BOROUGH OF KINNELON

MORRIS COUNTY, NEW JERSEY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF KINNELON

MORRIS COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF KINNELON

TABLE OF CONTENTS

		Page
	Part I – Report on Audit of Financial Statements and Supplementary Schedules	
	Independent Auditor's Report	1-3
	Financial Statements	
Exhibits		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-13
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	14
B-1	Statement of Revenues - Regulatory Basis – Municipal Open Space Preservation Trust Fund	15
B-2	Statement of Appropriations - Regulatory Basis - Municipal Open Space Preservation Trust Fund	15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Changes in Fund Balances – Regulatory Basis – General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Fund	18-19
D-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Water Utility Operating Fund	20
D-2	Statement of Capital Fund Balance – Regulatory Basis – Water Utility Operating Fund	21
D-3	Statement of Revenue-Regulatory Basis-Water Utility Operating Fund	22
D-4	Statement of Expenditures - Regulatory Basis - Water Utility Operating Fund	23
E	Comparative Balance Sheets – Regulatory Basis – Sewer Utility Fund	24
E-1	Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis – Sewer Utility Operating Fund	25
E-2	Statement of Revenue – Regulatory Basis – Sewer Utility Operating Fund	26
E-3	Statement of Expenditures – Regulatory Basis – Sewer Utility Operating Fund	27
F	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	28
G	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	29
	Notes to Financial Statements	30-68
	Supplementary Schedules	
	Current Fund	
A-4	Statement of Cash and Investments	69
A-5	Statement of Due to State of New Jersey – Senior Citizens' and Veterans' Deductions	70
A-6	Statement of Taxes Receivable and Analysis of Property Tax Levy	71
A-7	Statement of Revenue Accounts Receivable	72
A-8	Statement of Grants Receivable	73
A-9	Statement of Tax Title Liens Receivable	73
A-10	Schedule of Appropriation Reserves	74-75
A-11	Statement of Encumbrances Payable	76
A-12	Statement of Due to State of New Jersey	76
A-13	Statement of Prepaid Taxes	77
A-14	Statement of Local School District Tax Payable	77
A-15	Statement of County Taxes Payable	77
A-16	Statement of Appropriated Grant Reserves – Federal and State Grant Funds	78
A-17	Statement of Unappropriated Grant Reserves – Federal and State Grant Funds	79
A-18	Statement of Encumbrances Payable – Grant Fund	79
A-19	Statement of Tax Overpayments	79

BOROUGH OF KINNELON

TABLE OF CONTENTS

Supplementary Schedules (Continued)

Current Fund (Continued)

A-20	Statement of Reserve for Pending Tax	80
A-21	Statement of Reserve for Sale of Municipal Assets	80
A-22	Statement of Miscellaneous Reserves	80
A-23	Statement of Accounts Payable	80

Trust Funds

B-3	Statement of Trust Cash	81
B-4	Statement of Escrow and Miscellaneous Reserves – Other Trust Fund	82
B-5	Statement of Due From Current Fund – Other Trust Fund	82
B-6	Statement of Due To Current Fund – Animal Control Trust Fund	83
B-7	Statement of Reserve for Animal Control Expenditures – Animal Control Trust Fund	83
B-8	Statement of Due to State of New Jersey – Animal Control Trust Fund	83
B-9	Statement of Payroll and Payroll Deductions Payable – Other Trust Fund	84
B-10	Statement of Reserve for Open Space Expenditures – Municipal Open Space Trust Fund	84
B-11	Statement of Due From Current Fund – Municipal Open Space Trust Fund	84

General Capital Fund

C-2	Statement of General Capital Cash	85
C-3	Analysis of General Capital Cash	86
C-4	Statement of Deferred Charges to Future Taxation - Funded	87
C-5	Statement of Deferred Charges to Future Taxation – Unfunded	88
C-6	Statement of Grants Receivable	89
C-7	Statement of General Serial Bonds	90
C-8	Statement of Bond Anticipation Notes	91
C-9	Statement of Improvement Authorizations	92
C-10	Statement of Encumbrances Payable	93
C-11	Statement of Capital Improvement Fund	93
C-12	Statement of Reserve for Payment of Bonds	93
C-13	Statement of Due from Current Fund	94
C-14	Statement of Due to Water Utility Capital Fund	94
C-15	Statement of Miscellaneous Reserves	94
C-16	Statement of Reserve for Museum Insurance Claims`	95
C-17	Statement of Reserve for Maple Lake Dam Settlement	95
C-18	Statement of Bonds and Notes Authorized But Not Issued	96

Water Utility Fund

D-5	Schedule of Cash – Water Utility Fund	97
D-6	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	98
D-7	Statement of Fixed Capital – Water Utility Capital Fund	98
D-8	Schedule of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	99
D-9	Statement of 2024 Appropriation Reserves – Water Utility Operating Fund	99
D-10	Statement of Encumbrances Payable – Water Utility Operating Fund	100
D-11	Statement of Due to Water Utility Capital Fund – Water Utility Operating Fund	100
D-12	Statement of Accrued Interest on Bonds and Notes – Water Utility Operating Fund	100
D-13	Statement of Water Rent Overpayments – Water Utility Operating Fund	100
D-14	Statement of Improvement Authorizations – Water Utility Capital Fund	101
D-15	Statement of Capital Improvement Fund – Water Utility Capital Fund	102
D-16	Statement of Deferred Reserve for Amortization – Water Utility Capital Fund	102
D-17	Statement of Reserve for Amortizations – Water Utility Capital Fund	102
D-18	Statement of Bond Anticipation Notes – Water Utility Capital Fund	103
D-19	Statement of Serial Bonds Payable – Water Utility Capital Fund	103
D-20	Statement of Reserves for Debt Service - Water Utility Operating Fund	104
D-21	Statement of Bonds and Notes Authorized But Not Issued – Water Utility Capital Fund	104
D-22	Statement of Accounts Payable – Water Utility Operating Fund	104

TABLE OF CONTENTS

		Page
	Supplementary Schedules (Continued)	
	Sewer Utility Fund	
E-4	Schedule of Cash – Sewer Utility Operating Fund	105
E-5	Statement of Consumer Accounts Receivable – Sewer Utility Operating Fund	106
E-6	Statement of 2024 Appropriation Reserves – Sewer Utility Operating Fund	106
E-7	Statement of Encumbrances Payable – Sewer Utility Operating Fund	107
E-8	Statement of Overpayments - Sewer Utility Operating Fund	107
	Public Assistance Fund	
F-1	Schedule of Public Assistance Cash	108
F-2	Statement of Reserve for Public Assistance Expenditures	108
	Part II – Government Auditing Standards	
	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 – Independent Auditor's Report	109-110
	Schedule of Expenditures of Federal Awards	111
	Schedule of Expenditures of State Financial Assistance	112
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	113-114
	Schedule of Findings and Responses	115-117
	Summary Schedule of Prior Year Audit Findings	118
	Part III – Supporting Data and Letter of Comments and Recommendations	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund	119
	Comparative Statement of Operations and Changes in Fund Balance - Water Utility Operating Fund	120
	Comparative Statement of Operations and Changes in Fund Balance - Sewer Utility Operating Fund	121
	Comparative Schedule of Tax Rate Information	122
	Comparison of Tax Levies and Collection Currently	122
	Delinquent Taxes and Tax Title Liens	123
	Property Acquired by Tax Title Lien Liquidation	123
	Comparative Schedule of Fund Balances	123
	Officials in Office and Surety Bonds	124
	General Comments	125-127
	Recommendations	128

LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
ROBERT LERCH, CPA, PSA, RMA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA. PSA, RMA
JOHN CUIFFO, CPA, PSA, RMA
DEBRA GOLLE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Kinnelon
Kinnelon, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Borough of Kinnelon which comprise the balance sheets - regulatory basis of the various funds and account group as of December 31, 2025 and 2024, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement(s) of revenues - regulatory basis and statement(s) of expenditures - regulatory basis of the various funds for the year ended December 31, 2025, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Kinnelon as of December 31, 2025 and 2024, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the years ended December 31, 2025 and 2024 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Kinnelon as of December 31, 2025 and 2024, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Kinnelon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

17-17 ROUTE 208 FAIR LAWN, NJ 07401 • TELEPHONE (201) 791-7100 • FACIMILE (201) 791-3035
WWW.LVBCPA.COM

Basis for Qualified Opinion on Regulatory Basis of Accounting

We were unable to audit the financial activities of the General Fixed Assets Account Group for the year ended December 31, 2024 because sufficient documentation was not available to support amounts reported in the financial statements – regulatory basis referred to above. We were unable to satisfy ourselves about the amounts reported by means of other auditing procedures.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Kinnelon on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Kinnelon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Kinnelon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Kinnelon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Kinnelon as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Kinnelon. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2026 on our consideration of the Borough of Kinnelon's 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 solely 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 effectiveness of the Borough of Kinnelon's 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 the Borough of Kinnelon's internal control over financial reporting and compliance.

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Paul J. Lerch
Registered Municipal Accountant
RMA Number CR000457

Fair Lawn, New Jersey
June 23, 2026

FINANCIAL STATEMENTS

BOROUGH OF KINNELON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 AND 2024

ASSETS	Reference	2025	2024
Regular Fund:			
Cash and Cash Equivalent	A-4	$ 11,733,125	$ 11,872,090
Cash - Petty Cash	A	-	200
Cash - Change Fund	A	780	780
		11,733,905	11,873,070
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-6	330,830	363,947
Tax Title Liens Receivable	A-9	1,163,994	1,178,543
Property Acquired for Taxes - Assessed Value	A	1,210,750	1,210,750
Revenue Accounts Receivable	A-7	3,312	2,860
Due from Animal Control Trust Fund	B-6	13,628	52,809
		2,722,514	2,808,909
Total Regular Fund		14,456,419	14,681,979
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-8	396,864	406,248
Due from Current Fund	A	541,612	1,084,019
Total Federal and State Grant Fund		938,476	1,490,267
Total		$ 15,394,895	$ 16,172,246

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 AND 2024

LIABILITIES, RESERVES AND FUND BALANCE	Reference	2025	2024
Regular Fund:			
Appropriation Reserves	A-3,A-10	$ 1,475,353	$ 1,509,109
Encumbrances Payable	A-11	717,439	760,318
Accounts Payable	A-23	1,450	
Tax Overpayments	A-19	25,320	10,087
Prepaid Taxes	A-13	297,935	282,995
Due to Borough of Butler - Electric Payments	A	257	257
Due to State of New Jersey:			
Senior Citizen and Veterans Deductions	A-5	1,989	297
Building Surcharge Fees	A-12	10,476	12,516
Marriage License/Domestic Partnership	A-12	2,297	2,247
Due to Federal and State Grant Fund	A	541,612	1,084,019
Due to Other Trust Fund	B-5	107,479	160,000
Due to Open Space Trust Fund	B-11	-	270,206
Due to General Capital Fund	C-13	44,951	681,852
Local School District Tax Payable	A-14	1,547,943	754,419
Reserve for Pending Tax Appeals	A-20	599,186	599,186
Reserve for Sale of Municipal Assets	A-21	58,881	58,881
Reserve for Third-Party Lien	A-22	5,222	5,222
		5,437,790	6,191,611
Reserve for Receivables and Other Assets	A	2,722,514	2,808,909
Fund Balance	A-1	6,296,115	5,681,459
Total Regular Fund		14,456,419	14,681,979
Federal and State Grant Fund:			
Appropriated Reserves	A-16	851,651	935,245
Unappropriated Reserves	A-17	69,382	48,727
Encumbrances Payable	A-18	5,299	494,151
Due Water Utility Operating Fund	D	9,464	9,464
Due Sewer Utility Operating Fund	E	2,680	2,680
Total Federal and State Grant Fund		938,476	1,490,267
Total		$ 15,394,895	$ 16,172,246

