



FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.

Certified Public Accountants

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Consultants to individuals, governments and businesses, since 1923

April 16, 2007

To the Board of Commissioners
Sea Isle City Tourism Development Commission
141 42nd Street
Sea Isle City, NJ 08243

In planning and performing our audit of the financial statements of the Sea Isle City Tourism Development Commission (the "Commission"), for the year ended December 31, 2006, we considered the Commission's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of matters that we consider opportunities for strengthening internal controls and operating efficiency. We will be pleased to discuss these comments in further detail at your convenience, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Disbursements

- During our review of aggregated payments made to vendors for the year, it was noted that payments to several vendors exceeded the current quote threshold of \$3,150, as required by Local Public Contracts Law. We recommend that quotes be obtained and properly documented for expenditures expected to exceed the quote threshold to ensure compliance with state statutes.
- We noted two instances for which purchase orders were not adequately supported by invoices from vendors. While it appeared that these were isolated instances, we recommend that all purchase orders be accompanied by sufficient supporting documentation, such as a vendor invoice.
- From our sample selection of payment vouchers, we noted five instances where the vendor/claimant signature of approval had not been obtained. It is our recommendation that vendor signatures be obtained on all vouchers as verification that goods/services have been provided.
- Currently, the Commission's policy is to approve disbursements after checks have been issued. While we understand the importance of keeping current with the payment of bills, it is essential that checks not be issued until approved by the Commission in order to establish good internal controls.



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Sea Isle City Tourism Development Commission – 2

April 1

- Due to lack of familiarity with Local Public Contracts Law, as established by the State of New Jersey, Commission personnel do not currently obtain business registration certificates from vendors when required. The BRC requirement extends to contracts with vendors that exceed the current quote threshold of \$3,150. We recommend that BRC's be obtained for vendors where it is expected that payments to such will exceed \$3,150 to ensure compliance with state law regarding purchasing.
- While it is the Commission's policy to require only one official's signature on checks, we recommend that the governing body consider a requirement for two signatures on all checks. With only one full-time employee, it is impossible to segregate duties as a means of providing effective internal controls. However, with a requirement to have two signatures on all checks issued by the Commission, the governing body can provide other means to establish effective internal controls.

We wish to thank Diane Merson for her support and assistance during our audit, and welcome any questions that you may have regarding our comments.

This report is intended solely for the information and use of the Board of Commissioners, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS


Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

**SEA ISLE CITY TOURISM
DEVELOPMENT COMMISSION**

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2006

SEA ISLE CITY TOURISM COMMISSION
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
	Independent Auditor's Report	1 - 2
1	Combined Balance Sheet - All Fund Types and Account Groups - Statutory Basis	3
2	Statement of Revenues, Expenditures, and Changes in Fund Balance - Statutory Basis	4 - 6
3	Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Statutory Basis	7 - 9
	NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS	10 - 12
	<u>SUPPLEMENTAL SCHEDULES</u>	
	<u>GENERAL FUND</u>	
4	Comparative Balance Sheet	13
5	Schedule of Changes in Receipts, Disbursements and Changes in Cash	14
	<u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>	
6	Comparative Balance Sheet	15
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Statutory Basis Performed in Accordance with <i>Government Auditing Standards</i>	16 - 17
	General Comments	18



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sea Isle City Tourism Development Commission
141 42nd Street
Sea Isle City, NJ 08243

We have audited the accompanying financial statements of the Sea Isle City Tourism Development Commission (the "Commission") as of, and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Commission'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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 opinions.

As described in Note 1, the Commission prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Commission's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission, as of December 31, 2006 and 2005 and the results of operations and changes in fund balance for the years then ended.



FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
Certified Public Accountants

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Commission, as of December 31, 2006 and 2005 and the results of operations and changes in fund balances years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16 on our consideration of the Commission's internal control structure over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of a report performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents have been subjected to the same procedures applied to the audit 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.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 16, 2007

**SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
STATUTORY BASIS**

	Governmental Fund General Fund	General Fixed Assets Account Group	Totals (Memorandum Only)	
			December 31, 2006	December 31, 2005
ASSETS				
Cash	\$ 47,251.66	\$	\$ 47,251.66	\$ 56,647.25
Fixed Assets		22,540.58	22,540.58	27,394.38
Total Assets	\$ 47,251.66	\$ 22,540.58	\$ 69,792.24	\$ 84,041.63
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 357.66	\$	\$ 357.66	\$
Total Liabilities	357.66	-	357.66	-
Fund Balance and Other Credits:				
Investment in General Fixed Assets		22,540.58	22,540.58	27,394.38
Unreserved:				
Undesignated	46,894.00		46,894.00	56,647.25
Total Fund Balance	46,894.00	22,540.58	69,434.58	84,041.63
Total Liabilities and Fund Balance	\$ 47,251.66	\$ 22,540.58	\$ 69,792.24	\$ 84,041.63

See Accompanying Notes to Financial Statements

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	<u>2006</u>	<u>2005</u>
Revenues		
Mercantile Assessments	\$ 77,561.46	\$ 77,469.6
Interest Income	337.79	413.1
Rock N' Roll Revival	4,825.00	4,000.0
Fall Festival Market	28,800.00	27,040.0
Fall Festival Food Court	900.00	1,050.0
Concert Sponsors	6,800.00	6,000.0
Polar Bear Plunge	16,888.00	14,630.0
Skimmer Market	27,610.76	25,893.1
Skimmer Food Court	1,050.00	1,275.0
Summer Kick Off	3,950.00	3,720.0
Tuesdays Fun & Flick Nite	7,036.20	-
Tuesdays for Tots		2,000.0
Other Income	652.00	7,585.0
Total Revenues	<u>176,411.21</u>	<u>171,075.9</u>
Expenditures		
Operating Expenses:		
Administration:		
Conferences/Dues/Meetings	3,458.00	3,861.1
Contract Services	6,274.86	4,540.0
Equipment	2,206.64	2,403.3
Give-A-Ways	3,521.08	3,542.0
Improvements	3,565.59	2,278.8
Miscellaneous/Donations	853.20	434.7
Office Expense	6,911.34	6,044.4
Postage/Mailings	1,976.88	3,303.7
Professional Fees	3,500.00	3,000.0
Secretary / Event Coordinator	7,200.00	7,200.0
Supplies	1,791.38	1,439.3
Telephone	3,948.57	4,546.0
Tourist Information Center	400.52	409.4
Total Administration	<u>45,608.06</u>	<u>43,003.2</u>

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	<u>2006</u>	<u>2005</u>
Expenditures (Continued)		
Operating Expenses		
Concerts	\$ 20,063.36	\$ 15,476.25
Dance Parties	2,750.00	2,750.00
Events:		
Baby Parade	3,978.28	3,565.84
Fall Festival Antique Car Show	582.25	641.25
Fall Festival Family Weekend	13,452.56	13,752.36
Fourth Of July	600.00	600.00
Friday Flicks	-	4,730.00
Pet Show	169.00	-
Halloween Parade	-	370.00
Little Miss / Jr. Miss Sea Isle City	679.75	704.00
Polar Bear Plunge	8,027.49	7,068.84
Rock 'n Roll Revival	1,375.00	1,375.00
Sara the Turtle Festival	2,022.00	2,601.50
Skimmer Antique Car Show	659.50	653.75
Skimmer Weekend	7,489.26	7,352.42
Special Olympics	250.00	250.00
Summer Kick-Off	265.00	1,752.40
Tuesdays for Tots	-	4,864.00
Tuesdays Fun & Flick Nite	12,400.00	-
Total Events	<u>51,950.09</u>	<u>50,281.36</u>
Media Advertising:		
Newspaper Advertising	11,058.12	22,406.00
Photography	2,000.00	2,000.00
Radio Advertising	3,295.00	3,020.00
Video Advertising	17,778.00	17,082.35
Video Production	2,000.00	3,999.25
Web Site Advertising	4,911.00	1,868.03
Total Media Advertising	<u>41,042.12</u>	<u>50,375.63</u>
Printing		
SIC Brochures	15,052.94	15,061.84
Miscellaneous	3,355.11	2,997.91
Total Printing	<u>18,408.05</u>	<u>18,059.75</u>

