

STATE OF FLORIDA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004



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.

GRAPHIC DESIGN

The report cover and color divider pages were designed by Gabriel Del Rio, Publications Unit, Division of Consumer Services, Department of Financial Services.

STATE OF FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2004



JEB BUSH
GOVERNOR

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2004**

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INTRODUCTORY SECTION



CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

TOM GALLAGHER

January 31, 2005

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, 2004.

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, 2004 and the results of operations for the fiscal year ended June 30, 2004. 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, 2004 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 maintained a high bond rating from Moody's Investors Service (Aa2), Standard and Poor's Corporation (AA+), and Fitch, Inc. (AA) on all state general obligation bonds at June 30, 2004. On January 12, 2005, Moody's Investors Service upgraded its underlying rating of all State of Florida full faith and credit bonds from Aa2 to Aa1. 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.

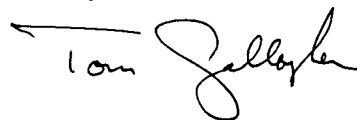
Tobacco Litigation Settlement

Florida's 1997 tobacco settlement is expected to total approximately \$13 billion over the initial 25-year period. As of June 30, 2004, the State has received approximately \$4.2 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.

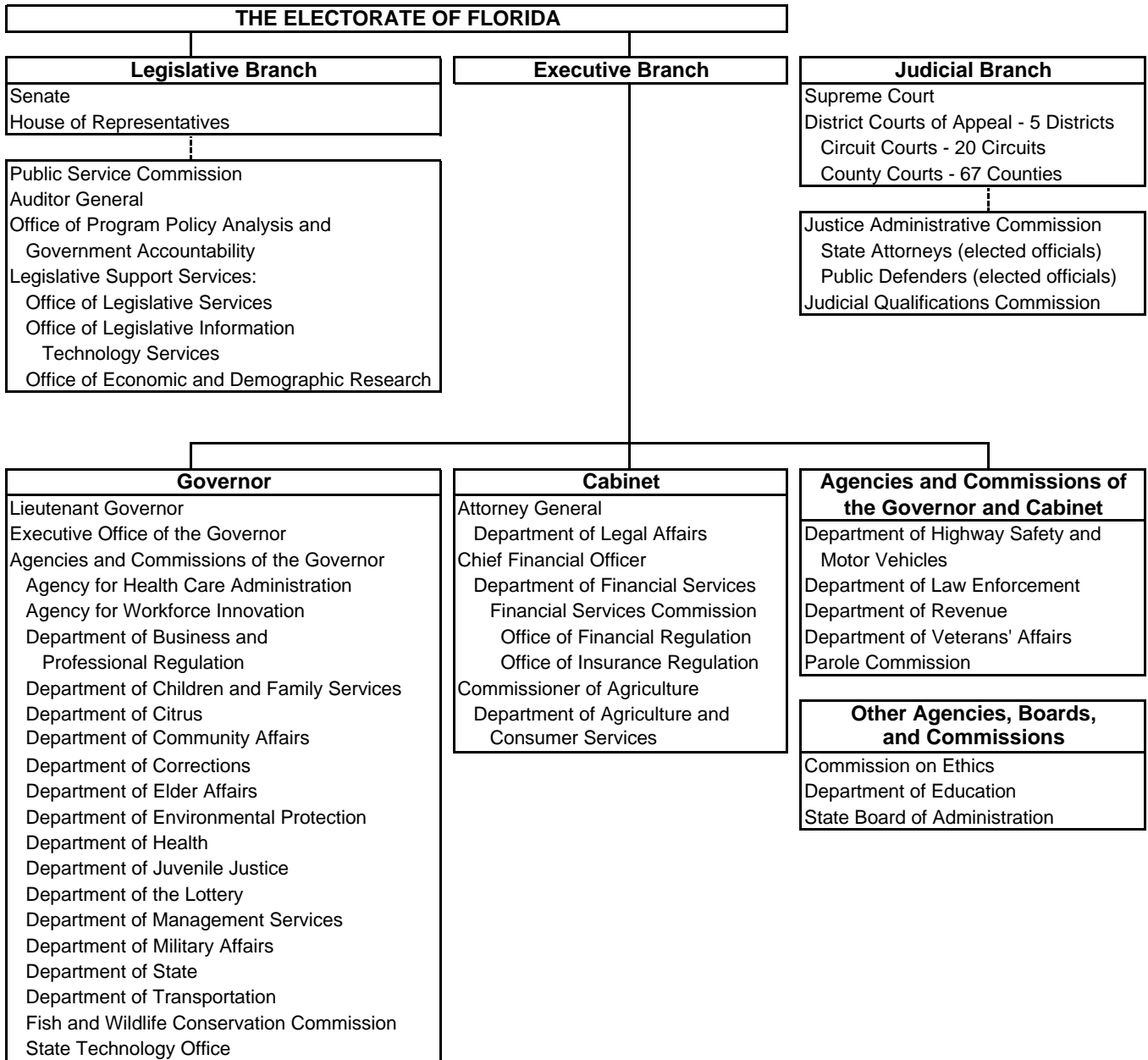
Sincerely,

A handwritten signature in black ink that reads "Tom Gallagher". The signature is written in a cursive style with a horizontal line above the name.

Tom Gallagher

TG:twH

ORGANIZATION AT JUNE 30, 2004



PRINCIPAL OFFICIALS AT JUNE 30, 2004

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, 2004, 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 53 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 on 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 \$3.458 billion and constitutes 27.4 percent of the reported land value, and 7.5 percent of capital assets reported for governmental activities at June 30, 2004. 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, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of June 30, 2004, 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.

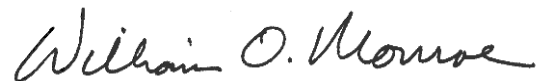
In accordance with *Government Auditing Standards*, we have also issued our report, dated January 31, 2005, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report will be included as part of our separately issued report entitled *State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards*.

As discussed in Note 1 I to the financial statements, the State has implemented the Governmental Accounting Standards Boards' Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

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 110 through 124 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 128 through 195, and the statistical and economic data section on pages 198 through 207, 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 31, 2005

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 (\$44.7 billion) of the State's net assets as of June 30, 2004, 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 \$14.5 billion as of June 30, 2004. 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 \$8 billion at June 30, 2004. 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, 2004, of \$11.4 billion. The State has an additional \$1.5 billion in bonded debt in which the State does not own the related capital assets, including some Road and Bridge Bonds, Pollution Control Bonds, and Preservation 2000/Florida Forever Bonds. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net assets for governmental activities would be \$4.9 billion.

Business-type activities reflect a positive unrestricted net asset balance of \$592 million at June 30, 2004.

Table 2 below presents the State's condensed statement of net assets as of June 30, 2004, and 2003, 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 22,697	\$ 18,711	\$ 12,992	\$ 12,371	\$ 35,689	\$ 31,082
Capital assets	45,938	44,010	5,112	4,861	51,050	48,871
Total assets	<u>68,635</u>	<u>62,721</u>	<u>18,104</u>	<u>17,232</u>	<u>86,739</u>	<u>79,953</u>
Other liabilities	8,498	6,156	3,399	3,532	11,897	9,688
Noncurrent liabilities	19,128	18,527	3,920	3,530	23,048	22,057
Total liabilities	<u>27,626</u>	<u>24,683</u>	<u>7,319</u>	<u>7,062</u>	<u>34,945</u>	<u>31,745</u>
Net assets:						
Invested in capital assets, net of related debt	41,780	40,382	2,890	3,145	44,670	43,527
Restricted	7,220	7,763	7,302	6,797	14,522	14,560
Unrestricted	<u>(7,990)</u>	<u>(10,107)</u>	<u>592</u>	<u>228</u>	<u>(7,398)</u>	<u>(9,879)</u>
Total net assets	<u>\$ 41,010</u>	<u>\$ 38,038</u>	<u>\$ 10,784</u>	<u>\$ 10,170</u>	<u>\$ 51,794</u>	<u>\$ 48,208</u>

Condensed Statement of Activities

Table 3 presents the State's condensed statement of activities for the fiscal year ended June 30, 2004, and 2003, 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 \$2.8 billion or by 7.4 percent, and the net assets (before the effects of prior period adjustments) of the business-type activities increased by \$601 million or 5.9 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 2003 to 2004
	2004	2003	2004	2003	2004	2003	
Revenues							
Program revenues							
Charges for services	\$ 4,745	\$ 4,279	\$ 5,569	\$ 5,481	\$ 10,314	\$ 9,760	5.7%
Operating grants & contributions	15,874	13,538	258	395	16,132	13,933	15.8%
Capital grants & contributions	1,523	1,699	9	1	1,532	1,700	-9.9%
Total program revenues	22,142	19,516	5,836	5,877	27,978	25,393	10.2%
General revenues and payments							
Sales and use tax	17,129	15,561	.....	.....	17,129	15,561	10.1%
Fuel taxes	2,317	2,199	.....	.....	2,317	2,199	5.4%
Corporate income tax	1,441	1,228	.....	.....	1,441	1,228	17.3%
Documentary stamp tax	2,613	2,005	.....	.....	2,613	2,005	30.3%
Intangible personal property tax	860	820	.....	.....	860	820	4.9%
Communication service tax	1,250	1,230	.....	.....	1,250	1,230	1.6%
Estate tax	387	559	.....	.....	387	559	-30.8%
Utilities taxes	462	424	.....	.....	462	424	9.0%
Beverage and tobacco taxes	1,041	1,002	.....	.....	1,041	1,002	3.9%
Other taxes	1,413	1,348	.....	.....	1,413	1,348	4.8%
Investment earnings	(67)	720	13	19	(54)	739	-107.3%
Other revenues and payments	.....	.....	(2)	.....	(2)	.....	0.0%
Total general revenues and payments	28,846	27,096	11	19	28,857	27,115	6.4%
Total revenues	50,988	46,612	5,847	5,896	56,835	52,508	8.2%
Program expenses							
General government	6,638	6,273	.....	.....	6,638	6,273	5.8%
Education	16,414	15,120	.....	.....	16,414	15,120	8.6%
Human services	18,119	16,639	.....	.....	18,119	16,639	8.9%
Criminal justice & corrections	3,285	3,103	.....	.....	3,285	3,103	5.9%
Natural resources & environment	2,039	1,945	.....	.....	2,039	1,945	4.8%
Transportation	2,633	2,398	316	286	2,949	2,684	9.9%
State courts	273	279	.....	.....	273	279	-2.2%
Lottery	.....	.....	2,170	2,000	2,170	2,000	8.5%
Unemployment Compensation	.....	.....	1,331	1,486	1,331	1,486	-10.4%
State Board of Administration	.....	.....	36	33	36	33	9.1%
Nonmajor enterprise funds	.....	.....	159	157	159	157	1.3%
Indirect interest on long-term debt	18	2	.....	.....	18	2	800.0%
Total program expenses	49,419	45,759	4,012	3,962	53,431	49,721	7.5%
Excess (deficiency) before gain (loss) and transfers	1,569	853	1,835	1,934	3,404	2,787	
Gain (loss) on sale of capital assets	.....	.....	(17)	.....	(17)	.....
Transfers	1,217	1,258	(1,217)	(1,258)	.....	.....
Change in net assets	2,786	2,111	601	676	3,387	2,787	
Beginning net assets	38,038	35,156	10,170	9,389	48,208	44,545	
Prior period adjustments	186	771	13	105	199	876	
Ending net assets	\$ 41,010	\$ 38,038	\$ 10,784	\$ 10,170	\$ 51,794	\$ 48,208	7.4%

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. General revenues, mainly taxes, therefore supported the net costs of governmental activities. With the exception of Transportation, program revenues as a percentage of program expenses increased for all governmental activities from fiscal year 2002-03 to fiscal year 2003-04.

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

State Programs	Program Expenses 2004	Less Program Revenues 2004	Net Program Costs (a)		Program Revenues as a Percentage of Program Expenses	
			2004	2003	2004	2003
General government	\$ 6,638	\$ 4,257	\$ 2,381	\$ 2,951	64.1%	53.0%
Education	16,414	2,426	13,988	12,905	14.8%	14.6%
Human services	18,119	12,498	5,621	5,699	69.0%	65.7%
Criminal justice & corrections	3,285	348	2,937	2,803	10.6%	9.7%
Natural resources & environment	2,039	817	1,222	1,202	40.1%	38.2%
Transportation	2,633	1,785	848	411	67.8%	82.9%
State courts	273	11	262	270	4.0%	3.2%
Other	18	.....	18	2	0.0%	0.0%
Totals	<u>\$ 49,419</u>	<u>\$ 22,142</u>	<u>\$ 27,277</u>	<u>\$ 26,243</u>	<u>44.8%</u>	<u>42.6%</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 unemployment compensation, program expenses as a percentage of program revenues increased for all business-type programs from fiscal year 2002-03 to fiscal year 2003-04.

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

State Programs	Program Revenues 2004	Less Program Expenses 2004	Net Program Income (Costs) (b)		Program Expenses as a Percentage of Program Revenues	
			2004	2003	2004	2003
Transportation	\$ 588	\$ 316	\$ 272	\$ 255	53.7%	52.9%
Lottery	3,073	2,170	903	1,154	70.6%	63.4%
Unemployment Compensation	1,317	1,331	(14)	(268)	101.1%	122.0%
State Board of Administration	581	36	545	600	6.2%	5.2%
Nonmajor enterprise funds	277	159	118	174	57.4%	47.4%
Totals	<u>\$ 5,836</u>	<u>\$ 4,012</u>	<u>\$ 1,824</u>	<u>\$ 1,915</u>	<u>68.7%</u>	<u>67.4%</u>

(b) 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, 2004, include the following:

- The assets of the State exceeded its liabilities (net assets) at the close of the fiscal year by \$41 billion for governmental activities and by \$10.8 billion for business-type activities.
- The State's total net assets (before effects of prior period adjustments) increased during the year by \$3.4 billion. Net assets of governmental activities increased by \$2.8 billion, while net assets of business-type activities increased by \$601 million.

Fund Analysis

Funds that experienced significant changes during the fiscal year ended June 30, 2004, 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 \$14.3 billion, with \$5.6 billion reported as unreserved fund balance and the remaining amount of \$8.7 billion reserved for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

General Fund

Fund balance at June 30, 2004, totaled \$5.1 billion, which includes an increase of \$1.4 billion. The change in fund balance is primarily the result of transfers from other trust funds as mandated by the 2003 General Appropriations Act and from the federal government through the Jobs and Growth Tax Relief Reconciliation Act of 2003.

Transportation

Fund balance at June 30, 2004, totaled \$805 million, a decrease of \$176 million. The decrease is primarily the result of additional road and bridge construction and maintenance output during the fiscal year. Construction for these items is part of the Department of Transportation's 5-year plan and the output, which is based on needs, varies by year.

Employment Services

Fund balance, increased by \$62 million and totaled \$355 million as of June 30, 2004. Premium assessments for both the Workers' Compensation Administration and Special Disability Trust Funds, as well as penalty collections resulting from enforcement actions, were greater than claims paid and administrative overhead, resulting in an increase in fund balance.

Lawton Chiles

Fund balance at June 30, 2004, totaled \$1.7 billion, an increase of \$218 million. The increase relates to investment gains due to a strong market in equity securities during the fiscal year.

Proprietary Funds

The State's proprietary funds reported net assets of \$11 billion, including \$10.8 billion for enterprise funds and \$223 million for internal service funds.

Lottery

Net assets at June 30, 2004, totaled \$204 million, a decrease of \$149 million during the fiscal year. The decrease is primarily due to the decrease in fair value of fixed income investments.

Budget Variances in the General Fund

Budgeted expenditures are based on the estimated revenue receipts as estimated by the Revenue Estimating Conference and other available resources. Original expenditures are budgeted for less than total expected resources available. No variances between the original and final budget or between final and actual budget are expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the budgetary comparison schedule for the General Fund in the Other RSI section of the CAFR.

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2004, the State reported \$46 billion in capital assets for governmental activities and \$5.1 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 revenue 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 Service (Aa2), Standard and Poor's Corporation (AA+), and Fitch, Inc. (AA) on all State general obligation bonds. On January 12, 2005, Moody's Investors Service upgraded its underlying rating of all State of Florida full faith and credit bonds from Aa2 to Aa1.

The *State of Florida 2004 Debt Affordability Report*, prepared by the Division of Bond Finance, showed an improvement in the State's benchmark debt ratio of debt service to revenue for net tax-supported debt from 6.12% for the fiscal year ended June 30, 2003, to 5.94% for the fiscal year ended June 30, 2004. The improvement in the benchmark debt ratio is due to higher than expected revenues during fiscal year 2004. 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 2003-04 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 economic growth accelerated in fiscal year 2003-04 and performed moderately better than the rest of the nation. While the U.S. experienced a minimal increase in non-farm employment in fiscal year 2003-04, Florida posted a strong growth rate, had a low unemployment rate, and strong income growth rate. This performance could be attributed to favorable natural, economic, and tax environments, and a growing population that fueled increased demand for goods and services.

Florida remains top ranked in the nation in total job growth and generates the fastest job growth rate among the ten most populous states. Florida's non-farm employment grew 1.9 percent in fiscal year 2003-04, adding 139,200 jobs. Increases in jobs were led by gains in professional and business services, construction, educational and health services, leisure and hospitality, financial activities, and government. Sixty percent of the job increase in fiscal year 2003-04 came from professional and business services, and education and health services. With the strengthening economy, non-farm employment is anticipated to add 192,700 jobs in fiscal year 2004-05, resulting in a 6.3 percent increase to wages and salaries. The unemployment rate is anticipated to decline slightly from 4.8 percent in fiscal year 2003-04 to 4.6 percent in fiscal year 2004-05.

Population has been a major source of increased economic activity in Florida, which grew by 2.17 percent in fiscal year 2003-04. The state's population is expected to increase by 353,200 in fiscal year 2004-05. Over the next ten years, population growth is estimated to reach 3.1 million. Population growth has been a major driver of Florida's sustained economic 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 was hit by four major hurricanes in 2004. It destroyed thousands of homes and businesses. Massive reconstruction activities are underway to rebuild homes, businesses, and public infrastructures. In fiscal year 2003-04, housing starts spiked, adding 230,800 homes as a result of low mortgage rates. Even though mortgage rates are projected to increase in 2004-05, the surge in construction is expected to continue because of massive reconstruction to rebuild the devastated areas in Florida. Billions of dollars from the federal government, the state, and insurance claims are pouring into the state for reconstruction. Thus, total construction employment, which added about 21,900 jobs in fiscal year 2003-04, is anticipated to create another 17,900 jobs in fiscal year 2004-05. Residential construction expenditures, which rose 31.5 percent in fiscal year 2003-04, are expected to increase in fiscal year 2004-05. Aside from construction, other sectors of the Florida economy are anticipated to rise as well.

Florida's economy has continued to show its strength and resilience even after the hurricane devastation. Florida's economy has steadily been expanding at a much higher growth rate than expected, as evidenced by the strength of its labor market and the rise in personal income. The long-term growth is projected to be stronger than previously anticipated, as Florida's economic fundamentals remain strong. Such strength should provide stimulus for the State's economy to continue its sustained future 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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**FINANCIAL
SECTION:
BASIC FINANCIAL
STATEMENTS**

STATEMENT OF NET ASSETS
JUNE 30, 2004
(in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 169,038	\$ 48,967	\$ 218,005	\$ 1,230,476
Pooled investments with State Treasury	13,903,656	2,325,474	16,229,130	3,275,069
Investments	912,024	978,091	1,890,115	2,921,651
Receivables, net	3,477,333	683,221	4,160,554	991,237
Internal balances	343,455	(343,455)	.....	.....
Due from component units/primary	2,130	663	2,793	1,177,076
Inventories	78,553	994	79,547	30,677
Other	4,207	2,306	6,513	188,310
Total current assets	18,890,396	3,696,261	22,586,657	9,814,496
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	.....	101	101	108,262
Restricted pooled investments with State Treasury	.....	182,778	182,778	342,995
Restricted investments	.....	3,616,181	3,616,181	2,671,353
Long term investments	2,047,673	5,482,106	7,529,779	3,265,152
Due from other governmental entities	.....	.....	.....	75
Other loans and notes receivable	1,735,849	1,392	1,737,241	3,079,288
Capital assets:				
Land and other nondepreciable assets	12,636,178	783,396	13,419,574	3,714,546
Nondepreciable infrastructure	24,870,825	3,154,025	28,024,850	.....
Buildings, equipment, and other depreciable assets	5,679,485	311,537	5,991,022	12,666,911
Accumulated depreciation	(2,673,996)	(140,474)	(2,814,470)	(5,144,544)
Construction work in progress	5,425,833	1,003,118	6,428,951	1,033,255
Total capital assets	45,938,325	5,111,602	51,049,927	12,270,168
Other	23,084	13,308	36,392	294,116
Total noncurrent assets	49,744,931	14,407,468	64,152,399	22,031,409
Total assets	68,635,327	18,103,729	86,739,056	31,845,905

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

2004 STATE OF FLORIDA CAFR

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and other liabilities	2,977,450	118,037	3,095,487	1,619,845
Accrued prize liability	.....	293,546	293,546	.....
Due to component units/primary	33,214	140	33,354	267,852
Compensated absences	150,957	3,592	154,549	46,690
Installment purchases/capital leases	16,063	302	16,365	19,750
Claims payable	315,219	.....	315,219	4,696
Bonds payable	652,040	.....	652,040	134,765
Bonds payable from restricted assets	.....	63,480	63,480	.....
Certificates of participation payable	5,545	.....	5,545	1,932
Deposits	25,977	11,038	37,015	35,709
Deferred revenue	.....	.....	.....	1,096,199
Obligations under security lending agreements	3,988,706	2,890,680	6,879,386	546,141
Obligations under reverse repurchase agreements	332,546	18,830	351,376	7,523
Other	.....	.....	.....	371,217
Total current liabilities	8,497,717	3,399,645	11,897,362	4,152,319
<u>Noncurrent liabilities</u>				
Accrued prize liability	.....	1,361,562	1,361,562	.....
Due to other governments	7,245	1,179	8,424	.....
Due to primary	.....	.....	.....	105,168
Bonds payable	16,034,864	2,098,750	18,133,614	5,261,429
Certificates of participation payable	85,163	.....	85,163	129,115
Installment purchases/capital leases	164,943	212	165,155	164,117
Deposits	161,784	443,433	605,217	35,427
Deferred revenue	.....	.....	.....	40,608
Claims payable	2,091,419	.....	2,091,419	59,306
Compensated absences	581,042	14,508	595,550	438,241
Other	1,500	.....	1,500	1,838,053
Total noncurrent liabilities	19,127,960	3,919,644	23,047,604	8,071,464
Total liabilities	27,625,677	7,319,289	34,944,966	12,223,783
NET ASSETS				
Invested in capital assets, net of related debt	41,779,939	2,890,246	44,670,185	10,217,218
Restricted for:				
Environment, Recreation and Conservation	2,058,225	.....	2,058,225	.....
Health and Family Services	642,614	.....	642,614	.....
Transportation	804,510	.....	804,510	.....
Public Education	1,019,230	.....	1,019,230	.....
Tax Collection and Administration	208,388	.....	208,388	.....
Employment Services	350,380	.....	350,380	.....
Other governmental funds	321,728	.....	321,728	.....
Lottery	.....	201,371	201,371	.....
Unemployment Compensation	.....	1,372,721	1,372,721	.....
Hurricane Catastrophe Fund	.....	5,476,178	5,476,178	.....
Debt Service	75,732	.....	75,732	20,780
Other	.....	252,193	252,193	1,268,278
Funds held for permanent endowment				
Expendable	.....	.....	.....	1,987,001
Nonexpendable	1,739,038	.....	1,739,038	2,130,596
Unrestricted (deficit)	(7,990,134)	591,731	(7,398,403)	3,998,249
Total net assets	\$ 41,009,650	\$ 10,784,440	\$ 51,794,090	\$ 19,622,122

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**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government				
Governmental activities:				
General government	\$ 6,637,809	\$ 2,913,634	\$ 1,343,097	\$ 158
Education	16,413,985	266,020	2,160,445	.....
Human services	18,119,304	822,255	11,674,288	1,329
Criminal justice and corrections	3,285,460	210,415	131,856	5,731
Natural resources and environment	2,038,909	275,774	529,312	11,795
Transportation	2,632,638	246,640	34,731	1,503,836
State courts	273,091	10,226	641	.....
Indirect interest on long-term debt	17,526	.....	.....	.....
Total governmental activities	49,418,722	4,744,964	15,874,370	1,522,849
Business-type activities:				
Transportation	316,629	578,631	729	8,895
Lottery	2,170,062	3,073,191	.....	.....
Unemployment Compensation	1,330,824	1,059,811	257,454	.....
State Board of Administration	35,844	580,514	.....	.....
Nonmajor enterprise funds	159,046	276,832	215	364
Total business-type activities	4,012,405	5,568,979	258,398	9,259
Total primary government	\$ 53,431,127	\$ 10,313,943	\$ 16,132,768	\$ 1,532,108
Component units				
Florida Housing Finance Corporation	\$ 506,816	\$ 222,959	\$	\$ 346,278
South Florida Water Management District	299,134	15,482	71,995	144,885
University of Florida	3,380,457	2,000,731	800,434	53,405
Florida State University	781,589	249,487	227,770	42,996
University of South Florida	984,911	316,356	346,589	57,731
Citizens Property Insurance Corporation	500,187	823,902	.....	.....
Nonmajor component units	5,047,864	1,241,697	1,172,923	685,250
Total component units	\$ 11,500,958	\$ 4,870,614	\$ 2,619,711	\$ 1,330,545

General revenues
Taxes
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 (loss) (Note 2)
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.

2004 STATE OF FLORIDA CAFR

NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	COMPONENT UNITS	
\$	(2,380,920)	\$	.....	\$ (2,380,920)	\$	.....
	(13,987,520)		.....	(13,987,520)		.....
	(5,621,432)		.....	(5,621,432)		.....
	(2,937,458)		.....	(2,937,458)		.....
	(1,222,028)		.....	(1,222,028)		.....
	(847,431)		.....	(847,431)		.....
	(262,224)		.....	(262,224)		.....
	(17,526)		.....	(17,526)		.....
	(27,276,539)		.....	(27,276,539)		.....
	.....		271,626	271,626		.....
	.....		903,129	903,129		.....
	.....		(13,559)	(13,559)		.....
	.....		544,670	544,670		.....
	.....		118,365	118,365		.....
	.....		1,824,231	1,824,231		.....
	(27,276,539)		1,824,231	(25,452,308)		.....
	.....		.....	.....		62,421
	.....		.....	.....		(66,772)
	.....		.....	.....		(525,887)
	.....		.....	.....		(261,336)
	.....		.....	.....		(264,235)
	.....		.....	.....		323,715
	.....		.....	.....		(1,947,994)
	.....		.....	.....		(2,680,088)
	17,128,515		.....	17,128,515		.....
	2,316,572		.....	2,316,572		.....
	1,441,338		.....	1,441,338		.....
	2,613,194		.....	2,613,194		.....
	860,046		.....	860,046		.....
	1,250,208		.....	1,250,208		.....
	386,767		.....	386,767		.....
	462,172		.....	462,172		.....
	1,041,042		.....	1,041,042		.....
	.....		.....	.....		524,457
	1,412,756		.....	1,412,756		.....
	(66,838)		13,181	(53,657)		498,054
	.....		(17,063)	(17,063)		(482)
	.....		.....	.....		3,259,473
	1,216,769		(1,216,769)	.....		4,775
	.....		.....	.....		165,967
	.....		.....	.....		5,753

	11		(2,544)	(2,533)		198,811
	30,062,552		(1,223,195)	28,839,357		4,656,808
	2,786,013		601,036	3,387,049		1,976,720
	38,037,999		10,170,449	48,208,448		17,676,180
	185,638		12,955	198,593		(30,778)
\$	41,009,650	\$	10,784,440	\$ 51,794,090	\$	19,622,122

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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 127.

2004 STATE OF FLORIDA CAFR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 5,238	\$ 1,362	\$ 47,462	\$ 1,297	\$ 5
Pooled investments with State Treasury	6,790,262	1,701,718	935,885	731,861	1,844,198
Investments	3,009	.....	50	.....	.....
Receivables, net	1,147,347	96,674	1,027,511	162,672	7,661
Due from other funds	253,941	49,941	70,903	252,845	130,405
Due from component units/primary	389	189	.....	4	.....
Inventories	26,024	1,166	32,279	13,767	31
Other	2,661	.....	.....	754	1
Total current assets	8,228,871	1,851,050	2,114,090	1,163,200	1,982,301
<u>Noncurrent assets</u>					
Long term investments	.....	.....	.....	.....	.....
Advances to other funds	12,719	.....	326	150,002	.....
Other loans and notes receivable, net	40,784	674,123	11,825	526,554	.....
Other	.....	.....	.....	8,089	.....
Total noncurrent assets	53,503	674,123	12,151	684,645	.....
Total assets	\$ 8,282,374	\$ 2,525,173	\$ 2,126,241	\$ 1,847,845	\$ 1,982,301
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 646,896	\$ 33,163	\$ 1,135,386	\$ 477,223	\$ 15,155
Due to other funds	126,307	9,907	31,458	2,394	13,064
Due to component units/primary	3,101	730	7,438	132	.....
Compensated absences	6,145	322	2,542	6,852	.....
Claims payable	19,828	.....	.....	.....	.....
Deposits	1,922	2,300	8,330	633	.....
Deferred revenues	398	2,111	.....	11,667	.....
Obligations under security lending agreements	2,203,438	375,164	73,347	77,689	396,428
Obligations under reverse repurchase agreements	216,611	36,881	7,210	7,637	38,971
Total current liabilities	3,224,646	460,578	1,265,711	584,227	463,618
<u>Noncurrent liabilities</u>					
Advances from other funds	600	5,582	.....	10,000	159,484
Deposits	.....	.....	17,219	136,659	.....
Deferred revenues	2,889	.....	8,512	312,449	.....
Total noncurrent liabilities	3,489	5,582	25,731	459,108	159,484
Total liabilities	3,228,135	466,160	1,291,442	1,043,335	623,102
<u>Fund balances</u>					
Reserved for encumbrances	43,172	84	6,182	3,188	18,630
Reserved for inventories	26,024	1,166	32,279	13,767	31
Reserved for advances	16,748	.....	326	150,002	.....
Reserved for long-term receivables	37,895	674,123	249	526,554	.....
Reserved for capital outlay	62,855	848,556	25,173	102,910	1,119,319
Reserved for debt service	.....	.....	.....	.....	.....
Reserved for permanent trust	.....	.....	.....	.....	.....
Reserved for Budget Stabilization Fund	966,390	.....	.....	.....	.....
Reserved for Working Capital Fund	1,473,221	.....	.....	.....	.....
Other reserved	1,437	57,995	.....	8,089	.....
Unreserved, reported in:					
General fund	2,426,497	.....	.....	.....	.....
Special revenue funds	.....	477,089	770,590	.....	221,219
Capital projects funds	.....	.....	.....	.....	.....
Permanent fund	.....	.....	.....	.....	.....
Total fund balances	5,054,239	2,059,013	834,799	804,510	1,359,199
Total liabilities and fund balances	\$ 8,282,374	\$ 2,525,173	\$ 2,126,241	\$ 1,847,845	\$ 1,982,301

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

2004 STATE OF FLORIDA CAFR

Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Totals 6/30/04
\$ 68,753	\$ 56	\$ 3,146	\$ 27,532	\$ 154,851
410,410	432,067	.....	1,004,018	13,850,419
153,802	3,127	359,122	351,337	870,447
285,025	123,181	19,148	115,114	2,984,333
5,120	1,532	.....	106,637	871,324
.....	.....	.....	.....	582
50	.....	.....	5,134	78,451
4	.....	.....	788	4,208
<u>923,164</u>	<u>559,963</u>	<u>381,416</u>	<u>1,610,560</u>	<u>18,814,615</u>
.....	.....	1,735,118	312,555	2,047,673
.....	.....	.....	3,758	166,805
.....	.....	.....	482,563	1,735,849
.....	.....	.....	13,493	21,582
.....	.....	1,735,118	812,369	3,971,909
<u>\$ 923,164</u>	<u>\$ 559,963</u>	<u>\$ 2,116,534</u>	<u>\$ 2,422,929</u>	<u>\$ 22,786,524</u>
\$ 143,207	\$ 45,838	\$ 56,843	\$ 153,054	\$ 2,706,765
394,028	29,878	69	63,789	670,894
16,135	1,052	.....	4,626	33,214
23	109	.....	807	16,800
.....	22,770	.....	.....	42,598
.....	5,719	.....	3,923	22,827
.....	.....	.....	12,698	26,874
.....	91,133	320,584	443,720	3,981,503
.....	8,897	.....	15,631	331,838
<u>553,393</u>	<u>205,396</u>	<u>377,496</u>	<u>698,248</u>	<u>7,833,313</u>
7	.....	.....	1,493	177,166
.....	.....	.....	7,906	161,784
.....	.....	.....	12,135	335,985
<u>7</u>	<u>.....</u>	<u>.....</u>	<u>21,534</u>	<u>674,935</u>
<u>553,400</u>	<u>205,396</u>	<u>377,496</u>	<u>719,782</u>	<u>8,508,248</u>
73	3,050	.....	23,043	97,422
50	.....	.....	5,133	78,450
.....	.....	.....	3,274	170,350
.....	.....	.....	479,976	1,718,797
.....	.....	.....	82,519	2,241,332
.....	.....	.....	75,732	75,732
.....	.....	1,739,038	.....	1,739,038
.....	.....	.....	.....	966,390
.....	.....	.....	.....	1,473,221
.....	.....	.....	25,158	92,679
.....	.....	.....	.....	2,426,497
369,641	351,517	.....	983,931	3,173,987
.....	.....	.....	21,741	21,741
.....	.....	.....	2,640	2,640
<u>369,764</u>	<u>354,567</u>	<u>1,739,038</u>	<u>1,703,147</u>	<u>14,278,276</u>
<u>\$ 923,164</u>	<u>\$ 559,963</u>	<u>\$ 2,116,534</u>	<u>\$ 2,422,929</u>	<u>\$ 22,786,524</u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2004
(in thousands)**

