposition gain (loss)	996	1	.....	.....
Transfers out to state funds	395,473	9,673	.....	917
Other deductions	23,951	.....	.....	52
Total deductions	4,358,363	207,827	136,321	978,921
Change in net assets	236,075	346,310	(6,513)	(50,685)
Net assets - beginning	88,156,410	10,456	1,433,982	38,291
Net assets - ending	\$ 88,392,485	\$ 356,766	\$ 1,427,469	\$ (12,394)

Retiree Health Insurance Subsidy	Totals 6/30/03
\$ 59,538	\$ 519,224
200,114	1,659,062
.....	1,009,180
.....	47,301
.....	1,000
.....	129,782
.....	414,159
<u>259,652</u>	<u>3,779,708</u>
1,817	1,520,911
.....	862,441
.....	8
164	496,571
<u>1,981</u>	<u>2,879,931</u>
.....	(226,020)
<u>1,981</u>	<u>2,653,911</u>
.....	157,928
.....	(123,300)
.....	34,628
<u>1,981</u>	<u>2,688,539</u>
.....	5
<u>261,633</u>	<u>6,468,252</u>
228,773	4,314,216
.....	583,375
.....	343,063
.....	132,482
.....	367
60	102,244
.....	3,455
.....	997
.....	406,063
.....	24,003
<u>228,833</u>	<u>5,910,265</u>
32,800	557,987
<u>101,283</u>	<u>89,740,422</u>
<u>\$ 134,083</u>	<u>\$ 90,298,409</u>

Sand Key Lighthouse



Photo courtesy of Florida State Archives

The Sand Key Lighthouse is located seven miles southwest of Key West to assist in the navigation of the waters off the southern tip of the Florida Keys.

The first lighthouse, built in 1827 for \$13,500, was a 60-foot brick tower. In October 1848, a hurricane washed away the island, destroying the tower and all of the surrounding buildings. George Meade, later a Union general, completed construction of a second lighthouse in 1853. The new structure was built with an external iron skeleton using screw piles to increase the stability of the lighthouse tower. The 132 foot high tower was first lit on July 20, 1853.

The Sand Key Lighthouse was converted to gas and unmanned in 1932. During the 1950's, the lighthouse was converted from gas to electricity. The second lighthouse has withstood several hurricanes, but a fire in 1989 prompted its restoration.

Sand Key Lighthouse remains an active navigational aid and is accessible only by boat. The lighthouse is not currently open for public tours.

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.

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.

OTHER

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

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COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2003
(in thousands)

	Treasury Investment Administration	Tax Distribution and Administration	School for the Deaf and the Blind	State Board of Administration	Other	Totals 6/30/03
ASSETS						
Cash and cash equivalents	\$	\$	\$ 52	\$ 253	\$ 29,765	\$ 30,070
Pooled investments with State Treasury	3,690,132	502,813	.....	152,897	220,385	4,566,227
Total cash and cash equivalents	3,690,132	502,813	52	153,150	250,150	4,596,297
<u>Investments</u>						
U.S. government & federally guaranteed obligations	.....	.....	.....	2,160,886	.....	2,160,886
Federal agencies	.....	.....	.....	239,796	.....	239,796
Commercial paper	.....	.....	.....	250,994	.....	250,994
Repurchase agreements	.....	.....	.....	17,942	.....	17,942
Bonds and notes	.....	.....	.....	85,002	.....	85,002
Total investments	.....	.....	.....	2,754,620	.....	2,754,620
<u>Receivables</u>						
Accounts receivable	.....	226,498	.....	.....	2,323	228,821
Interest receivable	318	.....	.....	20,986	432	21,736
Pending investment sales	.....	.....	.....	144	.....	144
Due from state funds	.....	23,326	.....	398,691	1,333	423,350
Due from other governments	2,384	.....	.....	.....	.....	2,384
Total receivables	2,702	249,824	.....	419,821	4,088	676,435
Security lending collateral	.....	.....	.....	173,472	.....	173,472
Total assets	\$ 3,692,834	\$ 752,637	\$ 52	\$ 3,501,063	\$ 254,238	\$ 8,200,824
LIABILITIES						
Accounts payable	\$ 13,693	\$ 249,523	\$ 52	\$ 5,862	\$ 111,817	\$ 380,947
Pending investment purchases	.....	.....	.....	541	.....	541
Broker rebate fees	.....	.....	.....	156	.....	156
Due to other funds	40	45,419	.....	614	4,465	50,538
Due to other governments	.....	456,200	.....	2,131	81,358	539,689
Due to component units	3,093,101	988	.....	560,276	.....	3,654,365
Obligations under security lending agreements	508,406	.....	.....	194,085	27,425	729,916
Obligations under reverse repurchase agreements	77,594	.....	.....	3,215	4,186	84,995
Deposits payable	.....	507	.....	2,734,183	24,987	2,759,677
Total liabilities	\$ 3,692,834	\$ 752,637	\$ 52	\$ 3,501,063	\$ 254,238	\$ 8,200,824

2003 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(in thousands)