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

		2025	2024
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilities	A-2	$ 2,490,000	$ 2,300,000
Miscellaneous Revenues Anticipated	A-2	2,027,821	2,921,021
Receipts from Delinquent Taxes	A-2	465,813	469,181
Receipts from Current Taxes	A-2	63,197,242	61,152,696
Non-Budget Revenues	A-2	128,252	66,965
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	1,047,969	812,572
Prior Year Veteran and Senior Citizen Deductions Allowed	A-1	-	128
Statutory Excess - Animal Control Trust Fund	B-6	13,454	20,135
Cancellation of Tax Overpayments	A-1		12,955
Cancellation of Prior Year Checks	A-1	-	6,579
Prior Year Interfunds Returned	A	52,809	-
Total Revenues		69,423,360	67,762,232
EXPENDITURES			
Municipal Budget	A-3	16,072,127	16,212,237
Local School District Taxes	A-14	43,716,543	42,129,496
County Taxes	A-15	6,278,305	6,111,800
Municipal Open Space Taxes	B-10	106,594	106,397
Refund of Anticipated Revenue	A-1		2,146
Refund of Outside Lien Redemption	A-4	63,858	6,978
Refund of Exempt Veteran	A-1		978
Refund of Prior Year Taxes	A-4	67,149	
Prior Year Veteran and Senior Citizen Deductions Disallowed	A-5	500	
Interfunds Advanced - Net	A	13,628	20,135
Total Expenditures		66,318,704	64,590,167
Excess in Revenues		3,104,656	3,172,065
Fund Balance, January 1	A	5,681,459	4,809,394
		8,786,115	7,981,459
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	2,490,000	2,300,000
Fund Balance, December 31	A	$ 6,296,115	$ 5,681,459

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
STATEMENT OF REVENUES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Anticipated Budget	Anticipated Added by N.J.S.A 40A:4-87	Total Revenues Realized	Excess or (Deficit)
Fund Balance Utilized	A-1	$ 2,490,000	-	$ 2,490,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-7	6,000		10,900	$ 4,900
Other	A-7	7,000		17,515	10,515
Fees and Permits	A-7	106,000		156,607	50,607
Fines and Costs - Municipal Court	A-7	24,000		57,130	33,130
Interest on Costs on Taxes	A-7	90,000		122,403	32,403
Interest on Investments and Deposits	A-7	375,000		545,577	170,577
Cable Television Franchise Fees	A-7	44,000		44,524	524
Energy Receipts Tax	A-7	564,648		564,648	-
Watershed Moratorium Offset Aid	A-7	45,261		45,261	-
Garden State Preservation Trust Fund	A-7	213,895		213,895	-
Uniform Construction Code Official	A-7	150,000		94,194	(55,806)
Clean Communities	A-17	28,702		28,702	-
Recycling Tonnage	A-17	12,253		12,253	-
Body Armor Replacement Program	A-17	3,772		3,772	-
PEG Grant	A-17	4,000		4,000	-
Local Recreation Improvement Grant 2025	A-8	30,074		30,074	-
Reserve to Pay Debt Service	C-12	100,000	-	76,366	(23,634)
Total Miscellaneous Revenues	A-1	1,804,605	-	2,027,821	223,216
Receipts from Delinquent Taxes	A-6,A-1	330,000	-	465,813	135,813
Amount to be Raised by Taxes for Support of Municipal Budget					
Minimum Library Tax	A-2	871,394		871,394	
Local Tax for Municipal Purposes	A-2	12,450,073	-	14,024,406	1,574,333
Total Amount to be Raised by Taxes for Support of Municipal Budget		13,321,467	-	14,895,800	1,574,333
Total General Revenues	A-3	$ 17,946,072	$ -	19,879,434	$ 1,933,362
Non-Budget Revenue	A-1,A-2			128,252	
				$ 20,007,686	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

	Reference		
Analysis of Realized Revenues			
Allocation of Current Tax Collections			
Revenues from Collections	A-1, A-6	$	63,197,242
Less: Allocation to School, County, and Municipal Open Space Taxes	A-14, A-15, B-10		50,101,442
Balance for Support of Municipal Budget Appropriation			13,095,800
Add Appropriation - "Reserve for Uncollected Taxes"	A-3		1,800,000
Amount for Support of Municipal Budget Appropriations	A-2	$	14,895,800
Non-Budget Revenue			
Uniform Fire and Safety		$	22,935
Insurance Claims			18,139
Sale of Municipal Assets			26,479
Building Penalties			4,000
Memorial Donations			32,881
Outside Employment Admin Fees			17,761
Miscellaneous			6,057
	A-4,A-2	$	128,252

BOROUGH OF KINNELON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS"	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
GENERAL GOVERNMENT FUNCTIONS					
Department of Administration					
Salaries and Wages	$ 155,000	$ 155,000	$ 151,512	$ 3,488	
Other Expenses	97,250	120,450	114,467	5,983	
Mayor and Council					
Salaries and Wages	19,500	19,500	19,500	-	
Other Expenses	3,000	3,000	2,962	38	
Municipal Clerk's Office					
Salaries and Wages	170,000	197,500	185,407	12,093	
Other Expenses	80,000	84,000	80,413	3,587	
Financial Administration					
Salaries and Wages	247,300	247,300	245,011	2,289	
Other Expenses	50,000	50,000	31,142	18,858	
Webmaster - Other Expenses	6,110	6,110	3,730	2,380	
Audit Services					
Other Expenses	65,000	65,000	3,838	61,162	
Revenue Administration (Tax Collection)					
Salaries and Wages	110,000	110,000	94,830	15,170	
Other Expenses	14,675	14,675	13,907	768	
Tax Assessment Administration					
Salaries and Wages	41,000	41,000	40,272	728	
Other Expenses	20,280	20,280	11,544	8,736	
Legal Services and Costs					
Other Expenses	170,000	170,000	138,389	31,611	
Engineering Services					
Other Expenses	30,000	102,500	90,860	11,640	
Historical Preservation Commission					
Salaries and Wages	8,385	8,385	6,928	1,457	
Other Expenses	19,585	19,585	16,286	3,299	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	14,000	14,000	13,618	382	
Other Expenses	29,000	29,000	21,380	7,620	
Zoning Board of Adjustment					
Salaries and Wages	1,500	1,500	1,379	121	
Other Expenses	15,100	20,100	14,946	5,154	
Insurance					
General Liability	343,000	343,000	308,748	34,252	
Workers Compensation Insurance	173,600	173,600	172,461	1,139	
Employee Group Health	985,837	964,537	740,686	223,851	
Flexible Spending Advance	3,000	3,000	-	3,000	
Health Benefit Waiver	60,000	60,000	51,360	8,640	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,732,000	2,732,000	2,518,539	213,461	
Other Expenses	280,000	280,000	259,930	20,070	
Police Dispatch/911					
Salaries and Wages	138,000	138,000	130,449	7,551	
Office of Emergency Management					
Salaries and Wages	3,400	3,400	3,137	263	
Other Expenses	200	200	-	200	

BOROUGH OF KINNELON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS"	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
PUBLIC SAFETY FUNCTIONS (Continued)					
Aid to Volunteer Fire Companies					
Other Expenses	$ 130,500	$ 130,500	$ 125,889	$ 4,611	
Aid to Tri-Borough Ambulance Squad					
Other Expenses	37,000	37,000	37,000	-	
Fire Hydrant Services	82,000	97,300	97,244	56	
Fire Vehicle Maintenance	31,500	31,500	25,089	6,411	
Fire Prevention Bureau					
Other Expenses	5,000	5,000	2,366	2,634	
Municipal Prosecutor					
Other Expenses	21,000	21,000	17,500	3,500	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,150,000	1,110,000	1,031,930	78,070	
Other Expenses	225,000	225,000	218,633	6,367	
Solid Waste Collection					
Salaries and Wages	20,000	20,000	17,688	2,312	
Other Expenses	1,400,000	1,388,000	1,211,278	176,722	
Public Building and Grounds					
Salaries and Wages	54,500	54,500	53,304	1,196	
Other Expenses	77,500	77,500	59,379	18,121	
Vehicles and Maintenance					
Other Expenses	70,000	70,000	65,645	4,355	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	4,000	4,000	2,500	1,500	
Other Expenses	4,600	4,600	3,849	751	
Animal Control					
Other Expenses	1,000	1,000	-	1,000	
Senior Citizen Programs					
Other Expenses	2,400	2,400	1,868	532	
Environmental Commission					
Salaries and Wages	7,450	7,450	5,900	1,550	
Other Expenses	1,850	1,850	487	1,363	
Recreation Servcies and Programs					
Salaries and Wages	130,000	130,000	116,264	13,736	
Other Expenses	78,000	81,000	79,706	1,294	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	55,000	55,000	55,000	-	
MUNICIPAL COURT					
Salaries and Wages	115,000	116,500	116,317	183	
Other Expenses	17,500	17,500	15,468	2,032	
Smoke Rise - Condo Costs	162,000	162,000	162,000	-	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS"	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
Uniform Construction Code Enforcement Functions					
Salaries and Wages	$ 91,000	$ 19,000	$ 18,205	$ 795	
Other Expenses	20,000	20,000	6,008	13,992	
UNCLASSIFIED					
Utilities					
Electricity	53,500	53,500	51,840	1,660	
Street Lighting	15,000	15,000	13,454	1,546	
Telephone	65,000	65,000	53,780	11,220	
Water and Sewer	48,000	48,000	11,124	36,876	
Gasoline	101,000	101,000	79,838	21,162	
Natural Gas	30,000	30,000	26,724	3,276	
Accmulated Leave Compensation	5,000	5,000	-	5,000	
Landfill/Solid Waste Disbposal Costs	475,000	475,000	414,000	61,000	-
Total Operations Within "CAPS"	10,872,022	10,878,722	9,684,908	1,193,814	-
Detail:					
Salaries and Wages	5,125,635	5,012,535	4,656,373	356,162	-
Other Expenses	5,746,387	5,866,187	5,028,535	837,652	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures					
Contribution to:					
Social Security System	380,000	380,000	371,736	8,264	
Police and Firemen's Retirement Fund of NJ	727,627	727,627	727,627	-	
Public Employees' Retirement System	320,955	320,955	320,955	-	
Unemployment Insurance	19,000	19,000	17,534	1,466	
Defined Contribution Retirement Plan	10,000	10,000	8,223	1,777	
Public Employees' Retirement System Retro	-	7,200	7,124	76	
Police and Firemen's Retirement Fund Retro	-	14,100	14,092	8	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	1,457,582	1,478,882	1,467,291	11,591	-
Total General Appropriations for Municipal Purposes within "CAPS"	12,329,604	12,357,604	11,152,199	1,205,405	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Aid to Library					
Other Expenses	$ 871,394	$ 871,394	$ 780,865	$ 90,529	
Storm Water Management (N.J.S.A. 40A:4-45.3)					
Salaries and Wages	29,685	1,685	-	1,685	
Other Expenses	14,500	14,500	7,911	6,589	
LOSAP	17,000	17,000	10,583	6,417	-
Total Other Operations - Excluded from "CAPS"	932,579	904,579	799,359	105,220	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Interlocal Health Services Agreement - Pequannock	151,820	151,820	151,820	-	
Construction Code - Bloomingdale	286,000	286,000	237,993	48,007	
Dial-A-Ride - Pequannock	104,870	104,870	104,868	2	
Interlocal ACO Services - Bloomingdale	30,000	30,000	30,000	-	
Interlocal Dispatch - Butler	33,605	33,605	33,605	-	
Interlocal Mechanic Services - Bloomingdale	29,900	29,900	21,272	8,628	
Interlocal Fire Official - Bloomingdale	16,830	16,830	16,830	-	-
Total Interlocal Municipal Service Agreements	653,025	653,025	596,388	56,637	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant	28,702	28,702	28,702	-	
Recycling Tonnage Grant	12,253	12,253	12,253	-	
Body Armor Replacement Fund	3,772	3,772	3,772	-	
PEG Grant	4,000	4,000	4,000	-	
Local Recreation Improvement Grant 2025	30,074	30,074	30,074	-	-
Total Public and Private Programs Offset by Revenues	78,801	78,801	78,801	-	-
Total Operations Excluded from "CAPS"	1,664,405	1,636,405	1,474,548	161,857	-
Detail:					
Other Expenses	1,664,405	1,636,405	1,474,548	161,857	-