See Accompanying Notes to Financial Statements

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BAL
STATUTORY BASIS

	<u>2006</u>		
Expenditures (Continued)			
Operating Expenses			
Public Relations:			
Graphic Consultant	\$ 5,000.00	\$	
Photo Supplies/Processing	1,342.78		
Total Public Relations	<u>6,342.78</u>		
Total Operating Expenses	<u>186,164.46</u>		
Other Nonbudget Expenditures			
Skimmer - City Share			
Investment in General Fixed Assets			
Total Nonbudget Expenditures	<u>-</u>		
Total Expenditures	<u>186,164.46</u>		
Excess (Deficiency) of Revenues Over Expenditures	(9,753.25)		
Fund Balance at Beginning of Year	<u>56,647.25</u>		
Fund Balance at End of Year	<u>\$ 46,894.00</u>	\$	<u>=</u>

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATUTORY BASIS

	2006 Budget	2006 Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues:			
Mercantile Assessments	\$ 76,500.00	\$ 77,561.46	\$ 1,061.46
Interest Income	420.00	337.79	(82.21)
Rock N' Roll Revival	4,200.00	4,825.00	625.00
Fall Festival Market	27,000.00	28,800.00	1,800.00
Fall Festival Food Court	1,050.00	900.00	(150.00)
Concert Sponsors	6,000.00	6,800.00	800.00
Polar Bear Plunge	12,000.00	16,888.00	4,888.00
Skimmer Market	25,800.00	27,610.76	1,810.76
Skimmer Food Court	1,200.00	1,050.00	(150.00)
Summer Kick Off	3,600.00	3,950.00	350.00
Tuesdays Fun & Flick Nite	5,000.00	7,036.20	2,036.20
Other Income	300.00	652.00	352.00
Total Operating Revenues	<u>163,070.00</u>	<u>176,411.21</u>	<u>13,341.21</u>
Expenditures			
Operating Expenses:			
Administration:			
Conferences/Dues/Meetings	3,468.00	3,458.00	10.00
Contract Services	8,739.00	6,274.86	2,464.14
Equipment	2,400.00	2,206.64	193.36
Give-A-Ways	3,600.00	3,521.08	78.92
Improvements	3,600.00	3,565.59	34.41
Miscellaneous	804.00	853.20	(49.20)
Office Expenses	6,900.00	6,911.34	(11.34)
Postage/Mailings	3,300.00	1,976.88	1,323.12
Professional Fees	3,500.00	3,500.00	-
Secretary / Event Coordinator	7,200.00	7,200.00	-
Supplies	1,800.00	1,791.38	8.62
Telephone	4,560.00	3,948.57	611.43
Tourist Information Center	750.00	400.52	349.48
Total Administration	<u>50,621.00</u>	<u>45,608.06</u>	<u>5,012.94</u>