	Balance 6/30/02	Additions	Deductions	Balance 6/30/03
<u>Treasury Investment Administration</u>				
ASSETS				
Pooled investments with State Treasury	\$ 2,276,638	\$ 3,454,696	\$ 2,041,202	\$ 3,690,132
Interest receivable	82	351	115	318
Due from other governments	.....	2,384	.....	2,384
Total assets	<u>\$ 2,276,720</u>	<u>\$ 3,455,047</u>	<u>\$ 2,041,317</u>	<u>\$ 3,692,834</u>
LIABILITIES				
Accounts payable	\$	\$ 13,693	\$	\$ 13,693
Due to other funds	7	47	14	40
Due to component units	1,936,466	1,205,719	49,084	3,093,101
Obligations under security lending agreements	340,247	459,101	290,942	508,406
Obligations under reverse repurchase agreements	.....	77,594	.....	77,594
Total liabilities	<u>\$ 2,276,720</u>	<u>\$ 1,756,154</u>	<u>\$ 340,040</u>	<u>\$ 3,692,834</u>
<u>Tax Distribution and Administration</u>				
ASSETS				
Pooled investments with State Treasury	\$ 365,834	\$ 7,160,001	\$ 7,023,022	\$ 502,813
Accounts receivable	699,365	.....	472,867	226,498
Due from state funds	116,144	93,536	186,354	23,326
Total assets	<u>\$ 1,181,343</u>	<u>\$ 7,253,537</u>	<u>\$ 7,682,243</u>	<u>\$ 752,637</u>
LIABILITIES				
Accounts payable	\$ 725,896	\$ 266,472	\$ 742,845	\$ 249,523
Due to other funds	23,501	138,221	116,303	45,419
Due to other governments	430,467	455,496	429,763	456,200
Due to component units	972	988	972	988
Deposits payable	507	.....	.....	507
Total liabilities	<u>\$ 1,181,343</u>	<u>\$ 861,177</u>	<u>\$ 1,289,883</u>	<u>\$ 752,637</u>
<u>School for the Deaf and the Blind</u>				
ASSETS				
Cash and cash equivalents	\$ 51	\$ 181	\$ 180	\$ 52
Total assets	<u>\$ 51</u>	<u>\$ 181</u>	<u>\$ 180</u>	<u>\$ 52</u>
LIABILITIES				
Accounts payable	\$ 51	\$ 181	\$ 180	\$ 52
Total liabilities	<u>\$ 51</u>	<u>\$ 181</u>	<u>\$ 180</u>	<u>\$ 52</u>
<u>State Board of Administration</u>				
ASSETS				
Cash and cash equivalents	\$ 14,037	\$ 18,236,782	\$ 18,250,566	\$ 253
Pooled investments with State Treasury	.....	152,897	.....	152,897
Investments	3,617,343	13,066,809	13,929,532	2,754,620
Interest receivable	29,301	21,000	29,315	20,986
Pending investment sales	.....	144	.....	144
Due from state funds	110	398,692	111	398,691
Security lending collateral	236,984	.....	63,512	173,472
Total assets	<u>\$ 3,897,775</u>	<u>\$ 31,876,324</u>	<u>\$ 32,273,036</u>	<u>\$ 3,501,063</u>
LIABILITIES				
Accounts payable	\$ 11,675	\$ 72,156	\$ 77,969	\$ 5,862
Pending investment purchases	.....	541	.....	541
Broker rebate fees	181	156	181	156
Due to other funds	7,602	615	7,603	614
Due to other governments	3,244	25,541	26,654	2,131
Due to component units	789,901	2,023,811	2,253,436	560,276
Obligations under security lending agreements	237,765	194,086	237,766	194,085
Obligations under reverse repurchase agreements	.....	3,215	.....	3,215
Deposits payable	2,847,407	2,666,755	2,779,979	2,734,183
Total liabilities	<u>\$ 3,897,775</u>	<u>\$ 4,986,876</u>	<u>\$ 5,383,588</u>	<u>\$ 3,501,063</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**AGENCY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2003****(in thousands)**

<u>Other</u>	Balance 6/30/02	Additions	Deductions	Balance 6/30/03
ASSETS				
Cash and cash equivalents	\$ 25,170	\$ 121,902	\$ 117,307	\$ 29,765
Pooled investments with State Treasury	146,671	2,245,698	2,171,984	220,385
Accounts receivable	1,217	10,000	8,894	2,323
Interest receivable	388	510	466	432
Due from state funds	647	2,253	1,567	1,333
Total assets	<u>\$ 174,093</u>	<u>\$ 2,380,363</u>	<u>\$ 2,300,218</u>	<u>\$ 254,238</u>
LIABILITIES				
Accounts payable	\$ 18,796	\$ 2,386,278	\$ 2,293,257	\$ 111,817
Due to other funds	1,939	4,785	2,259	\$ 4,465
Due to other governments	107,901	2,002	28,545	81,358
Obligations under security lending agreements	22,952	10,495	6,022	27,425
Obligations under reverse repurchase agreements	.....	4,186	.....	4,186
Deposits payable	22,505	23,102	20,620	24,987
Total liabilities	<u>\$ 174,093</u>	<u>\$ 2,430,848</u>	<u>\$ 2,350,703</u>	<u>\$ 254,238</u>
Totals - All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 39,258	\$ 18,358,865	\$ 18,368,053	\$ 30,070
Pooled investments with State Treasury	2,789,143	13,013,292	11,236,208	4,566,227
Investments	3,617,343	13,066,809	13,929,532	2,754,620
Accounts receivable	700,582	10,000	481,761	228,821
Interest receivable	29,771	21,861	29,896	21,736
Pending investment sales	.....	144	.....	144
Due from state funds	116,901	494,481	188,032	423,350
Due from other governments	.....	2,384	.....	2,384
Security lending collateral	236,984	.....	63,512	173,472
Total assets	<u>\$ 7,529,982</u>	<u>\$ 44,967,836</u>	<u>\$ 44,296,994</u>	<u>\$ 8,200,824</u>
LIABILITIES				
Accounts payable	\$ 756,418	\$ 2,738,780	\$ 3,114,251	\$ 380,947
Pending investment purchases	.....	541	.....	541
Broker rebate fees	181	156	181	156
Due to other funds	33,049	143,668	126,179	50,538
Due to other governments	541,612	483,039	484,962	539,689
Due to component units	2,727,339	3,230,518	2,303,492	3,654,365
Obligations under security lending agreements	600,964	663,682	534,730	729,916
Obligations under reverse repurchase agreements	.....	84,995	.....	84,995
Deposits payable	2,870,419	2,689,857	2,800,599	2,759,677
Total liabilities	<u>\$ 7,529,982</u>	<u>\$ 10,035,236</u>	<u>\$ 9,364,394</u>	<u>\$ 8,200,824</u>

Saint Marks Lighthouse



Photo courtesy of Evelyn Rodriguez
Department of Financial Services

The Saint Marks Lighthouse is located on a peninsula at the mouth of the Saint Marks River in the Gulf of Mexico. The first Saint Marks Lighthouse, built in 1830, was constructed with hollow walls from the limestone ruins of Fort San Marcos de Apalache. The inferior construction caused the lighthouse to be rejected by the Lighthouse Board and the builders were charged with deliberate fraud against the United States government. The lighthouse was rebuilt and first lit in 1831.