Total fund balances for governmental funds \$ 14,278,276

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	12,635,805	
Nondepreciable infrastructure	24,870,825	
Buildings, equipment and other depreciable assets	4,789,073	
Accumulated depreciation	(2,403,452)	
Construction work in progress	5,425,833	
	45,318,084	45,318,084

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

Compensated absences	(702,581)	
Installment purchases/capital leases	(143,229)	
Claims payable	(2,364,040)	
Due to other governments	(7,170)	
Bonds payable	(16,324,405)	
	(19,541,425)	(19,541,425)

Assets held in escrow (Agency Fund) for bonds not legally defeased are
not fund financial resources and therefore are not reported in the funds. 408,019

Accrued interest payable on bonds that is not recognized on the fund
statements but is recognized on the Statement of Net Assets. (39,492)

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. 362,859

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. 223,329

Net assets of governmental activities \$ 41,009,650

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
REVENUES					
Taxes	\$ 20,515,750	\$	\$ 301,054	\$	\$ 842,647
Licenses and permits	68,918	45,563	26,782	9,191	.....
Fees and charges	587,550	87,792	804,820	209,633	61,698
Grants and donations	554,769	136,279	11,820,736	1,486,754	2,039,051
Investment earnings (Note 2)	(78,773)	(11,139)	1,392	10,007	1,076
Fines, forfeits, settlements and judgments	60,419	10,959	36,545	17,470	154
Other revenue (Note 4)	121,299	3	305	2,452	41,521
Total revenues	21,829,932	269,457	12,991,634	1,735,507	2,986,147
EXPENDITURES					
Current:					
General government	3,643,961	.....	165,076	.....	.....
Education	11,437,051	.....	.....	.....	4,256,123
Human services	4,587,515	.....	13,139,945	.....	.....
Criminal justice and corrections	2,769,459	.....	.....	.....	.....
Natural resources and environment	304,698	977,751	21,157	.....	.....
Transportation	.....	.....	.....	2,520,347	.....
State courts	259,644	.....	.....	.....	.....
Capital outlay	51,974	180,327	30,071	1,609,256	1,000
Debt service:					
Principal retirement	4,056	.....	1,919	.....	150
Interest and fiscal charges	1,185	.....	1,393	.....	14
Total expenditures	23,059,543	1,158,078	13,359,561	4,129,603	4,257,287
Excess (deficiency) of revenues over expenditures	(1,229,611)	(888,621)	(367,927)	(2,394,096)	(1,271,140)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	1,344	150,003	.....	308,915	865,176
Proceeds of refunding bonds	.....	.....	.....	.....	.....
Operating transfers in	3,797,147	1,231,475	793,586	2,412,577	1,391,888
Operating transfers out	(1,144,660)	(668,544)	(489,068)	(503,249)	(958,395)
Proceeds of financing agreements	511	.....	.....	.....	771
Payments to refunded bond agent	.....	.....	.....	.....	.....
Total other financing sources (uses)	2,654,342	712,934	304,518	2,218,243	1,299,440
Net change in fund balances	1,424,731	(175,687)	(63,409)	(175,853)	28,300
Fund balances - beginning	3,629,508	2,234,700	898,208	973,160	1,286,267
Adjustments to increase (decrease) beginning fund balances	.....	.....	.....	7,203	44,632
Fund balances - beginning, as restated	3,629,508	2,234,700	898,208	980,363	1,330,899
Fund balances - ending	\$ 5,054,239	\$ 2,059,013	\$ 834,799	\$ 804,510	\$ 1,359,199

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

2004 STATE OF FLORIDA CAFR

Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Totals 6/30/04
\$ 6,800,107	\$ 321,011	\$	\$ 132,041	\$ 28,912,610
19,344	.....	.....	996,130	1,165,928
187,680	8,152	.....	403,808	2,351,133
.....	644,202	.....	572,354	17,254,145
163	(2,506)	262,901	27,670	210,791
7,875	9,005	52	452,488	594,967
33	1,890	.....	47,337	214,840
7,015,202	981,754	262,953	2,631,828	50,704,414
884,948	1,076,836	4,433	835,601	6,610,855
.....	129,823	.....	5,612	15,828,609
.....	.....	.....	356,401	18,083,861
.....	.....	.....	402,898	3,172,357
.....	.....	.....	443,839	1,747,445
.....	.....	.....	31	2,520,378
.....	.....	.....	10,328	269,972
2,978	587	.....	233,744	2,109,937
.....	.....	.....	668,572	674,697
.....	.....	.....	835,571	838,163
887,926	1,207,246	4,433	3,792,597	51,856,274
6,127,276	(225,492)	258,520	(1,160,769)	(1,151,860)
.....	.....	.....	7,720	1,333,158
.....	.....	.....	166,383	166,383
39,530	377,999	.....	2,887,109	12,931,311
(6,144,630)	(90,024)	(41,000)	(1,512,661)	(11,552,231)
.....	.....	.....	56,101	57,383
.....	.....	.....	(166,383)	(166,383)
(6,105,100)	287,975	(41,000)	1,438,269	2,769,621
22,176	62,483	217,520	277,500	1,617,761
347,588	292,084	1,521,518	1,414,236	12,597,269
.....	.....	.....	11,411	63,246
347,588	292,084	1,521,518	1,425,647	12,660,515
\$ 369,764	\$ 354,567	\$ 1,739,038	\$ 1,703,147	\$ 14,278,276

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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, 2004
(in thousands)**

Net change in fund balance - total governmental funds		\$ 1,617,761
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.		(15,429)
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	2,185,168	
Depreciation expense	(317,205)	
	<u>1,867,963</u>	1,867,963
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.		(35,290)
In the Statement of Activities, some revenues are recognized that do not provide current financial resources and are not recognized as revenues in the governmental funds until available, i.e., deferred revenues.		8,066
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in compensated absences	(22,918)	
Increase in accrued interest	(3,897)	
Decrease in claims payable	48,636	
Decrease in arbitrage liability	331	
Increase in due to other governments	(311)	
	<u>21,841</u>	21,841
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	(1,333,158)	
Refunding bond proceeds	(166,383)	
Financing agreement proceeds	(57,383)	
Repayment of bonds	661,835	
Repayment of capital leases/installment purchase contracts	12,862	
Payment to refunded bond escrow agent	166,383	
Amortization of bond premium	43,919	
Amortization of deferred amount on refunding	(4,713)	
Accrued interest at refunding	(2,261)	
	<u>(678,899)</u>	<u>(678,899)</u>
Change in net assets of governmental activities		<u>\$ 2,786,013</u>

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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 enterprise funds are presented on page 161.

Internal Service Funds

Internal service funds are presented on page 167.

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004
(in thousands)**

	Transportation	Lottery	Unemployment Compensation	State Board of Administration
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 11,069	\$ 316	\$ 339	\$ 35,020
Pooled investments with State Treasury	450,567	199,971	1,521,321	.....
Investments	.....	.....	.....	978,091
Receivables, net	3,017	44,601	303,146	10,177
Due from other funds	311,195	.....	2,473	3,235
Due from component units/primary	.....	.....	536	.....
Inventories	.....	993	.....	.....
Other	.....	2,284	.....	.....
Total current assets	<u>775,848</u>	<u>248,165</u>	<u>1,827,815</u>	<u>1,026,523</u>
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	101	.....	.....	.....
Restricted pooled investments with State Treasury	182,778	.....	.....	.....
Restricted investments	74,278	3,541,903	.....	.....
Long term investments	.....	.....	.....	5,482,106
Advances to other funds	500	.....	.....	.....
Other loans and notes receivable, net	1,392	.....	.....	.....
Capital assets				
Land and other nondepreciable assets	783,396	.....	.....	.....
Nondepreciable Infrastructure	3,154,025	.....	.....	.....
Buildings, equipment, and other depreciable assets	268,035	18,631	.....	5,905
Accumulated depreciation	(107,888)	(16,316)	.....	(4,669)
Construction work in progress	996,239	.....	.....	6,879
Other	13,308	.....	.....	.....
Total noncurrent assets	<u>5,366,164</u>	<u>3,544,218</u>	<u>.....</u>	<u>5,490,221</u>
Total assets	<u>6,142,012</u>	<u>3,792,383</u>	<u>1,827,815</u>	<u>6,516,744</u>
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	33,065	19,575	19,263	39,973
Accrued prize liability	.....	293,546	.....	.....
Due to other funds	73,461	122,535	138	7
Due to component units/primary	.....	1	.....	.....
Compensated absences	.....	673	.....	685
Installment purchases/capital leases	212	.....	.....	.....
Bonds payable	.....	.....	.....	.....
Bonds payable from restricted assets	63,480	.....	.....	.....
Deposits	599	.....	.....	.....
Obligations under security lending agreements	124,316	1,783,843	1,621	959,438
Obligations under reverse repurchase agreements	12,221	4,340	159	.....
Certificates of participation payable	.....	.....	.....	.....
Total current liabilities	<u>307,354</u>	<u>2,224,513</u>	<u>21,181</u>	<u>1,000,103</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	146,820	.....	.....	.....
Accrued prize liability	.....	1,361,562	.....	.....
Due to other governments	1,179	.....	.....	.....
Bonds payable	2,098,750	.....	.....	.....
Certificates of participation payable	.....	.....	.....	.....
Installment purchases/capital leases	212	.....	.....	.....
Deposits	9,520	.....	433,913	.....
Compensated absences	.....	2,621	.....	2,110
Total noncurrent liabilities	<u>2,256,481</u>	<u>1,364,183</u>	<u>433,913</u>	<u>2,110</u>
Total liabilities	<u>2,563,835</u>	<u>3,588,696</u>	<u>455,094</u>	<u>1,002,213</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,872,499	2,316	.....	8,115
Restricted for lottery	.....	201,371	.....	.....
Restricted for unemployment compensation	.....	.....	1,372,721	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	.....	5,476,178
Restricted - other	252,193	.....	.....	.....
Unrestricted	453,485	.....	.....	30,238
Total net assets	<u>\$ 3,578,177</u>	<u>\$ 203,687</u>	<u>\$ 1,372,721</u>	<u>\$ 5,514,531</u>

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

2004 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/04	Internal Service Funds
\$ 2,223	\$ 48,967	\$ 14,187
153,615	2,325,474	53,237
.....	978,091	41,577
8,017	368,958	12,062
3,398	320,301	36,048
127	663	1,548
1	994	102
22	2,306	.....
<u>167,403</u>	<u>4,045,754</u>	<u>158,761</u>
.....	101	.....
.....	182,778	.....
.....	3,616,181	.....
.....	5,482,106	.....
.....	500	.....
.....	1,392	.....
.....	783,396	373
.....	3,154,025	.....
18,966	311,537	890,412
(11,601)	(140,474)	(270,544)
.....	1,003,118	.....
.....	13,308	.....
<u>7,365</u>	<u>14,407,968</u>	<u>620,241</u>
<u>174,768</u>	<u>18,453,722</u>	<u>779,002</u>
6,156	118,032	36,893
.....	293,546	.....
7,038	203,179	1,239
139	140	.....
2,234	3,592	2,351
90	302	2,245
.....	.....	12,730
.....	63,480	.....
10,438	11,037	3,150
21,462	2,890,680	7,203
2,110	18,830	708
.....	.....	5,545
<u>49,667</u>	<u>3,602,818</u>	<u>72,064</u>
.....	146,820	2,803
.....	1,361,562	.....
.....	1,179	75
.....	2,098,750	349,769
.....	.....	85,163
.....	212	35,532
.....	443,433	.....
9,777	14,508	10,267
<u>9,777</u>	<u>4,066,464</u>	<u>483,609</u>
<u>59,444</u>	<u>7,669,282</u>	<u>555,673</u>
7,316	2,890,246	130,420
.....	201,371	.....
.....	1,372,721	.....
.....	5,476,178	.....
.....	252,193	.....
108,008	591,731	92,909
<u>\$ 115,324</u>	<u>\$ 10,784,440</u>	<u>\$ 223,329</u>

2004 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Transportation	Lottery	Unemployment Compensation	State Board of Administration
OPERATING REVENUES				
Sales - nonstate	\$ 1,147	\$ 3,076,052	\$	\$ 491,903
Fees	561,365	.....	973,414	75
Sales - state	.....	.....	.....	20,300
Rents and royalties - nonstate	8,513	.....	.....	1
Rents - state	10	.....	.....	.....
Fines, forfeits and judgements	606	.....	.....	.....
Total operating revenues	571,641	3,076,052	973,414	512,279
OPERATING EXPENSES				
Benefit payments	.....	.....	1,330,824	.....
Payment of lottery winnings	.....	1,724,488	.....	.....
Commissions on lottery sales	.....	174,389	.....	.....
Contractual Services	185,726	102,867	.....	8,109
Personal services	36,236	23,036	.....	13,144
Depreciation	16,601	1,144	.....	607
Materials and supplies	6,338	1,035	.....	845
Repairs and maintenance	.....	1,881	.....	621
Basic services	.....	4,926	.....	2,423
Interest and fiscal charges	1	.....	1	296
Bad debt	20	298	.....	.....
Total operating expenses	244,922	2,034,064	1,330,825	26,045
Operating income (loss)	326,719	1,041,988	(357,411)	486,234
NONOPERATING REVENUES (EXPENSES)				
Grants and donations	9,476	.....	257,454	.....
Investment earnings (Note 2)	10,753	(2,861)	96,921	68,309
Interest and fiscal charges	(71,707)	(135,912)	(1)	(9,797)
Property disposition gain (loss)	(15,355)	(81)	.....	(1)
Grant expense and client benefits	.....	.....	.....	.....
Other	.....	.....	(1,975)	.....
Total nonoperating revenues (expenses)	(66,833)	(138,854)	352,399	58,511
Income (loss) before transfers and contributions	259,886	903,134	(5,012)	544,745
Operating transfers in	19,950	56	7,748	.....
Operating transfers out	(22,727)	(1,052,566)	(12,250)	(10,006)
Capital contributions	148	.....	.....	.....
Change in net assets	257,257	(149,376)	(9,514)	534,739
Total net assets - beginning	3,309,244	353,063	1,382,235	4,979,792
Adjustments to increase/(decrease) beginning net assets	11,676	.....	.....	.....
Total net assets - beginning, as restated	3,320,920	353,063	1,382,235	4,979,792
Total net assets - ending	\$ 3,578,177	\$ 203,687	\$ 1,372,721	\$ 5,514,531

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

2004 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/04	Internal Service Funds
\$ 59,093	\$ 3,628,195	\$ 51,170
186,172	1,721,026	.....
386	20,686	277,473
.....	8,514	16
30	40	84,811
32,830	33,436	.....
<u>278,511</u>	<u>5,411,897</u>	<u>413,470</u>
.....	1,330,824	.....
.....	1,724,488	.....
.....	174,389	.....
25,170	321,872	221,160
104,269	176,685	96,661
1,922	20,274	25,087
4,448	12,666	13,360
227	2,729	21,636
21,754	29,103	17,427
252	550	216
.....	318	.....
<u>158,042</u>	<u>3,793,898</u>	<u>395,547</u>
<u>120,469</u>	<u>1,617,999</u>	<u>17,923</u>
215	267,145	1
(2,876)	170,246	2,769
(95)	(217,512)	(21,612)
(1,626)	(17,063)	(5,388)
(909)	(909)	.....
(570)	(2,545)	3
<u>(5,861)</u>	<u>199,362</u>	<u>(24,227)</u>
114,608	1,817,361	(6,304)
488	28,242	5,827
(147,530)	(1,245,079)	(15,564)
364	512	612
<u>(32,070)</u>	<u>601,036</u>	<u>(15,429)</u>
146,115	10,170,449	238,758
1,279	12,955	.....
<u>147,394</u>	<u>10,183,404</u>	<u>238,758</u>
<u>\$ 115,324</u>	<u>\$ 10,784,440</u>	<u>\$ 223,329</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	Transportation	Lottery	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 630,606	\$ 3,090,723	\$ 900,945
Cash paid to vendors	(200,914)	(285,630)	(67)
Cash paid to employees	(3,200)	(23,293)	.....
Lottery prizes	.....	(1,734,022)	.....
Unemployment benefits	.....	.....	(1,364,626)
Net cash provided (used) by operating activities	<u>426,492</u>	<u>1,047,778</u>	<u>(463,748)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(182,083)	(1,018,166)	(4,600)
Advances, grants or loans (to) from or repayment from others	.....	.....	252,736
Net cash provided (used) by noncapital financing activities	<u>(182,083)</u>	<u>(1,018,166)</u>	<u>248,136</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash receipts from sale of capital assets	.....	56	.....
Cash received from the sale of bonds	204,010	.....	.....
Cash received from capital grants and donations	.....	.....	.....
Payment of bond principal	(61,785)	.....	.....
Payment of principal installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(109,924)	.....	.....
Purchase or construction of capital assets	(200,380)	(918)	.....
Net cash provided (used) by capital and related financing activities	<u>(168,079)</u>	<u>(862)</u>	<u>.....</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	71,918	26,392	(112)
Proceeds from the sale or maturity of investments	866,091	241,066	.....
Investment earnings	11,654	8,030	94,599
Purchase of investments	(855,174)	(241,066)	.....
Net cash provided (used) by investing activities	<u>94,489</u>	<u>34,422</u>	<u>94,487</u>
Net increase (decrease) in cash and cash equivalents	170,819	63,172	(121,125)
Cash and cash equivalents - beginning	473,696	137,115	1,642,785
Cash and cash equivalents - ending	<u>\$ 644,515</u>	<u>\$ 200,287</u>	<u>\$ 1,521,660</u>

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

2004 STATE OF FLORIDA CAFR

State Board of Administration	Nonmajor Enterprise Funds	Totals 6/30/04	Internal Service Funds
\$ 512,042	\$ 269,538	\$ 5,403,854	\$ 403,588
(12,278)	(56,398)	(555,287)	(270,199)
(13,484)	(99,039)	(139,016)	(92,829)
.....	.....	(1,734,022)	.....
.....	(211)	(1,364,837)	.....
<u>486,280</u>	<u>113,890</u>	<u>1,610,692</u>	<u>40,560</u>
(10,000)	(176,021)	(1,390,870)	(16,241)
.....	.....	252,736	.....
<u>(10,000)</u>	<u>(176,021)</u>	<u>(1,138,134)</u>	<u>(16,241)</u>
.....	.....	56	.....
.....	.....	204,010	.....
.....	.....	.....	5
.....	.....	(61,785)	.....
.....	(85)	(85)	(15,075)
.....	(6)	(109,930)	(22,383)
<u>(4,512)</u>	<u>(715)</u>	<u>(206,525)</u>	<u>(6,886)</u>
<u>(4,512)</u>	<u>(806)</u>	<u>(174,259)</u>	<u>(44,339)</u>
.....	1,022	99,220	(78)
65,959,519	.....	67,066,676	.....
86,110	(2,570)	197,823	9,376
<u>(66,482,397)</u>	<u>.....</u>	<u>(67,578,637)</u>	<u>.....</u>
<u>(436,768)</u>	<u>(1,548)</u>	<u>(214,918)</u>	<u>9,298</u>
35,000	(64,485)	83,381	(10,722)
20	220,323	2,473,939	78,146
<u>\$ 35,020</u>	<u>\$ 155,838</u>	<u>\$ 2,557,320</u>	<u>\$ 67,424</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(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)	\$ 326,719	\$ 1,041,988	\$ (357,411)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	16,601	1,144	.....
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	7,184	15,193	(103,768)
(Increase) decrease in due from other funds	56,743	.....	.....
Increase (decrease) in allowance for uncollectibles	.....	220	24,595
(Increase) decrease in inventories	.....	312	.....
Increase (decrease) in accounts payable	8,620	(1,287)	(27,163)
Increase (decrease) in compensated absences	.....	(258)	.....
Increase (decrease) in due to other funds	10,614	.....	(1)
Increase (decrease) in deferred revenues	11	.....	.....
Increase (decrease) in prize liability	.....	(9,534)	.....
Net cash provided (used) by operating activities	<u>\$ 426,492</u>	<u>\$ 1,047,778</u>	<u>\$ (463,748)</u>

Noncash investing, capital, and financing activities

Capital appreciation	\$	\$ (153,703)	\$
----------------------	----------	--------------	----------

2004 STATE OF FLORIDA CAFR

State Board of Administration	Nonmajor Enterprise Funds	Totals 6/30/04	Internal Service Funds
\$ 486,234	\$ 120,469	\$ 1,617,999	\$ 17,923
607	1,922	20,274	25,087
118	3,497	(77,776)	(7,277)
(142)	(43)	56,558	(2,398)
.....	(10,512)	14,303	.....
.....	(147)	165	(119)
(445)	858	(19,417)	6,812
(98)	1,529	1,173	1,386
6	(987)	9,632	(1,692)
.....	(2,696)	(2,685)	838
.....	(9,534)
<u>\$ 486,280</u>	<u>\$ 113,890</u>	<u>\$ 1,610,692</u>	<u>\$ 40,560</u>

\$ (24,700) \$ \$ (178,403) \$

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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS

Individual fund descriptions and financial statements begin on page 173.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Individual fund descriptions and financial statements begin on page 179.

AGENCY FUNDS

Individual fund descriptions and financial statements begin on page 185.

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.

2004 STATE OF FLORIDA CAFR

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004
(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Investment Trust Fund	Totals 6/30/04
ASSETS					
Cash and cash equivalents	\$ 9,978	\$ 1,114,770	\$ 42,358	\$ 7,367	\$ 1,174,473
Pooled investments with State Treasury	1,045,681	193,208	6,664,727	.....	7,903,616
Total cash and cash equivalents	1,055,659	1,307,978	6,707,085	7,367	9,078,089
<u>Investments</u>					
Certificates of deposit	1,716	206,985	76,698	2,447,955	2,733,354
U.S. government & federally guaranteed obligations	2,897,250	4,757,931	1,241,667	1,344,308	10,241,156
Federal agencies	176,966	6,314,357	206,748	3,556,120	10,254,191
Commercial paper	200,136	1,427,542	259,466	8,281,205	10,168,349
Repurchase agreements	3,459	502,195	16,792	1,262,610	1,785,056
Bonds and notes	668,079	8,545,894	52,785	1,673,074	10,939,832
International bonds and notes	.....	1,486,629	.....	.....	1,486,629
Real estate contracts	.....	3,928,014	.....	.....	3,928,014
Mutual fund investments	173,094	6,429,099	.....	.....	6,602,193
Money market and short-term investments	.....	1,164,877	.....	.....	1,164,877
Domestic equity	442,188	56,455,319	.....	.....	56,897,507
Limited partnerships	.....	2,927,140	.....	.....	2,927,140
Equity group trust	.....	10,872	.....	.....	10,872
International equity	.....	10,756,684	.....	.....	10,756,684
Deferred compensation contracts	.....	1,705,458	.....	.....	1,705,458
Total investments	4,562,888	106,618,996	1,854,156	18,565,272	131,601,312
<u>Receivables</u>					
Accounts receivable	12,250	8,732	331,795	.....	352,777
State contributions receivable	.....	368	.....	.....	368
Nonstate contributions receivable	.....	148,484	7	.....	148,491
Interest receivable	14,968	292,765	17,988	28,655	354,376
Dividends receivable	310	93,591	.....	.....	93,901
Pending investment sales	231,186	651,657	1,523	48,615	932,981
Forward contracts	.....	371,749	.....	.....	371,749
Due from state funds	1,237	17,572	33,580	.....	52,389
Due from other governments	23,698	.....	.....	.....	23,698
Total receivables	283,649	1,584,918	384,893	77,270	2,330,730
Security lending collateral	1,160,880	10,715,624	146,024	4,660,602	16,683,130
Advances to other funds	159,484	.....	.....	.....	159,484
Tuition and housing receivable	1,261,863	.....	.....	.....	1,261,863
Capital assets	780	5,891	.....	.....	6,671
Accumulated depreciation	(510)	(4,746)	.....	.....	(5,256)
Other assets	253,910	.....	.....	81	253,991
Total assets	8,738,603	120,228,661	9,092,158	23,310,592	161,370,014
LIABILITIES					
Accounts payable	126,307	90,987	543,665	49,781	810,740
DROP	.....	1,605,006	.....	.....	1,605,006
Pending investment purchases	535,189	2,721,360	618	2,469	3,259,636
Forward contracts payable	.....	371,818	17,934	.....	389,752
Broker rebate fees	810	6,142	6,625	4,318	17,895
Due to other funds	2,590	20,838	381,024	298	404,750
Due to other governments	7,013	.....	611,366	7,179	625,558
Due to component units	.....	.....	4,144,556	.....	4,144,556
Obligations under security lending agreements	1,392,359	11,723,361	1,456,066	4,658,609	19,230,395
Obligations under reverse repurchase agreements	22,756	2,727	128,791	.....	154,274
Claims payable	.....	60,590	.....	.....	60,590
Deposits payable	138,343	96,666	1,801,513	.....	2,036,522
Compensated absences liability	479	1,387	.....	.....	1,866
Unclaimed property payable	163,248	.....	.....	.....	163,248
Tuition and housing benefits payable	5,073,722	.....	.....	.....	5,073,722
Total liabilities	7,462,816	16,700,882	9,092,158	4,722,654	37,978,510
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 1,275,787	\$ 103,527,779	\$	\$ 18,587,938	\$ 123,391,504

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Totals 06/30/04
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$	\$ 595,405	\$	\$ 595,405
Pension fund contributions - nonstate	.....	1,664,625	.....	1,664,625
Employer/employee contributions	.....	1,132,283	.....	1,132,283
Tuition and housing contract sales	420,337	.....	.....	420,337
Purchase of time by employees	.....	99,992	.....	99,992
Fees	514,863	.....	.....	514,863
Grants and contributions	146,277	.....	.....	146,277
Flexible benefit contributions	.....	352,846	.....	352,846
Transfers in from state funds	86	481,665	.....	481,751
Total contributions and other deposits	1,081,563	4,326,816	.....	5,408,379
<u>Investment income</u>				
Interest income	86,402	1,351,373	98,130	1,535,905
Dividends	4,176	1,221,928	.....	1,226,104
Other investment income	.....	12,110	.....	12,110
Net increase/(decrease) in fair market value	(119,885)	12,382,563	138,502	12,401,180
Total investment income	(29,307)	14,967,974	236,632	15,175,299
Investment activity expense	(14,292)	(219,605)	(3,647)	(237,544)
Net income from investing activity	(43,599)	14,748,369	232,985	14,937,755
<u>Security lending activity</u>				
Security lending income	12,823	148,724	71,754	233,301
Security lending expense	(10,587)	(114,153)	(61,668)	(186,408)
Net income from security lending	2,236	34,571	10,086	46,893
Total net investment income	(41,363)	14,782,940	243,071	14,984,648
Other additions	53	29	.....	82
Total additions	1,040,253	19,109,785	243,071	20,393,109
DEDUCTIONS				
Benefit payments	.....	4,107,875	.....	4,107,875
Tuition and housing payments	79,007	.....	.....	79,007
Insurance claims expense	.....	646,224	.....	646,224
HMO payments	.....	400,846	.....	400,846
Remittances to annuity companies	.....	148,045	.....	148,045
Interest expense	1,092	.....	.....	1,092
Student loan default payments	125,705	.....	.....	125,705
Administrative expense	20,166	102,780	.....	122,946
Prepaid participant refunds	47,024	.....	.....	47,024
Property disposition gain (loss)	.....	4	.....	4
Transfers out to state funds	160,964	473,293	.....	634,257
Other deductions	144,201	1,348	.....	145,549
Total deductions	578,159	5,880,415	.....	6,458,574
<u>Depositor activity</u>				
Deposits	.....	.....	93,108,443	93,108,443
Withdrawals	.....	.....	(92,683,411)	(92,683,411)
Excess of deposits over withdrawals	.....	.....	425,032	425,032
Change in net assets	462,094	13,229,370	668,103	14,359,567
Net assets - beginning	306,624	90,298,409	17,919,835	108,524,868
Adjustments to increase (decrease) beginning net assets	507,069	.....	.....	507,069
Net assets - beginning, as restated	813,693	90,298,409	17,919,835	109,031,937
Net assets - ending	\$ 1,275,787	\$ 103,527,779	\$ 18,587,938	\$ 123,391,504

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

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COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

FLORIDA HOUSING FINANCE CORPORATION

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

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

UNIVERSITY OF FLORIDA

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

FLORIDA STATE UNIVERSITY

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

UNIVERSITY OF SOUTH FLORIDA

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

CITIZENS PROPERTY INSURANCE CORPORATION

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

Nonmajor Component Units

Nonmajor component units are presented beginning on page 191.

2004 STATE OF FLORIDA CAFR

**STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2004
(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	\$ 361,389	\$ 621	\$ 224,818	\$ 108,787
Pooled investments with State Treasury	160,693	.....	523,790	279,691
Investments	1,188,267	357,173	203,631	43,853
Receivables, net	109,608	9,101	299,806	66,355
Due from component units/primary	.....	8,253	206,571	247,992
Inventories	.....	986	6,589	2,505
Other	32,149	5,795	39,182	4,595
Total current assets	1,852,106	381,929	1,504,387	753,778
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	.....	.....	8,341	8,196
Restricted investments with State Treasury	.....	.....	97,790	92,093
Restricted investments	.....	.....	1,296,930	452,543
Long term investments	.....	.....	.....	.....
Due from other governmental entities	.....	.....	.....	.....
Other loans and notes receivable, net	2,995,557	.....	36,367	9,716
Capital assets:				
Land and other nondepreciable assets	.....	1,782,988	61,997	126,584
Buildings, equipment, and other depreciable assets	3,232	368,688	3,273,159	1,353,315
Accumulated depreciation	(2,781)	(132,611)	(1,697,384)	(450,997)
Construction work in progress	.....	151,837	178,574	80,432
Total capital assets	451	2,170,902	1,816,346	1,109,334
Other	15,368	.....	96,740	78,954
Total noncurrent assets	3,011,376	2,170,902	3,352,514	1,750,836
Total assets	4,863,482	2,552,831	4,856,901	2,504,614
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	113,603	37,113	280,671	89,604
Due to component units/primary	.....	.....	91,592	130,376
Compensated absences	.....	845	9,798	3,597
Installment purchases/capital leases	.....	1,406	3,679	3,254
Claims payable	.....	1,613	.....	.....
Bonds payable	75,743	2,025	21,555	8,385
Certificates of participation payable	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Deferred revenue	7,878	135	102,134	66,712
Obligations under security lending agreements	.....	.....	129,893	90,043
Obligations under reverse purchase agreements	.....	.....	.....	.....
Other	6,311	26,829	12,457	4,813
Total current liabilities	203,535	69,966	651,779	396,784
<u>Noncurrent liabilities</u>				
Due to component units/primary	24,827	.....	.....	.....
Bonds payable	3,629,752	65,991	680,562	236,483
Certificates of participation payable	.....	.....	.....	.....
Installment purchases/capital leases	.....	1,973	13,529	26,790
Deposits	.....	.....	.....	.....
Deferred revenue	39,535	.....	.....	.....
Claims payable	.....	4,953	45,142	.....
Compensated absences	.....	15,247	118,892	36,902
Other	108,683	118,829	122,750	30,985
Total noncurrent liabilities	3,802,797	206,993	980,875	331,160
Total liabilities	4,006,332	276,959	1,632,654	727,944
NET ASSETS				
Invested in capital assets, net of related debt	451	1,962,939	1,113,383	864,004
Restricted for:				
Debt service	.....	6,510	.....	.....
Other	764,058	69,154	.....	.....
Permanent funds:				
Expendable	.....	19,199	649,370	350,149
Nonexpendable	.....	5,656	670,429	300,112
Unrestricted (deficit)	92,641	212,414	791,065	262,405
Total net assets	\$ 857,150	\$ 2,275,872	\$ 3,224,247	\$ 1,776,670

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

2004 STATE OF FLORIDA CAFR

University of South Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/04
\$ 18,343	\$ 293,816	\$ 222,702	\$ 1,230,476
225,201	1,149,074	936,620	3,275,069
66,111	435,140	627,476	2,921,651
143,889	72,174	290,304	991,237
64,601	.....	649,659	1,177,076
295	.....	20,302	30,677
1,690	82,142	22,757	188,310
520,130	2,032,346	2,769,820	9,814,496
30	.....	91,695	108,262
31,306	.....	121,806	342,995
314,480	.....	607,400	2,671,353
.....	2,292,351	972,801	3,265,152
.....	.....	75	75
7,222	.....	30,426	3,079,288
21,173	.....	1,721,804	3,714,546
876,436	13,539	6,778,542	12,666,911
(332,534)	(7,906)	(2,520,331)	(5,144,544)
68,689	.....	553,723	1,033,255
633,764	5,633	6,533,738	12,270,168
81,946	.....	21,108	294,116
1,068,748	2,297,984	8,379,049	22,031,409
1,588,878	4,330,330	11,148,869	31,845,905
92,047	377,334	629,473	1,619,845
165	.....	45,719	267,852
4,255	.....	28,195	46,690
1,639	.....	9,772	19,750
1,999	.....	1,084	4,696
3,638	.....	23,419	134,765
965	.....	967	1,932
.....	.....	35,709	35,709
47,124	634,834	237,382	1,096,199
62,209	.....	263,996	546,141
.....	.....	7,523	7,523
567	303,306	16,934	371,217
214,608	1,315,474	1,300,173	4,152,319
.....	.....	80,341	105,168
66,958	.....	581,683	5,261,429
115,445	.....	13,670	129,115
82,081	.....	39,744	164,117
.....	.....	35,427	35,427
.....	.....	1,073	40,608
9,211	.....	.....	59,306
42,433	.....	224,767	438,241
2,380	1,377,163	77,263	1,838,053
318,508	1,377,163	1,053,968	8,071,464
533,116	2,692,637	2,354,141	12,223,783
455,534	5,633	5,815,274	10,217,218
443	.....	13,827	20,780
25,153	.....	409,913	1,268,278
86,665	.....	881,618	1,987,001
314,547	.....	839,852	2,130,596
173,420	1,632,060	834,244	3,998,249
\$ 1,055,762	\$ 1,637,693	\$ 8,794,728	\$ 19,622,122

2004 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(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	\$ 506,816	\$ 222,959	\$	\$ 346,278	\$ 62,421
South Florida Water Management District	299,134	15,482	71,995	144,885	.....
University of Florida	3,380,457	2,000,731	800,434	53,405	.....
Florida State University	781,589	249,487	227,770	42,996	.....
University of South Florida	984,911	316,356	346,589	57,731	.....
Citizens Property Insurance Corporation	500,187	823,902	.....	.....	.....
Nonmajor Component Units	5,047,864	1,241,697	1,172,923	685,250	.....
Total component units	\$ 11,500,958	\$ 4,870,614	\$ 2,619,711	\$ 1,330,545	62,421

General revenues

Property taxes	\$
Investment earnings	.....
Gain (loss) on sale of capital assets	.....
Payments from the State of Florida	.....
Transfers	.....
Contributions to permanent funds	.....
Special Items	.....
Miscellaneous	18,238
Total general revenues	18,238
Change in net assets	80,659
Net assets - beginning	776,491
Adjustments to increase (decrease) beginning net assets	.....
Net assets - ending	\$ 857,150

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

2004 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 6/30/04
\$	\$	\$	\$	\$	\$	\$ 62,421
(66,772)	.....	.....	.....	.....	.....	(66,772)
.....	(525,887)	.....	.....	.....	.....	(525,887)
.....	.....	(261,336)	.....	.....	.....	(261,336)
.....	.....	.....	(264,235)	.....	.....	(264,235)
.....	.....	.....	.....	323,715	.....	323,715
.....	.....	.....	.....	.....	(1,947,994)	(1,947,994)
(66,772)	(525,887)	(261,336)	(264,235)	323,715	(1,947,994)	(2,680,088)
\$ 308,055	\$	\$	\$	\$	\$ 216,402	\$ 524,457
10,387	134,642	55,102	47,691	105,789	144,443	498,054
.....	.....	.....	.....	.....	(482)	(482)
.....	586,725	322,316	293,485	.....	2,056,947	3,259,473
.....	.....	.....	(177)	.....	4,952	4,775
.....	83,936	50,023	.....	.....	32,008	165,967
.....	.....	.....	.....	.....	5,753	5,753
11,236	33,783	14,509	13,569	3	107,473	198,811
329,678	839,086	441,950	354,568	105,792	2,567,496	4,656,808
262,906	313,199	180,614	90,333	429,507	619,502	1,976,720
2,012,966	2,911,048	1,624,295	965,429	1,208,186	8,177,765	17,676,180
.....	(28,239)	(2,539)	(30,778)
\$ 2,275,872	\$ 3,224,247	\$ 1,776,670	\$ 1,055,762	\$ 1,637,693	\$ 8,794,728	\$ 19,622,122

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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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 State Board of Administration (SBA)
- Florida Surplus Lines Service Office
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Investment Fraud Restoration (Financing) Corporation
- Scripps Florida Funding Corporation
- State Board of Education (SBE)
- Wireless Emergency Telephone System
- Workforce Florida, Inc.

