



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Absecon
County of Atlantic, New Jersey

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the City of Absecon, State of New Jersey (the "City"), as of December 31, 2008 and 2007 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2008, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the City's management. Our responsibility is to express opinions 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 City, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, 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. 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 City'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 various funds and account groups of the City, as of December 31, 2008 and 2007 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2008 and 2007 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2008 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2009 on our consideration of the City's internal control structure over financial reporting and 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 on 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 audits.

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 auditing 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 & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS



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

April 27, 2009

CITY OF ABSECON
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
Assets			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 4,167,468.66 / \$	4,683,752.44
Change and Petty Cash Funds		450.00 /	450.00
Due from State of New Jersey (c.73, P.L. 1976)		4,408.44 /	4,295.06
		<u>4,172,327.10</u>	<u>4,688,497.50</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	477,810.06 /	328,962.53
Tax Title Liens Receivable	A-8	10,336.57 /	512.35
Property Acquired/Assessed Valuation		416,200.00 /	416,200.00
Revenue Accounts Receivable	A-9	6,617.81 /	9,100.85
Police Detail Receivable		3,252.00 /	526.50
Interfunds:			
Due from State & Federal Grant Fund		147,940.44 /	180,519.98
Due from Animal Control Fund		180.20 /	765.80
		<u>1,062,337.08</u>	<u>936,588.01</u>
Deferred Charges:			
Special Emergency Authorization		159,000.00 /	212,000.00
		<u>159,000.00</u>	<u>212,000.00</u>
		<u>5,393,664.18</u>	<u>5,837,085.51</u>
Federal and State Grant Fund:			
Grant Receivables	A-11	300,649.43 /	319,879.49
		<u>300,649.43</u>	<u>319,879.49</u>
		<u>\$ 5,694,313.61</u>	<u>\$ 6,156,965.00</u>

CITY OF ABSECON
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 734,832.85 / \$	505,532.19
Encumbrances Payable	A-3	269,466.85 /	351,555.63
Accounts Payable		-	41,310.00
Prepaid Taxes		151,725.50 /	112,347.89
Tax Overpayments		315.20 /	1,575.46
Local School Tax Payable		2,181,315.11 /	2,047,728.61
Due to State - DCA Fees		822.00 /	1,076.00
Due to State - Vital Statistics		235.00 /	380.00
Reserves:			
Sales of Municipal Land		150,000.00 /	-
Land Sale Deposits		28,000.00 /	43,000.00
Pension		-	50,000.00
		<u>3,516,712.51</u>	<u>3,154,505.78</u>
Reserve for Receivables		1,062,337.08	936,588.01
Fund Balance	A-1	814,614.59	1,745,991.72
		<u>5,393,664.18</u>	<u>5,837,085.51</u>
Federal and State Grant Fund:			
Due to Current Fund		147,940.44	180,519.98
Reserve for Grants:			
Appropriated	A-13	63,388.47	80,999.32
Unappropriated	A-12	6,949.43	3,453.72
Encumbrances Payable	A-13	82,371.09	54,906.47
		<u>300,649.43 /</u>	<u>319,879.49</u>
		<u>\$ 5,694,313.61</u>	<u>\$ 6,156,965.00</u>

CITY OF ABSECON
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,046,900.00	\$ 920,000.00
Miscellaneous Revenue Anticipated		2,175,957.16	2,989,643.37
Receipts from Delinquent Taxes		311,975.83	226,617.61
Receipts from Current Taxes		18,578,709.39	18,021,289.81
Non-Budget Revenue		31,997.21	46,593.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		394,144.50	506,427.22
Grants Appropriated Cancelled		-	800.00
Interfund Returned		178,829.77	612,683.12
Total Income		<u>22,718,513.86</u>	<u>23,324,055.12</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		3,602,200.00	3,513,500.00
Other Expenses		3,473,366.00	3,275,252.46
Deferred Charges & Statutory Expenditures		305,964.00	294,081.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		35,765.15	17,300.00
Other Expenses		995,865.44	1,020,909.92
Capital Improvements		358,600.00	289,672.75
Municipal Debt Service		1,055,642.57	1,048,365.04
Deferred Charges		53,000.00	53,000.00
County Taxes		2,545,441.55	2,450,552.54
Due County for Added and Omitted Taxes		13,073.64	21,999.47
Local District School Tax		10,015,702.00	9,748,529.00
Senior Citizen Deduction Disallowed		250.00	250.00
Refund of Prior Year Revenue		-	256.30
Interfund Created		148,120.64	181,285.78
Grants Receivable Cancelled		-	800.00
		<u>22,602,990.99</u>	<u>21,915,754.26</u>

CITY OF ABSECON
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2008</u>	<u>Year 2007</u>
Excess in Revenues	\$	<u>115,522.87</u>	\$ <u>1,408,300.86</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		-	
Statutory Excess of Fund Balance		<u>115,522.87</u>	<u>1,408,300.86</u>
Fund Balance January 1		<u>1,745,991.72</u>	<u>1,257,690.86</u>
		<u>1,861,514.59</u>	<u>2,665,991.72</u>
Decreased by:			
Utilization as Anticipated Revenue		<u>1,046,900.00</u>	<u>920,000.00</u>
Fund Balance December 31	\$	<u><u>814,614.59</u></u>	\$ <u><u>1,745,991.72</u></u>