After several years of hurricane damage, the lighthouse was moved further inland. The current 80-foot conical tower was built in 1842 of brick and iron. An attached Keeper's dwelling was added in 1871. The Saint Marks Lighthouse remains active and is maintained through the joint efforts of the United States Coast Guard and the Saint Marks National Wildlife Refuge. The grounds are open to the public and are accessible through Saint Marks National Wildlife Refuge.

References: The Florida Lighthouse Association, <http://www.floridalighthouses.org>;
Florida Lighthouse Page, Web Master: Neil Hurley, <http://users.erols.com/lthouse/home.htm>;
Florida Maritime Trail, Florida Division of Historical Resources, <http://dhr.dos.state.fl.us/maritime/lighthouses>

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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2003 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
JUNE 30, 2003
(in thousands)**

	Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/03
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 3,813	\$ 117,008	\$ 73,344	\$ 41,047	\$ 235,212
Pooled investments with State Treasury	76,983	465,318	264,924	60,911	868,136
Investments	258,183	29,661	357,656	15,170	660,670
Receivables, net	18,401	124,380	69,178	85,841	297,800
Due from component units/primary	4,149	355,325	304,702	12,442	676,618
Inventories	646	2,165	10,432	7,919	21,162
Other	438	1,867	14,652	1,824	18,781
Total current assets	362,613	1,095,724	1,094,888	225,154	2,778,379
<u>Noncurrent assets</u>					
Restricted cash and cash equivalents	.....	38,581	16,244	2,796	57,621
Restricted investments with State Treasury	.....	38,952	20,457	.....	59,409
Restricted investments	92,023	278,506	4,138	2,053	376,720
Long term investments	.....	144,411	383,366	395,847	923,624
Other loans and notes receivable, net	.....	18,949	6,695	746	26,390
Capital assets:					
Land and other non-depreciable assets	1,274,029	139,766	189,051	26,795	1,629,641
Buildings, equipment, and other depreciable assets	253,428	2,805,042	2,960,401	264,950	6,283,821
Accumulated depreciation	(89,966)	(962,401)	(1,123,897)	(116,609)	(2,292,873)
Construction work in progress	9,926	161,803	143,583	165,897	481,209
Total capital assets	1,447,417	2,144,210	2,169,138	341,033	6,101,798
Other	.....	24,380	.....	1,140	25,520
Total noncurrent assets	1,539,440	2,687,989	2,600,038	743,615	7,571,082
Total assets	1,902,053	3,783,713	3,694,926	968,769	10,349,461
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	36,437	90,669	126,670	382,053	635,829
Due to component units/primary	1,299	5,182	85,742	8,700	100,923
Compensated absences	1,147	4,620	21,037	250	27,054
Installment purchases/capital leases	5	4,168	2,690	8	6,871
Bonds payable	6,880	12,842	701	.....	20,423
Certificates of participation payable	.....	1,163	.....	.....	1,163
Deposits	.....	3,159	.....	100	3,259
Deferred revenue	39,417	108,230	29,812	29,780	207,239
Obligations under security lending agreements	.....	64,218	.....	74,149	138,367
Obligations under reverse purchase agreements	.....	7,947	.....	.....	7,947
Other	.....	5,282	22,238	2,995	30,515
Total current liabilities	85,185	307,480	288,890	498,035	1,179,590
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	50	.....	.....	50
Bonds payable	71,319	406,783	23,407	.....	501,509
Certificates of participation payable	.....	64,732	.....	.....	64,732
Installment purchases/capital leases	.....	68,010	15,230	10	83,250
Deferred revenue	.....	2,692	.....	.....	2,692
Compensated absences	9,614	89,559	117,627	54	216,854
Other	.....	52,789	62,792	7,438	123,019
Total noncurrent liabilities	80,933	684,615	219,056	7,502	992,106
Total liabilities	166,118	992,095	507,946	505,537	2,171,696
NET ASSETS					
Invested in capital assets, net of related debt	1,369,217	1,640,322	2,040,783	341,035	5,391,357
Restricted for:					
Debt service	13,303	1,078	1,833	.....	16,214
Other	116,518	124,889	.....	62,220	303,627
Permanent funds:					
Expendable	.....	344,197	660,731	.....	1,004,928
Nonexpendable	.....	411,240	338,582	2,878	752,700
Unrestricted (deficit)	236,897	269,892	145,051	57,099	708,939
Total net assets	\$ 1,735,935	\$ 2,791,618	\$ 3,186,980	\$ 463,232	\$ 8,177,765

2003 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Other Water Management Districts	\$ 248,719	\$ 8,111	\$ 86,494	\$ 78,394
Other State Universities	1,850,398	581,019	454,649	50,751
Community Colleges	2,035,072	437,871	201,297	376,144
Other Nonmajor Component Units	574,327	174,136	350,647	82,623
Total component units	\$ 4,708,516	\$ 1,201,137	\$ 1,093,087	\$ 587,912

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

2003 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets

Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/03
\$ (75,720)	\$	\$	\$	\$ (75,720)
.....	(763,979)	.....	.....	(763,979)
.....	.....	(1,019,760)	.....	(1,019,760)
.....	.....	.....	33,079	33,079
(75,720)	(763,979)	(1,019,760)	33,079	(1,826,380)
\$ 199,400	\$	\$	\$	\$ 199,400
9,783	39,793	29,519	13,852	92,947
1,122	.....	1,941	285	3,348
.....	886,090	1,089,353	29,277	2,004,720
.....	3,190	(217)	.....	2,973
.....	.....	.....	992	992
.....	.....	(517)	.....	(517)
1,465	5,779	23,035	2,204	32,483
211,770	934,852	1,143,114	46,610	2,336,346
136,050	170,873	123,354	79,689	509,966
1,602,625	2,638,738	3,080,230	404,738	7,726,331
(2,740)	(17,993)	(16,604)	(21,195)	(58,532)
\$ 1,735,935	\$ 2,791,618	\$ 3,186,980	\$ 463,232	\$ 8,177,765