Blended component units that are considered major are reported in separate columns in the fund financial statements. Other blended component units that are considered nonmajor are reported with other funds in the appropriate columns in the fund financial statements. In addition, the financial data for some blended component units (i.e., State Board of Administration) are reported in more than one fund type, some of which are considered major (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 Colleges. State universities and colleges receive funding from the State and operate under the governance of the State Board of Education. These entities have a June 30 year-end. Component units included in this category are:

State Universities**Major:**

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

Nonmajor:

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

Community Colleges**Nonmajor:**

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

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

Water Management Districts. Pursuant to Section 373.069, Florida Statutes, these districts were created to provide for the management and conservation of water and related land resources. 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:

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

*The State's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled \$36.3 million and \$76.3 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.

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 collected within 60 days of the end of the current fiscal year are considered available, with the exception of tax revenues. Tax revenues collected within 30 days of year-end are considered available. 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 Educational 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

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

Capital Assets

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

Compensated Absences

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

Long-term Liabilities

Refer to Note 8 for information on bonds payable, 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 for which the corpus is non-expendable and the net earnings are reserved for endowment-approved programs.

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

Reserve for Working Capital Fund represents funds available in the General Revenue Fund not needed for appropriations and 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 that 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 vaccines, Electronic Benefit Transfer (EBT) cards for food assistance and donated food commodities. The State also acts as an agent for the United States Department of Agriculture in the distribution of donated food commodities to qualifying organizations outside the State's reporting entity. 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 29, Florida Statutes. Some counties also provide certain facilities and services to other officers and staff of the judicial branch. The value of the facilities and services provided by the counties is not reported as a revenue.

H. Reporting Changes

Changes in Reporting Component Units

The following entity is determined to be a new component unit of the State for the fiscal year ended June 30, 2004.

- Scripps Florida Funding Corporation

I. Accounting Change

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. This Statement provides additional guidance on GASB Statement No.14, in determining whether an entity should be reported as a component unit based on the nature and significance of their relationship with a primary government. Qualitative and quantitative factors are measured. This statement has been implemented this year.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2004, the carrying amount of deposits totaled \$3,452,683,473, which consisted of the following: \$1,267,118,956 cash and cash equivalents in financial institutions; \$182,878,520 restricted cash in financial institutions; and \$2,002,685,997 pooled investments with the State Treasury. The reported carrying amount of component unit deposits totaled \$1,289,712,324, 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 69C-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 \$3,417,773,107. Of this amount, \$2,328,474,430 was covered by Federal and other depository insurance, letters of credit, or the collateral pool described above and \$1,089,298,677 was uncollateralized. The deposit balances reported by component unit banks totaled \$924,739,566. Of this amount, \$486,333,388 was covered by Federal and other depository insurance or the collateral pool described above, \$412,292,960 was collateralized with securities held by the pledging financial institution's trust department in the component unit's name, and \$26,113,218 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, reverse repurchase agreements, commingled and mutual funds, obligations of state and local governments, derivatives, put and call options, 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, 2004, of \$4,595,602,275 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, 2004. 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 \$898,101,666) 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	\$ 3,838,371	\$ 24,496	\$ 3,862,867
Bankers' acceptances	368,425	.....	368,425
Commercial paper	2,831,669	163,335	2,995,004
Repurchase agreements	244,699	503,730	748,429
Bonds and notes	2,869,647	4,241,586	7,111,233
Certificates of deposit	.....	59,849	59,849
Total classifiable investments	\$ 10,152,811	\$ 4,992,996	15,145,807
Unemployment compensation funds pooled with U. S. Treasury			1,578,187
Mutual funds			1,523,454
Securities held with others under security lending agreements			5,066,592
Securities held with others under reverse repurchase agreements			526,961
Total nonclassifiable investments			8,695,194
Total investments			23,841,001
Cash on hand			300
Cash on deposit			2,002,686
Total State Treasury holdings			25,843,987
Adjustments:			
Outstanding warrants			(588,551)
Unsettled securities liability			(939,912)
Reconciled balance, June 30, 2004			\$ 24,315,524
Reconciliation to basic financial statements (in thousands):			
Pooled investments with State Treasury			
Governmental activities			\$ 13,903,656
Business-type activities			2,325,474
Fiduciary funds			7,903,616
Total pooled investments with State Treasury			24,132,746
Restricted pooled investments with State Treasury (Business-type activities)			182,778
Total			\$ 24,315,524

Investment Earnings. Several funds reported negative investment earnings for the fiscal year ended June 30, 2004. The negative investment earnings primarily resulted from the statewide allocation of a reduction in the fair value of investments in the State Treasury. Although the State Treasury received cash from investment earnings, the reduction in fair value exceeded the cash earnings. The allocation was based on Treasury investment balances at June 30, 2004.

2. Other Investments

With respect to investments managed by the State Board of Administration, 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.

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 \$20,965,917,295 in cash and \$266,503,397 in U.S. Government securities as collateral for the lending programs as of June 30, 2004. At June 30, 2004, 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 \$535,877 in three 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 30 percent to 79 percent of total collateral invested. There are no restrictions on the amount of securities that can be loaned at one time to one borrower for most funds. For the Local Government Surplus Funds Trust Fund, the SBA has adopted industry practice for SEC 2a7-like pools, which generally restricts lending activity to no more than one-third of the portfolio.

The SBA issued a separate report (financial statements and notes) pertaining to the State's Investment Trust Funds for the period ended June 30, 2004, 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, 2004, all of the SBA derivatives were reported at fair value.

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

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Primary Government

	Risk Category			Carrying Value	Fair Value
	A	B	C		
Certificates of deposit	\$ 3,026,642	\$ 1,716	\$ 1,999,183	\$ 5,027,541	\$ 5,027,432
U. S. Government and federally guaranteed obligations	3,485,140	658,522	.....	4,143,662	4,222,525
Federal agencies	4,313,036	49,964	1,288,286	5,651,286	5,728,165
Commercial paper	12,345,805	478,428	1,513,595	14,337,828	14,337,223
Repurchase agreements	1,678,520	2,410,583	32,351	4,121,454	4,121,454
Bonds and notes	13,147,449	192,104	10,066,933	23,406,486	23,345,936
International bonds and notes	1,404,911	.....	97,961	1,502,872	1,502,872
Stocks	52,535,576	5,209	2,169,914	54,710,699	54,711,584
International equities	7,830,098	.....	1,428,434	9,258,532	9,258,532
Total classifiable investments	\$ 99,767,177	\$ 3,796,526	\$ 18,596,657	122,160,360	122,255,723
Investments held by others under security lending agreements					
U. S. obligations				8,471,116	8,467,470
Federal agencies				6,324,560	6,308,105
Bonds and notes				760,061	760,061
International bonds and notes				23,454	23,454
Stocks				3,259,212	3,259,212
International equities				1,712,303	1,712,303
Investment agreements				3,745,717	3,745,717
Real estate contracts				3,928,013	3,928,013
Deferred compensation (mutual funds and annuities)				1,705,458	1,705,458
Money market and short term investment funds				2,774,038	2,774,037
Mutual funds				6,456,225	6,456,224
Total nonclassifiable investments				39,160,157	39,140,054
Total investments				\$ 161,320,517	\$ 161,395,777

Reconciliation to the basic financial statements:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Investments - current	\$ 912,024	\$ 978,091	\$	\$ 1,890,115
Restricted investments	.....	3,616,181	.....	3,616,181
Long-term investments	2,047,673	5,482,106	131,601,312	139,131,091
Security lending collateral	.....	.....	16,683,130	16,683,130
Total investments	\$ 2,959,697	\$ 10,076,378	\$ 148,284,442	\$ 161,320,517

Component Units

	Risk Category			Carrying Value	Fair Value
	A	B	C		
Certificates of deposit	\$ 16,323	\$ 250	\$ 95,735	\$ 112,308	\$ 112,308
U. S. Government and federally guaranteed obligations	1,500,246	501,411	40,753	2,042,410	2,044,474
Federal agencies obligations	636,305	49,340	5,346	690,991	691,108
Bankers acceptance	.....	.....	3,110	3,110	3,110
Commercial paper	167,005	.....	.....	167,005	167,005
Repurchase agreements	.....	3,326	4,790	8,116	8,116
Reserve in investment account	2,425	.....	.....	2,425	2,425
Bonds and notes	1,752,859	151,936	139,819	2,044,614	2,046,050
Stocks	1,005,547	45,436	281,320	1,332,303	1,330,959
Total classifiable investments	\$ 5,080,710	\$ 751,699	\$ 570,873	6,403,282	6,405,555
Investment agreements				886,134	886,134
Real estate agreements				22,914	22,914
Deferred compensation investments				728	728
Money market and mutual funds				1,545,098	1,544,926
Total nonclassifiable investments				2,454,874	2,454,702
Total investments				\$ 8,858,156	\$ 8,860,257
Reconciliation to the basic financial statements:					
Investments - current				\$ 2,921,651	
Restricted investments - noncurrent				2,671,353	
Long-term investments				3,265,152	
Total investments				\$ 8,858,156	

NOTE 3 - RECEIVABLES AND PAYABLES

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

GOVERNMENTAL ACTIVITIES

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
Accounts receivable	\$ 74,349	\$ 29,223	\$ 412,752	\$ 4,557	.....
Taxes receivable	1,079,928	.....	.....	.....	.....
Interest & dividends receivable	18,308	2,860	285	2,420	3,295
Loans & notes receivable	4,841	46,267	.....	.....	4,088
Due from Federal government	3,415	36,338	772,737	27,435	2,194
Other receivables	240	1,503	7,244	129,232	.....
Allowance for uncollectibles	(33,734)	(19,517)	(165,507)	(972)	(1,916)
Receivables, net	\$ 1,147,347	\$ 96,674	\$ 1,027,511	\$ 162,672	\$ 7,661
Loans & notes receivable from other governments	\$ 10,231	\$ 672,412	\$	\$ 524,538	\$
Other loans & notes receivable	8,583	1,711	54,383	982	.....
Advances to other governments	2,750	.....	3,063	.....	.....
Advances to component units	24,827	.....	.....	.....	.....
Long-term interest receivable	.....	.....	.....	1,682	.....
Allowance for uncollectibles	(5,607)	.....	(45,621)	(648)	.....
Other loans & notes receivable, net	\$ 40,784	\$ 674,123	\$ 11,825	\$ 526,554	\$

(Continued below)

	Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts receivable	\$ 1,538	\$	\$ 12,944	\$ 48,314	\$ 583,677
Taxes receivable	281,634	76,673	.....	345	1,438,580
Interest & dividends receivable	1,828	9	6,204	3,390	38,599
Loans & notes receivable	.....	.....	.....	52,904	108,100
Due from Federal government	.....	46,499	.....	26,960	915,578
Other receivables	25	.....	.....	12,088	150,332
Allowance for uncollectibles	.....	.....	.....	(28,887)	(250,533)
Receivables, net	\$ 285,025	\$ 123,181	\$ 19,148	\$ 115,114	\$ 2,984,333
Loans & notes receivable from other governments	\$	\$	\$	\$ 469,617	\$ 1,676,798
Other loans & notes receivable	.....	.....	.....	5,427	71,086
Advances to other governments	.....	.....	.....	7,519	13,332
Advances to component units	.....	.....	.....	.....	24,827
Long-term interest receivable	.....	.....	.....	.....	1,682
Allowance for uncollectibles	.....	.....	.....	.....	(51,876)
Other loans & notes receivable, net	\$	\$	\$	\$ 482,563	\$ 1,735,849

(Continued below)

	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 9,576	\$ 480,938	\$ 1,074,191
Taxes receivable	.....	.....	1,438,580
Interest & dividends receivable	72	.....	38,671
Loans & notes receivable	.....	.....	108,100
Due from Federal government	78	.....	915,656
Other receivables	2,336	.....	152,668
Allowance for uncollectibles	.....	.....	(250,533)
Receivables, net	\$ 12,062	\$ 480,938	\$ 3,477,333
Loans & notes receivable from other governments	\$	\$	\$ 1,676,798
Other loans & notes receivable	.....	.....	71,086
Advances to other governments	.....	.....	13,332
Advances to component units	.....	.....	24,827
Long-term interest receivable	.....	.....	1,682
Allowance for uncollectibles	.....	.....	(51,876)
Other loans & notes receivable, net	\$	\$	\$ 1,735,849

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Unemployment Compensation	State Board of Administration	Nonmajor Enterprise Funds
Accounts receivable	\$ 1,711	\$ 43,459	\$ 127,300	\$ 24	\$ 8,827
Taxes receivable	.....	.....	246,266	.....	.....
Interest & dividends receivable	1,216	2,649	14,777	10,153	132
Other receivables	90	.....	3,057	.....	28
Allowance for uncollectibles	.....	(1,507)	(88,254)	.....	(970)
Receivables, net	\$ 3,017	\$ 44,601	\$ 303,146	\$ 10,177	\$ 8,017

(Continued below)

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 181,321	\$ 314,263	\$ 495,584
Taxes receivable	246,266	.....	246,266
Interest & dividends receivable	28,927	.....	28,927
Other receivables	3,175	.....	3,175
Allowance for uncollectibles	(90,731)	.....	(90,731)
Receivables, net	\$ 368,958	\$ 314,263	\$ 683,221

COMPONENT UNITS

Accounts receivable	\$ 743,212
Other receivables	483,286
Allowance for uncollectibles	(235,261)
Receivables, net	\$ 991,237
Other loans & notes receivable	\$ 3,198,040
Allowance for uncollectibles	(118,752)
Other loans & notes receivable, net	\$ 3,079,288

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“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	\$ 566,053	\$ 27,354	\$ 1,088,022	\$ 275,761	\$ 4,689
Construction contracts	.....	.....	.....	184,651	.....
Claims payable	2,527	.....	.....	.....	.....
Accrued salaries & wages	67,834	.....	35,155	15,209	210
Deposits payable	422	417	.....	1,602	10,256
Due to Federal government	2	101	8,147	.....	.....
Due to other governmental units	2,500	5,291	4,062	.....	.....
Accrued interest	.....	.....	.....	.....	.....
Other payables	7,558	.....	.....	.....	.....
Accounts payable and other liabilities	\$ 646,896	\$ 33,163	\$ 1,135,386	\$ 477,223	\$ 15,155

(Continued below)

	Tax Collection and Administration	Employment Services	Lawton Chiles Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts payable	\$ 21,243	\$ 45,197	\$ 56,837	\$ 113,621	\$ 2,198,777
Construction contracts	.....	.....	.....	2,022	186,673
Claims payable	.....	.....	.....	.....	2,527
Accrued salaries & wages	20	641	.....	9,048	128,117
Deposits payable	.....	.....	.....	183	12,880
Due to Federal government	.....	.....	.....	1,060	9,310
Due to other governmental units	121,927	.....	.....	20,831	154,611
Accrued Interest	.....	.....	6	154	160
Other payables	17	.....	.....	6,135	13,710
Accounts payable and other liabilities	\$ 143,207	\$ 45,838	\$ 56,843	\$ 153,054	\$ 2,706,765

(Continued below)

	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 27,923	\$ 194,300	\$ 2,421,000
Construction contracts	.....	.....	186,673
Claims payable	.....	.....	2,527
Accrued salaries & wages	2,976	.....	131,093
Deposits payable	.....	.....	12,880
Due to Federal government	.....	.....	9,310
Due to other governmental units	8	.....	154,619
Accrued Interest	5,986	39,492	45,638
Other payables	.....	.....	13,710
Accounts payable and other liabilities	\$ 36,893	\$ 233,792	\$ 2,977,450

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Unemployment Compensation	State Board of Administration	Nonmajor Enterprise Funds
Accounts payable	\$ 169	\$ 17,293	\$ 16,922	\$ 39,973	\$ 4,054
Construction contracts	32,371	.....	.....	.....	.....
Accrued salaries & wages	.....	.....	.....	.....	2,102
Deposits payable	525	2,282	.....	.....	.....
Due to other governmental units	.....	.....	2,341	.....	.....
Accounts payable and other liabilities	\$ 33,065	\$ 19,575	\$ 19,263	\$ 39,973	\$ 6,156

(Continued below)

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 78,411	\$ 5	\$ 78,416
Construction contracts	32,371	.....	32,371
Accrued salaries & wages	2,102	.....	2,102
Deposits payable	2,807	.....	2,807
Due to other governmental units	2,341	.....	2,341
Accounts payable and other liabilities	\$ 118,032	\$ 5	\$ 118,037

NOTE 4 – TAXES AND OTHER REVENUE

A. Taxes

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

	General Fund	Health and Family Services	Public Education	Tax Collection and Administration	Employment Services	Nonmajor Governmental Funds	Total
Sales and use tax	\$ 17,128,515	\$	\$	\$	\$	\$	\$ 17,128,515
Fuel taxes:							
Motor fuel tax	.....	.....	.....	1,966,203	.....	.....	1,966,203
Pollutant tax	.....	.....	.....	246,244	.....	.....	246,244
Aviation fuel tax	.....	.....	.....	55,474	.....	.....	55,474
Solid minerals severance tax	.....	.....	.....	42,978	.....	.....	42,978
Oil and gas production tax	.....	.....	.....	5,673	.....	.....	5,673
Total fuel taxes	.....	.....	.....	2,316,572	.....	.....	2,316,572
Corporate income tax	1,441,338	.....	.....	.....	.....	.....	1,441,338
Documentary stamp tax	.....	.....	.....	2,613,194	.....	.....	2,613,194
Intangible personal property tax	.....	.....	.....	860,046	.....	.....	860,046
Communications service tax	861,976	.....	388,232	.....	.....	.....	1,250,208
Estate tax	386,767	.....	.....	.....	.....	.....	386,767
Gross receipts utilities tax	.....	.....	454,415	7,757	.....	.....	462,172
Beverage and tobacco taxes:							
Alcoholic beverage tax	568,574	.....	.....	.....	.....	23,108	591,682
Cigarette tax	.....	.....	.....	421,665	.....	.....	421,665
Smokeless tobacco tax	27,695	.....	.....	.....	.....	.....	27,695
Total beverage and tobacco taxes	596,269	.....	.....	421,665	.....	23,108	1,041,042
Other taxes:							
Insurance premium tax	100,056	.....	.....	577,277	.....	33,812	711,145
Workers' compensation special disability tax	.....	.....	.....	.....	321,011	.....	321,011
Hospital public assistance tax	.....	301,054	.....	.....	.....	.....	301,054
Citrus excise tax	.....	.....	.....	.....	.....	48,641	48,641
Pari-Mutuel wagering tax	829	.....	.....	.....	.....	25,918	26,747
Other	.....	.....	.....	3,596	.....	562	4,158
Total other taxes	100,885	301,054	.....	580,873	321,011	108,933	1,412,756
Total	\$ 20,515,750	\$ 301,054	\$ 842,647	\$ 6,800,107	\$ 321,011	\$ 132,041	\$ 28,912,610

B. Other Revenue

Other revenue recorded in governmental funds include revenue not classified as taxes, licenses and permits, fees and charges, grants and donations, investment earnings, or fines, forfeits, settlements and judgments. During the fiscal year ended June 30, 2004, other revenue recorded in the General Fund includes transfers from the Florida Housing Finance Corporation, a discretely presented component unit, in the amount of \$120.8 million. The transfers were mandated by the 2003 General Appropriations Act.

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

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, 2004, is as follows (in thousands):

General government	\$ 62,607
Education	7,921
Human services	38,410
Criminal justice and corrections	133,666
Natural resources & environment	52,245
Transportation	45,166
State courts	2,278
Total depreciation expense (governmental activities)	\$ 342,293

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Primary government capital asset activities for the fiscal year ended June 30, 2004, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance 7/1/2003	Adjustments	Increases	Decreases	Balance 6/30/2004
Capital assets, not being depreciated:					
Land and other nondepreciable assets	\$ 12,031,107	\$ (48,749)	\$ 666,785	\$ 12,965	12,636,178
Infrastructure and infrastructure improvements - nondepreciable	24,224,258	(605,705)	1,348,367	96,095	24,870,825
Construction work in progress	4,727,396	649,780	86,316	37,659	5,425,833
Total capital assets, not being depreciated	40,982,761	(4,674)	2,101,468	146,719	42,932,836
Capital assets, being depreciated:					
Buildings and building improvements	3,324,348	34,862	210,137	186,235	3,383,112
Infrastructure and infrastructure improvements	282,768	27,885	14,343	674	324,322
Leasehold improvements	268	.....	1	.....	269
Property under capital lease	209,604	.....	595	.....	210,199
Furniture and equipment	1,678,473	(4,245)	145,046	129,919	1,689,355
Works of art and historical treasures	1,377	.....	.....	6	1,371
Library resources	24,546	1	1,652	249	25,950
Other	40,022	1,014	5,456	1,585	44,907
Total capital assets, being depreciated	5,561,406	59,517	377,230	318,668	5,679,485
Less accumulated depreciation for:					
Buildings and building improvements	1,263,053	1,487	148,676	72,951	1,340,265
Infrastructure and infrastructure improvements	116,117	995	12,998	1,191	128,919
Property under capital lease	22,638	(1,957)	13,694	7	34,368
Furniture and equipment	1,097,614	(6,682)	164,094	121,029	1,133,997
Works of art and historical treasures	421	.....	34	6	449
Library resources	7,621	.....	636	6	8,251
Other	26,699	227	2,161	1,339	27,748
Total accumulated depreciation	2,534,163	(5,930)	342,293	196,529	2,673,997
Total capital assets, being depreciated, net	3,027,243	65,447	34,937	122,139	3,005,488
Governmental activities capital assets, net	\$ 44,010,004	\$ 60,773	\$ 2,136,405	\$ 268,858	\$ 45,938,324

BUSINESS-TYPE ACTIVITIES

	Balance 7/1/2003	Adjustments	Increases	Decreases	Balance 6/30/2004
Capital assets, not being depreciated:					
Land and other nondepreciable assets	\$ 768,538	\$	\$ 14,861	\$ 3	\$ 783,396
Infrastructure and infrastructure improvements - nondepreciable	2,967,485	77,697	108,843	.....	3,154,025
Construction work in progress	945,597	(79,941)	137,462	.....	1,003,118
Total capital assets, not being depreciated	4,681,620	(2,244)	261,166	3	4,940,539
Capital assets, being depreciated:					
Buildings and building improvements	199,156	2,054	437	101	201,546
Infrastructure and infrastructure improvements	41	.....	.....	.....	41
Furniture and equipment	110,175	(5,556)	8,080	3,621	109,078
Library resources	3	1	.....	.....	4
Other	172	51	645	.....	868
Total capital assets, being depreciated	309,547	(3,450)	9,162	3,722	311,537
Less accumulated depreciation for:					
Buildings and building improvements	66,115	(35)	6,246	83	72,243
Infrastructure and infrastructure improvements	33	.....	1	.....	34
Furniture and equipment	63,619	(6,398)	13,973	3,128	68,066
Library resources	3	.....	.....	.....	3
Other	19	54	55	.....	128
Total accumulated depreciation	129,789	(6,379)	20,275	3,211	140,474
Total capital assets, being depreciated, net	179,758	2,929	(11,113)	511	171,063
Business-type activities capital assets, net	\$ 4,861,378	\$ 685	\$ 250,053	\$ 514	\$ 5,111,602

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Component units' capital asset activities for the fiscal year ended June 30, 2004, are as follows (in thousands):

COMPONENT UNITS					
	Balance 7/1/2003	Adjustments	Increases	Decreases	Balance 6/30/2004
Capital assets, not being depreciated:					
Land and other non-depreciable assets	\$ 3,300,950	\$ (1,840)	\$ 425,057	\$ 9,621	\$ 3,714,546
Construction work in progress	980,651	(614,572)	774,302	107,126	1,033,255
Total capital assets, not being depreciated	4,281,601	(616,412)	1,199,359	116,747	4,747,801
Capital assets, being depreciated:					
Buildings and building improvements	7,424,580	301,675	379,436	40,228	8,065,463
Infrastructure and infrastructure improvements	874,450	52,787	18,977	1,027	945,187
Leasehold improvements	94,293	67,299	3,501	615	164,478
Property under capital lease	159,781	34,402	45,312	30,049	209,446
Furniture and equipment	2,399,909	(8,825)	282,366	139,001	2,534,449
Works of art and historical treasures	596	199	111	145	761
Library resources	587,288	.....	39,545	1,960	624,873
Other	71,294	6,485	46,201	1,726	122,254
Total capital assets, being depreciated	11,612,191	454,022	815,449	214,751	12,666,911
Less accumulated depreciation for:					
Buildings and building improvements	2,352,063	20,323	229,090	16,037	2,585,439
Infrastructure and infrastructure improvements	343,349	898	31,106	1,183	374,170
Leasehold improvements	29,977	300	5,031	560	34,748
Property under capital lease	18,319	3,947	6,812	1,281	27,797
Furniture and equipment	1,544,397	(40)	232,455	102,007	1,674,805
Works of art and historical treasures	130	(5)	55	.....	180
Library resources	371,118	137	33,020	1,933	402,342
Other	35,651	3,039	7,155	782	45,063
Total accumulated depreciation	4,695,004	28,599	544,724	123,783	5,144,544
Total capital assets, being depreciated, net	6,917,187	425,423	270,725	90,968	7,522,367
Component units capital assets, net	\$ 11,198,788	\$ (190,989)	\$ 1,470,084	\$ 207,715	\$ 12,270,168

NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Florida Retirement System (FRS) was created December 1, 1970, with consolidation of the Teachers' Retirement System (Chapter 238, Florida Statutes [F.S.]), the State and County Officers and Employees' Retirement System (Chapter 122, F.S.), and the Highway Patrol Pension Trust Fund (Chapter 321, F.S.). In 1972, the Judicial Retirement System (Section 121.046, F.S.) was also consolidated with the FRS. The FRS was created by (and can be amended by) Chapter 121, F.S., to provide a defined benefit pension plan for participating public employees. The FRS also provides nonintegrated, 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. Additionally, authorized instructional personnel may participate in the DROP for a maximum of 96 months. During the period of DROP participation, deferred monthly benefits remain in the FRS Pension Trust Fund and accrue interest. As of June 30, 2004, the FRS Pension Trust Fund projected \$1,605,005,648 accumulated benefits and interest for 29,751 current and prior participants in the DROP.

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

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

Normal retirement benefits under the Public Employee Optional Retirement Program (FRS Investment Plan) are based upon the value of the member's account upon retirement. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. The investment of this account is directed by the member from investment options offered under the plan. After termination, the member may rollover invested funds to another qualified plan, structure a periodic payment under the Investment Plan, take a lump-sum payment, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account value to the FRS Pension Plan when approved for disability retirement in order to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or choose to remain in the FRS Investment Plan and rely upon that account balance for retirement income.

All participating employers must comply with statutory contribution requirements. Except in those instances where employees have elected to remain in pre-existing plans, employees make no required contributions. Statutes require that any unfunded actuarial liability (UAL) be amortized within a 30-fiscal year period. The balance of legally required reserves for all defined benefit pension plans at June 30, 2004, was \$100,950,714,000. Of this amount, \$100,935,934,214 was attributable to the FRS and was reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan. Section 121.031(3), F.S., requires an annual actuarial review of the FRS, which is provided to the Legislature as guidance for funding decisions.

FRS Retirement Contribution Rates:

Membership Class	Normal Cost Rates Recommended	
	by Actuarial Review	
	as of 7/1/02 for Fiscal Year 2003-2004	7/1/03 Statutory Rates* (Ch. 121, F.S.)
Regular	9.96%	6.28%
Senior Management Service	11.59%	8.26%
Special Risk	22.15%	17.42%
Special Risk Administrative Support	12.58%	8.81%
Judges	20.70%	17.54%
Legislators/Attorneys/Cabinet	15.48%	11.38%
Elected Officers	17.81%	14.12%
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 0.10% offset of the FRS Investment Plan administration and education fee.

FRS Participating Employers:

Employer Types	06/30/04
State Agencies	52
County Agencies	397
District School Boards	67
Community Colleges	28
Cities	141 *
Special Districts	166 *
Hospitals	4 *
Other	11
Total Participating Employers	866

* 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 6/30/2004
Active:						
Non-Vested	198,504	1,664	23,200	-	518	223,886
Vested	359,700	4,709	43,661	92	1,594	409,756
DROP Participants	25,223	326	2,921	22	171	28,663
Current Retirees and Beneficiaries	205,477	938	16,656	134	1,607	224,812
Vested Terminated	64,113	585	4,720	29	311	69,758
Total Members	853,017	8,222	91,158	277	4,201	956,875

Additional information about the FRS Pension Plan can be obtained from the Research and Education Section, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, (850) 488-5706. The above counts do not reflect 1,665 FRS Investment Plan members who received a distribution from their accounts during fiscal year 2003-04.

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, 2004, 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, 2004, 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:

	2002	2003	2004
HIS recipients as of 6/30	174,971	184,519	199,107
HIS contributions for FY ending 6/30	\$240,112,109	\$259,651,153	\$264,411,895
HIS payments for FY ending 6/30	\$217,326,138	\$228,813,187	\$248,291,392
HIS Trust Fund net assets at 6/30	\$101,282,614	\$134,039,453	\$151,391,522
HIS contribution rate	1.11%	1.11%	1.11%

B. State of Florida Participation

The State of Florida contributed as required to the FRS as part of a cost-sharing multiple-employer public-employee defined benefit pension plan. For the fiscal year ended June 30, 2004, the State's total covered payroll for its 138,706 State employee members plus 7,777 State DROP participants amounted to \$5,158,711,652 with actual and required employer contributions totaling \$436,290,894, or 8.46 percent. The State's contributions to the FRS for the fiscal years ending June 30, 2002, and June 30, 2003, were \$442,717,029 and \$371,649,565, respectively. These amounts were also equal to the required contributions for each year. Covered payroll refers to all compensation paid by the State to active employees covered by the FRS on which contributions to the defined benefit pension plan are based. The State's contributions represented 22.32 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 2003 through June 2004. 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 2003-04. 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	14,903	
Payroll	\$ 925,284,506	
Contributions:		
Employee	\$ 50,658,254	5.47% of payroll
Employer	\$ 97,162,428	10.50% 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 13.97 percent of covered payroll for July 2003 through June 2004. 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 13.97 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	77	
Payroll	\$ 7,588,594	
Contributions:		
Employee	\$ 112,909	1.49% of payroll
Employer	\$ 1,059,798	13.97% 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, 2004, the Department had available approximately \$5.8 billion in budget authority committed on executed contracts arising from both current and prior year projects. Other major construction commitments of the State of Florida at June 30, 2004, totaled \$180.1 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 was \$461,194,212 for the fiscal year ended June 30, 2004. Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2004, amounted to \$325,211,394, including Series 1996 bonds payable of \$190,130,575, and Series 1999 bonds payable of \$135,080,819.