BOROUGH OF KINNELON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	$ 192,000	$ 192,000	$ 192,000		
Tennis Court Lighting System & Related Improvements	15,000	15,000	-	$ 15,000	
Recreation Equipment & Improvements	65,000	65,000	65,000	-	
Rehabilitation of Municipal Facilities	180,000	180,000	90,119	89,881	
Installation of of New DPW Garage Vehicle Lifts	25,000	25,000	21,790	3,210	
Acquisition of a Heavy Vehicle	60,000	60,000	60,000	-	-
Total Capital Improvements - Excluded from "CAPS"	537,000	537,000	428,909	108,091	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	550,000	550,000	550,000	-	
Payment of Bond Anticipation Notes	500,000	500,000	482,718	-	$ 17,282
Interest on Bonds	125,063	125,063	125,063	-	-
Interest on Notes	440,000	440,000	383,337	-	56,663
Total Municipal Debt Service - Excluded from "CAPS"	1,615,063	1,615,063	1,541,118	-	73,945
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,816,468	3,788,468	3,444,575	269,948	73,945
Subtotal General Appropriations	16,146,072	16,146,072	14,596,774	1,475,353	73,945
RESERVE FOR UNCOLLECTED TAXES	1,800,000	1,800,000	1,800,000	-	-
Total General Appropriations	$ 17,946,072	$ 17,946,072	$ 16,396,774	$ 1,475,353	$ 73,945
Reference	A-2	A-2	A,A-1	A,A-1	A,A-1

	Reference		
Adopted Budget	A-2	$ 17,946,072	
Cash Disbursements	A-4		$ 13,125,816
Encumbrances Payable	A-11		717,439
Appropriated Grant Reserve	A-16		78,801
Due to General Capital Fund	C-13		674,718
Reserve for Uncollected Taxes	A-3		1,800,000
			$ 16,396,774

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash and Cash Equivalents	B-3	$ 50,874	$ 85,741
		50,874	85,741
OTHER TRUST FUND			
Cash and Cash Equivalents	B-3	2,395,167	2,398,109
Due From Current Fund	B-5	107,479	160,000
		2,502,646	2,558,109
MUNICIPAL OPEN SPACE TRUST FUND			
Cash and Cash Equivalents	B-3	533,357	120,744
Due From Current Fund	B-11	-	270,206
		533,357	390,950
Total Assets		$ 3,086,877	$ 3,034,800
LIABILITIES AND RESERVES			
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-6	$ 13,628	$ 52,809
Due to State of New Jersey	B-8	1,497	1,497
Reserve for Animal Control Expenditures	B-7	35,749	31,435
		50,874	85,741
OTHER TRUST FUND			
Reserve for Miscellaneous Deposits	B-4	2,502,646	2,558,109
MUNICIPAL OPEN SPACE TRUST FUND			
Reserve for Municipal Open Space Trust	B-10	533,357	390,950
Total Liabilities and Reserves		$ 3,086,877	$ 3,034,800

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
STATEMENT OF REVENUES - REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Anticipated Budget (Memo)	Realized in 2025	Excess or (Deficit)
Amount to be Raised by Taxation	B-10	$ 106,201	$ 106,594	$ 393
Non-Budget Revenue	B-10		3,903	
			$ 110,497	

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

		Appropriated Budget (Memo)	Paid or Charged	Excess or (Deficit)
Reserve for Future Use		$ 106,201	$ -	$ 106,201
	Reference	B-1	B-10	

BOROUGH OF KINNELON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
ASSETS			
Cash and Cash Equivalents	C-2, C-3	$ 3,228,565	$ 3,974,796
Grants Receivable:			
New Jersey Department of Transportation	C-6	438,379	438,379
Morris County Open Space	C-6	1,700,000	1,700,000
Morris County Municipal Utility Authority	C-6	150,000	150,000
Morris County Park Commission	C-6	300,000	300,000
New Jersey Highlands Council	C-6	300,000	300,000
Morris County Historic Preservation Fund	C-6	61,693	
Other Sources	C-6	100,000	100,000
Due from Current Fund	C-13	44,951	681,852
Deferred Charges to Future Taxation			
Funded	C-4	13,675,000	4,825,000
Unfunded	C-5	4,114,933	10,191,651
Total Assets		$ 24,113,521	$ 22,661,678
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds	C-7	$ 13,675,000	$ 4,825,000
Bond Anticipation Notes Payable	C-8	-	9,583,433
Due to Water Utility Capital Fund	C-14	62,001	62,001
Improvement Authorizations			
Funded	C-9	5,787,960	2,924,833
Unfunded	C-9	2,580,335	3,265,707
Encumbrances Payable	C-10	1,501,266	1,218,185
Reserve for Payment of Bonds	C-12	-	158,662
Reserve for Cost of Issuance	C-15	2,701	2,701
Reserve for Housing Rehabilitation	C-15	15,550	15,550
Reserve for Museum Insurance Claims	C-16	20,220	
Reserve for Maple Lake Dam Settlement	C-17	2,300	
Reserve for Grants Receivable	C-6	132,285	132,285
Capital Improvement Fund	C-11	169,794	347,894
Fund Balance	C-1	164,109	125,427
Total Liabilities, Reserves and Fund Balance		$ 24,113,521	$ 22,661,678

There were bonds and notes authorized but not issued of $4,114,933 and $1,008,933 at December 31, 2025 and 2024, respectively (Exhibit C-18).

BOROUGH OF KINNELON
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference		2025		2024
Balance, January 1	C	$	125,427	$	15,717
Increased by:					
Premium on Serial Bonds Issued	C-1		38,682		
Premium on Bond Anticipation Notes	C-1		-		109,710
Balance, December 31	C	$	164,109	$	125,427

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31, 2025 AND 2024

ASSETS	Reference	2025	2024
Operating Fund:			
Cash and Cash Equivalents	D-5	$ 600,872	$ 647,032
Change Fund	D	100	100
Other Receivables	D	92	92
Due from Federal and State Grant Fund	A	9,464	9,464
		610,528	656,688
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-6	11,716	8,585
Total Operating Fund		622,244	665,273
Capital Fund:			
Cash and Cash Equivalents	D-5	55,064	110,331
Due from Water Utility Operating Fund	D-11	64,879	65,000
Due from General Capital Fund	C-14	62,001	62,001
Fixed Capital	D-7	756,371	628,317
Fixed Capital Authorized and Uncompleted	D-8	2,855,000	2,855,000
Total Capital Fund		3,793,315	3,720,649
Total Assets		$ 4,415,559	$ 4,385,922

BOROUGH OF KINNELON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31, 2025 AND 2024

LIABILITIES, RESERVES AND FUND BALANCES	Reference	2025	2024
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4	$ 68,736	$ 194,584
Encumbered	D-10	151,412	12,501
Accounts Payable	D-22	36,000	-
Due to Water Utility Capital Fund	D-11	64,879	65,000
Accrued Interest on Bonds and Notes	D-12	19,271	26,469
Water Rent Overpayments	D-13	6,048	13,363
		346,346	311,917
Reserve for Receivables	D	11,716	8,585
Fund Balance	D-1	264,182	344,771
Total Operating Fund		622,244	665,273
Capital Fund:			
Serial Bonds Payable	D-19	2,008,000	238,000
Bond Anticipation Notes Payable	D-18	-	1,904,500
Improvement Authorizations:			
Funded	D-14	102,071	85,775
Unfunded	D-14	-	79,051
Deferred Reserve for Amortization	D-16	145,500	145,500
Reserve for Amortization	D-17	1,457,871	1,195,317
Reserve to Pay Debt Service	D-20	13,639	13,639
Capital Improvement Fund	D-15	35,368	35,368
Fund Balance	D-2	30,866	23,499
Total Capital Fund		3,793,315	3,720,649
Total Liabilities, Reserves and Fund Balance		$ 4,415,559	$ 4,385,922

There were Bonds and Notes Authorized But Not Issued on December 31, 2025 and 2024 of $-0- and $-0-, respectively.
(See Exhibit D-21)

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
REVENUE AND OTHER INCOME REALIZD			
Fund Balance Utilized	D-3	$ 225,300	$ 448,496
Water Rents	D-3	601,420	584,774
Nonbudget Revenue	D-3	21,407	31,230
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-9	94,992	58,724
Total Income		943,119	1,123,224
EXPENDITURES			
Budget Expenditures			
Operating	D-4	476,000	543,606
Capital Improvements	D-4	100,000	150,000
Debt Service	D-4	209,572	135,203
Deferred Charges and Statutory Expenditures	D-4	12,780	12,700
Other Debits			
Refund of Prior Year Revenue	D-5	56	-
Total Expenditures		798,408	841,509
Excess Revenue		144,711	281,715
Balance, January 1	D	344,771	511,552
Decreased by:			
Utilized by Water Utility Operating Budget	D-3	225,300	448,496
Balance, December 31	D	$ 264,182	$ 344,771

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
Balance, December 31, 2024	D	$ 23,499	$ 23,499
Increased by:			
Premium on Bond Anticipation Notes	D-2	7,367	-
Balance, December 31, 2025	D	$ 30,866	$ 23,499

