REPUBLIC SERVICES INC
Form 11-K
June 29, 2004

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**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 11-K

**(Mark One)**

o **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED, AS OF OCTOBER 7, 1996)**

**For the fiscal year ended December 31, 2003**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

**For the transition period from to**

**Commission file number 1-14267**

A. Full title of the plan and address of the plan, if different from that of the issuer named below:
**REPUBLIC SERVICES 401(K) PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
**REPUBLIC SERVICES, INC.**
**110 S.E. 6th St.**
**Fort Lauderdale, Florida 33301**

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**REPUBLIC SERVICES**
**401(K) PLAN**

**FINANCIAL STATEMENTS**
**AND SUPPLEMENTAL SCHEDULES**

**TOGETHER WITH REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**DECEMBER 31, 2003**

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**401(K) PLAN**

**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES**


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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management of Republic Services, Inc.:

We have audited the accompanying statements of net assets available for benefits of the Republic Services 401(k) Plan as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002 and the changes in its net assets available for benefits for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2003, and reportable transactions for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP
Ernst & Young LLP

Fort Lauderdale, Florida
June 11, 2004

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**REPUBLIC SERVICES**
**401(K) PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**
**As of December 31, 2003 and 2002**

| | 2003 | 2002 |
|---|---|---|
| Investments, at Fair Value: | | |
| Mutual Funds | $32,858,752 | $23,932,274 |
| Collective Trust Funds | 24,625,042 | 20,074,686 |
| Republic Services, Inc. Common Stock | 12,714,496 | 8,819,919 |
| Loan Fund | 4,336 | 5,691 |
| Cash | 47,348 | 52,815 |
| Total Investments | 70,249,974 | 52,885,385 |
| Contributions Receivable: | | |
| Employee | 211,973 | 184,260 |
| Employer | 751,387 | 645,648 |
| Total Contributions Receivable | 963,360 | 829,908 |
| Total Assets | 71,213,334 | 53,715,293 |
| Liabilities: | | |
| Excess Contributions Payable | | 367,072 |
| NET ASSETS AVAILABLE FOR BENEFITS | $71,213,334 | $53,348,221 |

The accompanying notes to financial statements are an integral part of these statements.

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**REPUBLIC SERVICES**
**401(K) PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**
**For the Year Ended December 31, 2003**

| | |
|---|---|
| Additions: | |
| Transfers into Plan from Acquired Company Plans | $ 369,564 |
| Contributions | |
| Employee | 11,179,796 |
| Employer | 3,082,443 |
| Total Contributions | 14,262,239 |
| Investment Income | |
| Dividend and Interest Income | 1,196,085 |
| Net Appreciation in Fair Value | 9,429,337 |
| Total Investment Income | 10,625,422 |
| Total Additions | 25,257,225 |
| Deductions: | |
| Participant Distributions | 7,389,958 |
| Plan Expenses | 739 |
| Other Deductions | 1,415 |
| Total Deductions | 7,392,112 |
| Net Increase | 17,865,113 |
| NET ASSETS AVAILABLE FOR BENEFITS: | |
| Beginning of Year | 53,348,221 |
| End of Year | $71,213,334 |

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

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**REPUBLIC SERVICES**
**401(K) PLAN**

**NOTES TO FINANCIAL STATEMENTS**
**December 31, 2003**

## (1) DESCRIPTION OF PLAN:

### (a) General

The following description of the Republic Services 401(k) Plan (the Plan ) is provided for general information purposes only. Participants should refer to the Summary Plan Description for a more complete description of the Plan.

The Plan was established effective April 1, 1999 to provide benefits to all eligible employees of Republic Services, Inc. and its subsidiaries (the Company ). The Plan is a defined contribution plan commonly known as an Internal Revenue Code ( IRC ) section 401(k) profit sharing plan and is subject to the Employee Retirement Income Security Act of 1974 ( ERISA ), as amended. The Company is the designated administrator of the Plan.

Although it has expressed no intention to do so, the Company retains the right, if necessary, to terminate the Plan. The Company also retains the right to amend the Plan from time to time.

In the event the Plan is terminated, each participant will receive a benefit equal to the value of the participant s interest in their account as of the date of the distribution. Each participant will have the option of receiving a lump-sum distribution or rolling over their distributions into an Individual Retirement Account.

### (b) Eligibility

Employees are eligible to participate in the Plan when they are at least 18 years of age and have completed three months of employment. Enrollment provisions allow for weekly entry dates by all eligible employees.

### (c) Contributions and Funding Policy

Under the provisions of the Plan, participants may direct the Company to defer a portion of their compensation to the Plan, subject to a maximum of 25% of eligible compensation, as defined. However, highly compensated employees, as defined by the IRC, are limited to contributing a maximum of 4% of eligible compensation. Participants direct the investment of their contributions into various investment options offered by the Plan. In 2003, each eligible participant could contribute up to $12,000 and participants over 50 years of age could make catch-up contributions, subject to other applicable IRC limitations. The Plan also allows for rollovers of vested contributions from previous employers qualified plans.