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 \$153 million, \$16.3 million, and \$39.5 million, respectively, for the year ended June 30, 2004. The following is a schedule of future noncancelable operating lease payments for the primary government and component units at June 30, 2004 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2005	\$ 129,820	\$ 16,929	\$ 34,161
2006	103,657	13,925	25,685
2007	87,317	11,140	19,198
2008	69,067	8,258	15,800
2009	62,709	6,930	10,284
2010-2014	68,372	13,010	29,312
2015-2019	17,882	12,366	26,962
2020-2024	11,654	12,366	24,425
2025-2029	12,411	12,366	20,055
2030-2034	13,638	12,366	11,296
2035-2039	.....	.....	1,000
2040-2044	.....	.....	1,000
2045-2049	.....	.....	1,000
2050-2054	.....	.....	600
Total	\$ 576,527	\$ 119,656	\$ 220,778

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

Bonds payable at June 30, 2004, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities				
Road and Bridge Bonds	\$ 1,985,600	\$ 1,661,800	3.000%-6.500%	2033
SBE Capital Outlay Bonds	1,184,975	893,675	3.000%-6.000%	2023
Lottery Education Bonds	2,248,945	1,969,905	2.250%-6.250%	2023
Public Education Bonds	11,149,692	8,599,785	3.000%-9.125%	2033
Conservation and Recreation Lands Bonds	32,670	19,145	5.000%-5.375%	2012
Save Our Coast Bonds	149,960	115,770	3.000%-5.250%	2012
Preservation 2000 Bonds	2,387,855	1,548,390	4.000%-6.000%	2013
Florida Forever Bonds	1,205,760	1,161,420	3.000%-6.000%	2023
Pollution Control Bonds	60,000	14,475	5.600%-5.600%	2009
Water Pollution Control Bonds	139,775	128,285	2.000%-5.550%	2023
Florida Facilities Pool Bonds	393,505	358,070	2.625%-6.750%	2030
	20,938,737	16,470,720		
Unamortized premiums (discounts) on bonds payable		281,187		
Amount deferred on refunding		(65,003)		
Total bonds payable	\$ 20,938,737	\$ 16,686,904		
Statement of Net Assets Presentation:				
Bonds payable (current)		\$ 652,040		
Bonds payable (noncurrent)		16,034,864		
Total bonds payable		\$ 16,686,904		
Business-type Activities				
Toll Facilities Bonds	\$ 2,328,380	\$ 2,158,755	2.375%-6.500%	2033
Less payable from restricted assets		(63,480)		
Unamortized premiums (discounts) on bonds payable		37,587		
Amount deferred on refunding		(34,112)		
Total bonds payable	\$ 2,328,380	\$ 2,098,750		
Statement of Net Assets Presentation:				
Bonds payable (current)		\$ 63,480		
Bonds payable (noncurrent)		2,098,750		
Total bonds payable		\$ 2,162,230		

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 \$14,390,000 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. Toll bonds are secured by a pledge of toll facility revenues.

C. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2004, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 652,040	\$ 837,500	\$ 1,489,540	\$ 63,480	\$ 109,650	\$ 173,130
2006	691,010	804,152	1,495,162	66,890	106,476	173,366
2007	746,185	768,234	1,514,419	70,370	103,001	173,371
2008	777,615	730,122	1,507,737	74,075	99,319	173,394
2009	812,615	691,152	1,503,767	77,895	95,524	173,419
2010-2014	4,249,135	2,797,354	7,046,489	438,885	415,001	853,886
2015-2019	3,516,275	1,785,659	5,301,934	553,835	291,501	845,336
2020-2024	3,150,980	917,975	4,068,955	506,995	151,353	658,348
2025-2029	1,396,895	297,672	1,694,567	257,980	41,450	299,430
2030-2034	477,970	51,500	529,470	48,350	5,948	54,298
Bonds payable and interest	16,470,720	9,681,320	26,152,040	2,158,755	1,419,223	3,577,978
Unamortized premiums (discounts)	281,187	.....	281,187	37,587	.....	37,587
(Amount deferred or refunded)	(65,003)	.....	(65,003)	(34,112)	.....	(34,112)
Total bonds payable and interest	\$ 16,686,904	\$ 9,681,320	\$ 26,368,224	\$ 2,162,230	\$ 1,419,223	\$ 3,581,453

Year Ending June 30	Component Units		
	Principal	Interest	Total
2005	\$ 311,211	\$ 416,024	\$ 727,235
2006	188,076	231,666	419,742
2007	225,562	228,186	453,748
2008	208,996	217,048	426,044
2009	442,822	237,831	680,653
2010-2014	805,364	388,969	1,194,333
2015-2019	750,048	284,079	1,034,127
2020-2024	808,618	200,883	1,009,501
2025-2029	867,904	78,227	946,131
2030-2034	629,506	14,322	643,828
2035-2039	164,374	1,922	166,296
Bonds payable and interest	5,402,481	2,299,157	7,701,638
Unamortized premiums (discounts)	(3,320)	.....	(3,320)
(Amount deferred or refunded)	(2,967)	.....	(2,967)
Total bonds payable and interest	\$ 5,396,194	\$ 2,299,157	\$ 7,695,351

D. Current Refundings and Advance Refundings

During the fiscal year ended June 30, 2004, the State took advantage of favorable conditions and issued bonds for the purpose of refunding previously issued bonds. The refundings of these bond series were made in order to obtain lower interest rates and the resulting savings in debt service payments over the life of the bonds. The economic gains obtained by these refundings are the differences between the present value of old debt service and new debt service requirements.

The proceeds of the current refundings are used to immediately call the refunded bonds. The proceeds of the advance refundings 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. There were no advance refundings during the fiscal year ended June 30, 2004.

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:

Current Refundings

Governmental Activities

State of Florida, Department of Environmental Protection Florida Forever Refunding Revenue Bonds, Series 2003B in the amount of \$157,140,000 were used to refund \$171,900,000 of the State of Florida Department of Environmental Protection Preservation 2000 Revenue Bonds, Series 1994A maturing in the years 2005 through 2013. The refunding resulted in debt savings of \$18,221,208.47, an economic gain of \$15,909,957 and a deferred loss on refunding of \$ 3,756,617.

E. In-substance Defeasance

During the fiscal year ended June 30, 2004, the State of Florida or other local governments used available resources to complete the following in-substance defeasance. Funds other than the State of Florida 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 bonds were considered to have been defeased during the fiscal year:

State of Florida, Full Faith and Credit Jacksonville Transportation Authority Senior Lien Refunding Bonds, Series 1992A in the amount of \$44,985,000, maturing July 2004 through July 2020.

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 6/30/2004
<u>Governmental Activities</u>	
Road and Bridge Bonds	\$ 133,150
SBE Higher Education Bonds	51,945
Public Education Capital Outlay Bonds	714,290
Inland Protection Bonds	3,675
Pollution Control Bonds	23,440
Florida Facilities Pool Bonds	11,010
Preservation 2000 Bonds	169,700
Total	<u>\$ 1,107,210</u>
<u>Business-type Activities</u>	
Toll Facilities	<u>\$ 148,040</u>
<u>Component Units</u>	
University Certificates	<u>\$ 3,089</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	\$ 44,719
Education	Lottery Education Bonds	95,087
Education	Public Education Bonds	430,096
Total Education		<u>569,902</u>
Natural Resources and Environment	Conservation and Recreation Lands Bonds	1,092
Natural Resources and Environment	Pollution Control Bonds	1,012
Natural Resources and Environment	Water Pollution Control Bonds	5,195
Natural Resources and Environment	Save Our Coast Bonds	4,676
Natural Resources and Environment	Florida Forever Bonds	41,392
Natural Resources and Environment	Preservation 2000 Bonds	97,393
Total Natural Resources and Environment		<u>150,760</u>
Transportation	Road and Bridge Bonds	<u>66,907</u>
Total Direct Interest		<u>\$ 787,569</u>

NOTE 9 - INSTALLMENT PURCHASES, CAPITAL LEASES, AND CERTIFICATES OF PARTICIPATION

A. Installment Purchases and Capital Leases

The State has a number of installment purchase contracts providing for the acquisition of buildings, furniture, and equipment. At June 30, 2004, installment purchase contracts for governmental activities and component units were primarily for furniture and equipment. Installment purchase contracts for business-type activities were primarily for buildings. The following is a schedule of future minimum installment purchase contract payments for the primary government and component units at June 30, 2004 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2005	\$ 10,110	\$ 92	\$ 6,070
2006	8,262	.....	4,555
2007	6,677	.....	1,186
2008	6,532	.....	341
2009	2,583	.....	59
2010-2014	82	.....	.....
Total	34,246	92	12,211
Less: Interest	(1,798)	(2)	(399)
Present value of future minimum payments	\$ 32,448	\$ 90	\$ 11,812

The State has a number of capital leases providing for the acquisition of buildings, furniture, and equipment. At June 30, 2004, 96 percent of the State's capital leases for governmental activities were for buildings, with the remainder for furniture and equipment. Capital leases for business-type activities were primarily for furniture and equipment. Capital leases for component units consisted of 71 percent for furniture and equipment and the remainder primarily for buildings. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2004 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2005	\$ 12,881	\$ 221	\$ 23,655
2006	15,301	221	19,818
2007	15,407	.....	17,236
2008	15,506	.....	13,642
2009	15,624	.....	14,437
2010-2014	80,070	.....	49,792
2015-2019	43,563	.....	44,424
2020-2024	.....	.....	42,195
2025-2029	.....	.....	37,058
2030-2034	.....	.....	19,305
Total	198,352	442	281,562
Less: Interest	(49,794)	(18)	(109,507)
Present value of future minimum payments	\$ 148,558	\$ 424	\$ 172,055

Reconciliation to the Statement of Net Assets

(in thousands)

Present value of future minimum payments (per note):	Governmental Activities	Business-type Activities	Component Units
Installment purchase contracts	\$ 32,448	\$ 90	\$ 11,812
Capital leases	148,558	424	172,055
Total present value of future minimum payments (per note)	\$ 181,006	\$ 514	\$ 183,867
Amounts reported on Statement of Net Assets:			
Installment purchases/capital leases - current	\$ 16,063	\$ 302	\$ 19,750
Installment purchases/capital leases - noncurrent	164,943	212	164,117
Total amounts reported on Statement of Net Assets	\$ 181,006	\$ 514	\$ 183,867

B. 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, 2004 (in thousands):

Year Ending June 30	Principal	Interest	Total
2005	\$ 5,545	\$ 4,330	\$ 9,875
2006	5,820	4,082	9,902
2007	6,065	3,805	9,870
2008	6,375	3,487	9,862
2009	6,705	3,147	9,852
2010-2014	38,710	10,462	49,172
2015-2018	20,820	1,732	22,552
Total	90,040	31,045	121,085
Unamortized premiums (discounts)	2,275	.....	2,275
(Amount deferred upon refunding)	(1,607)	.....	(1,607)
Total certificates of participation payable	\$ 90,708	\$ 31,045	\$ 121,753

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2004, are as follows (in thousands):

	Balance 7/1/2003	Adjustments	Additions	Deletions	Balance 6/30/2004	Due Within One Year (Current)
GOVERNMENTAL ACTIVITIES						
Bonds payable:						
Road and Bridge Bonds	\$ 1,443,765	\$	\$ 300,000	\$ 81,965	\$ 1,661,800	\$ 39,790
SBE Capital Outlay Bonds	896,955	.....	44,630	47,910	893,675	50,220
Lottery Education Bonds	1,847,880	.....	200,000	77,975	1,969,905	83,895
Public Education Bonds	8,226,315	.....	600,000	226,530	8,599,785	240,075
Conservation and Recreation Lands Bonds	20,970	.....	.....	1,825	19,145	1,940
Save Our Coast Bonds	134,505	.....	.....	18,735	115,770	19,595
Preservation 2000 Bonds	1,883,310	.....	.....	334,920	1,548,390	154,755
Florida Forever Bonds	893,005	.....	291,440	23,025	1,161,420	39,885
Pollution Control Bonds	18,075	.....	.....	3,600	14,475	3,840
Water Pollution Control Bonds	133,285	.....	.....	5,000	128,285	5,315
Florida Facilities Pool Bonds	373,145	.....	.....	15,075	358,070	12,730
	15,871,210	.....	1,436,070	836,560	16,470,720	652,040
Unamortized bond premiums (discounts)	263,537	.....	63,460	45,810	281,187	.....
Amounts deferred on refunding	(66,985)	.....	(4,161)	(6,143)	(65,003)	.....
Total bonds payable	16,067,762	.....	1,495,369	876,227	16,686,904	652,040
Certificates of participation payable	96,009	.....	.....	5,301	90,708	5,545
Deposits	208,472	(25,286)	66,981	62,413	187,754	25,977
Compensated absences	709,567	11,537	266,609	255,714	731,999	150,957
Claims payable	2,454,205	.....	266,442	314,009	2,406,638	315,219
Installment purchases/capital leases	131,415	.....	64,201	14,610	181,006	16,063
Due to other governments:						
Federal arbitrage liability	2,483	.....	.....	740	1,743	.....
Due to other governments	5,191	.....	311	.....	5,502	.....
Other Liabilities	2,000	.....	.....	500	1,500	.....
Total Governmental Activities	\$ 19,677,104	\$ (13,749)	\$ 2,159,913	\$ 1,529,514	\$ 20,293,754	\$ 1,165,801

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 ended June 30, 2004, are as follows (in thousands):

	Balance 7/1/2003	Adjustments	Additions	Deletions	Balance 6/30/2004	Due Within One Year (Current)
BUSINESS-TYPE ACTIVITIES						
Bonds payable	\$ 1,715,669	\$	\$ 504,870	\$ 61,784	\$ 2,158,755	\$ 63,480
Unamortized bond premiums (discounts)	23,547	.....	22,879	8,839	37,587	.....
Amounts deferred on refunding	(41,923)	.....	.....	(7,811)	(34,112)	.....
Total bonds payable	1,697,293	.....	527,749	62,812	2,162,230	63,480
Accrued prize liability	1,744,836	.....	418,303	508,031	1,655,108	293,546
Deposits	451,430	.....	10,100	7,059	454,471	11,038
Compensated absences	21,329	.....	2,899	6,128	18,100	3,592
Installment purchases/capital leases	183	.....	424	93	514	302
Due to other governments:						
Federal arbitrage liability	2,418	.....	.....	1,560	858	.....
Due to other governments	321	.....	.....	.....	321	.....
Total Business-type Activities	\$ 3,917,810	\$	\$ 959,475	\$ 585,683	\$ 4,291,602	\$ 371,958
COMPONENT UNITS						
Bonds payable	\$ 5,039,908	\$ 30,832	\$ 761,978	\$ 436,524	\$ 5,396,194	\$ 134,765
Deposits	3,259	5,755	75,310	13,188	71,136	\$ 35,709
Compensated absences	460,254	4,086	81,175	60,584	484,931	46,690
Installment purchases/capital leases	188,684	(19,815)	65,748	50,750	183,867	19,750
Claims Payable	42,450	18,605	18,956	16,009	64,002	4,696
Certificates of participation	183,230	(50,326)	.....	1,857	131,047	1,932
Other long-term liabilities	2,340,159	(72,581)	331,959	390,267	2,209,270	371,217
Total Component Units	\$ 8,257,944	\$ (83,444)	\$1,335,126	\$ 969,179	\$ 8,540,447	\$ 614,759

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2004, 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, 2004, 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	\$	\$ 827	\$ 57,123	\$ 31	\$ 183
Environment, Recreation and Conservation	9,463	.....	265	17	.....
Health and Family Services	2,727	.....	.....	.....	.....
Transportation	337	.....	.....	.....	.....
Public Education	22	.....	.....	.....	.....
Tax Collection and Administration	136,505	47,081	1,578	161,670	.....
Employment Services	26,135	.....	1,824	.....	52
Lawton Chiles Endowment Fund	.....	.....	.....	.....	.....
Nonmajor	16,856	2,032	7,135	24,350	.....
Internal Service Funds	235	.....	.....	1	.....
Business-type Activities					
Transportation	.....	.....	.....	66,756	.....
Lottery	.....	.....	13	20	122,476
Unemployment Compensation	138	.....	.....	.....	.....
State Board of Administration	.....	.....	.....	.....	.....
Nonmajor	5,300	.....	1,073	.....	.....
Fiduciary Funds					
Private-purpose Trust Funds	57	.....	.....	.....	2,534
Pension and Other Employee Benefits Trust Funds	26	.....	.....	.....	.....
Agency Funds	56,140	1	1,892	.....	5,160
Investment Trust Fund	.....	.....	.....	.....	.....
Total	\$ 253,941	\$ 49,941	\$ 70,903	\$ 252,845	\$ 130,405

(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	\$ 14	\$ 757	\$ 36,690	\$ 3,435
Environment, Recreation and Conservation	.....	.....	125	2
Health and Family Services	1,225	.....	460	26,509
Transportation	.....	.....	11	1,887
Public Education	.....	772	10,211	2,022
Tax Collection and Administration	.....	.....	34,928	4
Employment Services	1,129	.....	.....	659
Lawton Chiles Endowment Fund	.....	.....	.....	.....
Nonmajor	174	3	11,969	908
Internal Service Funds	.....	.....	852	134
Business-type Activities				
Transportation	.....	.....	6,700	.....
Lottery	.....	.....	9	5
Unemployment Compensation	.....	.....	.....	.....
State Board of Administration	.....	.....	.....	1
Nonmajor	.....	.....	597	34
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	448
Agency Funds	2,578	.....	4,085	.....
Investment Trust Fund	.....	.....	.....	.....
Total	\$ 5,120	\$ 1,532	\$ 106,637	\$ 36,048

(Continued next page)

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	\$	\$ 1,443	\$	\$ 3,369
Environment, Recreation and Conservation	.....	35	.....	.....
Health and Family Services	.....	405	.....	.....
Transportation	90	69	.....	.....
Public Education	.....	38	.....	.....
Tax Collection and Administration	.....	7	.....	.....
Employment Services	.....	79	.....	.....
Lawton Chiles Endowment Fund	.....	.....	69	.....
Nonmajor	.....	328	8	29
Internal Service Funds	.....	17	.....	.....
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	12	.....	.....
Unemployment Compensation	.....	.....	.....	.....
State Board of Administration	.....	6	.....	.....
Nonmajor	.....	34	.....	.....
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	2,795	.....
Agency Funds	311,105	.....	65	.....
Investment Trust Fund	.....	.....	298	.....
Total	\$ 311,195	\$ 2,473	\$ 3,235	\$ 3,398

(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	\$ 1,237	\$ 3	\$ 21,188	\$ 126,300
Environment, Recreation and Conservation	.....	.....	.....	9,907
Health and Family Services	.....	.....	132	31,458
Transportation	.....	.....	.....	2,394
Public Education	.....	.....	.....	13,065
Tax Collection and Administration	.....	.....	12,255	394,028
Employment Services	.....	.....	.....	29,878
Lawton Chiles Endowment Fund	.....	.....	.....	69
Nonmajor	.....	.....	.....	63,792
Internal Service Funds	.....	.....	.....	1,239
Business-type Activities				
Transportation	.....	.....	5	73,461
Lottery	.....	.....	.....	122,535
Unemployment Compensation	.....	.....	.....	138
State Board of Administration	.....	.....	.....	7
Nonmajor	.....	.....	.....	7,038
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	2,591
Pension and Other Employee Benefits Trust Funds	.....	17,569	.....	20,838
Agency Funds	.....	.....	.....	381,026
Investment Trust Fund	.....	.....	.....	298
Total	\$ 1,237	\$ 17,572	\$ 33,580	\$ 1,280,062

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	.....	5,537	.....	.....
Health and Family Services	1	.....	.....	.....	.....
Transportation	10,000	.....	.....	.....	.....
Public Education	.....	.....	.....	.....	.....
Tax Collection and Administration	7	.....	.....	.....	.....
Nonmajor	664	326	3	.....	500
Internal Service Funds	2,003	.....	800	.....	.....
Business-type Activities					
Transportation	.....	.....	143,562	3,258	.....
Total	\$ 12,720	\$ 326	\$ 150,002	\$ 3,758	\$ 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	.....	5,582
Health and Family Services	.....	1
Transportation	.....	10,000
Public Education	159,484	159,484
Tax Collection and Administration	.....	7
Nonmajor	.....	1,493
Internal Service Funds	2,803
Business-type Activities		
Transportation	146,820
Total	\$ 159,484	\$ 326,790

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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 thousands):

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)				
	Governmental Activities				
	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Public Education
Governmental Activities					
General Fund	\$	\$ 49,396	\$ 594,383	\$ 7	\$ 56,602
Environment, Recreation and Conservation	286,496	.....	3,067	.....	.....
Health and Family Services	17,235	.....	.....	.....	64
Transportation	213,142	.....	70	.....	.....
Public Education	4,983	.....	.....	.....	.....
Tax Collection and Administration	2,923,521	1,144,994	112,334	1,682,753	.....
Employment Services	36,519	.....	11,385	.....	4,523
Lawton Chiles Endowment Fund	.....	.....	.....	.....	.....
Nonmajor	168,776	36,874	67,326	705,350	114,309
Internal Service Funds	5,290	208	1	1,740	3
Business-type Activities					
Transportation	.....	.....	.....	22,727	.....
Lottery	299	.....	203	.....	1,051,656
Unemployment Compensation	9,499	.....	.....	.....	.....
State Board of Administration	.....	.....	.....	.....	.....
Nonmajor	129,980	.....	4,680	.....	5,249
Fiduciary Funds					
Private-purpose Trust Funds	11	.....	137	.....	159,481
Pension and Other Employee Benefits Trust Funds	1,395	1	.....	.....	.....
Total	\$ 3,797,146	\$ 1,231,473	\$ 793,586	\$ 2,412,577	\$ 1,391,887

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Governmental Activities			
	Tax Collection and Administration	Employment Services	Nonmajor	Internal Service Fund
Governmental Activities				
General Fund	\$ 17,158	\$ 2,443	\$ 407,475	\$ 2,968
Environment, Recreation and Conservation	.....	.....	378,808	.....
Health and Family Services	4,710	371,457	94,201	.....
Transportation	115	.....	270,487	.....
Public Education	.....	1,348	951,971	.....
Tax Collection and Administration	.....	.....	280,962	.....
Employment Services	17,547	.....	19,174	.....
Lawton Chiles Endowment Fund	.....	.....	41,000	.....
Nonmajor	.....	.....	416,982	1,734
Internal Service Funds	.....	.....	8,176	.....
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	137	.....
Unemployment Compensation	.....	2,751	.....	.....
State Board of Administration	.....	.....	10,000	.....
Nonmajor	.....	.....	6,653	776
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	984	349
Pension and Other Employee Benefits Trust Funds	.....	.....	99	.....
Total	\$ 39,530	\$ 377,999	\$ 2,887,109	\$ 5,827

(Continued next page)

Transfers from Other Funds (in thousands)				
Business-type Activities				
Transfers to Other Funds (in thousands)	Transportation	Lottery	Unemployment Compensation	Nonmajor
Governmental Activities				
General Fund	\$ 348	\$	\$ 3,607	\$ 392
Environment, Recreation and Conservation	.....	.....	173	.....
Health and Family Services	.....	.....	1,401	.....
Transportation	19,077	.....	358	.....
Public Education	.....	.....	93	.....
Tax Collection and Administration	.....	.....	60	.....
Employment Services	.....	.....	876	.....
Lawton Chiles Endowment Fund	.....	.....	.....	.....
Nonmajor	525	.....	709	76
Internal Service Funds	.....	56	70	20
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	185	.....
Unemployment Compensation	.....	.....	.....	.....
State Board of Administration	.....	.....	6	.....
Nonmajor	.....	.....	192	.....
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	2	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	15	.....
Total	\$ 19,950	\$ 56	\$ 7,747	\$ 488

(Continued below)

Transfers from Other Funds (in thousands)			
Fiduciary Funds			
Transfers to Other Funds (in thousands)	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Total
Governmental Activities			
General Fund	\$	\$ 9,882	\$ 1,144,661
Environment, Recreation and Conservation	668,544
Health and Family Services	489,068
Transportation	503,249
Public Education	958,395
Tax Collection and Administration	6,144,624
Employment Services	90,024
Lawton Chiles Endowment Fund	41,000
Nonmajor	1,512,661
Internal Service Funds	15,564
Business-type Activities			
Transportation	22,727
Lottery	86	.....	1,052,566
Unemployment Compensation	12,250
State Board of Administration	10,006
Nonmajor	147,530
Fiduciary Funds			
Private-purpose Trust Funds	160,964
Pension and Other Employee Benefits Trust Funds	471,783	473,293
Total	\$ 86	\$ 481,665	\$ 13,447,126

NOTE 12 - RISK MANAGEMENT**A. State Risk Management Trust Fund**

The State Risk Management Trust Fund provides property insurance coverage for State buildings and contents against loss from fire, lightning, sinkholes, flood, and other hazards customarily insured by extended coverage and loss from the removal of personal property from such properties when endangered by covered perils. The property insurance program self-insures the first \$2 million per occurrence with an annual aggregate of \$5 million for all perils except windstorm and flood. The property insurance program self-insures the first \$2 million per occurrence with an annual aggregate of \$40 million for windstorm and flood. Commercial excess insurance is purchased for losses over the self-insured retention up to \$70 million for windstorm, \$50 million for 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, 2003, and June 30, 2004, 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, 2003	\$ 3,720	\$ (379)	\$ (841)	\$ 2,500
June 30, 2004	2,500	939	(1,639)	1,800

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 the first 15 million of workers' compensation coverage.

The estimated liability for unpaid casualty insurance claims at June 30, 2004, was \$1.05 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, 2003, and June 30, 2004, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
June 30, 2003	\$ 1,002,000	\$ 147,773	\$ (82,473)	\$ 1,067,300
June 30, 2004	1,067,300	95,352	(114,252)	\$ 1,048,400

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

B. Employees Health Insurance Fund

Employees may obtain health care services through participation in the State's group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as the risks of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund, a Pension and 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, 2003, and June 30, 2004, 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, 2003	\$ 54,253	\$ 582,458	\$ (574,680)	\$ 62,031
June 30, 2004	62,031	665,242	(671,605)	55,668

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Fund balances and net assets at July 1, 2003, have been increased (decreased) as follows in relation to the activities of prior years (in thousands):

GOVERNMENTAL ACTIVITIES**Transportation**

To record a receivable for funds previously advanced to South Florida Water Management District in error.	\$ 10,357	
To adjust for compensated absences liability not previously recognized.	<u>(3,154)</u>	
Total Transportation		\$ 7,203

Public Education

To record the devolution of universities from the state accounts.		44,632
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Nonmajor Governmental Funds*Special Revenue Funds - Citrus Commission*

To eliminate payables previously recognized.	\$ 1,139	
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Special Revenue Funds - Inland Protection Financing Corporation

To eliminate payables previously recognized.	<u>10,272</u>	
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Total Nonmajor Governmental Funds		11,411
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Government-wide Reconciling Items*Transportation*

To capitalize construction costs previously expensed.	\$ 84,342	
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Revenue

To report capital assets purchased and not recorded in the previous year.	814	
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Children and Families

To reduce capital assets previously recorded twice.	(3,696)	
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To adjust prior year compensated absences liability previously recognized in error.	4,286	
---	-------	--

Juvenile Justice

To record construction work-in-progress and to adjust the value of capital assets transferred to the Department.	<u>36,646</u>	
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Total Government-wide Reconciling Items		<u>122,392</u>
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TOTAL GOVERNMENTAL ACTIVITIES**\$ 185,638****BUSINESS-TYPE ACTIVITIES****Transportation**

To remove compensated absences liability previously recorded in error.	\$ 3,154	
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To capitalize construction costs previously expensed for the Pinellas Bayway System.	<u>8,522</u>	
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Total Transportation		\$ 11,676
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Nonmajor Enterprise Funds*Other - Public Service Commission*

To record capital assets and accumulated depreciation not previously capitalized.		<u>1,279</u>
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TOTAL BUSINESS-TYPE ACTIVITIES**\$ 12,955****FIDUCIARY FUNDS****Private-purpose Trust Funds***Trust Escrow Administration - Financial Services*

To eliminate liabilities recorded in error.	\$ 507,069	
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TOTAL FIDUCIARY FUNDS		<u>\$ 507,069</u>
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Net assets at July 1, 2003, have been increased (decreased) as follows in relation to the activities of prior years for discretely presented component units (in thousands):

Florida State University

To adjust for a change in accounting principle regarding the election to not capitalize art and historical treasures at the Appleton Museum.	\$ (23,454)	
To record the effect of reporting a university component unit's current year, instead of prior year operations, in the same reporting period as the State of Florida.	<u>(4,785)</u>	
Total Florida State University		\$ (28,239)

Nonmajor Component Units

Other Water Management Districts - St. Johns River Water Management District

To reduce capital assets for land/lease purchases previously capitalized that did not result in ownership of the properties.	\$ (1,220)	
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Other State Universities - Florida Agricultural and Mechanical University

To adjust for the change in reporting year for a university component unit from January 1 to June 30, 2003.	\$ 5,722	
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Other State Universities - Florida International University

To adjust for the prior year transfer of land and buildings to Board of Trustees for the Internal Improvement Trust Fund of the State of Florida.	(3,718)	
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Other State Universities - University of West Florida

To correct accumulated depreciation for the cumulative effect of recording capital asset disposals as fully depreciated.	<u>(3,633)</u>	
<i>Total Other State Universities</i>		(1,629)

Community Colleges - Hillsborough Community College

To record prior year audit adjustments and to properly record accumulated depreciation.	\$ 577	
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Community Colleges - Tallahassee Community College

To record prior year pledges receivable of a component unit.	144	
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Community Colleges - Florida Keys Community College

To remove the beginning net asset amount for a college component unit that no longer meets the criteria to be reported as a component unit.	<u>(101)</u>	
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<i>Total Community College</i>		620
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South Florida Transportation Authority

To adjust prior year's ending net assets based on final audit, which was not available as of last year's CAFR.	<u>(310)</u>	
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Total Nonmajor Component Units		<u>(2,539)</u>
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TOTAL COMPONENT UNITS		<u><u>\$ (30,778)</u></u>
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NOTE 14 – FLORIDA PREPAID COLLEGE PROGRAM

The Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of registration and dormitory residence may be paid in advance of enrollment in a State postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if 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, 2004, is as follows:

Actuarial present value of future benefits payable	\$5,073,722,125
Net assets available	\$5,477,371,184
Net assets as a percentage of tuition and housing benefits obligation	108%

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. The contract shall also provide that the obligation of the Board with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity of the fund up to a limit of \$15 billion for that contract year adjusted for growth in exposure for covered policies since 2003, although the annual increase is limited by prior year cash collections. The Fund is accounted for as an enterprise fund administered by the State Board of Administration. An actuarially determined formula is used to calculate the reimbursement premium collected. Additional information as of June 30, 2004, follows (in thousands):

Net assets available to meet future catastrophic losses (fair value)	\$ 5,476,155
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The State of Florida was hit by four hurricanes during August and September of 2004. These hurricanes were category 4 Hurricane Charley on August 13, category 2 Hurricane Frances on September 4, category 3 Hurricane Ivan on September 16, and category 3 Hurricane Jeanne on September 25. It is currently estimated that the Fund's liability for losses in excess of participating insurers' retention is \$2 billion. The Fund has sufficient unrestricted net assets to cover this liability.

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, 2004, approximately \$4.9 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 2003-2004 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. Riscorp Insurance Company and Riscorp Property & Casualty Insurance Co. v. Florida Department of Financial Services; Florida Hospitality Mutual Insurance Company v. Florida Department of Financial Services

Consolidated Case Nos. 99-5027 and 00-602, Circuit Court, Second Judicial Circuit. Plaintiffs were seeking declaratory relief and refunds of overpaid 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. A 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 and on March 16, 2004, the First District Court of Appeal reversed the trial court's decision for Plaintiff on the issue of ceded reinsurance premiums, affirmed the trial court's decision awarding refunds for assessments that were paid on brokerage fees and commissions and remanded the case back to Circuit Court for further proceedings. *Florida Department of Financial Services et al. v. Riscorp Insurance Company, et al.* 871 So. 2d 261 (1st DCA 2004). Plaintiffs appealed to the Florida Supreme Court, which denied further review. *Riscorp Insurance Company v. Florida Department of Financial Services*, 884 So. 2d 24 (2004). As a result, the Department's liability amounted to less than \$3.6 million in overpaid assessments for brokerage fees and commissions. The remaining issues before the Circuit Court were dismissed with prejudice on December 13, 2004.