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Budget	Realized	Excess or (Deficit)
Surplus Anticipated	D-1	$ 225,300	$ 225,300	
Rents	D-1,D-6	580,000	601,420	$ 21,420
	D-4	$ 805,300	826,720	$ 21,420
Non-Budget Revenue	D-1		21,407	
			$ 848,127	

ANALYSIS OF NON-BUDGET REVENUE		
Treasurer		
Interest on Investments	D-5	$ 21,407

BOROUGH OF KINNELON
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Appropriation Budget	Appropriation Budget After Modification	Expended by Paid or Charged	Expended by Reserved	Unexpended Balance Cancelled
Operating:						
Salaries and Wages		$ 156,000	$ 156,000	$ 113,495	$ 42,505	
Other Expenses		320,000	320,000	305,951	14,049	
Capital Improvements						
Capital Outlay		100,000	100,000	92,054	7,946	
Debt Service						
Payment of Bond Principal		30,000	30,000	30,000	-	
Payment of Note Principal		104,500	104,500	104,500	-	
Interest on Bonds		5,840	5,840	5,840	-	
Interest on Notes		76,180	76,180	69,232	-	$ 6,948
Statutory Expenditures						
Contribution to:						
Unemployment Insurance		780	780	382	398	
Social Security System (O.A.S.I.)		12,000	12,000	8,162	3,838	-
		$ 805,300	$ 805,300	$ 729,616	$ 68,736	$ 6,948
	Reference	D-2	D-3	D-1	D,D-1	D-1

	Reference	Paid or Charged
Analysis of Paid or Charged		
Cash Disbursed	D-5	$ 503,132
Accrued Interest on Bonds and Notes	D-12	75,072
Encumbrances	D-10	151,412
		$ 729,616

BOROUGH OF KINNELON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	E-4	$ 902,375	$ 812,396
Due from Federal and State Grant Fund	A	2,680	2,680
		905,055	815,076
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-5	10,458	11,176
Total Assets		$ 915,513	$ 826,252
LIABILITIES, RESERVE AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3,E-6	25,272	92,662
Encumbered	E-7	31,927	12,000
Overpayments	E-8	4,821	4,821
		62,020	109,483
Reserve for Receivables		10,458	11,176
Fund Balance	E-1	843,035	705,593
Total Liabilities, Reserves and Fund Balance		$ 915,513	$ 826,252

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
REVENUES AND OTHER INCOME			
Surplus Anticipated	E-2	$ 58,700	$ 95,815
Miscellaneous Revenues Not Anticipated	E-2	23,191	42,774
Sewer Service Charges - Fees	E-2	500,851	500,730
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-6	62,100	48,760
		644,842	688,079
EXPENDITURES			
Budget Appropriations			
Operating	E-3	447,000	500,000
Deferred Charges and Statutory Expenditures	E-3	1,700	1,700
		448,700	501,700
Excess in Revenue		196,142	186,379
Balance, January 1	E	705,593	615,029
Decreased by:			
Utilized by Sewer Utility Operating Budget	E-1	58,700	95,815
Balance, December 31	E	$ 843,035	$ 705,593

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Budget	Realized	Excess or (Deficit)
Surplus Anticipated	E-1	$ 58,700	$ 58,700	
Sewer Service Charges	E-1,E-5	390,000	500,851	$ 110,851
		$ 448,700	559,551	$ 110,851
Non-Budget Revenue	E-1		23,191	
			$ 582,742	

ANALYSIS OF NON-BUDGET REVENUE	
Treasurer	
Interest on Investments	$ 23,191

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Appropriation Budget	Appropriation Budget After Modification	Expended by Paid or Charged	Expended by Reserved	Unexpended Balance Cancelled
Operating:						
Salaries and Wages		$ 22,000	$ 22,000	$ 10,477	$ 11,523	
Other Expenses		425,000	425,000	412,163	12,837	
Deferred Charges and Statutory Expenditures						
Statutory Expenditures						
Contribution to:						
Unemployment Insurance		100	100	34	66	
Social Security System (O.A.S.I.)		1,600	1,600	754	846	-
Total Sewer Utility Appropriations		$ 448,700	$ 448,700	$ 423,428	$ 25,272	-
	Reference	E-2	E-1	E-1	E, E-1	
Analysis of Paid or Charged						
Cash Disbursed	E-4			$ 391,501		
Encumbrances	E-7			31,927		
				$ 423,428		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
ASSETS			
Cash and Cash Equivalents	F-1	$ 53,043	$ 59,730
Total Assets		$ 53,043	$ 59,730
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	F-2	$ 53,043	$ 59,730
Total Liabilities and Reserves		$ 53,043	$ 59,730

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF KINNELON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2025 AND 2024

	2025	2024 (Restated)
ASSETS		
Land and Land Improvements	$ 10,630,340	$ 10,630,340
Buildings and Building Improvements	6,547,000	5,996,038
Vehicles and Equipment	9,250,678	8,497,884
	$ 26,428,018	$ 25,124,262
FUND BALANCE		
Investment in General Fixed Assets	$ 26,428,018	$ 25,124,262

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Kinnelon (the "Borough") was incorporated in 1922 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Kinnelon have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. However under the regulatory basis of accounting municipalities are required to follow GASB pronouncements with regard to disclosure requirements for notes to the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Municipal Open Space Preservation Trust Fund - This fund is used to account for open space tax levied against properties for the purpose of preserving open space in the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's sanitary sewerage system and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the sewer utility fund. The Borough's infrastructure is not reported in the account group.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2024 balances to conform to the December 31, 2025 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Kinnelon follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levies less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Utility Operating Funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the proprietary funds and government-wide financial statements.

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Borough has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Borough has not received notices or report of losses (i.e. IBNR). Additionally, the Borough has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the proprietary funds and government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements its share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the proprietary funds and government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it's actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the proprietary funds and government-wide financial statements.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Kinnelon has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized. General fixed assets acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) are not capitalized.

General Fixed Assets purchased after December 31, 2014 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2014 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water utility fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets including intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs), be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough 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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Trust Fund (Except for Open Space Trust Fund)
General Capital Fund
Water Utility Capital Fund
Public Assistance Fund

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall Current Fund appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum. Exceptions to the limitations imposed by the Appropriation CAP also exist for other items including capital expenditures; debt service extraordinary expenses approved by the Local Finance Board; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Additionally, municipalities can bank the unused appropriation increases for use in any of the next two (2) succeeding budget years.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2%, and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy. Additionally, municipalities can bank the unused tax levy for use in any of the next three (3) succeeding budget years.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2025 and 2024 the Current Fund, Water Utility Operating Fund, and Sewer Utility Operating Fund budgets were not increased. However, the governing body approved several budget transfers during 2025 and 2024.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or $200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to $250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2025 and 2024, the book value of the Borough's deposits were $19,553,222 and $20,082,049 and bank and brokerage firm balances of the Borough's deposits amounted to $19,757,979 and $20,211,417, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

	Bank Balance	
Depository Account	**2025**	**2024**
Insured	$ 18,991,931	$ 19,427,680
Uninsured and Collateralized	766,048	783,737
	$ 19,757,979	$ 20,211,417

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2025 and 2024, the Borough's bank balances of $766,048 and $783,737 were exposed to custodial credit risk as follows:

	Bank Balance	
Depository Account	**2025**	**2024**
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	$ 766,048	$ 783,737

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2025 and 2024 the Borough had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Water Utility Capital Fund is assigned to the Water Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2025 consisted of the following:

	Current Fund	Water Utility Operating Fund	Sewer Utility Operating Fund	Total
2025				
Property Taxes	$ 330,830			$ 330,830
Tax Title Liens	1,163,994			1,163,994
Water Utility Charges and Fees	-	$ 11,716		11,716
Sewer Utility Charges and Fees	-	-	$ 10,458	10,458
	$ 1,494,824	$ 11,716	$ 10,458	$ 1,516,998

In 2025, the Borough collected $465,813 and $19,761 from delinquent taxes and utility charges and fees, which represented 30% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2024.

Receivables at December 31, 2024 consisted of the following:

	Current Fund	Water Utility Operating Fund	Sewer Utility Operating Fund	Total
2024				
Property Taxes	$ 363,947			$ 363,947
Tax Title Liens	1,178,543			1,178,543
Water Utility Charges and Fees	-	$ 8,585		8,585
Sewer Utility Charges and Fees	-	-	$ 11,176	11,176
	$ 1,542,490	$ 8,585	$ 11,176	$ 1,562,251

In 2024, the Borough collected $469,181 and $27,260 from delinquent taxes and utility charges and fees, which represented 29% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2023.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	2025		2024	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 13,628	$ 694,042	$ 52,809	$ 2,196,077
Federal and State Grant Fund	541,612	12,144	1,084,019	12,144
Trust Fund:				
Animal Control Fund		13,628		52,809
Other Trust Funds	107,479		430,206	
General Capital Fund	44,951	62,001	681,852	62,001
Water Utility Operating Fund	9,464	64,879	9,464	65,000
Water Utility Capital Fund	126,880	-	127,001	-
Sewer Utility Operating Fund	2,680	-	2,680	-
Total	$ 846,694	$ 846,694	$ 2,388,031	$ 2,388,031

The above balances are the result of expenditures being paid by one fund on behalf of another.

The Borough expects all interfund balances to be liquidated within one year.

NOTE 6 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2025		2024	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 6,296,115	$ 2,650,000	$ 5,681,459	$ 2,490,000
Non-Cash Surplus	-	-	-	-
	$ 6,296,115	$ 2,650,000	$ 5,681,459	$ 2,490,000
Water Utility Operating Fund				
Cash Surplus	$ 254,626	$ 232,733	$ 335,215	$ 225,300
Non-Cash Surplus	9,556	-	9,556	-
	$ 264,182	$ 232,733	$ 344,771	$ 225,300
Sewer Utility Operating Fund				
Cash Surplus	$ 840,355	$ 381,700	$ 702,913	$ 58,700
Non-Cash Surplus	2,680	-	2,680	-
	$ 843,035	$ 381,700	$ 705,593	$ 58,700

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the year ended December 31, 2025.

	Balance January 1, 2025 (Restated)	Additions	Retirements	Balance, December 31, 2025
2025				
Land	$ 10,630,340			$ 10,630,340
Buildings and Building Improvements	5,996,038	$ 550,962		6,547,000
Machinery and Equipment	8,497,884	1,051,290	$ 298,496	9,250,678
	$ 25,124,262	$ 1,602,252	$ 298,496	$ 26,428,018

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the Water Utility Fund fixed assets for the years ended December 31, 2025 and 2024.