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STATISTICAL AND ECONOMIC DATA

Revenues by Source - All Governmental Fund Types

For the Last Ten Fiscal Years

(in thousands)

<u>Source</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Taxes	\$ 16,950,102	\$ 18,189,386	\$ 19,477,977	\$ 20,177,324
Licenses and permits	755,732	785,524	826,009	836,415
Fees and charges	2,222,442	2,228,621	1,566,989	1,819,323
Grants and donations	6,878,455	7,560,806	9,216,221	8,935,592
Investment earnings	288,997	376,864	427,631	420,820
Fines, forfeits, settlements and judgments	181,103	137,715	133,553	171,104
Flexible benefits contributions	47,955	.....	.....	56,708
Refunds	407,672	573,595	453,455	503,094
Other	567	76	875	37,335
Total	<u>\$ 27,733,025</u>	<u>\$ 29,852,587</u>	<u>\$ 32,102,710</u>	<u>\$ 32,957,715</u>

Expenditures by Function - All Governmental Fund Types

For the Last Ten Fiscal Years

(in thousands)

<u>Function</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
General government	\$ 4,302,219	\$ 4,310,881	\$ 4,316,136	\$ 4,847,734
Education	7,557,352	8,086,313	8,216,522	8,147,709
Human services	8,991,154	10,305,558	11,473,863	11,037,467
Criminal justice and corrections	1,470,203	1,973,136	2,294,100	2,269,209
Natural resources and environment	1,097,543	1,099,101	1,055,370	1,055,428
Transportation	675,432	647,437	829,578	893,772
State courts	163,033	170,904	192,449	183,059
Capital outlay	1,936,916	2,431,916	2,317,256	2,262,697
Debt service	638,288	660,570	746,911	797,516
Total	<u>\$ 26,832,140</u>	<u>\$ 29,685,816</u>	<u>\$ 31,442,185</u>	<u>\$ 31,494,591</u>

* Note: Fiscal years 1994 - 2000 have been restated from prior years due to a change in functional classification for governmental expenditures.

Tax Revenues by Source - All Governmental Fund Types

For the Last Ten Fiscal Years

(in thousands)

<u>Tax Source</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Sales and use tax	\$ 10,073,654	\$ 11,102,171	\$ 12,016,938	\$ 12,113,145
Documentary stamp tax	775,662	699,745	791,342	864,216
Motor fuel tax	1,235,256	1,267,392	1,376,303	1,438,264
Communications service tax (1)	.....	.....	.....	.....
Corporate income tax	1,047,680	1,055,437	1,087,145	1,358,387
Intangible personal property tax	835,121	795,182	983,613	980,914
Insurance premium tax	322,023	352,940	402,561	417,775
Alcoholic beverage tax	551,654	525,692	542,207	553,919
Estate tax	359,321	436,902	450,500	568,875
Cigarette tax	432,868	469,779	429,193	431,221
Workers' compensation special disability tax	173,624	228,878	105,064	85,807
Hospital public assistance tax	214,512	239,651	248,433	253,725
Pollutant tax	196,268	197,202	200,052	213,843
Aviation fuel tax	50,527	51,104	63,106	55,766
Citrus excise tax	53,189	56,578	48,865	68,379
Solid minerals severance tax	48,270	55,571	45,695	64,680
Gross receipts utilities tax	449,107	511,858	546,856	585,466
Pari-mutuel wagering tax	98,669	90,594	85,097	64,835
Smokeless tobacco tax	.....	18,566	19,498	19,287
Oil and gas production tax	6,557	8,470	9,076	10,472
Utility regulatory tax (2)	23,813	24,144	25,400	27,173
Other	2,327	1,530	1,033	1,175
Total	<u>\$ 16,950,102</u>	<u>\$ 18,189,386</u>	<u>\$ 19,477,977</u>	<u>\$ 20,177,324</u>

(1) Effective in fiscal year ended June 30, 2002.

(2) No longer collected in governmental fund as of fiscal year ended June 30, 2002.

2003 STATE OF FLORIDA CAFR

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 21,895,836	\$ 23,023,672	\$ 24,111,360	\$ 24,672,588	\$ 25,430,688	\$ 26,383,810
908,028	892,812	964,842	1,072,897	1,119,032	1,150,823
2,582,493	2,278,355	2,092,697	2,051,850	1,916,809	1,938,438
8,933,147	9,827,951	10,492,022	12,056,577	13,456,767	15,246,839
589,347	351,026	559,638	849,832	495,127	1,052,603
338,908	182,965	826,426	923,570	978,728	721,984
56,505	58,630	62,230	62,881	.....	.....
537,394	459,341	560,451	648,819	.....	.....
7,860	5,921	369	93,292	2,461	2,435
\$ 35,849,518	\$ 37,080,673	\$ 39,670,035	\$ 42,432,306	\$ 43,399,612	\$ 46,496,932

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 5,025,083	\$ 5,403,482	\$ 5,329,404	4,960,492	\$ 5,726,035	\$ 5,967,332
8,796,753	9,754,933	10,450,798	11,398,475	14,462,838	14,556,332
11,338,746	11,912,576	13,062,077	14,904,923	14,957,079	16,616,067
2,455,275	2,560,501	2,704,713	2,866,308	2,946,024	2,977,748
1,053,812	1,064,071	1,001,294	1,215,071	1,574,462	1,764,731
892,787	818,548	904,117	994,832	1,167,957	2,280,017
211,054	228,585	238,893	278,505	277,232	274,951
2,694,903	2,320,142	2,855,857	2,988,018	3,327,986	2,515,501
904,607	1,032,219	1,128,248	1,298,710	1,294,047	1,380,408
\$ 33,373,020	\$ 35,095,057	\$ 37,675,401	\$ 40,905,334	\$ 45,733,660	\$ 48,333,087

