

FLORIDA GOVERNMENT FINANCE  
OFFICERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2006 and 2005

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Association's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, there are no proposed adjustments which, either individually or in the aggregate, indicate matters that could have a significant effect on the Association's financial reporting process.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Audit Committee of the Florida Government  
Finance Officers Association, Inc.  
September 29, 2006  
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This information is intended solely for the use of the Audit Committee and management of the Florida Government Finance Officers Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Shorstein + Shorstein, P.A.*

MJS:sv

Florida Government Finance Officers Association, Inc.  
Financial Statements  
June 30, 2006 and 2005

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September 29, 2006

Independent Auditors' Report

To the Board of Directors of the  
Florida Government Finance  
Officers Association, Inc.:

We have audited the accompanying statements of financial position of the Florida Government Finance Officers Association, Inc. (Association) (a nonprofit organization) as of June 30, 2006 and 2005 and the related statements of activities and cash flows for the year ended June 30, 2006 and the three months ended June 30, 2005. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial position of the Florida Government Finance Officers Association, Inc. as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the year ended June 30, 2006 and the three months ended June 30, 2005 in conformity with accounting principles generally accepted in the United States of America.

*Shorstein & Shorstein, P.A.*

Florida Government Finance Officers Association, Inc.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2006 and 2005

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ASSETS

	<u>2006</u>	<u>2005</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 407,338	\$ 105,569
Investments	214,648	210,523
Accounts Receivable	4,898	31,530
Prepaid Expenses and Other Current Assets	<u>6,846</u>	<u>8,472</u>
Total Current Assets	633,730	356,094
 <u>Equipment</u>		
Computer and Equipment	7,243	6,368
Less: Accumulated Depreciation	<u>(6,179)</u>	<u>(4,972)</u>
Net Equipment	<u>1,064</u>	<u>1,396</u>
 <u>Other Assets</u>		
Deposits	<u>-0-</u>	<u>500</u>
Total Assets	<u>\$ 634,794</u>	<u>\$ 357,990</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts Payable	\$ 314,094	\$ 58,355
Deferred Revenues	<u>35,305</u>	<u>45,845</u>
Total Current Liabilities	349,399	104,200
<u>Unrestricted Net Assets</u>	<u>285,395</u>	<u>253,790</u>
Total Liabilities and Unrestricted Net Assets	<u>\$ 634,794</u>	<u>\$ 357,990</u>

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

Florida Government Finance Officers Association, Inc.  
 STATEMENTS OF ACTIVITIES  
 For the Year Ended June 30, 2006 and the  
 Three Months Ended June 30, 2005

	Year Ended June 30, 2006	Three Months Ended June 30, 2005
<u>Revenues</u>		
Membership Dues	\$ 58,020	\$ 11,480
Conference Revenue	418,531	354,990
Career Development Seminars	69,610	23,650
School of Governmental Finance	76,362	-0-
Investment Income	14,974	3,535
CGFO Fees	18,100	350
Miscellaneous Income	55	110
Total Revenues	655,652	394,115
 <u>Expenses</u>		
Conference Expenses	343,115	340,736
Career Development Seminars	68,270	16,321
School of Governmental Finance	73,866	-0-
Other Programs	35,257	9,687
General and Administrative	103,539	32,337
Total Expenses	624,047	399,081
 <u>Increase/(Decrease) in Unrestricted Net Assets</u>	31,605	(4,966)
 <u>Unrestricted Net Assets, Beginning of Period</u>	253,790	258,756
 <u>Unrestricted Net Assets, End of Period</u>	\$ 285,395	\$ 253,790

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

Florida Government Finance Officers Association, Inc.  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2006 and the  
Three Months Ended June 30, 2005

	<u>Year Ended June 30, 2006</u>	<u>Three Months Ended June 30, 2005</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Members and Associates	\$ 465,763	\$ 131,602
Receipts from Sponsors, Exhibitors and Hotel Sites	191,007	32,045
Interest and Dividends	11,869	2,106
Fees Paid to Florida League of Cities, Inc.	(84,309)	(15,003)
Payments to Vendors	<u>(281,686)</u>	<u>(334,564)</u>
Net Cash Provided/(Used) by Operating Activities	<u>302,644</u>	<u>(183,814)</u>
 <u>Cash Flows from Investing Activities</u>		
Purchase of Property and Equipment	<u>(875)</u>	<u>-0-</u>
Net Cash (Used) by Investing Activities	<u>(875)</u>	<u>-0-</u>
 <u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	301,769	(183,814)
 <u>Cash and Cash Equivalents, Beginning of Period</u>	<u>105,569</u>	<u>289,383</u>
 <u>Cash and Cash Equivalents, End of Period</u>	<u>\$ 407,338</u>	<u>\$ 105,569</u>
 <u>Non-Cash Investing Activities:</u>		
Re-investment of Certificates of Deposit	<u>\$ 210,523</u>	<u>\$ 60,000</u>