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

Plaintiff automobile owners brought action against the Department seeking declaratory judgment that Section 325.214(2), Florida Statutes, was unconstitutional as written and implemented by the Department. Section 325.214(2), Florida Statutes, imposes a \$10 fee on emissions inspection of automobiles in 7 of Florida's 67 counties. The Plaintiffs moved for class certification, which was granted by the Circuit Court. The District Court of Appeal reversed the Certification Order. 776 So. 2d 976 (1st DCA 2001). The Supreme Court affirmed the Court's decision holding Petitioners should have first sought relief from the Chief Financial Officer pursuant to Section 215.26, Florida Statutes. 825 So. 2d 351 (2002). The Circuit Court then granted Final Summary Judgment for the Defendants. The Plaintiffs appealed this Order to the District Court of Appeal. The District Court of Appeal Per Curium Affirmed to lower court on January 18, 2005.

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

Case No. 3D2-611 Third District Court of Appeal. Various handicapped drivers sued challenging the imposition and collection of a fee for placards for handicapped parking spaces. The trial court granted class certification and held that requiring the payment for a fee for a disabled parking permit under Section 320.0848, Florida Statutes, violates the Americans with Disabilities Act (ADA). The State appealed the decision to the Third District Court of Appeal and the Court reversed the trial court's decision and remanded with the directions to grant the Department's cross motion for summary judgment. The Court held that sovereign immunity affords the State an absolute defense to claims for declaratory relief and money damages. 832 So. 2d 141 (3rd DCA 2002) Plaintiffs petitioned the Florida Supreme Court seeking jurisdiction and the Court denied review. 851 So. 2d 729 (2003). The Petitioners then petitioned the U.S. Supreme Court for a writ of certiorari, which was granted. The Court vacated the lower court judgment and remanded the case back to the Florida 3rd District Court of Appeal for further consideration in light of *Tennessee v. Lane*, 541 U.S. 509 (2004). 124 S. Ct. 2384 (2004). The Attorney General is representing the Department and the Department of Highway Safety and Motor Vehicles. Oral argument was held in the 3rd District Court of Appeal on November 22, 2004. Estimated potential loss to the State could be in excess of \$35 million.

D. 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. Outside counsel has been retained to assist the Department. A trial date has been set for Fall 2005. Discovery has been undertaken by both parties and is ongoing. Potential loss to the State could approach \$37 million.

E. 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. The Department filed Motion to Dismiss Plaintiff's Second Amended Complaint or Portions Thereof on December 3, 2003. On January 21, 2004, this case was dismissed by a stipulated order. The Department subsequently filed suit for liquidated damages in Case No. H27-CA2004-52-DM. Smith & Company filed a counterclaim raising the same issues as the prior case. The potential loss to the State could approach \$50 million.

F. 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. Discovery is proceeding. Mediation failed. The Department has a pending Motion to Dismiss set for hearing on February 14, 2005. Plaintiff seeks damages of \$50 million to \$250 million.

G. 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. Defendants filed a motion to dismiss on December 12, 2003. The motion was granted in part and denied in part on February 20, 2004. The individual defendants were dismissed as were the claims for retroactive damages. On February 26, 2004, the defendants filed a motion to dismiss based on mootness. On February 27, 2004, the Court heard the plaintiffs' motion for class certification and preliminary injunction. The judge indefinitely continued the motions for class certification and preliminary injunction. The State successfully sought funding to implement policy to correct the issues raised by the plaintiffs. The Court entered an order on August 9, 2004, dismissing the case as moot.

H. Kevin Rabin, Ruth Sinreich and Michael Roberts v. Department of Revenue

The case was initially filed by Citrix Systems, Inc., challenging a notice of proposed tax assessment. Case No. 02-22977-09, Broward County Circuit Court. Subsequently, an amended complaint was filed in which Rabin, Sinreich, and Roberts joined Citrix as Plaintiffs. Plaintiffs asked that a class be certified and asserted that Florida sales and use taxes are facially unconstitutional when attempting to impose tax liabilities on transactions involving communication of information or on businesses and individuals who are recipients of information as an infringement on free speech. Citrix has voluntarily dismissed its action. The Circuit Court granted the Department of Revenue's motion to transfer venue to Leon County. The District Court of Appeal affirmed the transfer. 884 So. 2d 983. Plaintiffs have sought discretionary review of this decision in the Florida Supreme Court. The potential loss to the State could be in excess of \$25 million.

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

Case No. 04-CA-326, Leon County Circuit Court, 2nd Judicial Circuit. Twenty-eight providers of services for developmentally disabled Medicaid recipients under the Home and Community Based Waiver seek declaratory and injunctive relief concerning unilaterally imposed rate reductions. Discovery is being conducted. No hearing date has been set. Plaintiffs seek damages in excess of \$25 million.

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

Case No. 04-CA-1291, Leon County Circuit Court, 2nd Judicial Circuit. Breach of contract and declaratory judgment action brought by eight pharmacies alleging that the Agency did not properly reimburse providers for prescription drugs provided under the Medicaid program. Plaintiffs seek compensatory damages, declaratory relief and attorney's fees. The lawsuit was served on June 2, 2004, and the Complaint has been amended twice. The Agency answered the Second Amended Complaint, and both parties are conducting discovery. The estimated exposure of the claim is up to \$50 million if an unfavorable outcome is reached.

K. Prado-Steiman v. Bush

Case No. 98-6496-SEITZ, in the U.S. District Court for the Southern District of Florida, Miami Division. This case challenges the administration of the Developmental Services (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 (ADA), 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 sought to set aside the settlement agreement and pursue litigation on the merits of their claim. On March 30, 2004, the Court issued an Order Denying Plaintiffs' Motion to Continue Jurisdiction Based on Material Breach of the Settlement Agreement. The order concluded that once the issue of attorneys' fees and costs were resolved, the case should be closed. On October 25, 2004, a Joint Notice was filed with the Court advising the Court that the attorneys' fees and costs had been settled and paid.

L. Collier v. State of Florida

Case No. 03-011264, Seventeenth Judicial Circuit, Broward County. This is a challenge to Florida's former practice of releasing driver's license information to bulk mailers. Until October 2004, this information was public record. The Plaintiffs contend that Federal law prohibited the disclosure of such information even though state law required its disclosure. The Plaintiffs ask for class certification and class damages. A motion to dismiss was argued in October 2004, and the court took the matter under advisement. However, there has been no ruling as of January 31, 2005. Plaintiffs seek damages in excess of \$25 million.

M. Collier v. Dickinson

Case No. 04-21351-Civ-Graham, U.S. District Court, Southern District of Florida, Miami. This is the federal companion to the *Collier v. State of Florida* case, identified above, pending in state circuit court. The plaintiffs proceed here under federal causes of action rather than state law claims. They contend that federal Driver Privacy Protection Act overrode state constitutional and statutory law requiring the release of driver information as public record. They seek damages from several state officials and employees involved in managing state driver license information and its release to bulk mailers. A motion to dismiss was filed which the court dismissed without prejudice to refile in April after limited discovery takes place on the defendants' claim of qualified immunity from damages. Plaintiffs seek damages in excess of \$25 million.

NOTE 18 – DEFICIT FUND EQUITY**A. Governmental Activities****Public Education**

The *State School Trust Fund* reported within **Public Education** has a deficit fund balance of approximately \$123.3 million. The deficit is a result of establishing an advance (long-term liability) for potential future claims on a portion of the cash advanced by the Unclaimed Property Trust Fund. Due to the long-term nature of the liability, the Department of Education plans to pay claims as they are made rather than funding the full amounts ultimately payable.

Internal Service Funds - Other

The *Legal Services Trust Fund* reported within **Internal Service Funds - Other** has a deficit net asset of approximately \$2.8 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability. Due to the long-term nature of the liability, the Department of Legal Affairs plans to continue providing legal services and liquidate the liability on a pay-as-you-go basis.

Internal Service Funds - Other

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

B. Fiduciary Funds**Private-purpose Trust Funds - Unclaimed Property**

The *Unclaimed Property Trust Fund* reported within **Private-purpose Trust Funds - Unclaimed Property** has a deficit of approximately \$43,000. The deficit is a result of insufficient revenues to meet the long-term compensated absences liability. Due to the long-term nature of the liability causing the deficit, the Department of Financial Services plans to continue operating the program and liquidate the liability on a pay-as-you-go basis.

Pension and Other Employee Benefits Trust Funds - Employee Health, Life and Disability Plans

The *State Employees' Health Insurance Trust Fund* reported within **Pension and Other Employee Benefits Trust Funds - Employee Health, Life, and Disability Plans** has a deficit of approximately \$94 million. The deficit is a result of insurance claims exceeding insurance premiums prior to fiscal year 2003-2004. Amounts were appropriated for the 2003-2004 fiscal year to address the deficit. The deficit decreased by \$12.4 million from the prior year. Section 6, Chapter 2004-268, Laws of Florida, provided funding for increased premiums to help address the deficit in the 2004-2005 fiscal year. Additionally, Section 8 of the Governor's Recommended Appropriations Bill for the 2005-2006 fiscal year proposes premium increases and restructuring of the health insurance program that includes the creation of a Health Savings Accounts feature that will help to address the deficit.

NOTE 19 – SUBSEQUENT EVENTS**A. Bonds**

The following bond series for governmental activities of the primary government were issued or sold subsequent to June 30, 2004:

<u>Agency/Bond</u>	<u>Series</u>	<u>Amount</u>	<u>Matures</u>	<u>Interest Rate</u>
GOVERNMENTAL ACTIVITIES				
Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds	2004A	\$300,000,000	7/1/2005 - 7/1/2034	4.000% - 6.000%
State Board of Education, Capital Outlay Bonds	2004A	\$21,495,000	1/1/2005 - 1/1/2024	3.000% - 4.625%
State Board of Education, Public Education Capital Outlay Bonds	2004A	\$200,000,000	6/1/2005 - 6/1/2034	3.000% - 5.500%
State Board of Education, Public Education Capital Outlay Bonds	2003C	\$200,000,000	6/1/2005 - 6/1/2034	3.000% - 5.000%
State Board of Education, Public Education Capital Outlay Refunding Bonds	2004B	\$171,695,000	6/1/2006 - 6/1/2026	2.000% - 5.000%
State Board of Education, Public Education Capital Outlay Refunding Bonds	2005A	\$294,790,000	6/1/2006 - 6/1/2021	4.000% - 5.000%
BUSINESS-TYPE ACTIVITIES				
Department of Transportation, Turnpike Revenue Bonds	2004A	\$279,180,000	7/1/2005 - 7/1/2034	3.000% - 5.000%

On January 12, 2005, Moody's Investors Service upgraded its underlying rating of all State of Florida full faith and credit bonds from Aa2 to Aa1. All State of Florida facilities pool revenue bonds were also upgraded from A1 to Aa2.

B. Hurricanes

Four hurricanes passed through the State of Florida in August and September 2004. Damage from these hurricanes occurred in almost every county in the State. The statewide cost of the damage from these storms is estimated at \$42 billion, including losses to homes, businesses, and agriculture, as well as costs to state and local governments for emergency services and damage to public facilities and infrastructure. A portion of these costs will be covered by insurance and the Federal Emergency Management Agency's (FEMA) Public Assistance Grants Program. In each of these programs, the state will be required to match FEMA funding with state and local funds.

COMPONENT UNITS

Citizens Property Insurance Corporation (Citizens), will likely incur significant losses caused by Hurricane Charley, which struck the southwest coast of Florida on August 13, 2004, and by Hurricane Frances, which struck the southeast coast of Florida on September 3, 2004. Citizens anticipates funding losses associated with Hurricanes Charley and Frances from operating fund reimbursements from the Florida Hurricane Catastrophe Fund. No assessments are expected to be made. Citizens' expected net losses are estimated to be approximately \$1.6 billion. Significant changes in these estimates are possible as more information becomes available to Citizens during the claims handling process. *[Financial statements dated February 27, 2004, except for this disclosure dated September 3, 2004.]*



**OTHER REQUIRED
SUPPLEMENTARY
INFORMATION**

2004 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	General Fund			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2003	\$ 3,849,481	\$ 3,849,481	\$ 3,849,481	\$
Reversions	58,124	58,124	58,124	.....
Fund Balances, July 1, 2003, restated	3,907,605	3,907,605	3,907,605	.....
REVENUES				
Direct revenues:				
Fees and charges	536,293	549,693	579,118	29,425
Licenses	78,271	78,171	84,307	6,136
Taxes	17,788,600	18,214,000	18,182,796	(31,204)
Miscellaneous	1,073	1,073	1,681	608
Interest	218,234	218,234	274,322	56,088
Grants	18,125	18,125	9,641	(8,484)
Refunds	1,919	1,919	231,361	229,442
Other	157,916	157,916	200,362	42,446
Total Direct Revenues	18,800,431	19,239,131	19,563,588	324,457
Indirect revenues:				
Transfers and distributions	3,688,755	3,865,655	3,891,904	26,249
Other	.....	.....	2,142	2,142
Total Indirect Revenues	3,688,755	3,865,655	3,894,046	28,391
TOTAL REVENUES	22,489,186	23,104,786	23,457,634	352,848
TOTAL AVAILABLE RESOURCES	26,396,791	27,012,391	27,365,239	352,848
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,171,665	3,398,085	3,366,029	32,056
Other personal services	51,793	64,439	54,612	9,827
Expenses	494,983	546,703	533,139	13,564
Grants and aids	9,911,085	10,002,647	9,931,747	70,900
Operating capital outlay	13,342	20,879	18,294	2,585
Food products	72,580	73,460	72,921	539
Fixed capital outlay	43,855	43,855	43,855	.....
Lump sum	464,996	1,510	.....	1,510
Special categories	6,181,083	6,215,145	6,159,912	55,233
Financial assistance payments	286,272	286,272	283,594	2,678
Grants/aids to local governments	47,305	47,305	47,305	.....
Data processing services	45,600	46,730	44,899	1,831
Pensions and benefits	9,966	9,966	9,882	84
Total Operating Expenditures	20,794,525	20,756,996	20,566,189	190,807
Nonoperating expenditures:				
Transfers	2,639,805	2,639,805	2,639,805	.....
Refunds	373,116	373,116	373,116	.....
Other	231,635	231,635	231,635	.....
Total Nonoperating Expenditures	3,244,556	3,244,556	3,244,556	.....
TOTAL EXPENDITURES	24,039,081	24,001,552	23,810,745	190,807
FUND BALANCES, JUNE 30, 2004	\$ 2,357,710	\$ 3,010,839	\$ 3,554,494	\$ 543,655

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

2004 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Environment, Recreation and Conservation			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2003	\$ 1,469,740	\$ 1,469,740	\$ 1,469,740	\$
Reversions	403	403	403	.....
Fund Balances, July 1, 2003, restated	<u>1,470,143</u>	<u>1,470,143</u>	<u>1,470,143</u>	<u>.....</u>
REVENUES				
Direct revenues:				
Fees and charges	97,769	72,761	80,721	7,960
Licenses	31,872	43,719	46,279	2,560
Miscellaneous	2,239	58	965	907
Interest	56,837	61,098	47,511	(13,587)
Grants	186,864	154,575	118,189	(36,386)
Refunds	306	1	2,920	2,919
Bond proceeds	506,000	150,000	150,003	3
Other	18,204	9,858	50,255	40,397
Total Direct Revenues	<u>900,091</u>	<u>492,070</u>	<u>496,843</u>	<u>4,773</u>
Indirect revenues:				
Transfers and distributions	1,408,300	1,621,641	1,626,995	5,354
Other	1,074	.....	3,670	3,670
Total Indirect Revenues	<u>1,409,374</u>	<u>1,621,641</u>	<u>1,630,665</u>	<u>9,024</u>
TOTAL REVENUES	<u>2,309,465</u>	<u>2,113,711</u>	<u>2,127,508</u>	<u>13,797</u>
TOTAL AVAILABLE RESOURCES	<u>3,779,608</u>	<u>3,583,854</u>	<u>3,597,651</u>	<u>13,797</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	159,402	164,533	161,918	2,615
Other personal services	32,776	32,754	28,186	4,568
Expenses	50,623	51,568	47,785	3,783
Grants and aids	1,739	1,739	1,359	380
Operating capital outlay	4,427	4,522	4,012	510
Fixed capital outlay	772,172	772,172	772,172	.....
Special categories	214,192	223,829	200,647	23,182
Grants/aids to local governments	425,374	425,374	425,374	.....
Data processing services	9,400	9,436	8,409	1,027
Total Operating Expenditures	<u>1,670,105</u>	<u>1,685,927</u>	<u>1,649,862</u>	<u>36,065</u>
Nonoperating expenditures:				
Transfers	647,031	647,031	647,031	.....
Refunds	745	745	745	.....
Other	16,478	16,478	16,478	.....
Total Nonoperating Expenditures	<u>664,254</u>	<u>664,254</u>	<u>664,254</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>2,334,359</u>	<u>2,350,181</u>	<u>2,314,116</u>	<u>36,065</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 1,445,249</u>	<u>\$ 1,233,673</u>	<u>\$ 1,283,535</u>	<u>\$ 49,862</u>

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

2004 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 950,897	\$ 950,897	\$ 950,897	\$
Reversions	170,034	170,034	170,034	.....
Fund Balances, July 1, 2003, restated	1,120,931	1,120,931	1,120,931	.....
REVENUES				
Direct revenues:				
Fees and charges	935,931	1,068,053	1,037,378	(30,675)
Licenses	16,009	24,207	26,610	2,403
Miscellaneous	.....	.....	8	8
Interest	6,450	1,124	6,481	5,357
Grants	10,930,303	12,428,804	12,514,330	85,526
Refunds	941,754	951,731	894,379	(57,352)
Other	376,729	41,683	37,836	(3,847)
Total Direct Revenues	13,207,176	14,515,602	14,517,022	1,420
Indirect revenues:				
Transfers and distributions	1,536,176	940,451	591,364	(349,087)
Other	.....	.....	2,142	2,142
Total Indirect Revenues	1,536,176	940,451	593,506	(346,945)
TOTAL REVENUES	14,743,352	15,456,053	15,110,528	(345,525)
TOTAL AVAILABLE RESOURCES	15,864,283	16,576,984	16,231,459	(345,525)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,117,694	1,162,110	1,130,574	31,536
Other personal services	82,148	76,716	66,624	10,092
Expenses	408,376	394,444	370,301	24,143
Grants and aids	195,565	196,586	182,515	14,071
Operating capital outlay	19,744	15,665	13,180	2,485
Food products	893	893	429	464
Fixed capital outlay	9,962	9,962	9,962	.....
Lump sum	148,418	.....	.....	.....
Special categories	12,843,064	13,341,342	12,756,556	584,786
Financial assistance payments	41,711	43,927	34,335	9,592
Grants/aids to local governments	5,981	5,981	5,981	.....
Data processing services	51,203	60,479	54,470	6,009
Claim bills and relief acts	760	760	760	.....
Special expenses	.....	16	16	.....
Total Operating Expenditures	14,925,519	15,308,881	14,625,703	683,178
Nonoperating expenditures:				
Transfers	730,448	730,448	730,448	.....
Refunds	8,531	8,531	8,531	.....
Other	8,564	8,564	8,564	.....
Total Nonoperating Expenditures	747,543	747,543	747,543	.....
TOTAL EXPENDITURES	15,673,062	16,056,424	15,373,246	683,178
FUND BALANCES, JUNE 30, 2004	\$ 191,221	\$ 520,560	\$ 858,213	\$ 337,653

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, 2004
(in thousands)**

	Transportation			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2003	\$ 35,975	\$ 35,975	\$ 35,975	\$
Reversions	1	1	1	.....
Fund Balances, July 1, 2003, restated	<u>35,976</u>	<u>35,976</u>	<u>35,976</u>	<u>.....</u>
REVENUES				
Direct revenues:				
Interest	11,839	1,796	1,517	(279)
Grants	.....	.....	106	106
Bond proceeds	302,608	310,000	308,915	(1,085)
Other	.....	.....	5,019	5,019
Total Direct Revenues	<u>314,447</u>	<u>311,796</u>	<u>315,557</u>	<u>3,761</u>
Indirect revenues:				
Transfers and distributions	26,278	35,535	36,785	1,250
Total Indirect Revenues	<u>26,278</u>	<u>35,535</u>	<u>36,785</u>	<u>1,250</u>
TOTAL REVENUES	<u>340,725</u>	<u>347,331</u>	<u>352,342</u>	<u>5,011</u>
TOTAL AVAILABLE RESOURCES	<u>376,701</u>	<u>383,307</u>	<u>388,318</u>	<u>5,011</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	757	780	725	55
Other personal services	20	20	20	.....
Expenses	191	191	176	15
Fixed capital outlay	36,095	36,095	36,095	.....
Special categories	4	4	.....	4
Total Operating Expenditures	<u>37,067</u>	<u>37,090</u>	<u>37,016</u>	<u>74</u>
Nonoperating expenditures:				
Transfers	308,916	308,916	308,916	.....
Total Nonoperating Expenditures	<u>308,916</u>	<u>308,916</u>	<u>308,916</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>345,983</u>	<u>346,006</u>	<u>345,932</u>	<u>74</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 30,718</u>	<u>\$ 37,301</u>	<u>\$ 42,386</u>	<u>\$ 5,085</u>

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

2004 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Public Education			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2003	\$ 1,045,639	\$ 1,045,639	\$ 1,045,639	\$
Reversions	32,851	32,851	32,851	.....
Fund Balances, July 1, 2003, restated	1,078,490	1,078,490	1,078,490	.....
REVENUES				
Direct revenues:				
Fees and charges	14,878	32,450	32,589	139
Taxes	413,007	446,000	445,930	(70)
Miscellaneous	1,355	2,959	2,957	(2)
Interest	58,322	57,307	193,835	136,528
Grants	2,274,078	2,045,671	2,045,019	(652)
Refunds	5,000	.....	11,061	11,061
Bond proceeds	1,492,162	1,011,433	1,010,318	(1,115)
Other	.....	20,422	14,115	(6,307)
Total Direct Revenues	4,258,802	3,616,242	3,755,824	139,582
Indirect revenues:				
Transfers and distributions	1,967,522	2,165,479	2,074,590	(90,889)
Other	4,373	.....	23	23
Total Indirect Revenues	1,971,895	2,165,479	2,074,613	(90,866)
TOTAL REVENUES	6,230,697	5,781,721	5,830,437	48,716
TOTAL AVAILABLE RESOURCES	7,309,187	6,860,211	6,908,927	48,716
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	28,791	35,236	33,047	2,189
Other personal services	3,191	4,431	4,073	358
Expenses	18,289	21,899	18,712	3,187
Grants and aids	2,624,102	2,645,655	2,442,663	202,992
Operating capital outlay	1,865	1,865	575	1,290
Fixed capital outlay	1,789,518	1,789,518	1,789,518	.....
Special categories	587,499	602,971	589,717	13,254
Financial assistance payments	35,603	35,603	35,200	403
Grants/aids to local governments	139,916	139,916	139,916	.....
Payments to U.S. Treasury	.....	472	472	.....
Data processing services	432	432	432	.....
Total Operating Expenditures	5,229,206	5,277,998	5,054,325	223,673
Nonoperating expenditures:				
Transfers	377,767	377,767	377,767	.....
Refunds	379	379	379	.....
Other	169,121	169,121	169,121	.....
Total Nonoperating Expenditures	547,267	547,267	547,267	.....
TOTAL EXPENDITURES	5,776,473	5,825,265	5,601,592	223,673
FUND BALANCES, JUNE 30, 2004	\$ 1,532,714	\$ 1,034,946	\$ 1,307,335	\$ 272,389

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, 2004
(in thousands)**

	Tax Collection and Administration			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2003	\$ 420,628	\$ 420,628	\$ 420,628	\$
Reversions	83	83	83	.....
Fund Balances, July 1, 2003, restated	420,711	420,711	420,711	.....
REVENUES				
Direct revenues:				
Fees and charges	168,260	168,260	148,806	(19,454)
Licenses	21,500	19,379	19,524	145
Taxes	7,071,631	6,832,665	6,838,661	5,996
Miscellaneous	.....	.....	19	19
Interest	1,100	851	.....	(851)
Refunds	.....	1	36,512	36,511
Other	.....	.....	15,907	15,907
Total Direct Revenues	<u>7,262,491</u>	<u>7,021,156</u>	<u>7,059,429</u>	<u>38,273</u>
Indirect revenues:				
Transfers and distributions	107,708	258,717	229,848	(28,869)
Other	52,140	25,708	63,962	38,254
Total Indirect Revenues	<u>159,848</u>	<u>284,425</u>	<u>293,810</u>	<u>9,385</u>
TOTAL REVENUES	<u>7,422,339</u>	<u>7,305,581</u>	<u>7,353,239</u>	<u>47,658</u>
TOTAL AVAILABLE RESOURCES	<u>7,843,050</u>	<u>7,726,292</u>	<u>7,773,950</u>	<u>47,658</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	68,481	70,539	69,852	687
Other personal services	2,739	2,930	2,589	341
Expenses	30,506	35,668	35,400	268
Grants and aids	23,148	22,986	20,799	2,187
Operating capital outlay	5,134	3,163	3,040	123
Special categories	3,002	3,000	2,070	930
Data processing services	7,898	4,857	4,570	287
Total Operating Expenditures	<u>140,908</u>	<u>143,143</u>	<u>138,320</u>	<u>4,823</u>
Nonoperating expenditures:				
Transfers	2,757,234	2,757,234	2,757,234	.....
Refunds	90,895	90,895	90,895	.....
Other	4,311,063	4,311,063	4,311,063	.....
Total Nonoperating Expenditures	<u>7,159,192</u>	<u>7,159,192</u>	<u>7,159,192</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>7,300,100</u>	<u>7,302,335</u>	<u>7,297,512</u>	<u>4,823</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 542,950</u>	<u>\$ 423,957</u>	<u>\$ 476,438</u>	<u>\$ 52,481</u>

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

2004 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Employment Services			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2003	\$ 190,954	\$ 190,954	\$ 190,954	\$
Reversions	4,347	4,347	4,347	.....
Fund Balances, July 1, 2003, restated	195,301	195,301	195,301	.....
REVENUES				
Direct revenues:				
Fees and charges	7,119	6,388	6,301	(87)
Licenses	.....	.....	1,051	1,051
Taxes	276,381	276,381	326,619	50,238
Miscellaneous	648	623	622	(1)
Interest	10,047	9,915	233,726	223,811
Grants	705,213	698,578	654,154	(44,424)
Refunds	6,525	371	12,675	12,304
Other	31,444	6,298	9,052	2,754
Total Direct Revenues	1,037,377	998,554	1,244,200	245,646
Indirect revenues:				
Transfers and distributions	402,324	403,615	168,916	(234,699)
Other	.....	.....	1,297	1,297
Total Indirect Revenues	402,324	403,615	170,213	(233,402)
TOTAL REVENUES	1,439,701	1,402,169	1,414,413	12,244
TOTAL AVAILABLE RESOURCES	1,635,002	1,597,470	1,609,714	12,244
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	127,694	126,155	108,645	17,510
Other personal services	13,329	14,200	11,335	2,865
Expenses	41,356	41,541	31,778	9,763
Grants and aids	16,522	16,498	4,988	11,510
Operating capital outlay	2,317	2,327	1,646	681
Food products	80	80	80	.....
Lump sum	1,800	.....	.....	.....
Special categories	940,515	948,888	884,108	64,780
Data processing services	12,529	14,149	9,480	4,669
Total Operating Expenditures	1,156,142	1,163,838	1,052,060	111,778
Nonoperating expenditures:				
Transfers	59,994	59,994	59,994	.....
Refunds	1,634	1,634	1,634	.....
Other	215,436	215,436	215,436	.....
Total Nonoperating Expenditures	277,064	277,064	277,064	.....
TOTAL EXPENDITURES	1,433,206	1,440,902	1,329,124	111,778
FUND BALANCES, JUNE 30, 2004	\$ 201,796	\$ 156,568	\$ 280,590	\$ 124,022

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

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**BUDGET TO GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services
Budgetary basis fund balances	\$ 3,554,494	\$ 1,283,535	\$ 858,213
Items not included in budgetary basis fund balances:			
Security lending investments within the State Treasury	2,420,056	412,044	80,557
Fair value adjustments to investments within the State Treasury	2,947	502	98
Special investments within the State Treasury	9,853	.....	171,922
Non-State Treasury cash and investments	8,247	1,362	47,512
Other GAAP basis fund balances not included in budgetary basis fund balances	25,287	(25)	(5,316)
Adjusted budgetary basis fund balances	6,020,884	1,697,418	1,152,986
Adjustments (basis differences):			
Net receivables (payables) not certified forward	(1,038,501)	360,345	(356,648)
Inventories, prepaid items and deferred charges	28,684	1,166	32,279
Encumbrances	43,172	84	6,182
GAAP basis fund balances	<u>\$ 5,054,239</u>	<u>\$ 2,059,013</u>	<u>\$ 834,799</u>

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

2004 STATE OF FLORIDA CAFR

Transportation	Public Education	Tax Collection and Administration	Employment Services
\$ 42,386	\$ 1,307,335	\$ 476,438	\$ 280,590
85,326	435,399	.....	99,401
104	530	.....	121
.....
1,297	5	222,555	3,182
565,663	(12,321)	(68,054)	.....
694,776	1,730,948	630,939	383,294
83,936	(390,411)	(261,302)	(31,777)
22,610	32	54	.....
3,188	18,630	73	3,050
<u>\$ 804,510</u>	<u>\$ 1,359,199</u>	<u>\$ 369,764</u>	<u>\$ 354,567</u>

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 Revenue 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 funds (consisting mainly of special revenue funds) are provided by state agencies. These estimates may be revised during the course of the Legislature's consideration and adoption of a final budget. These estimates, together with known available cash balances, are further considered by the 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 Governor or the Legislative Budget Commission or the Chief Justice of the Supreme Court. The Governor and the Chief Justice of the Supreme Court may approve transfers of expenditure authority within any trust fund for agencies and the Judicial Branch, respectively, if the transfers are less than \$1 million. The Legislative Budget Commission may approve trust fund transfers in excess of \$1,000,000. 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, 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⁾	(67.99%)
July 1, 2002	99,405,677	86,469,774	(12,935,903)	114.96%	22,195,184 ⁽¹⁾	(58.28%)
July 1, 2003	101,906,724	89,251,331	(12,655,393)	114.18%	22,270,807 ⁽¹⁾	(56.83%)
July 1, 2004	106,707,426	95,185,443	(11,521,993)	112.10%	23,115,581 ⁽¹⁾	(49.85%)

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
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%
2004	2,044,540	96%

ADDITIONAL INFORMATION

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

Valuation date	July 1, 2004
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar of Pay, Open
Equivalent single amortization period	30 years
Asset valuation method	5-Year Smoothed Method
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	6.25% ⁽³⁾
*Includes inflation at	3.00%
Cost-of-Living Adjustments	3.00%

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

(2) 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) Includes individual salary growth of 4.00% plus an age- and service-graded merit scale defined by gender and employment class. See Table A-2 of the July 1, 2004 actuarial valuation report for merit scale.

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 6,425 bridges that the State is responsible for maintaining.

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

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

Condition and Maintenance Programs

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

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

The condition rating scales were set by a statewide committee of pavement engineers, so that a pavement segment receiving a rating of six or less in any of the three rating criteria is designated a deficient pavement segment.

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>2004</u>	<u>2003</u>	<u>2002</u>
80%	80%	79%

Percentage of bridges meeting FDOT standards

<u>2004</u>	<u>2003</u>	<u>2002</u>
94%	93%	93%

Maintenance Rating

<u>2004</u>	<u>2003</u>	<u>2002</u>
84	85	85

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

Resurfacing Program

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Needed	\$710.5	\$611.0	\$416.9	\$467.0	\$416.4
Actual	504.2	420.4	367.4	421.2	342.4

Bridge Repair/Replacement Program

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Needed	\$371.3	\$256.8	\$236.1	\$344.6	\$200.5
Actual	312.9	142.8	250.0	379.5	196.7

Routine Maintenance Program

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Needed	\$405.2	\$419.8	\$388.2	\$374.3	\$348.2
Actual	416.5	418.1	392.9	371.7	357.9

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

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Individual fund descriptions and financial statements begin on page 131.

CAPITAL PROJECTS FUNDS

Individual fund descriptions and financial statements begin on page 155.