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 13,349,272	\$ 13,980,931	\$ 15,157,048	\$ 15,780,333	\$ 15,594,659	\$ 15,567,953
1,005,378	1,212,421	1,181,198	1,327,349	1,590,981	2,005,168
1,484,631 (3)	1,517,873	1,627,777	1,719,239	1,769,257	1,854,207
.....	.....	.....	.....	779,167	1,230,132
1,395,566	1,466,550	1,396,150	1,360,833	1,210,346	1,228,130
1,164,297	1,225,302	993,949	729,514	737,776	820,212
426,511	403,881	420,000	445,119	504,422	624,369
566,277	576,629	574,969	545,826	546,579	560,174
563,665	689,771	765,227	785,083	745,080	558,419
444,838	428,733	419,117	419,260	420,093	416,309
71,716	76,695	96,533	110,574	291,301	335,908
272,722	269,400	277,309	209,084	269,232	306,727
215,992	228,528	231,065	235,889	234,474	243,178
50,278 (3)	71,695	69,110	75,342	48,690	55,299
65,026	54,114	64,831	60,246	54,133	48,300
61,269	64,517	53,017	40,406	43,468	41,365
638,077	647,015	674,966	735,332	526,586	424,146
63,526	54,727	51,135	31,286	31,753	29,234
21,001	20,632	21,864	23,529	23,599	25,153
6,539	3,974	6,705	8,179	5,057	5,326
27,890	29,053	28,239	29,599	.....	.....
1,365	1,230	1,151	566	4,035	4,101
\$ 21,895,836	\$ 23,023,671	\$ 24,111,360	\$ 24,672,588	\$ 25,430,688	\$ 26,383,810

(3) Restated allocation of aviation fuel tax.

2003 STATE OF FLORIDA CAFR

Operating History of Budget Stabilization Fund

- Actual (Budgetary Basis)

For the Last Ten Fiscal Years

(in thousands)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Fund balance, beginning	\$	\$	\$ 120,590	\$ 260,790	\$ 409,390	\$ 685,990	\$ 786,890	\$ 846,990	\$ 893,990	\$ 940,890
Total revenues	120,590	140,200	148,600	276,600	100,900	60,100	47,000	46,900	18,000
Total expenditures
Fund balance, ending	\$	\$ 120,590	\$ 260,790	\$ 409,390	\$ 685,990	\$ 786,890	\$ 846,990	\$ 893,990	\$ 940,890	\$ 958,890

Operating History of Working Capital Fund

- Actual (Budgetary Basis)

For the Last Ten Fiscal Years

(in thousands)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Fund balance, beginning	\$ 161,758	\$ 295,314	\$ 161,336	\$ 149,818	\$ 193,548	\$ 355,944	\$ 541,331	\$ 819,346	\$ 292,247	\$ 303,952
Reversions	.....	.....	.....	.....	.....	.....	51	204	.....	.....
Fund balance, beginning, restated	161,758	295,314	161,336	149,818	193,548	355,944	541,382	819,550	292,247	303,952
Total revenues	133,556	15,246	10,117	51,981	168,590	245,119	362,243	11,500	132,916	143,330
Total expenditures	.....	149,224	21,635	8,251	6,194	59,732	84,279	538,803	121,211	31,836
Fund balance, ending	\$ 295,314	\$ 161,336	\$ 149,818	\$ 193,548	\$ 355,944	\$ 541,331	\$ 819,346	\$ 292,247	\$ 303,952	\$ 415,446

**State of Florida
Population by Age**

<u>Age Group</u>	<u>2000 Census</u>	<u>Percent</u>	<u>2010 Projection</u>	<u>Percent</u>	<u>2020 Projection</u>	<u>Percent</u>
0 - 14	3,034,565	18.99	3,301,988	17.40	3,698,464	16.96
15 - 24	1,942,377	12.15	2,419,362	12.75	2,483,000	11.39
25 - 44	4,569,353	28.59	4,487,298	23.64	4,957,284	22.73
45 - 64	3,628,494	22.70	5,279,732	27.82	5,735,397	26.30
65 and Over	2,807,598	17.57	3,490,286	18.39	4,933,047	22.62
Total	15,982,387	100.00	18,978,666	100.00	21,807,192	100.00

Source: Demographic Estimating Conference Database, updated June 2002. Year 2000 Census data incorporates adjustments for age misreporting provided by the U.S. Bureau of the Census.

**Economic Indicators
For the Calendar Years 1994 through 2003**

<u>Year</u>	<u>Unemployment Rate</u>		<u>Personal Income</u> (in millions)		<u>Florida Population</u>
	<u>Florida</u>	<u>U.S.</u>	<u>Florida</u>	<u>U.S.</u>	
1994	6.6	6.2	\$ 306,658	\$ 5,791,772	13,947,982
1995	5.5	5.7	328,067	6,150,786	14,213,992
1996	5.1	5.4	348,849	6,495,248	14,483,236
1997	4.8	4.9	369,729	6,784,000	14,790,750
1998	4.3	4.5	386,653	7,126,127	15,079,174
1999	3.9	4.2	422,576	7,789,655	15,392,503
2000	3.6	4.0	447,012	8,319,200	16,073,172
2001	4.8	4.8	466,130	8,685,400	16,408,662
2002 (1)	5.5	5.8	494,027	8,922,200	16,772,802
2003 (2)	5.3	6.1	514,787	9,211,800	17,159,850

(1) Restated to actual

(2) Forecast

Source: Office of Economic and Demographic Research, Florida Legislature.