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATUTORY BASIS

	2006 Budget	2006 Actual	Variance Favorable (Unfavorable)
Expenditures (Continued)			
Operating Expenses:			
Concerts	\$ 20,500.00	\$ 20,063.36	\$ 436.64
Dance Parties	2,775.00	2,750.00	25.00
Events:			
Baby Parade	4,000.00	3,978.28	21.72
Columbus Day	240.00	-	240.00
Fall Festival Antique Car Show	750.00	582.25	167.75
Fall Festival Family Weekend	13,755.00	13,452.56	302.44
Fourth Of July	600.00	600.00	-
Pet Show	600.00	169.00	431.00
Halloween Parade	375.00	-	375.00
Little Miss / Jr. Miss Sea Isle City	1,000.00	679.75	320.25
Night At The Races	1,000.00	-	1,000.00
Polar Bear Plunge	8,040.00	8,027.49	12.51
Rock 'n Roll Revival	1,380.00	1,375.00	5.00
Sara the Turtle Festival	2,775.00	2,022.00	753.00
Skimmer Antique Car Show	750.00	659.50	90.50
Skimmer Weekend	7,500.00	7,489.26	10.74
Special Olympics	250.00	250.00	-
Summer Kick-Off	1,755.00	265.00	1,490.00
Tuesdays Fun & Flick Nite	12,400.00	12,400.00	-
Total Events	<u>57,170.00</u>	<u>51,950.09</u>	<u>5,219.91</u>
Media Advertising:			
Newspaper Advertising	17,775.00	11,058.12	6,716.88
Photography	2,000.00	2,000.00	-
Radio Advertising	3,306.00	3,295.00	11.00
Video Advertising	17,778.00	17,778.00	-
Video Production	2,000.00	2,000.00	-
Web Site Advertising	5,000.00	4,911.00	89.00
Total Media Advertising	<u>47,859.00</u>	<u>41,042.12</u>	<u>6,816.88</u>
Printing			
SIC Brochures	15,060.00	15,052.94	7.06
Miscellaneous Printing	3,600.00	3,355.11	244.89
Total Printing	<u>18,660.00</u>	<u>18,408.05</u>	<u>251.95</u>
Public Relations:			
Graphic Consultant	5,000.00	5,000.00	-
Photo Supplies/Processing	1,350.00	1,342.78	7.22
Total Public Relations	<u>6,350.00</u>	<u>6,342.78</u>	<u>7.22</u>

See Accompanying Notes to Financial Statements

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SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATUTORY BASIS

	2006 <u>Budget</u>	2006 <u>Actual</u>	Variance Favorable (Unfavorable)
	\$ <u>203,935.00</u>	\$ <u>186,164.46</u>	\$ <u>17,770.54</u>
Revenues	(40,865.00)	(9,753.25)	31,111.75
Ending of Year	<u>56,610.00</u>	<u>56,647.25</u>	<u>(37.25)</u>
Year	\$ <u><u>15,745.00</u></u>	\$ <u><u>46,894.00</u></u>	\$ <u><u>31,149.00</u></u>

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS – STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The Commission, a public body of the City of Sea Isle City, was established by the governing body of the City of Sea Isle City by Ordinance No. 981 on September 12, 1989. The majority of revenues are generated by various fundraising events held by the Commission. In addition, revenues are generated by various mercantile activities which are a provision of Ordinance No. 649, are a significant source of revenues. The Commission is authorized to promote the development of tourism and business activity, in the City of Sea Isle City, by producing appropriate advertising and promotional activities and sponsoring special events for the benefit of the business community and residents of the City of Sea Isle City.

The Commission has been approved by the Internal Revenue Service as a 501(c)(3) organization, however it is an agent and instrumentality of the City of Sea Isle City and utilizes the accounting as the City, namely, the accounting policies which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The following is a summary of significant policies:

Basis of Accounting

The financial statements of the Sea Isle Tourism Development Commission (the "Commission") have been prepared in conformity with an "Other Comprehensive Basis of Accounting" established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the City's accounting policies are described below.

Basis of Presentation – Fund Accounting

The financial statements of the Commission contain all funds and account groups, in accordance with the "Requirements of Audit", as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed to determine compliance with legal provisions and budgetary restrictions, and as a means to ensure the stewardship of public officials with respect to public funds. Under this method of presentation, the Commission accounts for its financial transactions through the following separate funds, which are the funds required by GAAP.

General Fund

The General Fund accounts for resources and expenditures for operations of a general nature.

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS – STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for all fixed assets used in government operations. All fixed assets are valued at historical cost or estimated historical cost if available. No depreciation on general fixed assets is recorded in the financial statements.

A summary of fixed assets at December 31 is as follows:

	2006	2005
Furniture and Equipment	\$ 22,540.58	\$ 27,394.38

Cash and Investments

The Commission's investment practices are governed by N.J.S.A. 40A-5-15. N.J.S.A. provides a list of securities which may be purchased by New Jersey governmental units.