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, 2004
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Other Permanent Funds	Totals 6/30/04
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 26,998	\$	\$ 398	\$ 136	\$ 27,532
Pooled investments with State Treasury	945,830	39,696	13,160	5,332	1,004,018
Investments	333,024	.....	15,810	2,503	351,337
Receivables, net	113,089	622	1,387	16	115,114
Due from other funds	55,740	46,819	4,078	.....	106,637
Inventories	5,134	.....	.....	.....	5,134
Other	788	.....	.....	.....	788
Total current assets	1,480,603	87,137	34,833	7,987	1,610,560
<u>Noncurrent assets</u>					
Long term investments	267,531	.....	45,024	.....	312,555
Advances to other funds	500	3,258	.....	.....	3,758
Other loans and notes receivable, net	482,563	.....	.....	.....	482,563
Other	4,493	9,000	.....	.....	13,493
Total noncurrent assets	755,087	12,258	45,024	.....	812,369
Total assets	\$ 2,235,690	\$ 99,395	\$ 79,857	\$ 7,987	\$ 2,422,929
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 146,831	\$ 2,098	\$ 4,125	\$	\$ 153,054
Due to other funds	63,756	27	.....	6	63,789
Due to component units/primary	4,626	.....	.....	.....	4,626
Compensated absences	807	.....	.....	.....	807
Deposits	3,923	.....	.....	.....	3,923
Deferred revenues	12,698	.....	.....	.....	12,698
Obligations under security lending agreements	428,317	14,228	.....	1,175	443,720
Obligations under reverse repurchase agreements	14,116	1,399	.....	116	15,631
Total current liabilities	675,074	17,752	4,125	1,297	698,248
<u>Noncurrent liabilities</u>					
Advances from other funds	1,493	.....	.....	.....	1,493
Deposits	7,906	.....	.....	.....	7,906
Deferred revenues	12,135	.....	.....	.....	12,135
Total noncurrent liabilities	21,534	.....	.....	.....	21,534
Total liabilities	696,608	17,752	4,125	1,297	719,782
<u>Fund balances</u>					
Reserved for encumbrances	23,043	.....	.....	.....	23,043
Reserved for inventories	5,133	.....	.....	.....	5,133
Reserved for advances	16	3,258	.....	.....	3,274
Reserved for long-term receivables	479,976	.....	.....	.....	479,976
Reserved for capital outlay	43,875	38,644	.....	.....	82,519
Reserved for debt service	.....	.....	75,732	.....	75,732
Other reserved	3,108	18,000	.....	4,050	25,158
Unreserved, reported in:					
Special revenue funds	983,931	.....	.....	.....	983,931
Capital projects funds	.....	21,741	.....	.....	21,741
Permanent fund	.....	.....	.....	2,640	2,640
Total fund balances	1,539,082	81,643	75,732	6,690	1,703,147
Total liabilities and fund balances	\$ 2,235,690	\$ 99,395	\$ 79,857	\$ 7,987	\$ 2,422,929

2004 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Other Permanent Funds	Totals 6/30/04
REVENUES					
Taxes	\$ 132,041	\$	\$	\$	\$ 132,041
Licenses and permits	995,626	.....	.....	504	996,130
Fees and charges	318,335	.....	85,473	.....	403,808
Grants and donations	572,354	.....	.....	.....	572,354
Investment earnings	10,418	331	16,900	21	27,670
Fines, forfeits, settlements and judgments	452,488	.....	.....	.....	452,488
Other revenue	2,566	901	43,870	.....	47,337
Total revenues	2,483,828	1,232	146,243	525	2,631,828
EXPENDITURES					
Current:					
General government	778,922	8,123	48,556	.....	835,601
Education	4,423	825	.....	364	5,612
Human services	353,394	3,007	.....	.....	356,401
Criminal justice and corrections	355,298	47,600	.....	.....	402,898
Natural resources and environment	443,106	733	.....	.....	443,839
Transportation	.....	31	.....	.....	31
State courts	10,328	.....	.....	.....	10,328
Capital outlay	58,357	175,387	.....	.....	233,744
Debt service:					
Principal retirement	4,627	2,110	661,835	.....	668,572
Interest and fiscal charges	1,217	2,195	832,159	.....	835,571
Total expenditures	2,009,672	240,011	1,542,550	364	3,792,597
Excess (deficiency) of revenues over expenditures	474,156	(238,779)	(1,396,307)	161	(1,160,769)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	.....	7,720	.....	7,720
Proceeds of refunding bonds	.....	.....	166,383	.....	166,383
Operating transfers in	1,179,092	323,326	1,384,691	.....	2,887,109
Operating transfers out	(1,414,945)	(97,336)	(293)	(87)	(1,512,661)
Proceeds of financing agreements	27,886	28,215	.....	.....	56,101
Payments to refunded bond agent	.....	.....	(166,383)	.....	(166,383)
Total other financing sources (uses)	(207,967)	254,205	1,392,118	(87)	1,438,269
Net change in fund balances	266,189	15,426	(4,189)	74	277,500
Fund balances - beginning	1,261,482	66,217	79,921	6,616	1,414,236
Adjustments to increase (decrease) beginning fund balances	11,411	.....	.....	.....	11,411
Fund balances - beginning, as restated	1,272,893	66,217	79,921	6,616	1,425,647
Fund balances - ending	\$ 1,539,082	\$ 81,643	\$ 75,732	\$ 6,690	\$ 1,703,147

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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.

SCRIPPS FLORIDA FUNDING CORPORATION

Pursuant to Section 288.955, Florida Statutes, this blended component unit was created to facilitate the establishment and operation of a biomedical research institution for the purposes of enhancing education and research and promoting economic development and diversity.

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004
(in thousands)**

	Government Administration	Business and Community Development	Regulation and Licensing	Tobacco Settlement	Public Safety
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$	\$	\$ 1,162	\$ 1	\$ 183
Pooled investments with State Treasury	143,697	53,405	144,147	56,287	81,306
Investments	.....	823	.....	.....	.....
Receivables, net	265	14,645	9,990	.....	13,978
Due from other funds	630	3,626	21,469	102	2,802
Inventories	.....	.....	170	3,053	.....
Other	.....	.....	32	.....	158
Total current assets	144,592	72,499	176,970	59,443	98,427
<u>Noncurrent assets</u>					
Long term investments	.....	200	.....	.....	.....
Advances to other funds	.....	.....	.....	.....	500
Other loans and notes receivable, net	.....	8,879	.....	.....	.....
Other	.....	.....	.....	.....	4,493
Total noncurrent assets	.....	9,079	.....	.....	4,993
Total assets	\$ 144,592	\$ 81,578	\$ 176,970	\$ 59,443	\$ 103,420
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 36,482	\$ 7,969	\$ 7,114	\$ 9,905	\$ 12,380
Due to other funds	1,113	1,540	37,992	6,485	9,016
Due to component units/primary	.....	3,737	281	236	.....
Compensated absences	74	56	210	72	80
Deposits	138	2,277	.....	.....	873
Deferred revenues	.....	6,969	29	.....	1,726
Obligations under security lending agreements	20,693	3,543	25,786	8,193	2,878
Obligations under reverse repurchase agreements	2,034	348	2,535	805	283
Total current liabilities	60,534	26,439	73,947	25,696	27,236
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	1,132
Deposits	.....	3,453	.....	.....	387
Deferred revenues	.....	.....	.....	.....	1,028
Total noncurrent liabilities	.....	3,453	.....	.....	2,547
Total liabilities	60,534	29,892	73,947	25,696	29,783
<u>Fund balances</u>					
Reserved for encumbrances	2,140	8,281	.....	.....	1,850
Reserved for inventories	.....	.....	170	3,053	.....
Reserved for advances	.....	.....	.....	.....	.....
Reserved for long-term receivables	.....	6,292	.....	.....	.....
Reserved for capital outlay	500	13,839	.....	7,192	.....
Other reserved	.....	.....	2,935	.....	167
Unreserved	81,418	23,274	99,918	23,502	71,620
Total fund balances	84,058	51,686	103,023	33,747	73,637
Total liabilities and fund balances	\$ 144,592	\$ 81,578	\$ 176,970	\$ 59,443	\$ 103,420

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Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice	Judicial Services	Military and Veterans' Affairs
\$	\$ 356	\$ 101	\$ 263	\$ 2	\$ 452
16,822	38,126	64,350	26,135	24,397	16,933
.....
391	11,248	5,933	3,587	1,304	2,648
1,174	2,407	1,355	3,925	422	34
.....	.....	1,247	2	.....	182
.....
18,387	52,137	72,986	33,912	26,125	20,249
.....
.....
.....	4,066	.....	.....	.....	.....
.....
.....	4,066	.....	.....	.....	.....
\$ 18,387	\$ 56,203	\$ 72,986	\$ 33,912	\$ 26,125	\$ 20,249
\$ 1,763	\$ 2,831	\$ 6,790	\$ 9,071	\$ 1,761	\$ 2,830
855	3,629	990	386	389	9
.....	.....	.....	2	.....	.....
.....	60	40	2	9	12
.....	287	.....	.....	348	.....
.....	3,974	.....	.....	.....	.....
.....	1,609	12,731	3,030	.....	666
.....	158	1,251	298	.....	65
2,618	12,548	21,802	12,789	2,507	3,582
.....	35	.....	.....	326	.....
.....	4,066	.....	.....	.....	.....
.....	831	.....	.....	.....	.....
.....	4,932	.....	.....	326	.....
2,618	17,480	21,802	12,789	2,833	3,582
.....	4,850	5,025	.....	123	774
.....	.....	1,247	2	.....	181
.....
.....	4,066	.....	.....	.....	.....
2,229	.....	3,458	6,271	.....	10,386
.....
13,540	29,807	41,454	14,850	23,169	5,326
15,769	38,723	51,184	21,123	23,292	16,667
\$ 18,387	\$ 56,203	\$ 72,986	\$ 33,912	\$ 26,125	\$ 20,249

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004
(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	\$ 1,314	\$	\$ 1,541	\$	\$ 13,042
Pooled investments with State Treasury	21,743	.....	458	76,915	.....
Investments	.....	.....	6,943	.....	.....
Receivables, net	3,717	63	518	128	2,020
Due from other funds	.....	17,794	.....	.....	.....
Inventories	480	.....	.....	.....	.....
Other	523	.....	.....	.....	42
Total current assets	<u>27,777</u>	<u>17,857</u>	<u>9,460</u>	<u>77,043</u>	<u>15,104</u>
<u>Noncurrent assets</u>					
Long term investments	.....	.....	.....	.....	.....
Advances to other funds	.....	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....	.....
Other	.....	.....	.....	.....	.....
Total noncurrent assets	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total assets	<u>\$ 27,777</u>	<u>\$ 17,857</u>	<u>\$ 9,460</u>	<u>\$ 77,043</u>	<u>\$ 15,104</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 7,075	\$ 17,854	\$ 116	\$ 18,328	\$ 3,769
Due to other funds	595	3	.....	105	.....
Due to component units/primary	370	.....	.....	.....	.....
Compensated absences	187	.....	5	.....	.....
Deposits	.....	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	.....
Obligations under security lending agreements	4,765	.....	.....	16,823	.....
Obligations under reverse repurchase agreements	468	.....	.....	1,654	.....
Total current liabilities	<u>13,460</u>	<u>17,857</u>	<u>121</u>	<u>36,910</u>	<u>3,769</u>
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	.....
Deposits	.....	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	10,276
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>10,276</u>
Total liabilities	<u>13,460</u>	<u>17,857</u>	<u>121</u>	<u>36,910</u>	<u>14,045</u>
<u>Fund balances</u>					
Reserved for encumbrances	.....	.....	.....	.....	.....
Reserved for inventories	480	.....	.....	.....	.....
Reserved for advances	16	.....	.....	.....	.....
Reserved for long-term receivables	.....	.....	.....	.....	.....
Reserved for capital outlay	.....	.....	.....	.....	.....
Other reserved	.....	.....	.....	.....	.....
Unreserved	13,821	.....	9,339	40,133	1,059
Total fund balances	<u>14,317</u>	<u>.....</u>	<u>9,339</u>	<u>40,133</u>	<u>1,059</u>
Total liabilities and fund balances	<u>\$ 27,777</u>	<u>\$ 17,857</u>	<u>\$ 9,460</u>	<u>\$ 77,043</u>	<u>\$ 15,104</u>

2004 STATE OF FLORIDA CAFR

FL Water Pollution Control Financing Corp	Inland Protection Financing Corp	Investment Fraud Restoration Corp	Surplus Lines	Partnership in Correctional Excellence	Scripps Florida Funding Corp	Totals 6/30/04
\$ 1,317	\$ 92	\$	\$ 6,910	\$ 230	\$ 32	\$ 26,998
181,108	.....	.....	1	.....	.....	945,830
1,741	10,296	985	.....	.....	312,236	333,024
40,568	.....	.....	93	196	1,797	113,089
.....	.....	.....	.....	.....	.....	55,740
.....	.....	.....	.....	.....	.....	5,134
.....	.....	.....	12	.....	21	788
224,734	10,388	985	7,016	426	314,086	1,480,603
.....	.....	.....	.....	.....	267,331	267,531
.....	.....	.....	.....	.....	.....	500
469,618	.....	.....	.....	.....	.....	482,563
.....	.....	.....	.....	.....	.....	4,493
469,618	.....	.....	.....	.....	267,331	755,087
\$ 694,352	\$ 10,388	\$ 985	\$ 7,016	\$ 426	\$ 581,417	\$ 2,235,690
\$ 292	\$	\$	\$ 193	\$ 1	\$ 307	\$ 146,831
645	.....	.....	.....	.....	4	63,756
.....	.....	.....	.....	.....	.....	4,626
.....	.....	.....	.....	.....	.....	807
.....	.....	.....	.....	.....	.....	3,923
.....	.....	.....	.....	.....	.....	12,698
42,898	.....	.....	1	.....	284,701	428,317
4,217	.....	.....	.....	.....	.....	14,116
48,052	.....	.....	194	1	285,012	675,074
.....	.....	.....	.....	.....	.....	1,493
.....	.....	.....	.....	.....	.....	7,906
.....	.....	.....	.....	.....	.....	12,135
.....	.....	.....	.....	.....	.....	21,534
48,052	.....	.....	194	1	285,012	696,608
.....	.....	.....	.....	.....	.....	23,043
.....	.....	.....	.....	.....	.....	5,133
.....	.....	.....	.....	.....	.....	16
469,618	.....	.....	.....	.....	.....	479,976
.....	.....	.....	.....	.....	.....	43,875
.....	.....	.....	.....	6	.....	3,108
176,682	10,388	985	6,822	419	296,405	983,931
646,300	10,388	985	6,822	425	296,405	1,539,082
\$ 694,352	\$ 10,388	\$ 985	\$ 7,016	\$ 426	\$ 581,417	\$ 2,235,690

2004 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, 2004
(in thousands)**

	Government Administration	Business and Community Development	Regulation and Licensing	Tobacco Settlement	Public Safety
REVENUES					
Taxes	\$	\$	\$ 82,838	\$	\$
Licenses and permits	.....	.....	925,364	.....	53,224
Fees and charges	12,329	5,672	26,084	2	57,812
Grants and donations	58,685	225,654	258	.....	91,782
Investment earnings	(975)	(917)	(1,940)	1,607	(93)
Fines, forfeits, settlements and judgments	1,221	.....	4,622	365,613	50,785
Other revenue	.....	716	218	.....	870
Total revenues	<u>71,260</u>	<u>231,125</u>	<u>1,037,444</u>	<u>367,222</u>	<u>254,380</u>
EXPENDITURES					
Current:					
General government	96,405	49,303	173,962	67	30,433
Education	.....	.....	.....	.....	.....
Human services	.....	.....	.....	327,064	.....
Criminal justice and corrections	.....	.....	.....	.....	155,848
Natural resources and environment	.....	244,018	.....	.....	.....
State courts	.....	.....	.....	.....	.....
Capital outlay	1,583	181	2,087	3,407	5,287
Debt service:					
Principal retirement	.....	.....	3,135	.....	1,223
Interest and fiscal charges	.....	.....	361	.....	42
Total expenditures	<u>97,988</u>	<u>293,502</u>	<u>179,545</u>	<u>330,538</u>	<u>192,833</u>
Excess (deficiency) of revenues over expenditures	<u>(26,728)</u>	<u>(62,377)</u>	<u>857,899</u>	<u>36,684</u>	<u>61,547</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	204,495	67,037	83,010	41,001	30,313
Operating transfers out	(152,663)	(21,187)	(983,176)	(63,878)	(86,898)
Proceeds of financing agreements	.....	.....	.....	.....	241
Total other financing sources (uses)	<u>51,832</u>	<u>45,850</u>	<u>(900,166)</u>	<u>(22,877)</u>	<u>(56,344)</u>
Net change in fund balances	25,104	(16,527)	(42,267)	13,807	5,203
Fund balances - beginning	58,954	68,213	145,290	19,940	68,434
Adjustments to increase (decrease) beginning fund balances	.....	.....	.....	.....	.....
Fund balances - beginning, as restated	<u>58,954</u>	<u>68,213</u>	<u>145,290</u>	<u>19,940</u>	<u>68,434</u>
Fund balances - ending	<u>\$ 84,058</u>	<u>\$ 51,686</u>	<u>\$ 103,023</u>	<u>\$ 33,747</u>	<u>\$ 73,637</u>

2004 STATE OF FLORIDA CAFR

Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice	Judicial Services	Military and Veterans' Affairs
\$	\$	\$ 546	\$ 16	\$	\$
.....	.....	16,814	.....	224	.....
35,406	2,057	78,857	3,377	17,806	21,500
10,178	44,600	39,544	12,937	7,610	65,386
90	9	(249)	(371)	.....	3
.....	21,746	3,032	2,635	2,832	1
2	91	.....	60	122	253
<u>45,676</u>	<u>68,503</u>	<u>138,544</u>	<u>18,654</u>	<u>28,594</u>	<u>87,143</u>
.....	26,614	.....	.....	.....	58,759
.....
.....	.....	.....	.....	.....	26,330
46,397	19,234	.....	88,698	44,161	.....
.....	33,919	165,169	.....	.....	.....
.....	.....	.....	.....	10,328	.....
12,465	3,192	9,012	10,176	1,764	8,265
.....	.....	.....	269	.....	.....
.....	.....	.....	809	.....	.....
<u>58,862</u>	<u>82,959</u>	<u>174,181</u>	<u>99,952</u>	<u>56,253</u>	<u>93,354</u>
<u>(13,186)</u>	<u>(14,456)</u>	<u>(35,637)</u>	<u>(81,298)</u>	<u>(27,659)</u>	<u>(6,211)</u>
23,522	16,209	46,559	76,104	30,036	8,556
(25,659)	(12,856)	(7,951)	(963)	(2,655)	(677)
.....	27,645	.....	.....	.....	.....
<u>(2,137)</u>	<u>30,998</u>	<u>38,608</u>	<u>75,141</u>	<u>27,381</u>	<u>7,879</u>
<u>(15,323)</u>	<u>16,542</u>	<u>2,971</u>	<u>(6,157)</u>	<u>(278)</u>	<u>1,668</u>
31,092	22,181	48,213	27,280	23,570	14,999
.....
<u>31,092</u>	<u>22,181</u>	<u>48,213</u>	<u>27,280</u>	<u>23,570</u>	<u>14,999</u>
<u>\$ 15,769</u>	<u>\$ 38,723</u>	<u>\$ 51,184</u>	<u>\$ 21,123</u>	<u>\$ 23,292</u>	<u>\$ 16,667</u>

2004 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, 2004
(in thousands)**

	Citrus Commission	State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc
REVENUES					
Taxes	\$ 48,641	\$	\$	\$	\$
Licenses and permits	.....	.....	.....	.....	.....
Fees and charges	60	.....	262	48,909	.....
Grants and donations	5,241	.....	1,144	.....	9,020
Investment earnings	(694)	66	489	(1,436)	.....
Fines, forfeits, settlements and judgments	1	.....	.....	.....	.....
Other revenue	234	.....	.....	.....	.....
Total revenues	53,483	66	1,895	47,473	9,020
EXPENDITURES					
Current:					
General government	59,373	194,651	.....	63,529	8,083
Education	.....	.....	4,423	.....	.....
Human services	.....	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....	.....
State courts	.....	.....	.....	.....	.....
Capital outlay	567	.....	371	.....	.....
Debt service:					
Principal retirement	.....	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....	.....
Total expenditures	59,940	194,651	4,794	63,529	8,083
Excess (deficiency) of revenues over expenditures	(6,457)	(194,585)	(2,899)	(16,056)	937
OTHER FINANCING SOURCES (USES)					
Operating transfers in	.....	239,308	2,631	.....	.....
Operating transfers out	(1,772)	(44,723)	.....	(21)	.....
Proceeds of financing agreements	.....	.....	.....	.....	.....
Total other financing sources (uses)	(1,772)	194,585	2,631	(21)	.....
Net change in fund balances	(8,229)	.....	(268)	(16,077)	937
Fund balances - beginning	21,407	.....	9,607	56,210	122
Adjustments to increase (decrease) beginning fund balances	1,139	.....	.....	.....	.....
Fund balances - beginning, as restated	22,546	.....	9,607	56,210	122
Fund balances - ending	\$ 14,317	\$	\$ 9,339	\$ 40,133	\$ 1,059

2004 STATE OF FLORIDA CAFR

FL Water Pollution Control Financing Corp	Inland Protection Financing Corp	Investment Fraud Restoration Corp	Surplus Lines	Partnership in Correctional Excellence	Scripps Florida Funding Corp	Totals 6/30/04
\$	\$	\$	\$	\$	\$	\$ 132,041
.....	.....	.....	.....	.....	.....	995,626
.....	.....	.....	7,455	747	.....	318,335
.....	.....	.....	.....	315	.....	572,354
14,747	115	10	50	.....	(93)	10,418
.....	.....	.....	.....	.....	.....	452,488
.....	.....	.....	.....	.....	.....	2,566
14,747	115	10	7,505	1,062	(93)	2,483,828
151	19	3	4,068	.....	13,502	778,922
.....	.....	.....	.....	.....	.....	4,423
.....	.....	.....	.....	.....	.....	353,394
.....	.....	.....	.....	960	.....	355,298
.....	.....	.....	.....	.....	.....	443,106
.....	.....	.....	.....	.....	.....	10,328
.....	.....	.....	.....	.....	.....	58,357
.....	.....	.....	.....	.....	.....	4,627
5	.....	.....	.....	.....	.....	1,217
156	19	3	4,068	960	13,502	2,009,672
14,591	96	7	3,437	102	(13,595)	474,156
293	18	.....	.....	.....	310,000	1,179,092
(9,866)	.....	.....	.....	.....	.....	(1,414,945)
.....	.....	.....	.....	.....	.....	27,886
(9,573)	18	.....	.....	.....	310,000	(207,967)
5,018	114	7	3,437	102	296,405	266,189
641,282	2	978	3,385	323	.....	1,261,482
.....	10,272	.....	.....	.....	.....	11,411
641,282	10,274	978	3,385	323	.....	1,272,893
\$ 646,300	\$ 10,388	\$ 985	\$ 6,822	\$ 425	\$ 296,405	\$ 1,539,082

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Government Administration		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 102,969	\$ 102,969	\$
Reversions	7,329	7,329	.....
Fund Balances, July 1, 2003, restated	110,298	110,298	.....
REVENUES			
Direct revenues:			
Fees and charges	33,871	46,717	12,846
Interest	839	3,129	2,290
Grants	59,405	58,830	(575)
Refunds	1,706	1,891	185
Other	1,212	1,229	17
Total Direct Revenues	97,033	111,796	14,763
Indirect revenues:			
Transfers and distributions	50,426	37,482	(12,944)
Other	.....	2	2
Total Indirect Revenues	50,426	37,484	(12,942)
TOTAL REVENUES	147,459	149,280	1,821
TOTAL AVAILABLE RESOURCES	257,757	259,578	1,821
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	28,833	27,538	1,295
Other personal services	5,571	4,716	855
Expenses	11,502	10,278	1,224
Grants and aids	4,399	4,368	31
Operating capital outlay	434	307	127
Special categories	120,108	99,217	20,891
Grants/aids to local governments	875	875	.....
Data processing services	6,047	5,502	545
Total Operating Expenditures	177,769	152,801	24,968
Nonoperating expenditures:			
Transfers	22,500	22,500	.....
Refunds	1,575	1,575	.....
Other	172	172	.....
Total Nonoperating Expenditures	24,247	24,247	.....
TOTAL EXPENDITURES	202,016	177,048	24,968
FUND BALANCES, JUNE 30, 2004	\$ 55,741	\$ 82,530	\$ 26,789

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Business and Community Development		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 393,007	\$ 393,007	\$
Reversions	37,432	37,432	.....
Fund Balances, July 1, 2003, restated	430,439	430,439	.....
REVENUES			
Direct revenues:			
Fees and charges	5,687	5,670	(17)
Interest	1,407	.....	(1,407)
Grants	593,866	495,345	(98,521)
Refunds	525	2,900	2,375
Other	247	1,120	873
Total Direct Revenues	<u>601,732</u>	<u>505,035</u>	<u>(96,697)</u>
Indirect revenues:			
Transfers and distributions	96,398	71,710	(24,688)
Other	.....	79	79
Total Indirect Revenues	<u>96,398</u>	<u>71,789</u>	<u>(24,609)</u>
TOTAL REVENUES	<u>698,130</u>	<u>576,824</u>	<u>(121,306)</u>
TOTAL AVAILABLE RESOURCES	<u>1,128,569</u>	<u>1,007,263</u>	<u>(121,306)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	8,056	6,902	1,154
Other personal services	4,331	2,738	1,593
Expenses	3,303	2,366	937
Grants and aids	6,524	6,524	.....
Operating capital outlay	182	105	77
Fixed capital outlay	324	324	.....
Special categories	926,936	890,459	36,477
Grants/aids to local governments	53,401	53,401	.....
Total Operating Expenditures	<u>1,003,057</u>	<u>962,819</u>	<u>40,238</u>
Nonoperating expenditures:			
Transfers	9,246	9,246	.....
Refunds	278	278	.....
Other	628	628	.....
Total Nonoperating Expenditures	<u>10,152</u>	<u>10,152</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>1,013,209</u>	<u>972,971</u>	<u>40,238</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 115,360</u>	<u>\$ 34,292</u>	<u>\$ (81,068)</u>

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Regulation and Licensing		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2003	\$ 260,216	\$ 260,216	\$
Reversions	65	65	.....
Fund Balances, July 1, 2003, restated	260,281	260,281	.....
REVENUES			
Direct revenues:			
Fees and charges	21,357	22,402	1,045
Licenses	840,187	835,836	(4,351)
Taxes	83,183	82,881	(302)
Miscellaneous	170	164	(6)
Interest	3,720	80,308	76,588
Grants	263	258	(5)
Refunds	27	357	330
Other	3,403	4,698	1,295
Total Direct Revenues	<u>952,310</u>	<u>1,026,904</u>	<u>74,594</u>
Indirect revenues:			
Transfers and distributions	74,577	6,817	(67,760)
Other	.....	3	3
Total Indirect Revenues	<u>74,577</u>	<u>6,820</u>	<u>(67,757)</u>
TOTAL REVENUES	<u>1,026,887</u>	<u>1,033,724</u>	<u>6,837</u>
TOTAL AVAILABLE RESOURCES	<u>1,287,168</u>	<u>1,294,005</u>	<u>6,837</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	90,802	87,881	2,921
Other personal services	12,094	11,155	939
Expenses	22,310	21,092	1,218
Grants and aids	13,791	12,964	827
Operating capital outlay	1,269	1,107	162
Special categories	27,758	17,558	10,200
Data processing services	1,155	723	432
Total Operating Expenditures	<u>169,179</u>	<u>152,480</u>	<u>16,699</u>
Nonoperating expenditures:			
Transfers	976,549	976,549	.....
Refunds	7,196	7,196	.....
Other	46,644	46,644	.....
Total Nonoperating Expenditures	<u>1,030,389</u>	<u>1,030,389</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>1,199,568</u>	<u>1,182,869</u>	<u>16,699</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 87,600</u>	<u>\$ 111,136</u>	<u>\$ 23,536</u>

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Tobacco Settlement		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 15,489	\$ 15,489	\$
Reversions	3,691	3,691	.....
Fund Balances, July 1, 2003, restated	19,180	19,180	.....
REVENUES			
Direct revenues:			
Interest	1,965	2,133	168
Refunds	35	80	45
Other	366,981	363,981	(3,000)
Total Direct Revenues	368,981	366,194	(2,787)
Indirect revenues:			
Transfers and distributions	611,376	590,333	(21,043)
Other	.....	6	6
Total Indirect Revenues	611,376	590,339	(21,037)
TOTAL REVENUES	980,357	956,533	(23,824)
TOTAL AVAILABLE RESOURCES	999,537	975,713	(23,824)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	17,127	16,624	503
Other personal services	2,211	1,917	294
Expenses	8,005	7,544	461
Grants and aids	16,894	16,889	5
Operating capital outlay	119	86	33
Fixed capital outlay	3,386	3,386	.....
Special categories	352,616	350,913	1,703
Data processing services	4,484	696	3,788
Total Operating Expenditures	404,842	398,055	6,787
Nonoperating expenditures:			
Transfers	560,075	560,075	.....
Other	3,000	3,000	.....
Total Nonoperating Expenditures	563,075	563,075	.....
TOTAL EXPENDITURES	967,917	961,130	6,787
FUND BALANCES, JUNE 30, 2004	\$ 31,620	\$ 14,583	\$ (17,037)

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Public Safety		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2003	\$ 61,058	\$ 61,058	\$
Reversions	869	869	.....
Fund Balances, July 1, 2003, restated	<u>61,927</u>	<u>61,927</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	51,294	53,077	1,783
Licenses	58,068	54,531	(3,537)
Miscellaneous	.....	25	25
Interest	1,998	853	(1,145)
Grants	126,617	92,985	(33,632)
Refunds	356	4,756	4,400
Other	44,212	54,129	9,917
Total Direct Revenues	<u>282,545</u>	<u>260,356</u>	<u>(22,189)</u>
Indirect revenues:			
Transfers and distributions	33,510	40,323	6,813
Other	.....	81	81
Total Indirect Revenues	<u>33,510</u>	<u>40,404</u>	<u>6,894</u>
TOTAL REVENUES	<u>316,055</u>	<u>300,760</u>	<u>(15,295)</u>
TOTAL AVAILABLE RESOURCES	<u>377,982</u>	<u>362,687</u>	<u>(15,295)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	42,637	40,331	2,306
Other personal services	14,166	11,226	2,940
Expenses	27,128	23,658	3,470
Grants and aids	27,595	23,305	4,290
Operating capital outlay	10,288	8,214	2,074
Fixed capital outlay	5	5	.....
Special categories	154,999	110,709	44,290
Data processing services	165	78	87
Total Operating Expenditures	<u>276,983</u>	<u>217,526</u>	<u>59,457</u>
Nonoperating expenditures:			
Transfers	49,906	49,906	.....
Refunds	1,610	1,610	.....
Other	33,817	33,817	.....
Total Nonoperating Expenditures	<u>85,333</u>	<u>85,333</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>362,316</u>	<u>302,859</u>	<u>59,457</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 15,666</u>	<u>\$ 59,828</u>	<u>\$ 44,162</u>

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Corrections		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2003	\$ 23,356	\$ 23,356	\$
Reversions	69	69	.....
Fund Balances, July 1, 2003, restated	<u>23,425</u>	<u>23,425</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	11,341	10,877	(464)
Interest	1	.....	(1)
Grants	10,198	10,198	.....
Refunds	.....	459	459
Other	.....	75	75
Total Direct Revenues	<u>21,540</u>	<u>21,609</u>	<u>69</u>
Indirect revenues:			
Transfers and distributions	36,974	31,202	(5,772)
Other	.....	121	121
Total Indirect Revenues	<u>36,974</u>	<u>31,323</u>	<u>(5,651)</u>
TOTAL REVENUES	<u>58,514</u>	<u>52,932</u>	<u>(5,582)</u>
TOTAL AVAILABLE RESOURCES	<u>81,939</u>	<u>76,357</u>	<u>(5,582)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	8,273	5,906	2,367
Other personal services	1,337	584	753
Expenses	16,558	13,616	2,942
Operating capital outlay	3,587	481	3,106
Food products	615	323	292
Fixed capital outlay	13,054	13,054	.....
Special categories	21,245	16,105	5,140
Data processing services	245	245	.....
Special expenses	79	79	.....
Total Operating Expenditures	<u>64,993</u>	<u>50,393</u>	<u>14,600</u>
Nonoperating expenditures:			
Transfers	2,172	2,172	.....
Refunds	2,112	2,112	.....
Other	6,991	6,991	.....
Total Nonoperating Expenditures	<u>11,275</u>	<u>11,275</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>76,268</u>	<u>61,668</u>	<u>14,600</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 5,671</u>	<u>\$ 14,689</u>	<u>\$ 9,018</u>

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	Consumer Protection and Safety		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 134,172	\$ 134,172	\$
Reversions	5,709	5,709	.....
Fund Balances, July 1, 2003, restated	<u>139,881</u>	<u>139,881</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	90	304	214
Interest	232	3,134	2,902
Grants	136,709	79,808	(56,901)
Refunds	.....	772	772
Other	6,668	14,340	7,672
Total Direct Revenues	<u>143,699</u>	<u>98,358</u>	<u>(45,341)</u>
Indirect revenues:			
Transfers and distributions	82,569	69,363	(13,206)
Total Indirect Revenues	<u>82,569</u>	<u>69,363</u>	<u>(13,206)</u>
TOTAL REVENUES	<u>226,268</u>	<u>167,721</u>	<u>(58,547)</u>
TOTAL AVAILABLE RESOURCES	<u>366,149</u>	<u>307,602</u>	<u>(58,547)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	15,680	14,558	1,122
Other personal services	436	284	152
Expenses	2,564	2,217	347
Operating capital outlay	331	178	153
Special categories	266,708	242,434	24,274
Data processing services	10	.....	10
Total Operating Expenditures	<u>285,729</u>	<u>259,671</u>	<u>26,058</u>
Nonoperating expenditures:			
Transfers	10,751	10,751	.....
Refunds	84	84	.....
Other	1,680	1,680	.....
Total Nonoperating Expenditures	<u>12,515</u>	<u>12,515</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>298,244</u>	<u>272,186</u>	<u>26,058</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 67,905</u>	<u>\$ 35,416</u>	<u>\$ (32,489)</u>

2004 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Agriculture		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2003	\$ 36,012	\$ 36,012	\$
Reversions	1,836	1,836	.....
Fund Balances, July 1, 2003, restated	<u>37,848</u>	<u>37,848</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	71,253	68,919	(2,334)
Licenses	15,973	16,303	330
Taxes	255	276	21
Miscellaneous	6,482	6,201	(281)
Interest	987	2,157	1,170
Grants	79,087	41,163	(37,924)
Refunds	207	596	389
Other	8,620	3,528	(5,092)
Total Direct Revenues	<u>182,864</u>	<u>139,143</u>	<u>(43,721)</u>
Indirect revenues:			
Transfers and distributions	56,229	59,816	3,587
Other	.....	335	335
Total Indirect Revenues	<u>56,229</u>	<u>60,151</u>	<u>3,922</u>
TOTAL REVENUES	<u>239,093</u>	<u>199,294</u>	<u>(39,799)</u>
TOTAL AVAILABLE RESOURCES	<u>276,941</u>	<u>237,142</u>	<u>(39,799)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	71,334	63,334	8,000
Other personal services	7,066	5,219	1,847
Expenses	41,212	33,719	7,493
Grants and aids	5,236	4,780	456
Operating capital outlay	8,714	5,160	3,554
Fixed capital outlay	2,319	2,319	.....
Special categories	75,164	62,313	12,851
Payments to U.S. Treasury	10,425	10,425	.....
Data processing services	21	.....	21
Total Operating Expenditures	<u>221,491</u>	<u>187,269</u>	<u>34,222</u>
Nonoperating expenditures:			
Transfers	6,896	6,896	.....
Refunds	636	636	.....
Other	9,637	9,637	.....
Total Nonoperating Expenditures	<u>17,169</u>	<u>17,169</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>238,660</u>	<u>204,438</u>	<u>34,222</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 38,281</u>	<u>\$ 32,704</u>	<u>\$ (5,577)</u>

