

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**

**December 31, 2012**

**BEDARD, KUROWICKI & CO., CPA'S, PC  
CERTIFIED PUBLIC ACCOUNTANTS**

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**

**For the Year Ended December 31, 2012**

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## Independent Auditors' Report

Board of Fire Commissioners  
Pennington Borough Fire District No. 1  
Pennington, New Jersey

### *Report on the Financial Statements*

We have audited the accompanying basic financial statements of the governmental activities of the Pennington Borough Fire District No. 1, a political subdivision of the Borough of Pennington, New Jersey as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Pennington Borough Fire District No. 1, as of December 31, 2012, and the respective changes in financial position thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and roster of officials and surety bond on pages 4-6, 15 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of the financial reporting for placing the basic financial statements in an appropriated operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Reporting Required by Government Auditing Standards*

In accordance with the *Government Auditing Standards*, we have also issued our report dated April 17, 2012 on our consideration of the Pennington Borough Fire District No. 1 internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pennington Borough Fire District No. 1's internal controls over financial reporting and compliance.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

April 17, 2013  
Flemington, New Jersey

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
BOROUGH OF PENNINGTON  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

Our discussion and analysis of the financial performance of Pennington Borough Fire District No. 1 provides an overview of the District's financial activities for the year ended December 31, 2012. Please review it in conjunction with the District's basic financial statements which begin on page 6.

**Financial Highlights**

Total net assets increased \$132,677 which represents 64.0 percent increase from 2011. The excess revenue over expenditures was \$110,362 after transfers in the General fund. The decrease in net assets reserved for capital projects was \$143,100 and the increase in net assets invested in capital assets was \$166,299.

The amount raised by taxation was \$149,000 or 23.3 percent of all revenue and other funding sources. Funds from an adjoining municipality, transfers from the Capital fund and interest totaled \$491,498 or 76.7 percent of all revenue and other funding sources.

Total program expenses have decreased \$13,278 or 4.7 percent. Expenditures for capital projects were \$229,712 and \$34,826 in 2012 and 2011, respectively.

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on page 6 and 7) provide information about the activities of the District as a whole. Fund financial statements start on page 8. These statements tell how these services were financed. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

**Reporting the District as a Whole**

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 6. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's *net assets* and changes to them.

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
BOROUGH OF PENNINGTON  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating.

**Reporting the District's Most Significant Funds**

Fund Financial Statements

Our analysis of the District's major funds begins on page 8. The fund financial statements provide detailed information about the most significant funds - not the District as a whole.

General Fund - Most of the District's basic services are reported in the General fund, which focuses on how money flows into and out of the funds and the balances left at year-end that are available for spending. The General fund statements provide a detailed *short-term view* of the District's general operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Capital Fund - The Capital Fund represents money allocated for future capital expenditures.

**The District as a Whole**

The District's total net assets increased \$132,677 to \$1,409,902 or 10.4 percent. Details of the changes are reflected on page 7.

**Original Versus Final Budget**

Page 14 reflects the variances between the original and final budgeted amounts.

**Final Budget Versus Actual Results**

As reflected on page 14 the District operated within budgetary constraints. Actual revenues were over the final budget by \$66,763 while actual expenses were under the final budget by \$43,599. Revenues were up due to reimbursements for fixed assets purchased. Expenses were down primarily due to a decrease in the costs of the items budgeted for in Capital outlays.

**Capital Assets**

At year-end, the District had \$2,532,543 in total capital assets - an increase of \$229,712 from 2011.

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
BOROUGH OF PENNINGTON  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Condensed Comparative Information**

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Net assets			
Current and other assets	\$ 1,245,370	\$ 1,168,803	\$ 76,567
Capital assets	406,355	240,056	166,299
Total assets	<u>\$ 1,651,725</u>	<u>\$ 1,408,859</u>	<u>\$ 242,866</u>
Liabilities	<u>\$ 241,823</u>	<u>\$ 131,634</u>	<u>\$ 110,189</u>
Unreserved	\$ 597,478	\$ 488,000	\$ 109,478
Reserved for capital purchases	406,069	549,169	(143,100)
Investment in capital assets	406,355	240,056	166,299
	<u>\$ 1,409,902</u>	<u>\$ 1,277,225</u>	<u>\$ 132,677</u>
Revenue and expenditures			
Revenue	\$ 465,851	\$ 439,734	\$ 26,117
Expenditures	333,174	359,013	(25,839)
Change in net assets	<u>\$ 132,677</u>	<u>\$ 80,721</u>	<u>\$ 51,956</u>