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
2025				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	$ 628,317	$ 128,054	$ -	$ 756,371
	$ 628,317	$ 128,054	$ -	$ 756,371

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024
2024				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	$ 529,360	$ 98,957	$ -	$ 628,317
	$ 529,360	$ 98,957	$ -	$ 628,317

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	2025	2024
Issued		
General		
Bonds, Notes and Loans	$ 13,675,000	$ 14,408,433
Water Utility		
Bonds, Notes and Loans	2,008,000	2,142,500
	15,683,000	16,550,933
Less Funds Temporarily Held to Pay Bonds and Notes	-	158,662
Net Debt Issued	15,683,000	16,392,271
Authorized But Not Issued		
General		
Bonds and Notes	4,114,933	1,008,933
Water Utility		
Bonds and Notes	-	-
	4,114,933	1,008,933
Net Bonds and Notes Issued and Authorized But Not Issued	$ 19,797,933	$ 17,401,204

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 0.710% and 0.631% at December 31, 2025 and 2024, respectively.

	Gross Debt	Deductions	Net Debt
2025			
General Debt	$ 17,858,933		$ 17,858,933
Utility Debt	2,008,000	$ 2,008,000	-
Total	$ 19,866,933	$ 2,008,000	$ 17,858,933

	Gross Debt	Deductions	Net Debt
2024			
General Debt	$ 15,417,366	$ 158,662	$ 15,258,704
Utility Debt	2,142,500	2,142,500	-
Total	$ 17,559,866	$ 2,301,162	$ 15,258,704

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	2025	**2024**
3.5% of Equalized Valuation Basis (Municipal)	$ 92,560,408	$ 85,524,017
Less: Net Debt	17,789,933	15,258,704
Remaining Borrowing Power	$ 74,770,475	$ 70,265,313

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	2025	2024
$9,400,000, 2025 General Improvement Bonds, due in annual installments of $590,000 to $960,000 through September 15, 2037, interest at 2.00% to 4.00%	$ 9,400,000	
$9,100,000, 2015 General Improvement Bonds, due in annual installments of $550,000 to $650,000 through February 1, 2032 interest at 2.25% to 3.00%	4,275,000	$ 4,825,000
	$ 13,675,000	$ 4,825,000

Water Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The water utility bonds outstanding at December 31 are as follows:

	2025	2024
$1,800,000, 2025 Bonds, due in an annual installment of $180,000 through September 15, 2035, interest at 2.00% through 4.00%	$ 1,800,000	
$458,000, 2015 Bonds, due in an annual installment of $28,000 to $30,000 through February 1, 2032, interest at 2.00% through 3.00%	208,000	$ 238,000
	$ 2,008,000	$ 238,000

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2025 is as follows:

Calendar Year	General Principal	General Interest	Water Utility Principal	Water Utility Interest	Total
2026	$ 1,165,000	$ 399,316	$ 210,000	$ 64,953	$ 1,839,268
2027	1,235,000	382,038	210,000	62,340	1,889,378
2028	1,260,000	353,400	210,000	57,953	1,881,353
2029	1,285,000	309,375	210,000	49,890	1,854,265
2030	1,385,000	264,225	210,000	41,790	1,901,015
2031-2035	5,425,000	648,625	958,000	91,710	7,123,335
2036-2037	1,920,000	57,600	-	-	1,977,600
	$ 13,675,000	$ 2,414,578	$ 2,008,000	$ 368,635	$ 18,466,213

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2025 and 2024 were as follows:

	Balance, January 1, 2025	Additions	Reductions	Balance, December 31, 2025	Due Within One Year
2025					
Bonds Payable	$ 4,825,000	$ 9,400,000	$ 550,000	$ 13,675,000	$ 1,165,000
General Capital Fund Long-Term Liabilities	$ 4,825,000	$ 9,400,000	$ 550,000	$ 13,675,000	$ 1,165,000
Water Utility Capital Fund Bonds Payable	$ 238,000	$ 1,800,000	$ 30,000	$ 2,008,000	$ 210,000
Water Utility Capital Fund Long-Term Liabilities	$ 238,000	$ 1,800,000	$ 30,000	$ 2,008,000	$ 210,000

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

2024	Balance, January 1, 2024	Additions	Reductions	Balance, December 31, 2024	Due Within One Year
Bonds Payable	$ 5,870,000	$ -	$ 1,045,000	$ 4,825,000	$ 550,000
General Capital Fund Long-Term Liabilities	$ 5,870,000	$ -	$ 1,045,000	$ 4,825,000	$ 550,000
Water Utility Capital Fund Bonds Payable	$ 268,000	$ -	$ 30,000	$ 238,000	$ 30,000
Water Utility Capital Fund Long-Term Liabilities	$ 268,000	$ -	$ 30,000	$ 238,000	$ 30,000

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2025 and 2024 was as follows:

Bond Anticipation Notes

2025	Rate (%)	Maturity Date	Balance, January 1, 2025	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2025
General Capital Fund						
Purpose						
02-14 Various Improvements	4.00%	09/26/2025	$ 528,873		$ 528,873	
01-13 Various Improvements	4.00%	09/26/2025	623,002		623,002	
03-19 Acquisition of a New Firefighting Vehicle	4.00%	09/26/2025	138,934		138,934	
07-19 Improvement of Kiel Avenue	4.00%	09/26/2025	189,274		189,274	
10-21 Firefighter Equipment	4.00%	09/26/2025	566,000		566,000	
11-21 Various Improvements	4.00%	09/26/2025	1,276,100		1,276,100	
03-22 Firefighter Equipment	4.00%	09/26/2025	176,000		176,000	
10-22 Various Improvements	4.00%	09/26/2025	1,666,000		1,666,000	
03-23 Fire Truck	4.00%	09/26/2025	760,000		760,000	
11-23 Various Improvements	4.00%	09/26/2025	774,250		774,250	
06-24 Various Improvements	4.00%	09/26/2025	1,650,000		1,650,000	
07-24 Various Road Improvements	4.00%	09/26/2025	1,235,000	-	1,235,000	-
General Capital Bond Anticipation Notes Payable			$ 9,583,433	$ -	$ 9,583,433	$ -

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

2025	Rate (%)	Maturity Date	Balance, January 1, 2025	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2025
Water Utility Capital Fund						
Purpose						
11-22 Improvement of Water Supply System	4.00%	9/26/2025	$ 1,904,500	-	$ 1,904,500	-
Water Utility Capital Bond Anticipation Notes Payable			$ 1,904,500	$ -	$ 1,904,500	$ -
Total Bond Anticipation Notes Payable			$ 11,487,933	$ -	$ 11,487,933	$ -

2024	Rate (%)	Maturity Date	Balance, January 1, 2024	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2024
General Capital Fund						
Purpose						
02-14 Various Improvements	5.00%	09/27/2024	$ 601,373		$ 601,373	
	4.00%	09/26/2025		$ 528,873		$ 528,873
01-13 Various Improvements	5.00%	09/27/2024	683,002		683,002	
	4.00%	09/26/2025		623,002		623,002
03-19 Acquisition of a New Firefighting Vehicle	5.00%	09/27/2024	163,934		163,934	-
	4.00%	09/26/2025		138,934		138,934
07-19 Improvement of Kiel Avenue	5.00%	09/27/2024	207,974		207,974	-
	4.00%	09/26/2025		189,274		189,274
10-21 Firefighter Equipment	5.00%	09/27/2024	566,000		566,000	-
	4.00%	09/26/2025		566,000		566,000
11-21 Various Improvements	5.00%	09/27/2024	1,304,000		1,304,000	-
	4.00%	09/26/2025		1,276,100		1,276,100
03-22 Firefighter Equipment	5.00%	09/27/2024	176,000		176,000	-
	4.00%	09/26/2025		176,000		176,000
10-22 Various Improvements	5.00%	09/27/2024	1,666,000		1,666,000	-
	4.00%	09/26/2025		1,666,000		1,666,000
03-23 Fire Truck	5.00%	09/27/2024	760,000		760,000	-
	4.00%	09/26/2025		760,000		760,000
11-23 Various Improvements	5.00%	09/27/2024	774,250	-	774,250	-
	4.00%	09/26/2025		774,250		774,250
06-24 Various Improvements	4.00%	09/26/2025		1,650,000		1,650,000
07-24 Various Road Improvements	4.00%	09/26/2025	-	1,235,000	-	1,235,000
General Capital Bond Anticipation Notes Payable			$ 6,902,533	$ 9,583,433	$ 6,902,533	$ 9,583,433

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

2024	Rate (%)	Maturity Date	Balance, January 1, 2024	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2024
Water Utility Capital Fund						
Purpose						
11-22 Improvement of Water Supply System	5.00%	9/27/2024	$ 1,904,500		$ 1,904,500	
	4.00%	9/26/2025	-	$ 1,904,500	-	$ 1,904,500
Water Utility Capital Bond Anticipation Notes Payable			$ 1,904,500	$ 1,904,500	$ 1,904,500	$ 1,904,500
Total Bond Anticipation Notes Payable			$ 8,807,033	$ 11,487,933	$ 8,807,033	$ 11,487,933

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund. The amounts issued for the water utility activities are accounted for in the Water Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

Capital Project		Construction Commitment	Estimated Date of Completion
2025			
Purchase of Fire Truck	$	784,523	2026
Fayson Lakes Drainage Improvements		469,411	2026
2024			
Rehab to Boonton Ave. Park Tennis Court	$	338,400	2025
Fuel Pump and Fuel Management System		74,996	2025
Replace Roofs at Borough Hall and Library		75,919	2025

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate $867,654 and $1,235,454 at December 31, 2025 and 2024, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2025 and 2024, the Borough has reserved in the Other Trust Fund $771,176 and $831,559, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

The Borough's changes in other long-term liabilities for the years ended December 31, 2025 and 2024 were as follows:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Due Within One Year
2025					
Compensated Absences *	$ 1,235,454		$ 367,800	$ 867,654	
Net Pension Liability - PERS (1)	3,204,991			3,204,991	
Net Pension Liability - PFRS (1)	5,432,113			5,432,113	
Net OPEB Liability (1)	7,355,053	-	-	7,355,053	-
Other Long Term Liabilities	$ 17,227,611	$ -	$ 367,800	$ 16,859,811	$ -

(1) GASB Statement Number 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits.

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
2024					
Compensated Absences *	$ 1,288,538		$ 53,084	$ 1,235,454	
Net Pension Liability - PERS	3,582,688		377,697	3,204,991	
Net Pension Liability - PFRS	5,942,343	$ 205,727	715,957	5,432,113	
Net OPEB Liability	5,493,787	1,861,266	-	7,355,053	-
Other Long Term Liabilities	$ 16,307,356	$ 2,066,993	$ 1,146,738	$ 17,227,611	$ -

* The change in compensated absences liability is presented as a net change.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Consolidated Police and Firemen's Pension Fund (CPFPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. Additionally, based on recent actuarial valuation there was no normal cost or accrued liability contributions required for the fiscal year ended June 30, 2025. CPFPF is a cost-sharing multi-employer defined benefit plan. For additional information about CPFPF, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{th}$ of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least $5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower (formerly Prudential Retirement) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2025 was not available and for June 30, 2024 is $13.7 billion, and the plan fiduciary net position as a percentage of the total pension liability is 68.22% at June 30, 2024. The collective net pension liability of the participating employers for local PFRS at June 30, 2025 was not available and for June 30, 2024 is $12.4 billion and the plan fiduciary net position as a percentage of total pension liability is 72.66% at June 30, 2024.