During 2003 and 2002, an employer matching contribution of 50% of the amount contributed by each participant up to 4% of the employee s eligible compensation was made. This contribution is made by the Company to all participants who are employees on the last day of each calendar quarter and are credited with at least one year of service at that time. The employer match is generally made in shares of the Company s common stock. The employer matching contribution for 2003 and 2002 is $3,082,443 and $2,620,880, respectively, which was paid in stock of the Company and is included in the accompanying financial statements. Participants are allowed to sell their investment in the Company s common stock and reinvest the proceeds in any of the other Plan s investment options. The Company did not make any discretionary contributions to the Plan during 2003 or 2002.

Individual accounts are maintained for each of the Plan s participants to reflect the participant s contributions and related employer matching contributions, as well as the participant s share of investment income. The Plan provides for immediate vesting of all contributions plus actual earnings thereon.

**(d) Investments**

The Company entered into an agreement whereby Merrill Lynch Trust Company (the Trustee ) has been appointed the Trustee of the Plan s assets. Under the terms of the agreement, the Trustee holds and invests the funds of the Plan subject to the direction of the Plan s Benefits Committee and participant investment elections.

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The Plan does not permit participant loans. However, the Plan accepts and services loans rolled over from the plans of acquired companies (See Note 5).

**(e) Payment of Benefits**

In general, upon termination of service due to death, disability, or retirement, a participant (or designated beneficiary) will receive a lump-sum amount equal to the value of the participant s account. Participants with balances attributable to participation in the former Republic Rewards 401(k) Plan (which is a plan for employees of AutoNation, Inc., Republic Services, Inc. s former parent company) can elect to receive annual installments over a period not exceeding the remaining life expectancy of the payee. Participants with balances from other prior plans will retain the distribution options of those plans. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**(2) SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying financial statements are prepared under the accrual method of accounting in conformity with U.S. generally accepted accounting principles.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

The Plan s investments in mutual funds and Republic Services, Inc. common stock are stated at fair value as determined by quoted market prices for these securities on national securities exchanges. The Plan s investments in collective trust funds are stated at fair value as determined by the Trustee. Purchases and sales of investments are recorded on a trade-date basis. The Plan records dividends on the ex-dividend date.

**(3) INVESTMENTS:**

The investments of the Plan as of December 31, 2003 and 2002 are as follows:

| | 2003 | 2002 |
|---|---|---|
| Mutual Funds | | |
| Alger Growth Retirement Portfolio | $ 2,345,068 | $ 1,494,682 |
| Franklin Small-Mid Cap Growth Fund | 5,059,023(a) | 3,306,599(a) |
| Ivy International Fund | 1,763,286 | 1,229,113 |
| Oakmark Select II Fund | 8,765,347(a) | 6,581,857(a) |
| Pilgrim International Value Fund | 991,435 | 613,170 |
| PIMCO Total Return Fund | 8,929,193(a) | 7,427,623(a) |
| State Street Research Aurora Fund | 2,270,954 | 1,375,894 |
| Van Kampen Growth & Income Fund | 2,734,446 | 1,903,336 |
| Total Mutual Funds | 32,858,752 | 23,932,274 |

| | | |
|---|---|---|
| Collective Trust Funds | | |
| Merrill Lynch Retirement Preservation Trust | 18,575,352(a) | 15,601,426(a) |
| Merrill Lynch Equity Index Trust | 6,049,690(a) | 4,473,260(a) |
| Total Collective Trust Funds | 24,625,042 | 20,074,686 |
| Republic Services, Inc. Common Stock | 12,714,496(a)(b) | 8,819,919(a)(b) |
| Loan Fund | 4,336 | 5,691 |
| Cash | 47,348 | 52,815 |
| Total Investments | $70,249,974 | $52,885,385 |

(a) Investment amount represents more than 5% of the Plan s net assets as of December 31 of the Plan year.
(b) Non-participant-directed and participant-directed investments in Republic Services, Inc. common stock.

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During 2003, the Plan s investments (including gains and losses on investments bought and sold, as well as held) appreciated, net in value by $9,429,337 as follows:

| | 2003 |
|---|---|
| Mutual Funds | $5,817,162 |
| Collective Trust Funds | 1,321,672 |
| Republic Services, Inc. Common Stock | 2,290,503 |
| Net Appreciation in Fair Value | $9,429,337 |

**(4) NON-PARTICIPANT-DIRECTED RECEIVABLES AND INVESTMENTS:**

Information about the net assets and the significant components of the changes in net assets relating to the non-participant-directed receivables and investments is as follows:

| | As of December 31, | |
|---|---|---|
| | 2003 | 2002 |
| Net Assets: | | |
| Employer Contribution Receivable | $ 751,387 | $ 645,648 |
| Republic Services, Inc. Common Stock | 12,714,496 | 8,819,919 |
| | $13,465,883 | $9,465,567 |

| | Year Ended December 31, 2003 |
|---|---|
| Changes in Net Assets: | |
| Contributions | |
| Employee | $ 187,588 |
| Employer | 3,104,183 |
| Dividend and interest income | 28,505 |
| Net appreciation in fair value | 2,290,503 |
| Other receipts | 85 |
| Participant distributions | (1,258,745) |
| Plan expenses | (187) |
| Net transfers to participant-directed investments | (351,616) |
| | $ 4,000,316 |

**(5) TRANSFERS INTO PLAN:**

The 401(k) plans of certain companies acquired by the Company are periodically converted into the Plan, with the related employees becoming participants. All of the assets of these plans are transferred at fair value and invested in the Plan based upon the employees former account balances by investment type. For the Plan year ended December 31, 2003, $369,564 of Plan assets are reflected as transfers into the Plan from acquired company plans in the accompanying statement of changes in net assets available for benefits.