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	Juvenile Justice		Variance with Budget - Favorable (Unfavorable)
	Budget	Actual	
Fund Balances, July 1, 2003	\$ 22,166	\$ 22,166	\$
Reversions	2,111	2,111	.....
Fund Balances, July 1, 2003, restated	24,277	24,277	.....
REVENUES			
Direct revenues:			
Fees and charges	1,151	1,647	496
Interest	.....	424	424
Grants	24,034	16,290	(7,744)
Refunds	.....	107	107
Other	2,635	2,664	29
Total Direct Revenues	27,820	21,132	(6,688)
Indirect revenues:			
Transfers and distributions	62,701	71,302	8,601
Other	.....	16	16
Total Indirect Revenues	62,701	71,318	8,617
TOTAL REVENUES	90,521	92,450	1,929
TOTAL AVAILABLE RESOURCES	114,798	116,727	1,929
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	15,761	15,480	281
Other personal services	678	530	148
Expenses	4,683	4,437	246
Grants and aids	1,652	1,549	103
Operating capital outlay	87	27	60
Food products	286	276	10
Fixed capital outlay	11,672	11,672	.....
Special categories	72,621	67,776	4,845
Total Operating Expenditures	107,440	101,747	5,693
Nonoperating expenditures:			
Transfers	16	16	.....
Refunds	39	39	.....
Other	791	791	.....
Total Nonoperating Expenditures	846	846	.....
TOTAL EXPENDITURES	108,286	102,593	5,693
FUND BALANCES, JUNE 30, 2004	\$ 6,512	\$ 14,134	\$ 7,622

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	Judicial Services		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 21,704	\$ 21,704	\$
Reversions	178	178	.....
Fund Balances, July 1, 2003, restated	21,882	21,882	.....
REVENUES			
Direct revenues:			
Fees and charges	20,604	20,461	(143)
Licenses	250	224	(26)
Grants	7,196	7,592	396
Refunds	175	376	201
Other	2,837	3,133	296
Total Direct Revenues	31,062	31,786	724
Indirect revenues:			
Transfers and distributions	25,201	27,619	2,418
Total Indirect Revenues	25,201	27,619	2,418
TOTAL REVENUES	56,263	59,405	3,142
TOTAL AVAILABLE RESOURCES	78,145	81,287	3,142
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	44,398	39,256	5,142
Other personal services	5,685	3,810	1,875
Expenses	2,641	1,227	1,414
Operating capital outlay	175	71	104
Special categories	16,653	11,470	5,183
Data processing services	502	.....	502
Total Operating Expenditures	70,054	55,834	14,220
Nonoperating expenditures:			
Transfers	1,608	1,608	.....
Refunds	170	170	.....
Other	1,374	1,374	.....
Total Nonoperating Expenditures	3,152	3,152	.....
TOTAL EXPENDITURES	73,206	58,986	14,220
FUND BALANCES, JUNE 30, 2004	\$ 4,939	\$ 22,301	\$ 17,362

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 52,154	\$ 52,154	\$
Reversions	255	255	.....
Fund Balances, July 1, 2003, restated	<u>52,409</u>	<u>52,409</u>	<u>.....</u>
REVENUES			
Direct revenues:			
Fees and charges	11,822	11,964	142
Miscellaneous	8	7	(1)
Interest	60	58	(2)
Grants	7,186	25,555	18,369
Refunds	9,903	8,503	(1,400)
Other	701	.....	(701)
Total Direct Revenues	<u>29,680</u>	<u>46,087</u>	<u>16,407</u>
Indirect revenues:			
Transfers and distributions	700	6,849	6,149
Other	.....	67	67
Total Indirect Revenues	<u>700</u>	<u>6,916</u>	<u>6,216</u>
TOTAL REVENUES	<u>30,380</u>	<u>53,003</u>	<u>22,623</u>
TOTAL AVAILABLE RESOURCES	<u>82,789</u>	<u>105,412</u>	<u>22,623</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	19,555	18,474	1,081
Other personal services	2,817	2,532	285
Expenses	33,434	32,943	491
Operating capital outlay	523	454	69
Food products	1,814	936	878
Fixed capital outlay	31,124	31,124	.....
Special categories	5,706	5,652	54
Total Operating Expenditures	<u>94,973</u>	<u>92,115</u>	<u>2,858</u>
Nonoperating expenditures:			
Transfers	610	610	.....
Refunds	70	70	.....
Other	49	49	.....
Total Nonoperating Expenditures	<u>729</u>	<u>729</u>	<u>.....</u>
TOTAL EXPENDITURES	<u>95,702</u>	<u>92,844</u>	<u>2,858</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ (12,913)</u>	<u>\$ 12,568</u>	<u>\$ 25,481</u>

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Citrus Commission		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 16,901	\$ 16,901	\$
Reversions	1,696	1,696	.....
Fund Balances, July 1, 2003, restated	18,597	18,597	.....
REVENUES			
Direct revenues:			
Fees and charges	.....	6	6
Taxes	49,024	48,641	(383)
Miscellaneous	103	42	(61)
Interest	400	423	23
Grants	5,799	3,582	(2,217)
Refunds	166	232	66
Other	.....	60	60
Total Direct Revenues	55,492	52,986	(2,506)
TOTAL REVENUES	55,492	52,986	(2,506)
TOTAL AVAILABLE RESOURCES	74,089	71,583	(2,506)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	7,714	6,475	1,239
Other personal services	278	195	83
Expenses	8,077	4,669	3,408
Operating capital outlay	633	536	97
Special categories	56,311	48,414	7,897
Data processing services	30	13	17
Total Operating Expenditures	73,043	60,302	12,741
Nonoperating expenditures:			
Refunds	92	92	.....
Other	1,612	1,612	.....
Total Nonoperating Expenditures	1,704	1,704	.....
TOTAL EXPENDITURES	74,747	62,006	12,741
FUND BALANCES, JUNE 30, 2004	\$ (658)	\$ 9,577	\$ 10,235

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 847	\$ 847	\$
Reversions	.....	.....	.....
Fund Balances, July 1, 2003, restated	847	847	.....
REVENUES			
Direct revenues:			
Interest	130	130	.....
Grants	4,000	3,251	(749)
Total Direct Revenues	4,130	3,381	(749)
TOTAL REVENUES	4,130	3,381	(749)
TOTAL AVAILABLE RESOURCES	4,977	4,228	(749)
EXPENDITURES			
Operating expenditures:			
Special categories	3,837	3,837	.....
Total Operating Expenditures	3,837	3,837	.....
TOTAL EXPENDITURES	3,837	3,837	.....
FUND BALANCES, JUNE 30, 2004	\$ 1,140	\$ 391	\$ (749)

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Budget - Favorable (Unfavorable)
Fund Balances, July 1, 2003	\$ 45,815	\$ 45,815	\$
Reversions	161	161	.....
Fund Balances, July 1, 2003, restated	45,976	45,976	.....
REVENUES			
Direct revenues:			
Interest	1,951	2,084	133
Refunds	.....	3	3
Other	48,900	55,645	6,745
Total Direct Revenues	50,851	57,732	6,881
TOTAL REVENUES	50,851	57,732	6,881
TOTAL AVAILABLE RESOURCES	96,827	103,708	6,881
EXPENDITURES			
Operating expenditures:			
Expenses	639	231	408
Grants and aids	84,007	81,848	2,159
Total Operating Expenditures	84,646	82,079	2,567
Nonoperating expenditures:			
Transfers	21	21	.....
Total Nonoperating Expenditures	21	21	.....
TOTAL EXPENDITURES	84,667	82,100	2,567
FUND BALANCES, JUNE 30, 2004	\$ 12,160	\$ 21,608	\$ 9,448

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CAPITAL PROJECTS FUNDS

GENERAL GOVERNMENT

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

RIGHT-OF-WAY AND BRIDGE CONSTRUCTION

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

HEALTH SERVICES

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

AGRICULTURE

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

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, 2004
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Health Services	Agriculture	Veterans' Affairs
ASSETS					
<u>Current assets</u>					
Pooled investments with State Treasury	\$ 10,679	\$ 25,421	\$ 2	\$ 102	\$ 102
Receivables, net	592	30	.....	.....	.....
Due from other funds	31,389	6,700	.....	.....	.....
Total current assets	<u>42,660</u>	<u>32,151</u>	<u>2</u>	<u>102</u>	<u>102</u>
<u>Noncurrent assets</u>					
Advances to other funds	.....	3,258	.....	.....	.....
Other	.....	9,000	.....	.....	.....
Total noncurrent assets	<u>.....</u>	<u>12,258</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total assets	<u>\$ 42,660</u>	<u>\$ 44,409</u>	<u>\$ 2</u>	<u>\$ 102</u>	<u>\$ 102</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 75	\$ 1,823	\$	\$	\$
Due to other funds	27	.....	.....	.....	.....
Obligations under security lending agreements	9,711	4,508	.....	.....	.....
Obligations under reverse repurchase agreements	955	443	.....	.....	.....
Total current liabilities	<u>10,768</u>	<u>6,774</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total liabilities	<u>10,768</u>	<u>6,774</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
<u>Fund balances</u>					
Reserved for advances	.....	3,258	.....	.....	.....
Reserved for capital outlay	22,271	16,371	2	.....	.....
Other reserved	.....	18,000	.....	.....	.....
Unreserved	9,621	6	.....	102	102
Total fund balances	<u>31,892</u>	<u>37,635</u>	<u>2</u>	<u>102</u>	<u>102</u>
Total liabilities and fund balances	<u>\$ 42,660</u>	<u>\$ 44,409</u>	<u>\$ 2</u>	<u>\$ 102</u>	<u>\$ 102</u>

School for the Deaf and the Blind	Other	Totals 6/30/04
\$ 3,217	\$ 173	\$ 39,696
.....	.....	622
8,730	.....	46,819
<u>11,947</u>	<u>173</u>	<u>87,137</u>
.....	.....	3,258
.....	.....	9,000
.....	.....	12,258
<u>\$ 11,947</u>	<u>\$ 173</u>	<u>\$ 99,395</u>
\$ 200	\$	\$ 2,098
.....	.....	27
.....	9	14,228
.....	1	1,399
<u>200</u>	<u>10</u>	<u>17,752</u>
200	10	17,752
.....	.....	3,258
.....	.....	38,644
.....	.....	18,000
<u>11,747</u>	<u>163</u>	<u>21,741</u>
11,747	163	81,643
<u>\$ 11,947</u>	<u>\$ 173</u>	<u>\$ 99,395</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)

	General Government	Right-of-Way and Bridge Construction	Health Services	Agriculture	Veterans' Affairs
REVENUES					
Investment earnings	\$ 13	\$ 318	\$	\$	\$
Other revenue	901	.....	.....	.....	.....
Total revenues	914	318	.....	.....	.....
EXPENDITURES					
Current:					
General government	8,123	.....	.....	.....	.....
Education	.....	.....	.....	.....	.....
Human services	3,007	.....	.....	.....	.....
Criminal justice and corrections	47,600	.....	.....	.....	.....
Natural resources and environment	483	.....	.....	250	.....
Transportation	.....	31	.....	.....	.....
Capital outlay	21,069	147,876	1,021	364	.....
Debt service:					
Principal retirement	2,110	.....	.....	.....	.....
Interest and fiscal charges	2,195	.....	.....	.....	.....
Total expenditures	84,587	147,907	1,021	614	.....
Excess (deficiency) of revenues over expenditures	(83,673)	(147,589)	(1,021)	(614)	.....
OTHER FINANCING SOURCES (USES)					
Operating transfers in	59,856	250,000	370	614	.....
Operating transfers out	.....	(97,336)	.....	.....	.....
Proceeds of financing agreements	28,215	.....	.....	.....	.....
Total other financing sources (uses)	88,071	152,664	370	614	.....
Net change in fund balances	4,398	5,075	(651)	.....	.....
Fund balances - beginning	27,494	32,560	653	102	102
Fund balances - ending	\$ 31,892	\$ 37,635	\$ 2	\$ 102	\$ 102

School for the Deaf and the Blind	Other	Totals 6/30/04
\$	\$	\$ 331
.....	901
.....	1,232
.....	8,123
825	825
.....	3,007
.....	47,600
.....	733
.....	31
5,057	175,387
.....	2,110
.....	2,195
5,882	240,011
(5,882)	(238,779)
12,486	323,326
.....	(97,336)
.....	28,215
12,486	254,205
6,604	15,426
5,143	163	66,217
\$ 11,747	\$ 163	\$ 81,643

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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, 2004
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/04
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	\$ 2,040	\$ 183	\$ 2,223
Pooled investments with State Treasury	153,615	.....	153,615
Receivables, net	8,017	.....	8,017
Due from other funds	3,398	.....	3,398
Due from component units/primary	127	.....	127
Inventories	1	.....	1
Other	.....	22	22
Total current assets	<u>167,198</u>	<u>205</u>	<u>167,403</u>
<u>Noncurrent assets</u>			
Capital assets			
Buildings, equipment, and other depreciable assets	18,540	426	18,966
Accumulated depreciation	(11,224)	(377)	(11,601)
Total noncurrent assets	<u>7,316</u>	<u>49</u>	<u>7,365</u>
Total assets	<u>174,514</u>	<u>254</u>	<u>174,768</u>
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable and accrued liabilities	6,093	63	6,156
Due to other funds	7,038	.....	7,038
Due to component units/primary	13	126	139
Compensated absences	2,234	.....	2,234
Installment purchases/capital leases	90	.....	90
Deposits	10,416	22	10,438
Obligations under security lending agreements	21,462	.....	21,462
Obligations under reverse repurchase agreements	2,110	.....	2,110
Total current liabilities	<u>49,456</u>	<u>211</u>	<u>49,667</u>
<u>Noncurrent liabilities</u>			
Compensated absences	9,777	.....	9,777
Total noncurrent liabilities	<u>9,777</u>	<u>.....</u>	<u>9,777</u>
Total liabilities	<u>59,233</u>	<u>211</u>	<u>59,444</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,316	.....	7,316
Unrestricted	107,965	43	108,008
Total net assets	<u>\$ 115,281</u>	<u>\$ 43</u>	<u>\$ 115,324</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/04
OPERATING REVENUES			
Sales - nonstate	\$ 59,093	\$	\$ 59,093
Fees	184,209	1,963	186,172
Sales - state	386	.....	386
Rents - state	30	.....	30
Fines, forfeits and judgements	32,830	.....	32,830
Total operating revenues	276,548	1,963	278,511
OPERATING EXPENSES			
Contractual Services	24,942	228	25,170
Personal services	103,276	993	104,269
Depreciation	1,870	52	1,922
Materials and supplies	4,448	.....	4,448
Repairs and maintenance	227	.....	227
Basic services	21,012	742	21,754
Interest and fiscal charges	252	.....	252
Total operating expenses	156,027	2,015	158,042
Operating income (loss)	120,521	(52)	120,469
NONOPERATING REVENUES (EXPENSES)			
Grants and donations	215	.....	215
Investment earnings	(2,876)	.....	(2,876)
Interest and fiscal charges	(95)	.....	(95)
Property disposition gain (loss)	(1,626)	.....	(1,626)
Grant expense and client benefits	(909)	.....	(909)
Other	(570)	.....	(570)
Total nonoperating revenues (expenses)	(5,861)	.....	(5,861)
Income (loss) before transfers and contributions	114,660	(52)	114,608
Operating transfers in	488	.....	488
Operating transfers out	(147,530)	.....	(147,530)
Capital contributions	364	.....	364
Change in net assets	(32,018)	(52)	(32,070)
Total net assets - beginning	146,020	95	146,115
Adjustments to increase (decrease) beginning net assets	1,279	.....	1,279
Total net assets - beginning, as restated	147,299	95	147,394
Total net assets - ending	\$ 115,281	\$ 43	\$ 115,324

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/04
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 267,477	\$ 2,061	\$ 269,538
Cash paid to vendors	(55,313)	(1,085)	(56,398)
Cash paid to employees	(98,094)	(945)	(99,039)
Unemployment benefits	(211)	.....	(211)
Net cash provided (used) by operating activities	113,859	31	113,890
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(176,021)	.....	(176,021)
Net cash provided (used) by noncapital financing activities	(176,021)	.....	(176,021)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of principal installment purchase/capital lease	(85)	.....	(85)
Payment of interest on bonds/installment purchase/capital lease	(6)	.....	(6)
Purchase or construction of capital assets	(705)	(10)	(715)
Net cash provided (used) by capital and related financing activities	(796)	(10)	(806)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	1,022	.....	1,022
Investment earnings	(2,570)	.....	(2,570)
Net cash provided (used) by investing activities	(1,548)	.....	(1,548)
Net increase (decrease) in cash and cash equivalents	(64,506)	21	(64,485)
Cash and cash equivalents - beginning	220,161	162	220,323
Cash and cash equivalents - ending	\$ 155,655	\$ 183	\$ 155,838

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

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

	<u>Other</u>	<u>FL Engineers Management Corp</u>	<u>Totals 6/30/04</u>
Operating income (loss)	\$ 120,521	\$ (52)	\$ 120,469
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,870	52	1,922
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	3,497	.....	3,497
(Increase) decrease in due from other funds	(43)	.....	(43)
Increase (decrease) in allowance for uncollectibles	(10,512)	.....	(10,512)
(Increase) decrease in inventories	(147)	.....	(147)
Increase (decrease) in accounts payable	894	(36)	858
Increase (decrease) in compensated absences	1,529	.....	1,529
Increase (decrease) in due to other funds	(1,054)	67	(987)
Increase (decrease) in deferred revenues	(2,696)	(2,696)
Net cash provided (used) by operating activities	<u>\$ 113,859</u>	<u>\$ 31</u>	<u>\$ 113,890</u>

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INTERNAL SERVICE FUNDS

DATA CENTERS

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

COMMUNICATIONS AND FACILITIES

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

OTHER

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

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2004
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/04
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$	\$ 14,187	\$	\$ 14,187
Pooled investments with State Treasury	11,682	38,294	3,261	53,237
Investments	.....	41,577	.....	41,577
Receivables, net	3,804	7,583	675	12,062
Due from other funds	25,779	7,338	2,931	36,048
Due from component units/primary	1	1,380	167	1,548
Inventories	.....	97	5	102
Total current assets	41,266	110,456	7,039	158,761
<u>Noncurrent assets</u>				
Capital assets				
Land and other nondepreciable assets	.....	373	.....	373
Buildings, equipment, and other depreciable assets	62,533	821,457	6,422	890,412
Accumulated depreciation	(45,669)	(221,022)	(3,853)	(270,544)
Total noncurrent assets	16,864	600,808	2,569	620,241
Total assets	58,130	711,264	9,608	779,002
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	12,328	22,730	1,835	36,893
Due to other funds	43	136	1,060	1,239
Compensated absences	781	354	1,216	2,351
Installment purchases/capital leases	277	1,968	.....	2,245
Bonds payable	.....	12,730	.....	12,730
Deposits	.....	2,481	669	3,150
Obligations under security lending agreements	192	6,706	305	7,203
Obligations under reverse repurchase agreements	19	659	30	708
Certificates of participation payable	.....	5,545	.....	5,545
Total current liabilities	13,640	53,309	5,115	72,064
<u>Noncurrent liabilities</u>				
Advances from other funds	1,478	525	800	2,803
Due to other governments	.....	75	.....	75
Bonds payable	.....	349,769	.....	349,769
Certificates of participation payable	.....	85,163	.....	85,163
Installment purchases/capital leases	964	34,568	.....	35,532
Compensated absences	3,163	2,027	5,077	10,267
Total noncurrent liabilities	5,605	472,127	5,877	483,609
Total liabilities	19,245	525,436	10,992	555,673
NET ASSETS				
Invested in capital assets, net of related debt	16,787	111,064	2,569	130,420
Unrestricted	22,098	74,764	(3,953)	92,909
Total net assets	\$ 38,885	\$ 185,828	\$ (1,384)	\$ 223,329

2004 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/04
OPERATING REVENUES				
Sales - nonstate	\$ 3,786	\$ 46,523	\$ 861	\$ 51,170
Sales - state	121,904	102,345	53,224	277,473
Rents and royalties - nonstate	.....	16	.....	16
Rents - state	.....	84,811	.....	84,811
Total operating revenues	125,690	233,695	54,085	413,470
OPERATING EXPENSES				
Contractual Services	63,537	152,719	4,904	221,160
Personal services	31,222	19,496	45,943	96,661
Depreciation	10,241	14,265	581	25,087
Materials and supplies	7,974	2,604	2,782	13,360
Repairs and maintenance	1,808	18,824	1,004	21,636
Basic services	7,565	6,361	3,501	17,427
Interest and fiscal charges	15	201	.....	216
Total operating expenses	122,362	214,470	58,715	395,547
Operating income (loss)	3,328	19,225	(4,630)	17,923
NONOPERATING REVENUES/(EXPENSES)				
Grants and donations	.....	.....	1	1
Investment earnings	(313)	1,037	2,045	2,769
Interest and fiscal charges	(5)	(21,604)	(3)	(21,612)
Property disposition gain (loss)	(5,073)	(181)	(134)	(5,388)
Other	3	.....	.....	3
Total nonoperating revenues (expenses)	(5,388)	(20,748)	1,909	(24,227)
Income (loss) before transfers and contributions	(2,060)	(1,523)	(2,721)	(6,304)
Operating transfers in	3,438	2,385	4	5,827
Operating transfers out	(2,998)	(11,462)	(1,104)	(15,564)
Capital contributions	141	445	26	612
Change in net assets	(1,479)	(10,155)	(3,795)	(15,429)
Total net assets - beginning	40,364	195,983	2,411	238,758
Total net assets - ending	\$ 38,885	\$ 185,828	\$ (1,384)	\$ 223,329

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/04
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 114,169	\$ 236,075	\$ 53,344	\$ 403,588
Cash paid to vendors	(79,212)	(177,806)	(13,181)	(270,199)
Cash paid to employees	(31,950)	(19,504)	(41,375)	(92,829)
Net cash provided (used) by operating activities	3,007	38,765	(1,212)	40,560
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out)	(1,725)	(13,451)	(1,065)	(16,241)
Net cash provided (used) by noncapital financing activities	(1,725)	(13,451)	(1,065)	(16,241)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash received from capital grants and donations	.....	.....	5	5
Payment of principal installment purchase/capital lease	.....	(15,075)	.....	(15,075)
Payment of interest on bonds/installment purchase/capital lease	.....	(22,383)	.....	(22,383)
Purchase or construction of capital assets	(6,178)	(220)	(488)	(6,886)
Net cash provided (used) by capital and related financing activities	(6,178)	(37,678)	(483)	(44,339)
CASH FLOWS FROM INVESTING ACTIVITIES				
Security lending	(1,386)	1,210	98	(78)
Investment earnings	(318)	7,646	2,048	9,376
Net cash provided (used) by investing activities	(1,704)	8,856	2,146	9,298
Net increase (decrease) in cash and cash equivalents	(6,600)	(3,508)	(614)	(10,722)
Cash and cash equivalents - beginning	18,282	55,989	3,875	78,146
Cash and cash equivalents - ending	\$ 11,682	\$ 52,481	\$ 3,261	\$ 67,424

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

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

	Data Centers	Communications and Facilities	Other	Totals 6/30/04
Operating income (loss)	\$ 3,328	\$ 19,225	\$ (4,630)	\$ 17,923
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	10,241	14,265	581	25,087
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(2,862)	(3,888)	(527)	(7,277)
(Increase) decrease in due from other funds	(7,947)	5,321	228	(2,398)
(Increase) decrease in inventories	(1)	(2)	(116)	(119)
Increase (decrease) in accounts payable	2,740	3,597	475	6,812
Increase (decrease) in compensated absences	(1,811)	(382)	3,579	1,386
Increase (decrease) in due to other funds	(681)	34	(1,045)	(1,692)
Increase (decrease) in deferred revenues	595	243	838
Net cash provided (used) by operating activities	<u>\$ 3,007</u>	<u>\$ 38,765</u>	<u>\$ (1,212)</u>	<u>\$ 40,560</u>

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PRIVATE-PURPOSE TRUST FUNDS

TRUST ESCROW ADMINISTRATION

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

UNCLAIMED PROPERTY

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

STUDENT LOAN GUARANTY RESERVE

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

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, 2004
(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	FL Prepaid College Program
ASSETS				
Cash and cash equivalents	\$ 8,100	\$	\$	\$ 1,878
Pooled investments with State Treasury	987,901	3,891	53,302	.....
Total cash and cash equivalents	996,001	3,891	53,302	1,878
<u>Investments</u>				
Certificates of deposit	1,716	.....	.....	.....
U.S. government & federally guaranteed obligations	62	.....	.....	2,897,188
Federal agencies	.....	.....	.....	176,966
Commercial paper	.....	.....	.....	200,136
Repurchase agreements	.....	.....	.....	3,459
Bonds and notes	200	.....	.....	667,879
Mutual fund investments	.....	4,210	.....	168,884
Domestic equity	34	4,604	.....	437,550
Total investments	2,012	8,814	.....	4,552,062
<u>Receivables</u>				
Accounts receivable	6,113	.....	207	5,930
Interest receivable	3,677	.....	93	11,198
Dividends receivable	.....	.....	.....	310
Pending investment sales	.....	.....	.....	231,186
Due from state funds	1,237	.....	.....	.....
Due from other governments	.....	.....	23,698	.....
Total receivables	11,027	.....	23,998	248,624
Security lending collateral	.....	.....	.....	1,160,880
Advances to other funds	.....	159,484	.....	.....
Tuition and housing receivable	.....	.....	.....	1,261,863
Capital assets	15	574	67	86
Accumulated depreciation	.....	(388)	(54)	(68)
Other assets	253,910	.....	.....	.....
Total assets	1,262,965	172,375	77,313	7,225,325
LIABILITIES				
Accounts payable	110,465	8,890	4	6,918
Pending investment purchases	.....	.....	.....	535,189
Broker rebate fees	.....	.....	.....	810
Due to other funds	56	.....	2,534	.....
Due to other governments	.....	.....	7,013	.....
Obligations under security lending agreements	219,938	.....	11,541	1,160,880
Obligations under reverse repurchase agreements	21,621	.....	1,135	.....
Deposits payable	130,674	.....	.....	7,133
Compensated absences liability	.....	280	.....	199
Unclaimed property payable	.....	163,248	.....	.....
Tuition and housing benefits payable	.....	.....	.....	5,073,722
Total liabilities	482,754	172,418	22,227	6,784,851
NET ASSETS				
Held in trust for individuals, organizations, and other governments	\$ 780,211	\$ (43)	\$ 55,086	\$ 440,474

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Other	Totals 6/30/04
\$	\$ 9,978
587	1,045,681
<u>587</u>	<u>1,055,659</u>
.....	1,716
.....	2,897,250
.....	176,966
.....	200,136
.....	3,459
.....	668,079
.....	173,094
.....	442,188
<u>.....</u>	<u>4,562,888</u>
.....	12,250
.....	14,968
.....	310
.....	231,186
.....	1,237
.....	23,698
<u>.....</u>	<u>283,649</u>
.....	1,160,880
.....	159,484
.....	1,261,863
38	780
.....	(510)
.....	253,910
<u>625</u>	<u>8,738,603</u>
30	126,307
.....	535,189
.....	810
.....	2,590
.....	7,013
.....	1,392,359
.....	22,756
536	138,343
.....	479
.....	163,248
.....	5,073,722
<u>566</u>	<u>7,462,816</u>
<u>\$ 59</u>	<u>\$ 1,275,787</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(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	\$	\$	\$	\$ 420,337
Fees	349,592	160,428	5	4,838
Grants and contributions	.....	.....	124,558	21,693
Transfers in from state funds	1	.....	85	.....
Total contributions and other deposits	349,593	160,428	124,648	446,868
<u>Investment income</u>				
Interest income	21,689	.....	1,523	63,190
Dividends	.....	.....	.....	4,176
Net increase/(decrease) in fair market value	.....	.....	(2,071)	(117,814)
Total investment income	21,689	.....	(548)	(50,448)
Investment activity expense	(11,801)	(261)	(7)	(2,223)
Net income (loss) from investing activity	9,888	(261)	(555)	(52,671)
Security lending activity				
Security lending income	.....	.....	.....	12,823
Security lending expense	.....	.....	.....	(10,587)
Net income from security lending	.....	.....	.....	2,236
Total net investment income (loss)	9,888	(261)	(555)	(50,435)
Other additions	.....	53	.....	.....
Total additions	359,481	160,220	124,093	396,433
DEDUCTIONS				
Tuition and housing payments	.....	.....	.....	79,007
Interest expense	1,035	.....	57	.....
Student loan default payments	.....	.....	125,705	.....
Administrative expense	4,982	2,714	2	12,468
Prepaid participant refunds	.....	.....	.....	47,024
Transfers out to state funds	4	156,816	4,144	.....
Other deductions	142,358	855	1	977
Total deductions	148,379	160,385	129,909	139,476
Change in net assets	211,102	(165)	(5,816)	256,957
Net assets - beginning	62,040	122	60,902	183,517
Adjustments to increase (decrease) beginning net assets	507,069	.....	.....	.....
Net assets - beginning, as restated	569,109	122	60,902	183,517
Net assets - ending	\$ 780,211	\$ (43)	\$ 55,086	\$ 440,474

Other	Totals 6/30/04
\$	\$ 420,337
.....	514,863
26	146,277
.....	86
26	1,081,563
.....	86,402
.....	4,176
.....	(119,885)
.....	(29,307)
.....	(14,292)
.....	(43,599)
.....	12,823
.....	(10,587)
.....	2,236
.....	(41,363)
.....	53
26	1,040,253
.....	79,007
.....	1,092
.....	125,705
.....	20,166
.....	47,024
.....	160,964
10	144,201
10	578,159
16	462,094
43	306,624
.....	507,069
43	813,693
\$ 59	\$ 1,275,787

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PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

DEFINED BENEFIT PENSION PLAN

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

DEFINED CONTRIBUTION PENSION PLAN

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

DEFERRED COMPENSATION PLAN

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

EMPLOYEE HEALTH, LIFE, AND DISABILITY PLANS

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

RETIREE HEALTH INSURANCE SUBSIDY

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

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**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2004
(in thousands)**

	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Deferred Compensation Plan	Employee Health, Life and Disability Plans
ASSETS				
Cash and cash equivalents	\$ 1,083,442	\$	\$ 26,419	\$ 4,909
Pooled investments with State Treasury	51,563	1,597	252	139,759
Total cash and cash equivalents	1,135,005	1,597	26,671	144,668
<u>Investments</u>				
Certificates of deposit	201,985	.....	.....	.....
U.S. government & federally guaranteed obligations	4,740,711	907	.....	.....
Federal agencies	6,264,319	4,235	.....	.....
Commercial paper	1,391,773	14,632	.....	.....
Repurchase agreements	498,704	1,428	.....	.....
Bonds and notes	8,508,400	182	.....	.....
International bonds and notes	1,486,629	.....	.....	.....
Real estate contracts	3,928,014	.....	.....	.....
Mutual fund investments	5,812,305	616,794	.....	.....
Money market and short-term investments	1,080,258	84,619	.....	.....
Domestic equity	56,450,694	4,625	.....	.....
Limited partnerships	2,927,140	.....	.....	.....
Equity group trust	10,872	.....	.....	.....
International equity	10,756,434	250	.....	.....
Deferred compensation contracts	.....	.....	1,705,458	.....
Total investments	104,058,238	727,672	1,705,458	.....
<u>Receivables</u>				
Accounts receivable	2,460	2,773	.....	3,499
State contributions receivable	347	.....	.....	.....
Nonstate contributions receivable	130,353	.....	.....	.....
Interest receivable	292,015	15	.....	259
Dividends receivable	93,438	153	.....	.....
Pending investment sales	651,580	77	.....	.....
Forward contracts	371,749	.....	.....	.....
Due from state funds	.....	12,461	.....	2
Total receivables	1,541,942	15,479	.....	3,760
Security lending collateral	10,715,363	261	.....	.....
Capital assets	4,117	893	.....	881
Accumulated depreciation	(3,269)	(630)	.....	(847)
Total assets	117,451,396	745,272	1,732,129	148,462
LIABILITIES				
Accounts payable	79,514	5,282	.....	6,181
DROP	1,605,006	.....	.....	.....
Pending investment purchases	2,721,360	.....	.....	.....
Forward contracts payable	371,818	.....	.....	.....
Broker rebate fees	6,142	.....	.....	.....
Due to other funds	20,385	1	.....	452
Obligations under security lending agreements	11,695,600	608	21	27,132
Obligations under reverse repurchase agreements	24	34	2	2,667
Claims payable	.....	.....	.....	60,590
Deposits payable	.....	.....	.....	96,666
Compensated absences liability	833	203	.....	351
Total liabilities	16,500,682	6,128	23	194,039
NET ASSETS				
Held in trust for pension benefits and other purposes	\$ 100,950,714	\$ 739,144	\$ 1,732,106	\$ (45,577)