The total pension liabilities for the June 30, 2024 measurement date were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2025 and 2024 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2025 and 2024 for CPFPF, which is a single-employer defined benefit plan, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2025, 2024 and 2023 were equal to the required contributions.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

During the years ended December 31, 2025, 2024 and 2023, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	PFRS	PERS	DCRP
2025	$ 727,627	$ 320,955	$ 8,223
2024	715,957	330,589	7,676
2023	671,798	336,554	7,327

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense (benefit) excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2024 for the measurement date of June 30, 2024 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer to the total contributions to the plan during the fiscal years ended June 30, 2024 and 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due, based on statutory requirements.

Public Employees Retirement System (PERS)

At December 31, 2024, the Borough reported a liability of $3,402,991, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough's proportionate share was 0.02359 percent, which was a decrease of 0.00114 percent from its proportionate share measured as of June 30, 2023 of 0.02473 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough's pension expense (benefit) to be ($193,411) for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of $330,589. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference Between Expected and Actual Experience	$ 64,202	$ 8,533
Changes of Assumptions	3,982	36,465
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		148,607
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	508,614
Total	$ 68,184	$ 702,219

At December 31, 2024 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Total
2025	$ (479,881)
2026	44,577
2027	(127,680)
2028	(69,947)
2029	(1,104)
Thereafter	-
	$ (634,035)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2024
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75 - 6.55% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024, as reported for the year ended December 31, 2024, are summarized in the following table:

	2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	7.10%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Investment Grade Credit	7.00%	5.37%
US Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
High Yield	4.50%	6.74%
Real Assets	3.00%	8.20%
Private Credit	8.00%	8.90%
Real Estate	8.00%	10.95%
Private Equity	13.00%	12.40%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2024 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	$ 4,258,645	$ 3,204,991	$ 2,308,337

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2024. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2024, the Borough reported a liability of $5,432,113 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough's proportionate share was 0.05260 percent, which was a decrease of 0.00118 percent from its proportionate share measured as of June 30, 2023 of 0.05378 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough pension expense (benefit) to be $254,018, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of $715,957. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 342,219	$ 185,965
Changes of Assumptions	8,587	159,532
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		42,516
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	339,252	467,667
Total	$ 690,058	$ 855,680

At December 31, 2024 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Total
2025	(277,858)
2026	158,818
2027	(90,912)
2028	5,549
2029	36,557
Thereafter	2,224
	$ (165,622)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2024
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the Pub-2010 (safety employee) amount-weighted mortality table (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retire amount – weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024, as reported for the year ended December 31, 2024, are summarized in the following table:

	2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Cash Equivalents	2.00%	3.40%
U.S. Treasury Bond	7.00%	4.10%
Non-US Developed Large-Cap Equity	9.50%	6.70%
Non-US Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Small Cap Equity	1.50%	9.60%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Private Debit/Credit	8.00%	9.10%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Equity	10.00%	10.00%

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2024 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 7,761,281	$ 5,432,113	$ 3,492,427

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2024. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2024, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $1,070,929. For the year ended December 31, 2024, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is $123,202 which is equal to the actual contribution the State made on behalf of the Borough of $123,202. At December 31, 2024 (measurement date June 30, 2024) the State's share of the PFRS net pension liability attributable to the Borough was 0.05260 percent, which was a decrease of 0.00118 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of 0.05378 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported in the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund – Local Government Retired Employees (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at www.nj.gov/treasury/pensions/annual-reports.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2024:

Active Plan Members	69,144
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20,554
Total	89,698
Contributing Employers	555
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2025 was not available and for June 30, 2024 is $17.9 billion, and the plan fiduciary net (deficit) as a percentage of the total OPEB liability is (0.89)% at June 30, 2024.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2023 which was rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

The non-employer special funding allocation percentages presented as the State's proportion share was based on eligible plan members subject to the special fund situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is $7,355,053. For the year ended December 31, 2024 the plan has determined the State's proportionate share of the OPEB expense (benefit) attributable to the Borough for the OPEB special funding situation is ($712,580). At December 31, 2024, (measurement date June 30, 2024), the State's share of the OPEB liability attributable to the Borough was 0.1508 percent, which was a decrease of 0.0066 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of 0.1574 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits. These on-behalf contributions have not been reported in the Borough's financial statements.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 14 RISK MANAGEMENT

The Borough of Kinnelon is a member of the Morris County Municipal Joint Insurance Fund (MJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The MJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

NOTE 14 RISK MANAGEMENT (Continued)

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough is required to remit employee withholdings to the State on a quarterly basis. All the Borough's claims are paid by the State.

NOTE 15 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2025 and 2024. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2025 and 2024, the Borough reserved $599,186 in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2025 and 2024, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2025 and 2024, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 SUBSEQUENT EVENTS

Bond Anticipation Notes

On April 30, 2026 the Borough issued bond anticipation notes in the amount of $3,140,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Piper Sandler & Co. at an interest rate of 3.50%. These notes dated April 30, 2026 will mature on April 30, 2027.

NOTE 18 RESTATEMENT

During the year ended December 31, 2025, the Borough determined that a restatement was required as a result of a fixed assets inventory valuation performed by a third-party company. The effect of the updated valuation report on the financial statements previously reported as of and for the year ended December 31, 2024 should be revised as follows:

The General Fixed Assets Account Group Comparative Balance Sheets – Regulatory Basis have been restated to reflect the updated valuation as reported. The effect of this restatement is to increase the value of Land and Land Improvements by $393,976 from $10,236,364 as previously reported to $10,630,340 as of December 31, 2024. In addition, the value of Buildings and Building Improvements was increased $3,017,497 from $2,978,541 as previously reported to $5,996,038 as of December 31, 2024.

ASSETS	Balance, December 31, 2024 As Previously Reported	Change in Valuation	Balance, December 31, 2024 Restated
Land and Land Improvements	$ 10,236,364	$ 393,976	$ 10,630,340
Buildings and Building Improvements	2,978,541	3,017,497	5,996,038
Vehicles and Equipment	8,497,884	-	8,497,884
	$ 21,712,789	$ 3,411,473	$ 25,124,262
FUND BALANCE			
Investment in General Fixed Assets	$ 21,712,789	$ 3,411,473	$ 25,124,262

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF KINNELON
STATEMENT OF CASH AND INVESTMENTS

Balance, December 31, 2024		$ 11,872,090
Increased by Receipts:		
Taxes Receivable	$ 63,260,539	
Revenue Accounts Receivable	1,771,784	
Non Budget Revenue	128,252	
Prepaid Taxes	297,935	
Grants Receivable	39,458	
Tax Title Liens	85,439	
Tax Overpayments	63,311	
Due to State of New Jersey	13,328	
Grants Received in Current Fund for General Capital Fund	69,000	
Unappropriated Grant Reserves	69,382	
Senior Citizens' and Veterans' Deductions	35,274	
Petty Cash	200	
Receipts from General Capital Fund	159,686	
Receipts from Other Trust Fund	7,371	
Receipts from Animal Control Trust Fund	53,526	
		66,054,485
		77,926,575
Decreased by Disbursements:		
Budget Appropriations	13,125,816	
Appropriation Reserves	1,120,008	
Encumbrances Payable - Grants	490,682	
Tax Overpayments	48,078	
County Taxes	6,278,305	
Local District School Taxes	42,923,019	
Due to State of New Jersey	15,318	
Appropriated Grant Reserves	160,565	
Payments to General Capital Fund	1,373,852	
Payments to Other Trust Fund	150,000	
Payments to Municipal Open Space Trust Fund	376,800	
Outside Lien Redemption	63,858	
Refund of Prior Year Revenue	67,149	
		66,193,450
Balance, December 31, 2025		$ 11,733,125

BOROUGH OF KINNELON
STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Balance, December 31, 2024		$ 297
Increased by:		
Cash Receipts from State of New Jersey	$ 35,274	
Deductions Disallowed by Tax Collector	668	
Deductions Disallowed by Tax Collector - Prior Year	500	
		36,442
		36,739
Decreased by:		
Veteran's Deductions Per Tax Billings	$ 31,750	
Senior Citizen Deductions Per Tax Billings	2,750	
Deductions Allowed by Tax Collector	250	
		34,750
Balance, December 31, 2025		$ 1,989

BOROUGH OF KINNELON
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2024	Levy	Added Taxes	Collections 2024	Collections 2025	Senior Citizens' and Veterans' Deductions	Tax Overpayment Applied	Transferred To Tax Title Liens	Taxes Cancelled Remitted or Abated	Balance, December 31, 2025
2024	$ 363,947		$ 18,515		$ 380,374					$ 2,088
2025	-	$ 63,401,973	232,743	$ 282,995	62,880,165	$ 34,082	-	$ 70,890	$ 37,842	328,742
	$ 363,947	$ 63,401,973	$ 251,258	$ 282,995	$ 63,260,539	$ 34,082	$ -	$ 70,890	$ 37,842	$ 330,830

Analysis of Property Tax Levy

TAX YIELD			
General Property Tax			
Real Property Tax		$ 63,401,973	
Added Taxes		232,743	
			$ 63,634,716
TAX LEVY			
Local School Tax	$ 43,716,543		
County Taxes	6,091,028		
County Open Space	164,262		
Due County for Added Taxes	23,015		
Municipal Open Space	106,201		
Municipal Open Space for Added Taxes	393		
		$ 50,101,442	
Local Tax for Municipal Purposes	12,450,073		
Local Tax for Municipal Library	871,394		
Added Taxes	211,807		
		13,533,274	
			$ 63,634,716

BOROUGH OF KINNELON
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
CURRENT FUND

	Balance, December 31, 2024	Accrued	Collected	Balance, December 31, 2025
Licenses				
Alcoholic Beverage		$ 10,900	$ 10,900	
Other		17,515	17,515	
Fees and Permits		156,607	156,607	
Fines and Costs - Municipal Court	$ 2,860	57,582	57,130	$ 3,312
Interest and Cost on Taxes		122,403	122,403	
Interest on Investments and Deposits		545,577	545,577	
Cable Television Franchise Fees		44,524	44,524	
Uniform Construction Code Official		94,194	94,194	
Energy Receipts Tax		564,648	564,648	
Watershed Moratorium Offset Aid		45,261	45,261	
Garden State Trust Fund	-	213,895	213,895	-
	$ 2,860	$ 1,873,106	$ 1,872,654	$ 3,312

Interest from General Capital	$ 90,087
Interest from Animal Control Trust	891
Interest from Other Trust	9,892
Cash Receipts	1,771,784
	$ 1,872,654

EXHIBIT A-8

BOROUGH OF KINNELON
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2024	Realized as Budget Revenue	Receipts	Balance, December 31, 2025
Charlotteburg Dam & Reservoir	$ 2,125			$ 2,125
Highlands Water Management Grant	123,027			123,027
Morris County Historic Preservation	27,171			27,171
Valley National - Historical Commission Grant	4,140			4,140
SHARE Grant	342			342
Click It or Ticket	600			600
Driver Sober or Get Pulled Over	3,837			3,837
Bicycle Unit Grant	7,695			7,695
Gypsy Moth Spraying	4,476			4,476
PSE&G Energy Saver Program	106,956			106,956
Public Assistance Grant	5,904			5,904
New Jersey Department of Transportation Grant:				
Cutlass Road	47,975		$ 39,458	8,517
American Rescue Plan Firefighter Grant	72,000			72,000
Local Recreation Improvement Grant 2025	-	$ 30,074	-	30,074
	$ 406,248	$ 30,074	$ 39,458	$ 396,864