**Economic Factors and Next Year's Budget and Rates**

The District's governing body considers many factors when setting the 2013 budget and tax rates including the economy, the rate of inflation and planned future capital projects. The tax rate will remain \$ .03 per \$100 of assessed valuation.

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. This discussion and analysis is based upon information that was available as of DATE.

If you have questions about this report or need additional financial information, contact the Board Clerk at P.O. 387, Pennington, NJ 08534.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Statement of Net Assets**  
**December 31, 2012**

**ASSETS**

Assets	
Cash and cash equivalents	\$ 982,585
Prepaid expenses	9,190
Due from adjoining municipality	153,661
Note receivable from municipality	99,934
Capital assets, net of accumulated depreciation	<u>406,355</u>
Total assets	<u><u>\$ 1,651,725</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accrued expenses	\$ 141,889
Deferred revenue	<u>99,934</u>
Total liabilities	241,823
Net assets	
Unreserved	597,478
Reserved for capital asset purchases	406,069
Investment in capital assets	<u>406,355</u>
Total net assets	<u><u>1,409,902</u></u>
Total liabilities and net assets	<u><u>\$ 1,651,725</u></u>

See accompanying notes to the financial statements.



**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

Revenue	
District taxes	\$ 149,000
Adjoining municipality taxes	250,088
Other income	65,212
Interest	1,551
Total revenue	<u>465,851</u>
Expenses	
Operating and maintenance	269,761
Depreciation	63,413
Total expenses	<u>333,174</u>
Change in net assets	132,677
Net assets - beginning of year	<u>1,277,225</u>
Net assets - end of year	<u><u>\$ 1,409,902</u></u>

See accompanying notes to the financial statements.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Balance Sheets - Governmental Funds**  
**December 31, 2012**

	General Fund	Capital Fund	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 392,895	\$ 589,690	\$ -	\$ 982,585
Prepaid expenses	9,190	-	-	9,190
Due from adjoining municipality	153,661	-	-	153,661
Due from Capital fund	183,621	-	(183,621)	-
Note receivable from municipality	99,934	-	-	99,934
Total assets	<u>\$ 839,301</u>	<u>\$ 589,690</u>	<u>\$ (183,621)</u>	<u>\$ 1,245,370</u>
<b>Liabilities</b>				
Accrued expenses	\$ 141,889	\$ -	\$ -	\$ 141,889
Due to General fund	-	183,621	(183,621)	-
Deferred revenue	99,934	-	-	99,934
Total liabilities	<u>241,823</u>	<u>183,621</u>	<u>(183,621)</u>	<u>241,823</u>
<b>Fund balances</b>				
Unreserved	597,478	-	-	597,478
Reserved for capital asset purchases	-	406,069	-	406,069
Total fund balances	<u>597,478</u>	<u>406,069</u>	<u>-</u>	<u>1,003,547</u>
Total liabilities and fund balances	<u>\$ 839,301</u>	<u>\$ 589,690</u>	<u>\$ (183,621)</u>	<u>\$ 1,245,370</u>

See accompanying notes to the financial statements.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Reconciliation of Governmental Fund Balance Sheets**  
**to the District-Wide Statement of Net Assets**  
**December 31, 2012**

Total fund balance - Governmental funds	\$ 1,003,547
Capital assets used in government activities are not financial resources and therefore are not reported in the funds	<u>406,355</u>
Total net assets	<u><u>\$ 1,409,902</u></u>

See accompanying notes to the financial statements.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Statement of Revenue, Expenses and Changes in Fund Balances**  
**For the Year Ended December 31, 2012**

