

SYNOPSIS OF 2025 AUDIT REPORT OF

BOROUGH OF KINNELON

AS REQUIRED BY N.J.S. 40A:5-7

COMBINED COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>DECEMBER 31, 2025</u>	<u>DECEMBER 31, 2024</u>
ASSETS		
Cash and Investments	\$ 19,553,322	\$ 20,082,049
Taxes, Assessments, Liens and Utility Charges Receivable	1,494,824	1,542,490
Property Acquired for Taxes-Assessed Value	1,210,750	1,210,750
Accounts Receivable	3,777,596	5,805,371
Fixed Capital - Authorized and Uncompleted Utility	2,855,000	2,855,000
Fixed Capital - Utility	756,371	628,317
Deferred Charges to Future Taxation-General Capital	17,789,933	15,016,651
Land, Buildings, Machinery, and Equipment	<u>26,428,017</u>	<u>25,124,262</u>
TOTAL ASSETS	<u>\$ 73,865,813</u>	<u>\$ 72,264,890</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Bonds, Loans, and Notes Payable	\$ 15,683,000	\$ 16,550,933
Improvement Authorizations	8,470,366	6,355,366
Other Liabilities and Special Funds	11,338,064	13,315,954
Amortization of Debt for Fixed Capital Acquired or Authorized	1,603,371	1,208,956
Reserve for Certain Assets Receivable	2,744,688	2,828,670
Investments in General Fixed Assets	26,428,017	25,124,262
Fund Balance	<u>7,598,307</u>	<u>6,880,749</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 73,865,813</u>	<u>\$ 72,264,890</u>

BOROUGH OF KINNELON
COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND

	<u>YEAR 2025 AMOUNT</u>	<u>YEAR 2024 AMOUNT</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 2,490,000	\$ 2,300,000
Miscellaneous-From Other Than Local Property Taxes	3,270,305	3,840,355
Collection of Delinquent Taxes and Tax Title Liens	465,813	469,181
Collection of Current Tax Levy	<u>63,197,242</u>	<u>61,152,696</u>
TOTAL INCOME	<u>69,423,360</u>	<u>67,762,232</u>
 EXPENDITURES		
Budget Appropriations:		
Municipal Purposes	16,072,127	16,212,237
Municipal Open Space Taxes	106,594	106,397
County Taxes	6,278,305	6,111,800
Local School Taxes	43,716,543	42,129,496
Other Expenditures	<u>145,135</u>	<u>30,237</u>
TOTAL EXPENDITURES	66,318,704	64,590,167
Excess in Revenue	3,104,656	3,172,065
Fund Balance, January 1	<u>5,681,459</u>	<u>4,809,394</u>
	8,786,115	7,981,459
Less: Utilization as Anticipated Revenue	<u>2,490,000</u>	<u>2,300,000</u>
Fund Balance, December 31	<u><u>\$ 6,296,115</u></u>	<u><u>\$ 5,681,459</u></u>

BOROUGH OF KINNELON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY OPERATING FUND

	<u>YEAR 2025 AMOUNT</u>	<u>YEAR 2024 AMOUNT</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 225,300	\$ 448,496
Collection of Water Service Charges	601,420	584,774
Miscellaneous - From Other Than Water Service Charges	<u>116,399</u>	<u>89,954</u>
TOTAL INCOME	<u>943,119</u>	<u>1,123,224</u>
EXPENDITURES		
Budget Expenditures:		
Operating	476,000	543,606
Deferred Charges and Statutory Expenditures	12,780	12,700
Capital Improvements - Capital Outlay	100,000	150,000
Debt Service	209,572	135,203
Other Debits to Income	<u>56</u>	<u>-</u>
TOTAL EXPENDITURES	<u>798,408</u>	<u>841,509</u>
Excess in Revenue	144,711	281,715
Fund Balance, January 1	<u>344,771</u>	<u>511,552</u>
	489,482	793,267
Decreased by:		
Utilized by Water Utility Operating Budget	<u>225,300</u>	<u>448,496</u>
Fund Balance, December 31	<u>\$ 264,182</u>	<u>\$ 344,771</u>

BOROUGH OF KINNELON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY OPERATING FUND

	<u>YEAR 2025 AMOUNT</u>	<u>YEAR 2024 AMOUNT</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 58,700	\$ 95,815
Collection of Sewer Service Charges	500,851	500,730
Miscellaneous - From Other Than Sewer Service Charges	<u>85,291</u>	<u>91,534</u>
TOTAL INCOME	<u>644,842</u>	<u>688,079</u>
EXPENDITURES		
Budget Expenditures:		
Operating	447,000	500,000
Deferred Charges and Statutory Expenditures	<u>1,700</u>	<u>1,700</u>
TOTAL EXPENDITURES	<u>448,700</u>	<u>501,700</u>
Excess in Revenue	196,142	186,379
Fund Balance, January 1	<u>705,593</u>	<u>615,029</u>
	901,735	801,408
Decreased by:		
Utilized by Sewer Utility Operating Budget	<u>58,700</u>	<u>95,815</u>
Fund Balance, December 31	<u><u>\$ 843,035</u></u>	<u><u>\$ 705,593</u></u>

**BOROUGH OF KINNELON
RECOMMENDATIONS**

It is recommended that:

1. Inactive grants receivables and capital ordinances be reviewed for validity and cancelled if necessary.

A Corrective Action Plan, which outlines actions the Borough of Kinnelon will take to correct the findings listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Borough Clerk in the Borough of Kinnelon within 45 days of this notice.

The above synopsis was prepared from the audit of the Borough of Kinnelon, County of Morris, for the calendar year 2025. This report of audit, submitted by Paul J. Lerch, Registered Municipal Accountant, is on file at the Borough Clerk's office and may be inspected by any interested person.


Borough Clerk