



# AUDITOR GENERAL STATE OF FLORIDA



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AUDITOR GENERAL

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2003, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Legislature constituting less than 1 percent of assets and revenues of the general fund; nor did we audit the discretely presented component units (other than the State's universities and community colleges, comprising approximately 54 percent and 76 percent of the assets and revenues, respectively, of the aggregate discretely presented component unit column) as described in Note 1 to the basic financial statements. Those financial statements were audited by other auditors whose reports thereon have been made available to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely upon the reports of the other auditors.

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

Records of the Board of Trustees of the Internal Improvement Trust Fund were not adequate to document the ownership and valuation of a substantial portion of land, which is recorded at \$3.326 billion and constitutes 27.6 percent of the reported land value, and 7.5 percent of capital assets reported for governmental activities at June 30, 2003. As a result, it was not practicable in the circumstances for us to determine whether the amount reported for land within the governmental activities is fairly presented.

In our opinion, except for the effects of such adjustments, if any, of not providing adequate documentation regarding the amount reported for land within the governmental activities as described in the preceding paragraph, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 30, 2004, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report will be included as part of our separately issued report entitled *State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards*.

As discussed in Note 1 I to the financial statements, the State changed its method for recording and reporting capital outlay balances in the Public Education Fund. The change resulted in reporting these balances as a reservation of fund balance in the Public Education Fund. Previously, some balances were reported as liabilities while other balances were reported as unreserved fund balance.

The accompanying management discussion and analysis on pages 14 through 19 and the required supplementary information – budgetary information, pension trust fund information, and information on infrastructure using the modified approach on pages 112 through 126 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information - introductory section on pages 6 through 9, combining statements and individual fund statements and schedules on pages 130 through 197, and the statistical and economic data section on pages 200 through 209, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical and economic data section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



William O. Monroe, CPA  
January 30, 2004