Retiree Health Insurance Subsidy	Totals 6/30/04
\$	\$ 1,114,770
37	193,208
37	1,307,978
5,000	206,985
16,313	4,757,931
45,803	6,314,357
21,137	1,427,542
2,063	502,195
37,312	8,545,894
.....	1,486,629
.....	3,928,014
.....	6,429,099
.....	1,164,877
.....	56,455,319
.....	2,927,140
.....	10,872
.....	10,756,684
.....	1,705,458
127,628	106,618,996
.....	8,732
21	368
18,131	148,484
476	292,765
.....	93,591
.....	651,657
.....	371,749
5,109	17,572
23,737	1,584,918
.....	10,715,624
.....	5,891
.....	(4,746)
151,402	120,228,661
10	90,987
.....	1,605,006
.....	2,721,360
.....	371,818
.....	6,142
.....	20,838
.....	11,723,361
.....	2,727
.....	60,590
.....	96,666
.....	1,387
10	16,700,882
<u>\$ 151,392</u>	<u>\$103,527,779</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(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	\$ 437,280	\$ 98,221	\$	\$
Pension fund contributions - nonstate	1,459,778	340	.....	.....
Employer/employee contributions	13	.....	.....	1,132,270
Purchase of time by employees	49,221	50,771	.....	.....
Flexible benefit contributions	.....	.....	352,846	.....
Transfers in from state funds	19,270	462,395	.....	.....
Total contributions and other deposits	<u>1,965,562</u>	<u>611,727</u>	<u>352,846</u>	<u>1,132,270</u>
<u>Investment income</u>				
Interest income	1,345,480	273	4	3,721
Dividends	1,218,765	3,163	.....	.....
Other investment income	11,821	289	.....	.....
Net increase/(decrease) in fair market value	12,335,237	53,019	.....	(5,053)
Total investment income	<u>14,911,303</u>	<u>56,744</u>	<u>4</u>	<u>(1,332)</u>
Investment activity expense	(162,316)	(1,327)	.....	(55,962)
Net income (loss) from investing activity	<u>14,748,987</u>	<u>55,417</u>	<u>4</u>	<u>(57,294)</u>
<u>Security lending activity</u>				
Security lending income	148,719	5	.....	.....
Security lending expense	(114,150)	(3)	.....	.....
Net income from security lending	<u>34,569</u>	<u>2</u>	<u>.....</u>	<u>.....</u>
Total net investment income (loss)	<u>14,783,556</u>	<u>55,419</u>	<u>4</u>	<u>(57,294)</u>
Other additions	11	.....	18	.....
Total additions	<u>16,749,129</u>	<u>667,146</u>	<u>352,868</u>	<u>1,074,976</u>
DEDUCTIONS				
Benefit payments	3,701,204	110,182	48,198	.....
Insurance claims expense	.....	.....	.....	646,224
HMO payments	.....	.....	.....	400,846
Remittances to annuity companies	.....	148,045	.....	.....
Administrative expense	25,507	17,142	33	60,032
Property disposition gain (loss)	4	.....	.....	.....
Transfers out to state funds	463,219	9,388	.....	686
Other deductions	966	11	.....	371
Total deductions	<u>4,190,900</u>	<u>284,768</u>	<u>48,231</u>	<u>1,108,159</u>
Change in net assets	12,558,229	382,378	304,637	(33,183)
Net assets - beginning	<u>88,392,485</u>	<u>356,766</u>	<u>1,427,469</u>	<u>(12,394)</u>
Net assets - ending	<u>\$100,950,714</u>	<u>\$ 739,144</u>	<u>\$ 1,732,106</u>	<u>\$ (45,577)</u>

Retiree Health Insurance Subsidy	Totals 6/30/04
\$ 59,904	\$ 595,405
204,507	1,664,625
.....	1,132,283
.....	99,992
.....	352,846
.....	481,665
<u>264,411</u>	<u>4,326,816</u>
1,895	1,351,373
.....	1,221,928
.....	12,110
(640)	12,382,563
<u>1,255</u>	<u>14,967,974</u>
.....	(219,605)
<u>1,255</u>	<u>14,748,369</u>
.....	148,724
.....	(114,153)
.....	34,571
<u>1,255</u>	<u>14,782,940</u>
.....	29
<u>265,666</u>	<u>19,109,785</u>
248,291	4,107,875
.....	646,224
.....	400,846
.....	148,045
66	102,780
.....	4
.....	473,293
.....	1,348
<u>248,357</u>	<u>5,880,415</u>
17,309	13,229,370
134,083	90,298,409
<u>\$ 151,392</u>	<u>\$ 103,527,779</u>

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AGENCY FUNDS

TREASURY INVESTMENT ADMINISTRATION

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

TAX DISTRIBUTION AND ADMINISTRATION

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

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, 2004
(in thousands)

	Treasury Investment Administration	Tax Distribution and Administration	School for the Deaf and the Blind	State Board of Administration	Other	Totals 6/30/04
ASSETS						
Cash and cash equivalents	\$	\$ 4,712	\$ 52	\$ 7,744	\$ 29,850	\$ 42,358
Pooled investments with State Treasury	4,957,738	569,204	.....	909,607	228,178	6,664,727
Total cash and cash equivalents	4,957,738	573,916	52	917,351	258,028	6,707,085
<u>Investments</u>						
Certificates of deposit	.....	.....	.....	76,698	.....	76,698
U.S. government & federally guaranteed obligations	.....	.....	.....	1,241,482	185	1,241,667
Federal agencies	.....	.....	.....	206,748	.....	206,748
Commercial paper	.....	.....	.....	259,466	.....	259,466
Repurchase agreements	.....	.....	.....	16,792	.....	16,792
Bonds and notes	.....	.....	.....	52,785	.....	52,785
Total investments	.....	.....	.....	1,853,971	185	1,854,156
<u>Receivables</u>						
Accounts receivable	.....	324,640	.....	203	6,952	331,795
Nonstate contributions receivable	.....	.....	.....	.....	7	7
Interest receivable	128	.....	.....	14,773	3,087	17,988
Pending investment sales	.....	.....	.....	1,523	.....	1,523
Due from state funds	.....	33,394	.....	.....	186	33,580
Total receivables	128	358,034	.....	16,499	10,232	384,893
Security lending collateral	.....	.....	.....	146,024	.....	146,024
Total assets	\$ 4,957,866	\$ 931,950	\$ 52	\$ 2,933,845	\$ 268,445	\$ 9,092,158
LIABILITIES						
Accounts payable	\$ 214,191	\$ 315,772	\$ 52	\$ 2,188	\$ 11,462	\$ 543,665
Pending investment purchases	.....	234	.....	77	307	618
Forward contracts payable	.....	17,932	.....	.....	2	17,934
Broker rebate fees	.....	.....	.....	135	6,490	6,625
Due to other funds	.....	64,902	.....	315,248	874	381,024
Due to other governments	.....	531,544	.....	1,330	78,492	611,366
Due to component units	3,569,812	1,059	.....	565,526	8,159	4,144,556
Obligations under security lending agreements	1,068,794	.....	.....	346,821	40,451	1,456,066
Obligations under reverse repurchase agreements	105,069	.....	.....	19,746	3,976	128,791
Deposits payable	.....	507	.....	1,682,774	118,232	1,801,513
Total liabilities	\$ 4,957,866	\$ 931,950	\$ 52	\$ 2,933,845	\$ 268,445	\$ 9,092,158

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**AGENCY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2004****(in thousands)**

	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Treasury Investment Administration</u>				
ASSETS				
Pooled investments with State Treasury	\$ 3,690,132	\$ 5,203,258	\$ 3,935,652	\$ 4,957,738
Interest receivable	318	873	1,063	128
Due from other governments	2,384	.....	2,384	.....
Total assets	<u>\$ 3,692,834</u>	<u>\$ 5,204,131</u>	<u>\$ 3,939,099</u>	<u>\$ 4,957,866</u>
LIABILITIES				
Accounts payable	\$ 13,693	\$ 214,193	\$ 13,695	\$ 214,191
Due to other funds	40	61	101	.....
Due to component units	3,093,101	3,913,186	3,436,475	3,569,812
Obligations under security lending agreements	508,406	1,068,794	508,406	1,068,794
Obligations under reverse repurchase agreements	77,594	105,069	77,594	105,069
Total liabilities	<u>\$ 3,692,834</u>	<u>\$ 5,301,303</u>	<u>\$ 4,036,271</u>	<u>\$ 4,957,866</u>
<u>Tax Distribution and Administration</u>				
ASSETS				
Cash and cash equivalents	\$	\$ 4,712	\$	\$ 4,712
Pooled investments with State Treasury	502,813	6,869,299	6,802,908	569,204
Accounts receivable	226,498	4,695,356	4,597,214	324,640
Due from state funds	23,326	34,435	24,367	33,394
Total assets	<u>\$ 752,637</u>	<u>\$ 11,603,802</u>	<u>\$ 11,424,489</u>	<u>\$ 931,950</u>
LIABILITIES				
Accounts payable	\$ 249,523	\$ 66,249	\$	\$ 315,772
Pending investment purchases	.....	234	.....	234
Forward contracts payable	.....	17,932	.....	17,932
Due to other funds	45,419	65,946	46,463	64,902
Due to other governments	456,200	531,535	456,191	531,544
Due to component units	988	1,059	988	1,059
Deposits payable	507	.....	.....	507
Total liabilities	<u>\$ 752,637</u>	<u>\$ 682,955</u>	<u>\$ 503,642</u>	<u>\$ 931,950</u>
<u>School for the Deaf and the Blind</u>				
ASSETS				
Cash and cash equivalents	\$ 52	\$ 225	\$ 225	\$ 52
Total assets	<u>\$ 52</u>	<u>\$ 225</u>	<u>\$ 225</u>	<u>\$ 52</u>
LIABILITIES				
Accounts payable	\$ 52	\$ 225	\$ 225	\$ 52
Total liabilities	<u>\$ 52</u>	<u>\$ 225</u>	<u>\$ 225</u>	<u>\$ 52</u>
<u>State Board of Administration</u>				
ASSETS				
Cash and cash equivalents	\$ 253	\$ 13,466,819	\$ 13,459,328	\$ 7,744
Pooled investments with State Treasury	152,897	1,123,487	366,777	909,607
Investments	2,754,620	.....	900,649	1,853,971
Accounts receivable	.....	203	.....	203
Interest receivable	20,986	14,775	20,988	14,773
Pending investment sales	144	1,523	144	1,523
Due from state funds	398,691	.....	398,691	.....
Security lending collateral	173,472	.....	27,448	146,024
Total assets	<u>\$ 3,501,063</u>	<u>\$ 14,606,807</u>	<u>\$ 15,174,025</u>	<u>\$ 2,933,845</u>
LIABILITIES				
Accounts payable	\$ 5,862	\$	\$ 3,674	\$ 2,188
Pending investment purchases	541	.....	464	77
Broker rebate fees	156	.....	21	135
Due to other funds	614	315,248	614	315,248
Due to other governments	2,131	26,011	26,812	1,330
Due to component units	560,276	1,730,285	1,725,035	565,526
Obligations under security lending agreements	194,085	325,756	173,020	346,821
Obligations under reverse repurchase agreements	3,215	16,531	.....	19,746
Deposits payable	2,734,183	741,042	1,792,451	1,682,774
Total liabilities	<u>\$ 3,501,063</u>	<u>\$ 3,154,873</u>	<u>\$ 3,722,091</u>	<u>\$ 2,933,845</u>

2004 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

<u>Other</u>	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
ASSETS				
Cash and cash equivalents	\$ 29,765	\$ 129,100	\$ 129,015	\$ 29,850
Pooled investments with State Treasury	220,385	2,091,071	2,083,278	228,178
Investments	.....	185	.....	185
Accounts receivable	2,323	4,629	.....	6,952
Nonstate contributions receivable	.....	7	.....	7
Interest receivable	432	3,213	558	3,087
Due from state funds	1,333	308	1,455	186
Total assets	<u>\$ 254,238</u>	<u>\$ 2,228,513</u>	<u>\$ 2,214,306</u>	<u>\$ 268,445</u>
LIABILITIES				
Accounts payable	\$ 111,817	\$ 456,194	\$ 556,549	\$ 11,462
Pending investment purchases	.....	307	.....	307
Forward contracts payable	.....	2	.....	2
Broker rebate fees	.....	6,490	.....	6,490
Due to other funds	4,465	1,361	4,952	874
Due to other governments	81,358	1,693,449	1,696,315	78,492
Due to component units	.....	8,159	.....	8,159
Obligations under security lending agreements	27,425	13,041	15	40,451
Obligations under reverse repurchase agreements	4,186	375	585	3,976
Deposits payable	24,987	93,245	.....	118,232
Total liabilities	<u>\$ 254,238</u>	<u>\$ 2,272,623</u>	<u>\$ 2,258,416</u>	<u>\$ 268,445</u>
Totals - All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 30,070	\$ 13,600,856	\$ 13,588,568	\$ 42,358
Pooled investments with State Treasury	4,566,227	15,287,115	13,188,615	6,664,727
Investments	2,754,620	185	900,649	1,854,156
Accounts receivable	228,821	4,700,188	4,597,214	331,795
Nonstate contributions receivable	.....	7	.....	7
Interest receivable	21,736	18,861	22,609	17,988
Pending investment sales	144	1,523	144	1,523
Due from state funds	423,350	34,743	424,513	33,580
Due from other governments	2,384	.....	2,384	.....
Security lending collateral	173,472	.....	27,448	146,024
Total assets	<u>\$ 8,200,824</u>	<u>\$ 33,643,478</u>	<u>\$ 32,752,144</u>	<u>\$ 9,092,158</u>
LIABILITIES				
Accounts payable	\$ 380,947	\$ 736,861	\$ 574,143	\$ 543,665
Pending investment purchases	541	541	464	618
Forward contracts payable	.....	17,934	.....	17,934
Broker rebate fees	156	6,490	21	6,625
Due to other funds	50,538	382,616	52,130	381,024
Due to other governments	539,689	2,250,995	2,179,318	611,366
Due to component units	3,654,365	5,652,689	5,162,498	4,144,556
Obligations under security lending agreements	729,916	1,407,591	681,441	1,456,066
Obligations under reverse repurchase agreements	84,995	121,975	78,179	128,791
Deposits payable	2,759,677	834,287	1,792,451	1,801,513
Total liabilities	<u>\$ 8,200,824</u>	<u>\$ 11,411,979</u>	<u>\$ 10,520,645</u>	<u>\$ 9,092,158</u>

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NONMAJOR COMPONENT UNITS

OTHER WATER MANAGEMENT DISTRICTS

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

OTHER STATE UNIVERSITIES

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

COMMUNITY COLLEGES

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

OTHER NONMAJOR COMPONENT UNITS

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

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2004 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
JUNE 30, 2004
(in thousands)**

	Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/04
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 4,010	\$ 78,496	\$ 112,239	\$ 27,957	\$ 222,702
Pooled investments with State Treasury	82,626	505,910	292,055	56,029	936,620
Investments	294,803	35,351	254,171	43,151	627,476
Receivables, net	20,940	130,150	76,711	62,503	290,304
Due from component units/primary	5,168	340,556	293,397	10,538	649,659
Inventories	491	2,289	9,472	8,050	20,302
Other	328	5,104	14,942	2,383	22,757
Total current assets	408,366	1,097,856	1,052,987	210,611	2,769,820
<u>Noncurrent assets</u>					
Restricted cash and cash equivalents	.....	40,212	40,516	10,967	91,695
Restricted investments with State Treasury	.....	67,614	54,192	.....	121,806
Restricted investments	98,381	429,141	77,587	2,291	607,400
Long term investments	.....	71,663	467,491	433,647	972,801
Due from other governmental entities	.....	.....	.....	75	75
Other loans and notes receivable, net	.....	26,206	3,473	747	30,426
Capital assets:					
Land and other non-depreciable assets	1,329,347	142,692	216,643	33,122	1,721,804
Buildings, equipment, and other depreciable assets	260,186	3,096,192	3,121,720	300,444	6,778,542
Accumulated depreciation	(95,484)	(1,070,026)	(1,223,879)	(130,942)	(2,520,331)
Construction work in progress	11,881	150,956	132,893	257,993	553,723
Total capital assets	1,505,930	2,319,814	2,247,377	460,617	6,533,738
Other	.....	20,013	.....	1,095	21,108
Total noncurrent assets	1,604,311	2,974,663	2,890,636	909,439	8,379,049
Total assets	2,012,677	4,072,519	3,943,623	1,120,050	11,148,869
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	37,178	112,981	117,769	361,545	629,473
Due to component units/primary	341	17,961	11,136	16,281	45,719
Compensated absences	1,662	5,627	20,573	333	28,195
Installment purchases/capital leases	.....	5,680	3,779	313	9,772
Claims payable	.....	.....	.....	1,084	1,084
Bonds payable	7,255	15,313	851	.....	23,419
Certificates of participation payable	.....	967	.....	.....	967
Deposits	.....	47	33,043	2,619	35,709
Deferred revenue	53,349	140,786	21,136	22,111	237,382
Obligations under security lending agreements	.....	125,950	76,526	61,520	263,996
Obligations under reverse purchase agreements	.....	.....	7,523	.....	7,523
Other	.....	6,296	.....	10,638	16,934
Total current liabilities	99,785	431,608	292,336	476,444	1,300,173
<u>Noncurrent liabilities</u>					
Due to component units/primary	.....	.....	80,341	.....	80,341
Bonds payable	64,018	494,521	23,144	.....	581,683
Certificates of participation payable	.....	13,670	.....	.....	13,670
Installment purchases/capital leases	.....	19,986	18,882	876	39,744
Deposits	.....	52	35,375	.....	35,427
Deferred revenue	.....	.....	.....	1,073	1,073
Compensated absences	9,879	91,607	123,236	45	224,767
Other	.....	73,015	39	4,209	77,263
Total noncurrent liabilities	73,897	692,851	281,017	6,203	1,053,968
Total liabilities	173,682	1,124,459	573,353	482,647	2,354,141
NET ASSETS					
Invested in capital assets, net of related debt	1,434,658	1,813,837	2,123,363	443,416	5,815,274
Restricted for:					
Debt service	13,244	354	229	.....	13,827
Other	132,470	222,064	2,519	52,860	409,913
Permanent funds:					
Expendable	.....	171,932	706,561	3,125	881,618
Nonexpendable	.....	461,280	378,572	.....	839,852
Unrestricted (deficit)	258,623	278,593	159,026	138,002	834,244
Total net assets	\$ 1,838,995	\$ 2,948,060	\$ 3,370,270	\$ 637,403	\$ 8,794,728

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Other Water Management Districts	\$ 255,648	\$ 9,335	\$ 59,801	\$ 65,352
Other State Universities	2,008,532	608,321	484,500	90,128
Community Colleges	2,169,132	487,431	233,385	390,230
Other Nonmajor Component Units	614,552	136,610	395,237	139,540
Total component units	\$ 5,047,864	\$ 1,241,697	\$ 1,172,923	\$ 685,250

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

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Net (Expense) Revenue and Changes in Net Assets

Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/04
\$ (121,160)	\$	\$	\$	\$ (121,160)
.....	(825,583)	.....	.....	(825,583)
.....	.....	(1,058,086)	.....	(1,058,086)
.....	.....	.....	56,835	56,835
(121,160)	(825,583)	(1,058,086)	56,835	(1,947,994)

\$ 216,402	\$	\$	\$	\$ 216,402
6,926	52,157	39,662	45,698	144,443
(75)	.....	.....	(407)	(482)
.....	887,500	1,153,306	16,141	2,056,947
.....	4,952	.....	.....	4,952
.....	12,142	18,971	895	32,008
.....	.....	5,753	.....	5,753
2,187	26,903	23,064	55,319	107,473
225,440	983,654	1,240,756	117,646	2,567,496
104,280	158,071	182,670	174,481	619,502
1,735,935	2,791,618	3,186,980	463,232	8,177,765
(1,220)	(1,629)	620	(310)	(2,539)
\$ 1,838,995	\$ 2,948,060	\$ 3,370,270	\$ 637,403	\$ 8,794,728

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STATISTICAL AND ECONOMIC DATA

Revenues by Source - All Governmental Fund TypesFor the Last Ten Fiscal Years
(in thousands)

<u>Source</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Taxes	\$ 18,189,386	\$ 19,477,977	\$ 20,177,324	\$ 21,895,836
Licenses and permits	785,524	826,009	836,415	908,028
Fees and charges	2,228,621	1,566,989	1,819,323	2,582,493
Grants and donations	7,560,806	9,216,221	8,935,592	8,933,147
Investment earnings	376,864	427,631	420,820	589,347
Fines, forfeits, settlements and judgments	137,715	133,553	171,104	338,908
Flexible benefits contributions	.....	.....	56,708	56,505
Refunds	573,595	453,455	503,094	537,394
Other	76	875	37,335	7,860
Total	<u>\$ 29,852,587</u>	<u>\$ 32,102,710</u>	<u>\$ 32,957,715</u>	<u>\$ 35,849,518</u>

Expenditures by Function - All Governmental Fund TypesFor the Last Ten Fiscal Years
(in thousands)

<u>Function</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
General government	\$ 4,310,881	\$ 4,316,136	\$ 4,847,734	\$ 5,025,083
Education	8,086,313	8,216,522	8,147,709	8,796,753
Human services	10,305,558	11,473,863	11,037,467	11,338,746
Criminal justice and corrections	1,973,136	2,294,100	2,269,209	2,455,275
Natural resources and environment	1,099,101	1,055,370	1,055,428	1,053,812
Transportation	647,437	829,578	893,772	892,787
State courts	170,904	192,449	183,059	211,054
Capital outlay	2,431,916	2,317,256	2,262,697	2,694,903
Debt service	660,570	746,911	797,516	904,607
Total	<u>\$ 29,685,816</u>	<u>\$ 31,442,185</u>	<u>\$ 31,494,591</u>	<u>\$ 33,373,020</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 TypesFor the Last Ten Fiscal Years
(in thousands)

<u>Tax Source</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Sales and use tax	\$ 11,102,171	\$ 12,016,938	\$ 12,113,145	\$ 13,349,272
Documentary stamp tax	699,745	791,342	864,216	1,005,378
Motor fuel tax	1,267,392	1,376,303	1,438,264	1,484,631 (3)
Communications service tax (1)	.....	.....	.....	.....
Corporate income tax	1,055,437	1,087,145	1,358,387	1,395,566
Intangible personal property tax	795,182	983,613	980,914	1,164,297
Insurance premium tax	352,940	402,561	417,775	426,511
Alcoholic beverage tax	525,692	542,207	553,919	566,277
Estate tax	436,902	450,500	568,875	563,665
Cigarette tax	469,779	429,193	431,221	444,838
Workers' compensation special disability tax	228,878	105,064	85,807	71,716
Hospital public assistance tax	239,651	248,433	253,725	272,722
Pollutant tax	197,202	200,052	213,843	215,992
Aviation fuel tax	51,104	63,106	55,766	50,278 (3)
Citrus excise tax	56,578	48,865	68,379	65,026
Solid minerals severance tax	55,571	45,695	64,680	61,269
Gross receipts utilities tax	511,858	546,856	585,466	638,077
Pari-mutuel wagering tax	90,594	85,097	64,835	63,526
Smokeless tobacco tax	18,566	19,498	19,287	21,001
Oil and gas production tax	8,470	9,076	10,472	6,539
Utility regulatory tax (2)	24,144	25,400	27,173	27,890
Other	1,530	1,033	1,175	1,365
Total	<u>\$ 18,189,386</u>	<u>\$ 19,477,977</u>	<u>\$ 20,177,324</u>	<u>\$ 21,895,836</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.

(3) Restated allocation of aviation fuel tax.

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<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 23,023,672	\$ 24,111,360	\$ 24,672,588	\$ 25,430,688	\$ 26,383,810	\$ 28,912,610
892,812	964,842	1,072,897	1,119,032	1,150,823	1,165,928
2,278,355	2,092,697	2,051,850	1,916,809	1,938,438	2,351,133
9,827,951	10,492,022	12,056,577	13,456,767	15,246,839	17,254,145
351,026	559,638	849,832	495,127	1,052,603	210,791
182,965	826,426	923,570	978,728	721,984	594,967
58,630	62,230	62,881	.....	.....	.....
459,341	560,451	648,819	.....	.....	.....
5,921	369	93,292	2,461	2,435	214,840
\$ 37,080,673	\$ 39,670,035	\$ 42,432,306	\$ 43,399,612	\$ 46,496,932	\$ 50,704,414

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 5,403,482	\$ 5,329,404	4,960,492	\$ 5,726,035	\$ 5,967,332	\$ 6,610,855
9,754,933	10,450,798	11,398,475	14,462,838	14,556,332	15,828,609
11,912,576	13,062,077	14,904,923	14,957,079	16,616,067	18,083,861
2,560,501	2,704,713	2,866,308	2,946,024	2,977,748	3,172,357
1,064,071	1,001,294	1,215,071	1,574,462	1,764,731	1,747,445
818,548	904,117	994,832	1,167,957	2,280,017	2,520,378
228,585	238,893	278,505	277,232	274,951	269,972
2,320,142	2,855,857	2,988,018	3,327,986	2,515,501	2,109,937
1,032,219	1,128,248	1,298,710	1,294,047	1,380,408	1,512,860
\$ 35,095,057	\$ 37,675,401	\$ 40,905,334	\$ 45,733,660	\$ 48,333,087	\$ 51,856,274

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 13,980,931	\$ 15,157,048	\$ 15,780,333	\$ 15,594,659	\$ 15,567,953	\$ 17,128,515
1,212,421	1,181,198	1,327,349	1,590,981	2,005,168	2,613,194
1,517,873	1,627,777	1,719,239	1,769,257	1,854,207	1,966,203
.....	.....	.....	779,167	1,230,132	1,250,208
1,466,550	1,396,150	1,360,833	1,210,346	1,228,130	1,441,338
1,225,302	993,949	729,514	737,776	820,212	860,046
403,881	420,000	445,119	504,422	624,369	711,145
576,629	574,969	545,826	546,579	560,174	591,682
689,771	765,227	785,083	745,080	558,419	386,767
428,733	419,117	419,260	420,093	416,309	421,665
76,695	96,533	110,574	291,301	335,908	321,011
269,400	277,309	209,084	269,232	306,727	301,054
228,528	231,065	235,889	234,474	243,178	246,244
71,695	69,110	75,342	48,690	55,299	55,474
54,114	64,831	60,246	54,133	48,300	48,641
64,517	53,017	40,406	43,468	41,365	42,978
647,015	674,966	735,332	526,586	424,146	462,172
54,727	51,135	31,286	31,753	29,234	26,747
20,632	21,864	23,529	23,599	25,153	27,695
3,974	6,705	8,179	5,057	5,326	5,673
29,053	28,239	29,599	.....	.....	.....
1,230	1,151	566	4,035	4,101	4,158
\$ 23,023,671	\$ 24,111,360	\$ 24,672,588	\$ 25,430,688	\$ 26,383,810	\$ 28,912,610

2004 STATE OF FLORIDA CAFR

Operating History of Budget Stabilization Fund

- Actual (Budgetary Basis)

For the Last Ten Fiscal Years

(in thousands)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Fund balance, beginning	\$	\$ 120,590	\$ 260,790	\$ 409,390	\$ 685,990	\$ 786,890	\$ 846,990	\$ 893,990	\$ 940,890	\$ 958,890
Total revenues	120,590	140,200	148,600	276,600	100,900	60,100	47,000	46,900	18,000	7,500
Total expenditures	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Fund balance, ending	\$ 120,590	\$ 260,790	\$ 409,390	\$ 685,990	\$ 786,890	\$ 846,990	\$ 893,990	\$ 940,890	\$ 958,890	\$ 966,390

Operating History of Working Capital Fund

- Actual (Budgetary Basis)

For the Last Ten Fiscal Years

(in thousands)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Fund balance, beginning	\$ 295,314	\$ 161,336	\$ 149,818	\$ 193,548	\$ 355,944	\$ 541,331	\$ 819,346	\$ 292,247	\$ 303,952	\$ 415,446
Reversions	.....	.....	.....	.....	.....	51	204	.....	.....	.....
Fund balance, beginning, restated	295,314	161,336	149,818	193,548	355,944	541,382	819,550	292,247	303,952	415,446
Total revenues	15,246	10,117	51,981	168,590	245,119	362,243	11,500	132,916	143,330	1,057,774
Total expenditures	149,224	21,635	8,251	6,194	59,732	84,279	538,803	121,211	31,836	.....
Fund balance, ending	\$ 161,336	\$ 149,818	\$ 193,548	\$ 355,944	\$ 541,331	\$ 819,346	\$ 292,247	\$ 303,952	\$ 415,446	\$ 1,473,220

**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	3,034,656	18.99	3,462,779	17.85	3,906,450	17.29
15 - 24	1,942,430	12.15	2,554,046	13.17	2,689,967	11.91
25 - 44	4,569,515	28.59	4,711,464	24.29	5,517,900	24.43
45 - 64	3,628,573	22.70	5,242,235	27.03	5,784,216	25.61
65 and Over	2,807,650	17.57	3,426,890	17.67	4,689,476	20.76
Total	15,982,824	100.00	19,397,414	100.00	22,588,009	100.00

Source: *Demographic Estimating Conference Database, updated September 2004. Year 2000 Census data incorporates adjustments for age misreporting provided by the U.S. Bureau of the Census.*

**Economic Indicators
For the Calendar Years 1995 through 2004**

<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>	
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	5.5	5.8	494,027	8,922,200	16,772,802
2003 (1)	5.2	6.0	514,369	9,187,400	17,616,681
2004 (2)	4.8	5.6	540,781	9,603,900	17,509,305

(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)

Year	Population	(1)(2)	Per Capita
		Primarily Payable From Pledged Revenues	
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	16,772,802	9,920,810,000	591.48
2003 (3)	17,159,850	10,585,110,000	616.85
2004 (4)	17,509,305	11,169,735,000	637.93

(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)

Year	Governmental Debt Service Payments(1)	Governmental Fund Type Expenditures(2)	Ratio
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%
2004	887,337	51,856,274	1.71%

(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)

Year Ended 6/30	Toll Revenues	Interest Revenue	(1) Expenses	Net Available for Debt Service	Debt (2) Service Payments	Coverage Ratio
Sunshine Skyway Bridge						
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	13,914 (4)	2,689	2,639	1.02
2004	17,176	131	14,782 (4)	2,525	2,644	0.95
Florida Turnpike						
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	410,937	16,432	161,767	265,602	142,610	1.86
2003	(3) 450,461	19,703	170,760	299,404	138,467	2.16
2004	521,223	20,161	201,959	339,425	165,398	2.05

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

(2) Source: State Board of Administration.

(3) Restated from prior year.

(4) Expenses 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
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
2004	542,768	903	543,671	24,834	21.89

(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	Phosphate (2) Severance	(3) Interest Revenue	Net Available for Debt Service	Debt (3) Service Payments	Coverage Ratio
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
2004	542,768	10,000	63	552,831	2,917	189.52

(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
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
2004	74,106	1,254	75,360	32,992	2.28

(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
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
2003	1,225,567	1,409,087	714,190	1,894,922	5,243,766	678,233	325,493	202,090	1,205,816	6,449,582

*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
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
2003	4.9	445.9	388.8	228.8	1,462.4	484.3	1,257.5	1055.5	5,328.1

* 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)

Year	Number of Banks	Total Assets	Total Capital	Total Loans	Total Deposits
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
2003	194	45,857,980	4,215,925	31,037,365	37,629,271

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 1994 through 2003**

	<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>	<u>2003</u>
Educational & General:										
University of Florida	32,827	33,394	32,314	33,524	41,652	42,612	44,480	45,521	46,850	47,280
Florida State University	28,794	29,390	29,345	29,629	30,389	32,405	33,587	35,442	36,651	37,072
Florida A & M University	9,650	9,784	10,206	10,477	11,324	11,639	11,723	12,347	12,467	12,907
University of South Florida	33,614	33,829	34,024	31,906	31,555	32,887	33,924	35,716	37,764	39,563
Florida Atlantic University	17,367	17,671	18,350	19,107	19,153	20,032	20,944	23,643	23,996	25,139
University of West Florida	7,716	8,087	7,882	7,855	7,790	7,924	8,218	9,063	9,206	9,412
University of Central Florida	25,363	26,325	27,411	28,302	30,009	31,472	33,453	36,013	38,795	41,185
Florida International University	26,040	27,542	29,098	29,357	30,096	30,979	30,725	32,614	33,799	33,601
University of North Florida	9,777	10,224	10,708	11,116	11,360	11,897	12,417	13,007	13,460	13,837
Florida Gulf Coast University	.....	.....	.....	2,446	2,893	3,134	3,496	4,216	5,236	5,776
New College of Florida	.....	.....	.....	.....	.....	.....	.....	634	650	671
Total	191,148	196,246	199,338	203,719	216,221	224,981	232,967	248,216	258,874	266,443
Special Units: (1)										
UF-Institute of Food and Agricultural Sciences (2)	2,403	2,772	3,513	3,981	.....	.....	.....	.....	.....	.....
UF-Health Center and Veterinary Medicine	3,087	3,174	3,845	3,924	1,072	1,074	1,081	1,105	1,113	1,115
FSU-Medical Center	.....	.....	.....	.....	.....	.....	.....	30	69	115
USF-Medical Center	1,293	1,286	1,337	1,442	1,477	1,554	1,549	1,590	1,611	1,633
Total Special Units	6,783	7,232	8,695	9,347	2,549	2,628	2,630	2,725	2,793	2,863

(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>
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
2004	1,423,876	7,449,195	6,972,710	1,900,361	61,592	30.85

*Adjusted beginning fund balance due to prior period adjustments.

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

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