Per Capita State Full Faith and Credit Debt
For the Last Ten Fiscal Years
(in dollars)

<u>Year</u>	<u>Population</u>	(1)(2) Primarily Payable From <u>Pledged Revenues</u>	<u>Per</u> <u>Capita</u>
1994	13,947,982	\$ 6,074,395,000	\$ 435.50
1995	14,213,992	6,823,860,000	480.08
1996	14,483,236	7,390,695,000	510.29
1997	14,790,750	7,892,140,000	533.59
1998	15,079,174	8,703,155,000	577.16
1999	15,392,503	9,260,205,000	601.60
2000	16,073,172	9,516,040,000	592.04
2001	16,408,662	9,435,310,000	575.02
2002 (3)	16,772,802	9,920,810,000	591.48
2003 (4)	17,159,850	10,585,110,000	616.85

- (1) Additionally secured by the full faith and credit of the state.
(2) Excludes refunded debt.
(3) Restated from prior year.
(4) Population estimate by the Office of Economic and Demographic Research,
Florida Legislature.

Ratio of Annual Debt Service Payments for General Bonded Debt
to Total Expenditures - All Governmental Fund Types
For the Last Ten Fiscal Years
(in thousands)

<u>Year</u>	Governmental Debt Service <u>Payments(1)</u>	Governmental Fund Type <u>Expenditures(2)</u>	<u>Ratio</u>
1994	\$ 462,525	\$ 26,832,140	1.72%
1995	547,931	29,685,816	1.85%
1996	706,886	31,442,185	2.25%
1997	750,135	31,494,591	2.38%
1998	668,435	33,373,020	2.00%
1999	696,642	35,095,057	1.99%
2000	717,456	37,675,401	1.90%
2001	737,058	40,905,334	1.80%
2002	755,350	45,733,660	1.65%
2003	817,305	48,333,087	1.69%

- (1) Source: State Board of Administration.
(2) Effective fiscal year ended June 30, 2002, in addition to the general fund,
special revenue funds, capital projects funds, and debt service fund,
governmental funds also include permanent funds.

Schedules of Revenue Bond Coverages

Transportation Authorities and Toll Facilities
For the Last Ten Fiscal Years
(in thousands)

<u>Year Ended 6/30</u>	<u>Toll Revenues</u>	<u>Interest Revenue</u>	<u>(1) Expenses</u>	<u>Net Available for Debt Service</u>	<u>Debt (2) Service Payments</u>	<u>Coverage Ratio</u>
Sunshine Skyway Bridge						
1994	\$ 10,580	\$ 419	\$ 1,897	\$ 9,102	\$ 3,135	2.90
1995	11,457	519	2,642	9,334	3,133	2.98
1996	11,859	342	4,367	7,834	3,133	2.50
1997	12,752	334	2,648	10,438	3,138	3.33
1998	13,312	371	2,810	10,873	3,128	3.48
1999	13,926	383	3,822	10,487	3,126	3.35
2000	14,582	418	3,812	11,188	3,125	3.58
2001	15,300	270	3,243	12,327	3,128	3.94
2002	15,894	256	4,400	11,750	2,222	5.29
2003	16,452	151	(4) 13,914	2,689	2,639	1.02
Florida Turnpike						
1994	\$ 195,324	\$ 8,042	\$ 79,924	\$ 123,442	\$ 75,948	1.63
1995	213,797	2,697	106,318	110,176	44,085	2.50
1996	243,724	15,695	104,297	155,122	78,005	1.99
1997	266,481	12,141	101,186	177,436	78,053	2.27
1998	289,732	15,372	99,821	205,283	97,956	2.10
1999	310,572	15,409	114,984	210,997	123,698	1.71
2000	340,380	16,489	123,535	233,334	137,746	1.69
2001	373,304	17,098	136,741	253,661	131,616	1.93
2002	(3) 410,937	16,432	161,767	265,602	142,610	1.86
2003	450,461	19,703	170,760	299,404	138,467	2.16

(1) Direct operating expenses excluding depreciation, amortization, and interest expense.

(2) Source: State Board of Administration.

(3) Restated from prior year.

(4) Expenses for 2003 include nonrecurring replacement and renewal costs.

Schedules of Revenue Bond Coverages

Save Our Coast Bonds For the Last Ten Fiscal Years (in thousands)

Year Ended 6/30	Available (1) Documentary Stamp Tax	(2) Interest Revenue	Net Available for Debt Service	Debt (2) Service Payments	Coverage Ratio
1994	\$ 67,669	\$ 1,808	\$ 69,477	\$ 25,081	2.77
1995	60,094	1,600	61,694	25,068	2.46
1996	66,995	1,387	68,382	25,085	2.73
1997	216,244	1,715	217,959	25,199	8.65
1998	260,610	1,557	262,167	25,223	10.39
1999	302,064	1,688	303,752	25,137	12.08
2000	337,734	1,731	339,465	25,216	13.46
2001	367,360	906	368,266	25,271	14.57
2002	410,565	1,279	411,844	25,350	16.25
2003	465,439	1,949	467,388	25,648	18.22

(1) Refer to Section 201.15, Florida Statutes.

(2) Source: State Board of Administration.

Conservation and Recreation Land For the Last Ten Fiscal Years (in thousands)

Year Ended 6/30	Available (1) Documentary Stamp Tax	(2) Phosphate (2) Severance	(3) Interest Revenue	Net Available for Debt Service	Debt (3) Service Payments	Coverage Ratio
1994	\$ 45,299	\$ 10,000	\$ 299	\$ 55,598	\$ 3,190	17.43
1995	43,261	10,000	342	53,603	1,165	46.01
1996	48,199	10,000	203	58,402	2,923	19.98
1997	216,244	10,000	205	226,449	2,895	78.22
1998	260,610	10,000	213	270,823	2,871	94.33
1999	302,064	10,000	210	312,274	2,870	108.81
2000	337,734	10,000	219	347,953	2,876	120.99
2001	367,360	10,000	102	377,462	2,894	130.43
2002	410,565	10,000	153	420,718	2,907	144.73
2003	465,439	10,000	153	475,592	2,914	163.21

(1) Refer to Section 201.15, Florida Statutes.