EXHIBIT A-9

STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2024	$ 1,178,543
Increased by:	
Transferred from Taxes Receivable	70,890
	1,249,433
Decreased by:	
Collections	85,439
Balance, December 31, 2025	$ 1,163,994

BOROUGH OF KINNELON
SCHEDULE OF APPROPRIATION RESERVES

	Balance December 31, 2024	Transfers	Cancelled Payables Restored	Total Modified Budget	Paid or Charged	Balance Lapsed
General Administration						
Salaries and Wages	$ 310			$ 310		$ 310
Other Expenses	6,969		$ 16,741	23,710	$ 21,885	1,825
Mayor and Council						
Other Expenses	363		42	405	42	363
Municipal Clerk's Office						
Salaries and Wages	5,373			5,373		5,373
Other Expenses	4,484		2,708	7,192	3,316	3,876
Financial Administration						
Salaries and Wages	39,067	$ (29,100)		9,967		9,967
Other Expenses	2,693	4,100	5,454	12,247	11,946	301
Webmaster - Other Expenses	2,560			2,560		2,560
Audit Services						
Other Expenses	30,953	25,000		55,953	28,615	27,338
Revenue Administration (Tax Collection)						
Salaries and Wages	9,195			9,195		9,195
Other Expenses	7,228			7,228		7,228
Tax Assessment Administration						
Salaries and Wages	782			782		782
Other Expenses	13,544		3,055	16,599	3,055	13,544
Legal Services and Costs						
Other Expenses	41,424	(19,500)	944	22,868	5,232	17,636
Engineering Services						
Other Expenses	1,080	8,000	4,000	13,080	12,837	243
Historical Commission						
Salaries and Wages	2,416			2,416		2,416
Other Expenses	10,503		3,220	13,723	3,220	10,503
Planning Board						
Other Expenses	22,413			22,413	1,192	21,221
Zoning Board of Adjustment						
Salaries and Wages	74			74		74
Other Expenses	5,695			5,695	2,490	3,205
Insurance						
General Liability	1,157			1,157		1,157
Employee Group Health	375,547		275	375,822	(6,231)	382,053
Health Benefit Waiver	3,179			3,179	1,609	1,570
Public Safety						
Police Department						
Salaries and Wages	10,303			10,303	(12,469)	22,772
Other Expenses	19,664		133,434	153,098	134,227	18,871
Police Dispatch/911 :						
Salaries and Wages	10,079			10,079	2,908	7,171
Office of Emergency Management						
Salaries and Wages	233			233		233
Other Expenses	170			170		170
Aid to Volunteer Fire Companies						
Other Expenses	7,733			7,733	7,733	-
Aid to Tri-Borough Ambulance Squad						
Other Expenses	7,000	900		7,900	7,849	51
Fire Hydrants						
Other Expenses	2,326			2,326		2,326
Fire Vehicle Maintenance						
Other Expenses	867		3,870	4,737	3,886	851
Fire Prevention Bureau/Uniform Fire Safety						
Other Expenses	1,674		199	1,873	174	1,699
Municipal Prosecutor						
Other Expenses	1,000			1,000		1,000
Streets and Road Maintenance						
Salaries and Wages	69,585	(51,300)		18,285	17,103	1,182
Other Expenses	8,864	80,400	150,458	239,722	222,971	16,751
Solid Waste Collection						
Salaries and Wages	1,788			1,788		1,788
Other Expenses	120,804	(30,000)	201,563	292,367	206,007	86,360

BOROUGH OF KINNELON
SCHEDULE OF APPROPRIATION RESERVES

	Reserved	Transfers	Cancelled Payables Restored	Total Modified Budget	Paid or Charged	Balance Lapsed
Public Building and Grounds						
Salaries and Wages	$ 253			$ 253		$ 253
Other Expenses	1,740		$ 29,720	31,460	$ 29,181	2,279
Vehicle Maintenance						
Other Expenses	1,817		8,504	10,321	6,516	3,805
Public Health Services						
Salaries and Wages	1,500			1,500		1,500
Other Expenses	414			414	42	372
Environmental Commission						
Salaries and Wages	1,777			1,777		1,777
Other Expenses	1,185			1,185	53	1,132
Animal Control						
Other Expenses	1,000			1,000		1,000
Board of Recreation Commissioners						
Salaries and Wages	2,299			2,299	506	1,793
Other Expenses	10,301		9,519	19,820	8,809	11,011
Smoke Rise - Condo Costs						
Other Expenses	84,251			84,251	64,687	19,564
Celebration of Public Events						
Other Expenses	802			802	148	654
Municipal Court						
Salaries and Wages	1,321			1,321		1,321
Other Expenses	1,185		282	1,467	297	1,170
Uniform Construction Code						
Salaries and Wages	2,411			2,411		2,411
Other Expenses	1,366		4,950	6,316	5,950	366
Utilities						
Electricity	32,902		2,444	35,346	2,444	32,902
Street Lighting	5,111		782	5,893	782	5,111
Telephone and Telegraph	2,653			2,653		2,653
Water	38,701			38,701	449	38,252
Natural Gas	4,368		4,805	9,173	4,805	4,368
Gasoline	63,955			63,955	9,248	54,707
Accmulated Leave Compensation	5,000			5,000		5,000
Landfill Tipping Fees	867		135,853	136,720	108,478	28,242
Statutory Expenditures Contribution to:						
Defined Contribution Retirement Plan	1,124			1,124		1,124
Social Security System (O.A.S.I.)	2,988			2,988	1,518	1,470
Unemployment Insurance	1,732			1,732	146	1,586
Maintenance of Free Library	118,191			118,191	118,191	-
Storm Water Management (N.J.S.A. 40A:4-45.3):				-		-
Salaries and Wages	450			450		450
Other Expenses	10,300		69	10,369	69	10,300
Length of Service Awards Program (VSAP)	2,516			2,516		2,516
Construction Code - Bloomingdale	29,673	$ 11,500		41,173	41,067	106
Interlocal ACO Services - Bloomingdale	647			647		647
Interlocal Dispatch - Butler	1,454			1,454		1,454
Interlocal Mechanic Services - Bloomingdale	8,939		797	9,736	1,845	7,891
Acq. Of Police Video Surv. And General Camera Equip	214,817	-	36,630	251,447	136,630	114,817
	$ 1,509,109	$ -	$ 760,318	$ 2,269,427	$ 1,221,458	$ 1,047,969

Accounts Payable	$ 1,450
Transfer to Storm Reserve Trust	100,000
Cash Disbursements	1,120,008
	$ 1,121,458

BOROUGH OF KINNELON
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2024	$	760,318
Increased by:		
Transfer from 2025 Budget Appropriations		717,439
		1,477,757
Decreased by:		
Encumbrances Payables Restored to Appropriation Reserves		760,318
Balance, December 31, 2025	$	717,439

EXHIBIT A-12

STATEMENT OF DUE TO STATE OF NEW JERSEY

	Building Surcharge Fees	Marriage License Fees	Total
Balance, December 31, 2024	$ 12,516	$ 2,247	$ 14,763
Increased by:			
Cash Receipts	12,078	1,250	13,328
	24,594	3,497	28,091
Decreased by:			
Cash Disbursements	14,118	1,200	15,318
Balance, December 31, 2025	$ 10,476	$ 2,297	$ 12,773

EXHIBIT A-13

BOROUGH OF KINNELON
STATEMENT OF PREPAID TAXES

Balance, December 31, 2024		$ 282,995
Increased by:		
Collection of 2026 Taxes		297,935
		580,930
Decreased by:		
Application to 2025 Taxes		282,995
Balance, December 31, 2025		$ 297,935

EXHIBIT A-14

STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Balance, December 31, 2024		$ 754,419
Increased by:		
Levy - Calendar Year		43,716,543
		44,470,962
Decreased by:		
Payments		42,923,019
Balance, December 31, 2025		$ 1,547,943

EXHIBIT A-15

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2024		$ -
Increased by:		
Tax Levy - General	$ 6,091,028	
Tax Levy - Open Space	164,262	
Added Taxes (54:4-63.1)	23,015	
		6,278,305
		6,278,305
Decreased by:		
Payments		6,278,305
Balance, December 31, 2025		$ -

BOROUGH OF KINNELON
STATEMENT OF APPROPRIATED GRANT RESERVES
FEDERAL AND STATE GRANT FUNDS

	Balance, December 31, 2024	Transferred from Appropriations	Expended	Balance, December 31, 2025
Alcohol Education Rehabilitation Fund	$ 1,457			$ 1,457
Bicycle Unit	4,576			4,576
Body Armor Replacement Fund	7,784	$ 3,772	$ 1,017	10,539
Body Worn Camera Grant	40,235			40,235
Bulletproof Vest Program	2,836			2,836
Clean Communities Grant	103,505	28,702	66,104	66,103
Community Policing Donations	65			65
Domestic Violence	300			300
Driver Sober or Get Pulled Over	3,837			3,837
Drunk Driving Enforcement Fund	2,390			2,390
Gypsy Moth Spraying	4,476			4,476
Gypsy Moth Spraying - Local Match	9,964			9,964
Highlands Water Management Grant	99,872			99,872
Historic Preservation Grant	360		360	
Historical Commission	1,140		1,140	
Homeland Security Buffer	11,425			11,425
Keep Kids Alive	34,517			34,517
Local Recreation Improvement Grant 2025		30,074	29,942	132
Morris County Heritage Commission	19,052			19,052
Municipal Alcohol Education Rehabilitation Act	198			198
Municipal Alcohol Education Rehabilitation Act - Local Match	3,705			3,705
New Jersey Department of Transportation Grant	371,750			371,750
PEG Grant		4,000		4,000
PSE&G	2,883			2,883
PSE&G Energy Saver Program	106,956			106,956
Public Assistance Grant	19,295			19,295
Recycling Tonnage Grant	73,956	12,253	63,832	22,377
Storm Water Assistance Grant	5,965			5,965
Sustainable New Jersey	1,944			1,944
Water Assistance Grant	802	-	-	802
	$ 935,245	$ 78,801	$ 162,395	$ 851,651

Cash Disbursements	$ 160,565
Encumbrances	1,830
	$ 162,395

BOROUGH OF KINNELON
STATEMENT OF UNAPPROPRIATED GRANT RESERVES
FEDERAL AND STATE GRANT FUNDS

	Balance, December 31, 2024	Appropriated in 2025 Budget	Cash Received	Balance, December 31, 2025
Clean Communities Grant	$ 28,702	$ 28,702	$ 28,467	$ 28,467
Recycling Tonnage Grant	12,253	12,253	11,565	11,565
Body Armor Replacement Fund	3,772	3,772	370	370
PEG Grant	4,000	4,000		-
Historical Preservation Grant			2,952	2,952
New Jersey Department of Transportation Grant - Fayson Lakes	-	-	26,028	26,028
	$ 48,727	$ 48,727	$ 69,382	$ 69,382