The Governmental Unit Depository Protection Act ("GUDPA") was enacted in 1991 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depository banks in New Jersey, where the funds are secured in accordance with GUDPA.

Public funds are defined as the funds of any government unit. Public depositories include state and federal), savings and loan institutions and savings banks, the deposits of which are insured. All public depositories pledge collateral, having a market value of five percent of the daily balance of collected public funds, to secure the deposits of governmental units. In the event a depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the government units.

Generally, the Commission considers all investments that mature in one year or less as cash equivalents. All certificates of deposit are recorded as cash regardless of their maturity date.

Inventories of Supplies

Inventories of supplies for all funds are recorded as expenditures at the time items are purchased. The cost of inventories is not included on the various balance sheets.

Prepaid Expenses

The cost of prepaid insurance and other similar items extending over more than one accounting period are accounted for as expenditures of the period of acquisition and not allocated between periods.

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS – STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

An operating budget is adopted by the members of the Commission at the end of each year for the succeeding year.

Mercantile Assessments

In accordance with N.J.S.A. 52-7, thirty-three and one-third percent (33 1/3%) of each mercantile license fee collected by the City of Sea Isle City, not to exceed fifty dollars (\$50.00), is allotted to the Commission.

Fund Balance

Unreserved fund balance included in the General Fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

The net value of general fixed assets is recorded as fund equity.

Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Operating cash, in the form of a checking account is held in the Commission's name by a thrift savings institution. At December 31, 2006, the carrying amount of the Commission's deposits was \$47,251.66 and the bank balance was \$48,062.79. The entire bank balance of \$48,062.79 was insured with the Federal Depository Insurance Corporation ("FDIC"). Balances in excess of amounts covered by FDIC are covered by the Governmental Unit Deposit Protection Act (hereafter called "GUDPA"). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of municipalities and local government agencies. The program is administered by the Commissioner of New Jersey Department of Banking and Insurance. See Note 1.

Investments

The Commission did not have any investments at December 31, 2006.

Exhibit 4

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
COMPARATIVE BALANCE SHEET

	<u>Balance</u> <u>December 31, 2006</u>	<u>Balance</u> <u>December 31, 2005</u>
ASSETS		
Cash	\$ <u>47,251.66</u>	\$ <u>56,647.25</u>
Total Assets	\$ <u><u>47,251.66</u></u>	\$ <u><u>56,647.25</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ <u>357.66</u>	\$ <u> </u>
Total Liabilities	<u>357.66</u>	<u> </u>
Fund Balance		
Unreserved:		
Undesignated	<u>46,894.00</u>	<u>56,647.25</u>
Total Fund Balance	<u>46,894.00</u>	<u>56,647.25</u>
Total Liabilities and Fund Balance	\$ <u><u>47,251.66</u></u>	\$ <u><u>56,647.25</u></u>

Exhibit 5

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FUND
SCHEDULE OF CHANGES IN RECEIPTS AND
AND CHANGES IN CASH

2006 Receipts:			
Budgeted Revenues	\$	176,411.21	
		<hr/>	
			\$ 176,411.21
2006 Disbursements:			
Operating Expenses		186,164.46	
Accounts Payable		(357.66)	
		<hr/>	
			<hr/> 185,806.80
Increase (Decrease) in Cash and Investments			(9,395.59)
Cash and Investments at January 1, 2006			<hr/> 56,647.25
Cash and Investments at December 31, 2006	\$		<hr/> <hr/> 47,251.66
<u>Analysis:</u>			
Checking	\$		<hr/> <hr/> 47,251.66

Exhibit 6

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	<u>Balance</u> <u>December 31, 2006</u>	<u>Balance</u> <u>December 31, 2005</u>
ASSETS		
Furniture and Equipment	\$ <u>22,540.58</u>	\$ <u>27,394.38</u>
Total Assets	\$ <u><u>22,540.58</u></u>	\$ <u><u>27,394.38</u></u>
 FUND EQUITY		
Investment in General Fixed Assets	\$ <u>22,540.58</u>	\$ <u>27,394.38</u>
Total Fund Equity	\$ <u><u>22,540.58</u></u>	\$ <u><u>27,394.38</u></u>



Donald E. Cheatele, C.P.A.