(2) Refer to Section 211.3103, Florida Statutes.

(3) Source: State Board of Administration.

Facilities Management Pool Bonds For the Last Ten Fiscal Years (in thousands)

Year Ended 6/30	Revenue	Interest Revenue	Net Available for Debt Service	Debt (1) Service Payments	Coverage Ratio
1994	\$ 60,913	\$ 1,169	\$ 62,082	\$ 15,836	3.92
1995	63,623	1,482	65,105	19,455	3.35
1996	58,746	1,905	60,651	21,453	2.83
1997	57,247	1,649	58,896	22,749	2.59
1998	61,780	2,326	64,106	23,879	2.68
1999	67,299	1,691	68,990	25,938	2.66
2000	70,147	1,554	71,701	28,546	2.51
2001	76,081	1,751	77,832	31,063	2.51
2002	76,130	1,079	77,209	31,816	2.43
2003	74,571	511	75,082	30,584	2.45

(1) Source: State Board of Administration.

Cash Receipts from Farm Marketing
For Ten Years
(in thousands)

Year	Citrus	Vegetables & Melons	Field Crops	Other Crops*	Total Crops	Milk & Cattle	Poultry & Eggs	Other Livestock	Total Livestock & Prods	Total Farm Receipts
1993	\$ 1,238,422	\$ 1,630,065	\$ 621,381	\$ 1,058,476	\$ 4,548,344	\$ 747,998	\$ 298,831	\$ 154,756	\$ 1,201,585	\$ 5,749,929
1994	1,465,419	1,397,380	656,537	1,267,010	4,786,346	744,245	291,605	155,774	1,191,624	5,977,970
1995	1,484,703	1,267,464	661,390	1,305,540	4,719,097	653,330	315,237	161,243	1,129,810	5,848,907
1996	1,605,686	1,303,167	679,326	1,354,286	4,942,465	648,288	353,469	186,436	1,188,193	6,130,658
1997	1,376,228	1,565,723	649,387	1,400,218	4,991,556	720,708	353,838	190,295	1,264,841	6,256,397
1998	1,607,610	1,536,371	644,953	1,565,682	5,354,616	717,205	367,313	247,222	1,331,740	6,686,356
1999	1,916,767	1,401,267	684,507	1,472,824	5,475,365	721,448	354,870	287,113	1,363,431	6,838,796
2000	1,665,291	1,455,738	594,310	1,857,754	5,573,093	754,318	336,476	287,209	1,378,003	6,951,096
2001	1,068,909	1,498,288	626,079	1,832,126	5,025,402	789,318	377,096	291,572	1,457,986	6,483,388
2002	1,464,927	1,569,848	632,524	1,941,728	5,609,027	689,597	306,315	243,313	1,239,225	6,848,252

*Forestry products excluded.

Source: Florida Agriculture, U.S. Department of Agriculture, Statistical Reporting Service: Florida Department of Agriculture, Division of Marketing, and University of Florida Agriculture Experiment Station.

Nonagricultural Employment by Industry
For Ten Years
(in thousands)

Year	Mining	Construction	Manufacturing	Transportation & Public Utilities	Wholesale & Retail Trade	Finance, Insurance & Real Estate	Services	Government	Total
1993	6.3	286.7	484.2	285.6	1,452.2	356.6	1,814.3	881.5	5,567.4
1994	7.0	297.5	483.9	295.2	1,506.4	376.0	1,923.9	906.6	5,796.5
1995	6.9	303.6	482.4	303.4	1,547.9	376.4	2,056.1	923.6	6,000.3
1996	6.9	323.5	490.4	314.1	1,607.0	393.8	2,117.6	929.2	6,182.5
1997	6.6	333.1	491.0	327.0	1,651.8	410.0	2,265.3	942.8	6,427.6
1998	6.7	351.3	496.4	336.3	1,683.8	430.3	2,415.2	957.3	6,677.3
1999	6.1	364.9	487.8	349.9	1,721.0	449.1	2,531.1	967.0	6,876.9
2000	6.5	389.2	486.6	357.6	1,757.2	443.5	2,641.8	994.0	7,076.4
2001	6.3	403.0	468.9	365.9	1,781.8	457.8	2,685.5	1028.5	7,197.7
2002*	5.4	427.8	407.8	238.6	1,475.4	474.0	1,222.6	1042.1	5,293.7

* The Current Employment Statistics State and area Nonfarm Payroll Series underwent a series of changes with the release of the January 2003 data. The basis for industry classification changed from the 1987 Standard Industry Classification System (SIC) to the 2002 North American Industry Classification System (NAICS). The changes will improve data comparability between states and/or metropolitan areas.

Source: Agency for Workforce Innovation, formerly Florida Department of Labor and Employment Security, Bureau of Labor Market Information. Current Employment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Statistics Regarding State Commercial Banks and Trust Companies

(in thousands)