**(6) BENEFIT DISTRIBUTIONS:**

In general, upon termination of service, including death, total and permanent disability, or retirement, a participant (or the participant s beneficiary) will receive an amount equal to the value of the participant s account.

Amounts allocated to withdrawing participants for benefit claims that have been processed and approved for payment but have not yet been paid totaled $47,219 and $39,440 at December 31, 2003 and 2002, respectively. Such amounts are included in net assets available for benefits at December 31, 2003 and 2002 in accordance with American Institute of Certified Public Accountants guidelines. However, the Plan s Form 5500 reflects such amounts as liabilities of the Plan in accordance with IRC guidelines.

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**(7) PARTY-IN-INTEREST TRANSACTIONS:**

Certain Plan investments are shares of mutual funds and collective trust funds managed by Merrill Lynch Asset Management Company, an affiliate of the Trustee. Therefore, these investments represent a party-in-interest to the Plan. The Company pays substantially all fees and expenses of the Plan, which primarily consist of legal, administrative and accounting fees. Fees and expenses paid directly by the Company were $164,484 and $171,046 in 2003 and 2002, respectively.

**(8) INCOME TAX STATUS:**

The Plan has received a determination letter from the Internal Revenue Service dated September 11, 2002 stating that the Plan is qualified under Section 401(a) of the IRC and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Company believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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**E.I.N.: 65-0716904**
**Plan #: 001**

**REPUBLIC SERVICES**
**401(K) PLAN**

**Schedule H, Line 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)**
**As of December 31, 2003**

| | Description | Shares | Cost | Market Value |
|---|---|---|---|---|
| * | Merrill Lynch Retirement Preservation Trust. | 18,575,352 | ** | $18,575,352 |
| * | Merrill Lynch Equity Index Trust | 75,264 | ** | 6,049,690 |
| | Alger Growth Retirement Portfolio | 208,265 | ** | 2,345,068 |
| | Franklin Small-Mid Cap Growth Fund | 167,406 | ** | 5,059,023 |
| | Ivy International Fund | 85,431 | ** | 1,763,286 |
| | Oakmark Select II Fund | 287,671 | ** | 8,765,347 |
| | Pilgrim International Value Fund | 65,614 | ** | 991,435 |
| | PIMCO Total Return Fund | 833,725 | ** | 8,929,193 |
| * | Republic Services, Inc. Common Stock | 496,079 | 10,495,587 | 12,714,496 |
| | State Street Research Aurora Fund | 58,818 | ** | 2,270,954 |
| | Van Kampen Growth & Income Fund | 151,577 | ** | 2,734,446 |
| | Loan Fund (interest rates ranging from 9.25% to 10.5%) | 4,336 | ** | 4,336 |
| | Cash | N/A | ** | 47,348 |
| | Total | | | $70,249,974 |

* Represents a party-in-interest to the Plan.
** Not applicable as the investment is participant - directed.

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**E.I.N.: 65-0716904**
**Plan #: 001**

**REPUBLIC SERVICES**
**401(K) PLAN**

**Schedule H, Line 4j SCHEDULE OF REPORTABLE TRANSACTIONS**
**For the Year Ended December 31, 2003**

| Description of Asset | Number of Transactions | Shares | Purchase Price | Selling Price | Cost of Asset | Net Gain or (Loss) |
|---|---|---|---|---|---|---|
| Category (iii) Series of Securities Transactions in Excess of 5% of the Current Value of Plan Assets - | | | | | | |
| Purchases: | | | | | | |
| Republic Services, Inc. Common Stock | 70 | 142,685 | $3,049,242 | N/A | $3,049,242 | N/A |
| Sales: | | | | | | |
| Republic Services, Inc. Common Stock | 580 | 65,876 | $1,135,961 | $1,418,025 | $1,135,961 | $282,064 |

Note Transactions included herein represent transactions, or a series of transactions, in securities of the same issue, or with respect to the same issuer, of 5% or more of the quoted value of Plan assets at the beginning of the Plan year for non-participant-directed investments. There were no category (i), (ii) or (iv) transactions during the year ended December 31, 2003.

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**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| 23.1 | Consent of Ernst & Young LLP |

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**SIGNATURE**

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Republic Services 401(k) Plan

(Name of Plan)

By: /s/ Tod C. Holmes
Title: Chairperson of the Benefits Committee of the Republic Services 401(k) Plan

Date: June 29, 2004