Glen J. Ortman, C.P.A., R.M.A.

Leon P. Costello, C.P.A., R.M.A.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Sea Isle Commission Tourism Development Commission
141 42nd Street
Sea Isle Commission, New Jersey 08243

We have audited the financial statements – statutory basis of the Sea Isle Commission Tourism Development Commission, State of New Jersey (the “Commission”), as of and for the year ended December 31, 2006, and have issued our report thereon dated April 16, 2007. Our report disclosed that, as described in Note 1 to the financial statements, the Commission prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 and the audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process or report financial data reliably in accordance with the statutory basis of accounting, prescribed by the Division, such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.



FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
Certified Public Accountants

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that no significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion on the Commission's compliance with those provisions. The results of our tests disclosed instances of noncompliance or other matters that are to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division which are described in the accompanying schedule of findings and responses as finding

We noted certain matters that we reported to the Commission's management in a separate letter dated April 16, 2007.

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Commission and other parties within the entity, and the Division as well as other federal and state awarding agencies through entities and is not intended to be and should not be used by anyone other than these parties.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 16, 2007

SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised per NJSA 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the performance of any goods or services, the cost of which in the aggregate exceeds the bid to be awarded only by resolution of the governing body of the contracting unit to the lowest bidder after public advertising for bids and bidding therefore, except as is provided otherwise specifically by any other law." Effective April 17, 2000, the bid threshold was \$17,500, as of the bid threshold was increased to \$21,000.

The Sea Isle City Tourism Development Commission has the responsibility of determining expenditures in any category will exceed the statutory threshold within the fiscal year. We advise, as to whether any contract or agreement might result in violation of the statute, an opinion should be sought before a commitment is made. The minutes indicate that it was requested by public advertising in 2006, and our examination of expenditures also revealed that some were required to be advertised for bids.

Award of Purchases, Contracts or Agreements by Quotations per NJSA 40A:11-6.1

Prior to the award of any purchase, contract or agreement, the Commission shall (except in the performance of professional services) solicit quotations, whenever practicable, on a contract or agreement, the estimated cost or price of which is \$3,150 or more. The award shall be on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the Commission deems it impracticable to solicit competitive quotations in the case of extraordinary purchases, services, or, in the case of such or any other purchase, contract or agreement awarded, having sought such quotations received, the contracting agent shall file a statement of explanation or reasons therefore, which shall be placed on file with said purchase, contract or agreement. Our examination of expenditures indicated that no solicitation of quotations was made.



SEA ISLE CITY TOURISM DEVELOPMENT COMMISSION

FINDINGS AND RESPONSES

- Finding #1:** Quotes were not obtained for purchases where required by state statute.
- Criteria:** Local Public Contracts Law requires that quotes be obtained for purchases of goods and services over the quote threshold. The current threshold for obtaining quotes, as per N.J.S.A. 40A:11, is \$3,150.
- Condition:** Quotes were not obtained for several purchases over \$3,150.
- Cause:** Personnel responsible for purchases were not aware of the requirement for obtaining quotes.
- Effect:** Because of Commission personnel's failure to obtain quotes for certain purchases, it was not in compliance with state statutes, specifically, Local Public Contracts Law (N.J.S.A. 40A:11 et. seq.).
- Recommendation:**
Quotes should be obtained for purchases expected to exceed the current quote threshold.
- Management's Response:**
Management concurs with the finding, and will implement procedures to ensure compliance with the requirements of N.J.S.A. 40A:11.

STATUS OF PRIOR RECOMMENDATIONS

There were no prior recommendations.

Should any questions arise as to the comments or recommendations, or should you desire other assistance regarding such, please do not hesitate to contact me.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
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Leon P. Costello
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April 16, 2007