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

Florida Government Finance Officers Association, Inc.  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2006 and the  
Three Months Ended June 30, 2005

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	<u>Year Ended</u> June 30, 2006	<u>Three Months</u> Ended June 30, 2005
<u>Reconciliation of Increase/(Decrease) in</u> <u>Net Assets to Net Cash Provided/(Used)</u> <u>by Operating Activities</u>		
Increase/(Decrease) in Net Assets	\$ 31,605	\$ (4,966)
Adjustments to Reconcile Increase/ (Decrease) in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	1,207	379
Interest Income Added Directly to Certificates of Deposit	(4,125)	(523)
Decrease/(Increase) in Accounts Receivable	26,632	(29,441)
Decrease in Prepaid Expenses and Other Current Assets	1,626	23,408
Decrease/(Increase) in Deposits	500	(500)
Increase in Accounts Payable	255,739	23,704
(Decrease) in Deferred Revenue	(10,540)	(4,355)
(Decrease) in Deferred Conference Registrations	<u>-0-</u>	<u>(191,520)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 302,644</u>	<u>\$ (183,814)</u>

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

Florida Government Finance Officers Association, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

Note 1 - Organization and Significant Accounting Policies

- A. The Florida Government Finance Officers Association, Inc. (FGFOA) is an association whose purpose is to promote the improvement of government financial administration in Florida.
- B. Revenues and expenses are recorded on the accrual basis.
- C. FGFOA is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code.
- D. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- E. The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- F. The Association maintains a portion of its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The amount on deposit at June 30, 2006 did not exceed these limits; however, approximately \$349,000 was invested in a money market account at June 30, 2006, which is not insured. At June 30, 2005 the amount in excess of federally insured limits was approximately \$150,000. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.
- G. Equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives.
- H. The Association reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted program revenue.

Florida Government Finance Officers Association, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005

Note 2 - The Florida Government Finance Officers Educational Foundation, Inc.

The Florida Government Finance Officers Educational Foundation, Inc. (Foundation) is a separate corporation organized for the advancement of education in the area of governmental accounting and finance and for other charitable purposes. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is managed by a Board of Directors which includes members from the Board of Directors of FGFOA. The Foundation's financial position and results of operations have not been included in FGFOA's financial statements since neither an economic interest (as defined in SOP 94-3) nor a majority voting interest existed during the periods ended June 30, 2006 or 2005.

Note 3 - Investments

The Association held three certificates of deposit bearing interest at rates of 2.27% to 5.12% as of June 30, 2006 and 1.98% to 3.11% as of June 30, 2005. Certificates held at June 30, 2006 mature July 11, 2006 through March 15, 2007.

Investment income is summarized as follows:

	2006	2005
Interest income	\$ 9,811	\$ 2,288
Dividend income	5,163	1,247
Total	\$ 14,974	\$ 3,535

Florida Government Finance Officers Association, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

Note 4 - Administrative Fees

Under an agreement effective July 1, 2003 through June 30, 2006, the FGFOA engaged the Florida League of Cities, Inc. (FLC) to provide administrative services for an annual fee plus reimbursement of certain out of pocket expenses. The agreement is cancelable by either party with 120 days written notice.

Service fees of \$60,500 and \$13,750 were incurred under the agreement during the year ended June 30, 2006 and the three months ended June 30, 2005, respectively. Accounts payable at June 30, 2006 and 2005 included \$66,532 and \$54,446, respectively, in fees and expense reimbursements due to FLC.

Effective July 1, 2006, this agreement was renewed for a thirty-nine month period ending September 30, 2009. Services to be provided under the terms of the new agreement were substantially the same as those of the one it replaced, with annual fees due to FLC as follows:

<u>Year Beginning</u>	<u>Amount</u>
July 1, 2006	\$ 65,900
July 1, 2007	70,900
July 1, 2008	75,900

Note 5 - Meeting Management Fees

Under an agreement effective August 1, 2003 through July 31, 2006, the FGFOA engaged the FLC to provide meeting management services for the FGFOA Annual Conference and School of Governmental Finance for fees based on the number of registrants. The contract also provides for reimbursement to the FLC for certain out of pocket expenses. The agreement is cancelable by either party with 120 days written notice.

Meeting management fees of \$35,895 and \$27,550 were incurred under the contract during the year ended June 30, 2006 and the three months ended June 30, 2005, respectively.

Florida Government Finance Officers Association, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

Note 5 - Meeting Management Fees (Continued)

On April 28, 2006, this agreement was renewed for a thirty-six month period ending July 31, 2009. Services to be provided under the terms of the new agreement were substantially the same as those of the one it replaced, with fees due of \$30 per Annual Conference registrant and \$25 per School of Governmental Finance registrant.

Note 6 - Change of Fiscal Year

For periods ending subsequent to March 31, 2005, the Association elected to change its fiscal year end to June 30.