<u>Year</u>	<u>Number of Banks</u>	<u>Total Assets</u>	<u>Total Capital</u>	<u>Total Loans</u>	<u>Total Deposits</u>
1895	21	\$ 1,692	\$ 666	\$ 943	\$ 974
1900	22	4,510	1,006	2,637	3,408
1905	41	14,338	3,222	9,332	10,291
1910	113	27,599	5,607	17,711	20,884
1915	192	42,656	9,811	26,280	30,527
1920	212	114,374	13,272	71,347	95,349
1925	271	539,101	33,427	309,492	501,553
1930	151	92,928	16,422	38,534	70,235
1935	102	64,276	9,768	13,662	53,552
1940	114	116,169	14,233	31,285	101,545
1945	112	450,838	20,135	36,851	430,256
1950	130	619,824	37,603	128,517	580,607
1955	146	1,138,114	67,726	329,340	1,064,763
1960	181	1,781,837	139,368	711,387	1,620,185
1965	243	2,571,685	216,444	1,139,398	2,541,195
1970	282	5,603,445	425,945	2,668,971	4,996,082
1975	449	11,757,147	989,185	5,860,781	10,346,695
1980	358	22,416,088	1,679,111	10,380,658	17,942,643
1981	321	21,303,799	1,609,024	10,423,906	17,991,930
1982	297	20,912,278	1,570,467	9,978,160	18,175,117
1983	274	22,940,431	1,678,551	11,152,310	20,212,039
1984	256	23,186,313	1,636,747	12,568,673	20,319,366
1985	251	24,160,155	1,627,920	13,372,532	21,321,726
1986	241	28,055,385	1,896,402	16,174,559	24,948,817
1987	246	30,362,358	2,136,083	18,647,857	26,683,250
1988	251	31,658,397	2,264,319	19,950,857	27,831,065
1989	258	32,801,720	2,402,253	21,338,510	29,128,762
1990	261	37,247,099	2,587,920	23,452,081	33,324,544
1991	260	39,051,128	2,852,114	23,705,240	35,021,312
1992	256	41,551,323	3,196,327	25,095,945	37,137,219
1993	248	51,271,342	4,265,301	32,194,235	44,490,477
1994	238	57,750,441	4,690,622	37,914,098	49,211,597
1995	224	58,344,123	5,143,296	38,962,040	49,393,436
1996	194	40,904,042	3,693,747	26,214,925	33,128,637
1997	180	35,464,125	3,266,522	23,194,221	28,937,982
1998	166	37,565,723	3,194,845	24,301,914	30,948,982
1999	182	41,547,418	3,527,556	27,790,873	33,141,500
2000	183	32,747,606	2,898,730	21,587,117	27,017,949
2001	185	34,522,545	3,054,353	22,710,763	28,848,026
2002	188	41,053,816	3,706,098	27,108,241	33,993,565

Does not include nondeposit trust companies or industrial savings banks.

Source: Information obtained from the Division of Banking, Office of the Chief Financial Officer.

Web Address: <http://www.dbf.state.fl.us>

History of Headcount Enrollments
State Universities
Fall 1993 through 2002

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Educational & General:										
University of Florida	32,578	32,827	33,394	32,314	33,524	41,652	42,612	44,480	45,521	46,850
Florida State University	27,951	28,794	29,390	29,345	29,629	30,389	32,405	33,587	35,442	36,651
Florida A & M University	9,378	9,650	9,784	10,206	10,477	11,324	11,639	11,723	12,347	12,467
University of South Florida	32,773	33,614	33,829	34,024	31,906	31,555	32,887	33,924	35,716	37,764
Florida Atlantic University	15,760	17,367	17,671	18,350	19,107	19,153	20,032	20,944	23,643	23,996
University of West Florida	7,564	7,716	8,087	7,882	7,855	7,790	7,924	8,218	9,063	9,206
University of Central Florida	23,531	25,363	26,325	27,411	28,302	30,009	31,472	33,453	36,013	38,795
Florida International University	23,832	26,040	27,542	29,098	29,357	30,096	30,979	30,725	32,614	33,799
University of North Florida	9,212	9,777	10,224	10,708	11,116	11,360	11,897	12,417	13,007	13,460
Florida Gulf Coast University	.....	.....	.....	.....	2,446	2,893	3,134	3,496	4,216	5,236
New College of Florida	.....	.....	.....	.....	.....	.....	.....	.....	634	650
Total	182,579	191,148	196,246	199,338	203,719	216,221	224,981	232,967	248,216	258,874
Special Units: (1)										
UF-Institute of Food and Agricultural Sciences (2)	2,141	2,403	2,772	3,513	3,981	.....	.....	.....	.....	.....
UF-Health Center and Veterinary Medicine	2,965	3,087	3,174	3,845	3,924	1,072	1,074	1,081	1,105	1,113
FSU-Medical Center	.....	.....	.....	.....	.....	.....	.....	.....	30	69
USF-Medical Center	1,243	1,293	1,286	1,337	1,442	1,477	1,554	1,549	1,590	1,611
Total Special Units	6,349	6,783	7,232	8,695	9,347	2,549	2,628	2,630	2,725	2,793

(1) Includes medical professionals.

(2) Beginning in Fall 1998, the enrollment for the University of Florida Institute of Food and Agricultural Sciences (IFAS) and non medical professional students at the University of Florida Medical Center were reported in the University of Florida Educational and General enrollment.

Note: Does not include students using an employee or senior citizen fee waiver.

Source: Student data course file enrollment reports, Florida Department of Education - Division of Colleges and Universities.

Schedule of Revenue Bond Coverages
State Universities
For the Last Ten Fiscal Years
(in thousands)

<u>Year</u>	<u>Beginning Fund Balance</u>	<u>Operating Revenue</u>	<u>Expenditures and Transfers</u>	<u>Net Available for Debt Service</u>	<u>Debt Service Payments</u>	<u>Coverage Ratio</u>
1994	*175,085	\$ 1,858,262	\$ 1,856,779	\$ 176,568	\$ 20,456	8.63
1995	176,568	1,947,750	1,911,881	212,437	21,456	9.90
1996	212,437	2,170,327	2,137,055	245,709	28,829	8.52
1997	*246,086	2,336,550	2,331,770	250,866	30,017	8.36
1998	250,866	2,554,670	2,472,759	332,777	34,185	9.73
1999	332,777	2,728,414	2,662,151	399,040	39,698	10.05
2000	399,040	2,900,149	2,822,060	477,129	42,434	11.24
2001	477,129	3,212,366	3,116,909	572,586	48,948	11.70
(1) 2002	572,586	6,330,027	5,913,359	989,254	54,747	18.07
2003	989,254	7,091,750	6,657,128	1,423,876	54,041	26.35

*Adjusted beginning fund balance due to prior period adjustments.

(1) Increase in fiscal year ended June 30, 2002 due to inclusion of component units.