	General Fund	Capital Fund	Eliminations	Total
Revenue				
District taxes	\$ 149,000	\$ -	\$ -	\$ 149,000
Adjoining municipality	250,088	-	-	250,088
Interest	667	884	-	1,551
Other income	65,212	-	-	65,212
Transferred from/to General fund	174,647	30,663	(205,310)	-
Total revenue	<u>639,614</u>	<u>31,547</u>	<u>(205,310)</u>	<u>465,851</u>
Expenses				
Operating and maintenance	269,761	-	-	269,761
Transfer from/to Capital fund	30,663	174,647	(205,310)	-
Capital outlay	229,712	-	-	229,712
Total expenses	<u>530,136</u>	<u>174,647</u>	<u>(205,310)</u>	<u>499,473</u>
Increase in fund balance	109,478	(143,100)	-	(33,622)
Fund balance - beginning of year	<u>488,000</u>	<u>549,169</u>	<u>-</u>	<u>1,037,169</u>
Fund balance - end of year	<u>\$ 597,478</u>	<u>\$ 406,069</u>	<u>\$ -</u>	<u>1,003,547</u>

Amounts reported in the governmental activity in the statement of activities is different because:

Cummulative difference between fund balance and net assets from Governmental activity through December 31, 2011 240,056

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$229,712) exceeded depreciation (\$63,413) in the current year. 166,299

Net assets of governmental activity \$ 1,409,902

See accompanying notes to the financial statements.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Notes to Financial Statements**

Note 1 - Summary of significant accounting policies

Nature of activities

The Pennington Borough Fire District No. 1 (the District) is a political subdivision of the Borough of Pennington, New Jersey. A five-member Board governs the District. Members are elected annually on a rotating basis to three-year terms. The District provides fire protection, prevention, safety and education services to the Borough of Pennington and to surrounding local communities.

Financial reporting/principles of accounting

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The implementation of GASB has created additional statements, schedules, reports and notes disclosures as follows:

- Financial statements are prepared using full accrual accounting methods, including recording of depreciation on capital assets and recording those assets net of accumulated depreciation.
- The basic financial statements include District-wide Statements and Fund Financial Statements, as explained in the following note disclosures:

*District-wide Statements:* The statement of net assets and the statement of activities display information about the District. The District activities are financed through taxes and funds from an adjoining municipality. The government-wide financial statements are reported using the accrual basis of accounting. Revenue is recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the cash flows take place.

*Fund Financial Statements:* The fund financial statements provide information about the District's activities, which are reported in the General fund and the Capital fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. Expenditures are recorded when the related fund liabilities are incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

*General fund:* This is the District's operating fund. It accounts for all financial resources of the District except those required to be accounted for in other funds.

*Capital fund:* This fund accounts for expenditures for capital assets financed by authorized debt.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Notes to Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Budget and budgetary accounting

The District adopts an annual budget for the General fund. Budget amendments are passed on an as-needed basis, and a balanced budget is required. Appropriations lapse at the end of the year, unless encumbered.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and money market funds.

Capital assets

Capital assets are recorded as expenditures at the time of purchase and the related assets are capitalized at cost. It is the District's policy to capitalize assets with costs in excess of \$1,000 and an estimated useful life in excess of one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Fire apparatus	10 years
Fire-fighting equipment	5 - 10 years
Other equipment	3 - 10 years

Income taxes

The District is a subdivision of the Borough of Pennington and is not required for file tax returns. Accordingly no provision for income taxes has been made in the financial statements.

Note 2 - Concentration of credit risk

The District maintains its cash balances in one financial institution. These cash balances are insured by Federal Deposit Insurance Corporation, (FDIC). The funds in excess of the FDIC limit are insured by the State of New Jersey's of the Governmental Unit Deposit Protection Act.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Notes to Financial Statements**

Note 3 - Capital assets

A summary of changes in capital assets and accumulated depreciation for the year ended December 31, 2012 is as follows:

Capital assets	Beginning Balance	Additions	Dispositions	Ending Balance
Fire apparatus	\$ 1,144,931	\$ -	\$ -	\$ 1,144,931
Fire-fighting equipment	550,152	163,982	-	714,134
Other equipment	88,748	15,730	-	104,478
Truck - deposit	-	50,000	-	50,000
Truck	519,000	-	-	519,000
<b>Total</b>	<b>2,302,831</b>	<b>229,712</b>	<b>-</b>	<b>2,532,543</b>
<b>Accumulated depreciation</b>				
Fire apparatus	1,144,931	-	-	1,144,931
Fire-fighting equipment	467,709	26,417	-	494,126
Other equipment	84,194	2,983	-	87,177
Truck	365,941	34,013	-	399,954
<b>Total</b>	<b>2,062,775</b>	<b>63,413</b>	<b>-</b>	<b>2,126,188</b>
<b>Capital assets - net</b>	<b>\$ 240,056</b>	<b>\$ 166,299</b>	<b>\$ -</b>	<b>\$ 406,355</b>

Note 4 - Levied taxes

The total tax levied by the Borough of Pennington to fund the operations of the District was \$149,000. The tax rate per \$100 of assessed valuation is \$.03, based on the assessed valuation of \$496,666,200.

Note 5 - Retirement plan

The District has a Length of Service Award Program (LOSAP). Members qualify based on various criteria determined by the District. LOSAP expenditures for the year ended December 31, 2012 were \$71,000.

Note 6 - Subsequent events

The District's management has determined that no material events or transactions occurred subsequent to December 31, 2012 and through April 17, 2013, the date of the District's financial statement issuance, which require additional disclosure in the District's financial statements.

**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended December 31, 2012**

	Unaudited Original Budget	Unaudited Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenue</b>				
District taxes	\$ 149,000	\$ 149,000	\$ 149,000	\$ -
Adjoining municipality	250,088	250,088	250,088	-
Reserve from capital fund	174,647	174,647	174,647	-
Other income	-	-	65,212	65,212
Interest	-	-	1,551	1,551
Total revenue and other financing sources	<u>573,735</u>	<u>573,735</u>	<u>640,498</u>	<u>66,763</u>
<b>Expenditures</b>				
Fire-fighting equipment	28,238	28,238	32,431	(4,193)
Capital outlays	214,009	214,009	181,492	32,517
Rent	42,000	42,000	42,000	-
Insurance	53,600	53,600	55,384	(1,784)
Professional services	32,500	32,500	27,500	5,000
Office	9,680	9,680	6,811	2,869
Elections	500	500	554	(54)
Training and education	14,000	14,000	13,989	11
Diesel and gas	12,000	12,000	11,081	919
Equipment and repairs	28,645	28,645	36,176	(7,531)
Vehicle repairs	20,000	20,000	9,566	10,434
Medical	2,000	2,000	-	2,000
Contingency	1,000	1,000	-	1,000
LOSAP	71,000	71,000	71,000	-
Hazmat	400	400	235	165
Awards	2,500	2,500	2,510	(10)
Telephone	11,000	11,000	8,744	2,256
Reserve for capital outlays	30,663	30,663	30,663	-
Total expenditures	<u>573,735</u>	<u>573,735</u>	<u>530,136</u>	<u>43,599</u>
Excess of revenue over (expenditures)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,362</u>	<u>\$ 110,362</u>

See accountants' report on supplementary information.



**PENNINGTON BOROUGH FIRE DISTRICT NO. 1**  
**Roster of Officials and Surety Bond**  
**December 31, 2012**

NAMES OF BOARD  
OF COMMISSIONERS

AMOUNT OF SURETY BOND

Mark Blackwell	}	
William Meytrott	}	
Chris Naylor	}	\$75,000 total coverage per loss
Thomas Timperman	}	
John Tredrea	}	

See accountants' report on supplementary information.



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Fire Commissioners  
Pennington Borough Fire District No. 1  
Pennington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Pennington Borough Fire District No. 1, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Pennington Borough Fire District No. 1's basic financial statements, and have issued our report thereon dated April 17, 2013.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Pennington Borough Fire District No. 1's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstance 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pennington Borough Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance. The report is an integral part of any audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bedard, Kurowicki & Co.*  
BEDARD, KUROWICKI & CO., CPA'S, PC

April 17, 2013  
Flemington, New Jersey