EXHIBIT A-18

STATEMENT OF ENCUMBRANCES PAYABLE - GRANT FUND

Balance, December 31, 2024	$ 494,151
Increased by:	
Transfer from Appropriated Grant Reserve	1,830
	495,981
Decreased by:	
Cash Disbursements	490,682
Balance, December 31, 2025	$ 5,299

EXHIBIT A-19

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2024	$ 10,087
Increased by:	
Current Year Overpayments	63,311
	73,398
Decreased by:	
Cash Disbursements	48,078
Balance, December 31, 2025	$ 25,320

EXHIBIT A-20

BOROUGH OF KINNELON
STATEMENT OF RESERVE FOR PENDING TAX APPEALS

Balance, December 31, 2024	$ 599,186
Balance, December 31, 2025	$ 599,186

EXHIBIT A-21

STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Balance, December 31, 2024	$ 58,881
Balance, December 31, 2025	$ 58,881

EXHIBIT A-22

STATEMENT OF MISCELLANEOUS RESERVES

	Balance December 31, 2024	Balance December 31, 2025
Third-Party Lien	$ 5,222	$ 5,222
	$ 5,222	$ 5,222

EXHIBIT A-23

STATEMENT OF ACCOUNTS PAYABLE

Increased by	
Charged to Appropriation Reserves	$ 1,450
Balance, December 31, 2025	$ 1,450

TRUST FUNDS

BOROUGH OF KINNELON
STATEMENT OF TRUST CASH

	Animal Control Fund		Other Trust Fund		Municipal Open Space Trust	
Balance, December 31, 2024		$ 85,741		$ 2,398,109		$ 120,744
Increased by Receipts:						
Interest on Deposits	$ 891		$ 9,892		$ 3,903	
Escrow and Miscellaneous Reserves			718,474			
License Fees Collected	20,082					
Due to State of New Jersey	1,485					
Payroll and Payroll Deductions			6,352,137			
Grant Receipts					31,910	
Receipts from Current Fund	-		150,000		376,800	
		22,458		7,230,503		412,613
		108,199		9,628,612		533,357
Decreased by Disbursements:						
Payments to Current Fund	53,526		7,371			
Payments to State of NJ	1,485					
Animal Control Expenditures	2,314					
Payroll and Payroll Deductions Payable			6,352,137		-	
Escrow and Miscellaneous Reserves	-		873,937		-	
		57,325		7,233,445		-
Balance, December 31, 2025		$ 50,874		$ 2,395,167		$ 533,357

BOROUGH OF KINNELON
STATEMENT OF ESCROW AND MISCELLANEOUS RESERVES - OTHER TRUST FUND

	Balance, December 31, 2024	Cash Receipts	Cash Disbursements	Balance, December 31, 2025
Special Escrow Deposits	$ 431,461	$ 178		$ 431,639
Developers Deposits - Escrow	250,930	45,626	$ 52,041	244,515
Special Recreation	154,256	377,810	366,826	165,240
Historical Commission	12,112	351		12,463
Community Policing Donation	1,075	34	3	1,106
Storm Recovery	505,200	100,000	127,315	477,885
Accumulated Absences	831,559		60,383	771,176
Parking Offenses Adjudication Act	618	101		719
Recycling	43,738	27,986	46,798	24,926
Forfeited Assets	25,679			25,679
Uniform Fire Safety Act	5,897	473	302	6,068
Municipal Alliance	4,379	1,200	3,143	2,436
Tax Sale Premium	139,227	79,425	31,500	187,152
Clerk Special	43,706		1,200	42,506
K-Fest	1,367	13,310	10,798	3,879
Public Defender	2,626	1,510		4,136
Flexible Spending	10,845	21,467	19,573	12,739
Police Outside Services	86,991	148,817	154,055	81,753
Planning Board Inspection	6,443	186	-	6,629
	$ 2,558,109	$ 818,474	$ 873,937	$ 2,502,646

Due from Current Fund	$ 100,000
Cash Receipts	718,474
	$ 818,474

EXHIBIT B-5

STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST FUND

Balance, December 31, 2024		$ 160,000
Increased by:		
Payments to Current Fund	$ 7,371	
Transfer from Appropriated Reserves - Storm Recovery Trust	100,000	
		107,371
		267,371
Decreased by:		
Interest Earnings	$ 9,892	
Receipts from Current Fund	150,000	
		159,892
Balance, December 31, 2025		$ 107,479

EXHIBIT B-6

BOROUGH OF KINNELON
STATEMENT OF DUE TO CURRENT FUND - ANIMAL CONTROL TRUST FUND

Balance, December 31, 2024		$ 52,809
Increased by:		
Interest Earned	$ 891	
Statutory Excess	13,454	
		14,345
		67,154
Decreased by:		
Payments to Current Fund		53,526
Balance, December 31, 2025		$ 13,628

EXHIBIT B-7

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2024		$ 31,435
Increased by:		
Animal Control Fees - Borough Share	$ 18,762	
Late Fees	1,320	
		20,082
		51,517
Decreased by:		
Statutory Excess	$ 13,454	
Cash Disbursements	2,314	
		15,768
Balance, December 31, 2025		$ 35,749

License Fees Collected

Year	Amount
2024	$ 20,342
2023	15,407
	35,749

EXHIBIT B-8

STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2024	$ 1,497
Increased by:	
State of New Jersey Fees Collected	1,485
	2,982
Decreased by:	
Payments to State of New Jersey	1,485
Balance, December 31, 2025	$ 1,497

EXHIBIT B-9

BOROUGH OF KINNELON
STATEMENT OF PAYROLL AND PAYROLL DEDUCTIONS PAYABLE - OTHER TRUST FUND

Balance, December 31, 2024	$ -
Increased by:	
Cash Receipts	6,352,137
	6,352,137
Decreased by:	
Cash Disbursements	6,352,137
Balance, December 31, 2025	$ -

EXHIBIT B-10

STATEMENT OF RESERVE FOR OPEN SPACE EXPENDITURES
MUNICIPAL OPEN SPACE TRUST FUND

Balance, December 31, 2024		$ 390,950
Increased by:		
Grant Receipts	$ 31,910	
Interest on Deposits	3,903	
2025 Tax Levy	106,201	
Added Tax Levy	393	
		142,407
Balance, December 31, 2025		$ 533,357

EXHIBIT B-11

STATEMENT OF DUE FROM CURRENT FUND
MUNICIPAL OPEN SPACE TRUST FUND

Balance, December 31, 2024		$ 270,206
Increased by:		
2025 Tax Levy	$ 106,201	
Added Tax Levy	393	
		106,594
		376,800
Decreased by:		
Receipts from Current Fund		376,800
Balance, December 31, 2025		$ -

GENERAL CAPITAL FUND

BOROUGH OF KINNELON
STATEMENT OF GENERAL CAPITAL CASH

Balance, December 31, 2024		$ 3,974,796
Increased by Receipts:		
Grant Receipts	$ 77,011	
Serial Bond Proceeds	9,400,000	
Premium on Bonds Issued	38,682	
Receipts from Current Fund	1,373,852	
Insurance Claim Proceeds	19,220	
Settlement Proceeds - Maple Lake Dam	652,300	
Interest on Deposits	90,087	
		11,651,152
		15,625,948
Decreased by:		
Improvement Authorizations	2,636,122	
Payment of Bond Anticipation Notes	9,583,433	
Payments to Current Fund	159,686	
Capital Improvement Fund - Preliminary Costs	18,142	
		12,397,383
Balance, December 31, 2025		$ 3,228,565

BOROUGH OF KINNELON
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2025

Capital Improvement Fund	$	169,794
Fund Balance		164,109
Encumbrances Payable		1,501,266
Reserve for Cost of Issuance		2,701
Reserve for Housing Rehabilitation		15,550
Due to Water Utility Capital Fund		62,001
Grants Receivable		(3,050,072)
Reserve for Grants Receivable		132,285
Due To Current Fund		24,049
Reserve for Museum Insurance Claims		20,220
Reserve for Maple Lake Dam Settlement		2,300

Improvement Authorizations:

Ord. No.	Improvement Description	
01-13	Various Improvements	(8,800)
02-14	Various Improvements	(3,556)
05-16	Various Improvements	(3,140)
06-16	Improvement of Fayson Lakes Road	13,015
04-17	Acquisition of Real Property	1,600,000
06-17	Acquisition of Real Property	1,100,000
06-18	Improvement of Maple Lake Road	1
07-19	Improvement of Kiel Avenue	(9,299)
10-21	Acquisition of Firefighting Equipment	19,515
11-21	Various Improvements	77,542
13-21	Various Improvements	97,706
03-22	Firefighting Equipment	8,111
10-22	Various Improvements	307,011
03-23	Purchase of Fire Truck	15,477
11-23	Various Improvements	745,312
06-24	Municipal Improvement	286,127
07-24	Improvement of Various Roads	755,068
01-25	Acquisition of Fire Truck	50,259
03-25	Improvement South Glen & Municipal Park Lot	(593,834)
04-25	Various Improvements	(484,120)
05-25	Improvement East Lake Road Section	(398,849)
19-25	Museum Restoration	12,915
20-25	Maple Lake Dam Remediation	597,901
		$ 3,228,565

BOROUGH OF KINNELON
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2024	$ 4,825,000
Increased by:	
Issuance of Serial Bonds	9,400,000
	14,225,000
Decreased by:	
Budget Appropriation	
Serial Bonds	550,000
Balance, December 31, 2025	$ 13,675,000

EXHIBIT C-5

BOROUGH OF KINNELON
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2024	2025 Authorizations	Grant Receipts	Bonds Issued	Principal Paid by Budget Appropriation	Balance, December 31, 2025	Analysis of Balance, Expenditures	Analysis of Balance, Unexpended Improvement Authorizations
06-06	Rehab Lake Rickabear	$ 250,000					$ 250,000		$ 250,000
01-13	Various Improvements	740,350			$ 500,000	$ 123,002	117,348	$ 8,800	108,548
02-14	Various Improvements	985,000			400,000	128,873	456,127	3,556	452,571
05-16	Various Improvements	5,366					5,366	3,140	2,226
03-19	Acquisition of Firefighting Vehicle	140,000			138,715	219	1,066	-	1,066
07-19	Improvement of Kiel Avenue	368,300			185,000	4,274	179,026	9,299	169,727
10-21	New Firefighting Equipment	566,000			566,000		-	-	
11-21	Various Improvements	1,276,100			1,100,000	176,100	-	-	
03-22	Firefighting Equipment	176,000			150,000	26,000	-	-	
10-22	Various Improvements	1,666,000			1,666,000		-	-	
03-23	Purchase of Fire Truck	760,000			760,000		-	-	
11-23	Various Improvements	774,250			750,000	24,250	-	-	
06-24	Various Improvements	1,650,000			1,650,000		-	-	
07-24	Various Road Improvements	834,285			834,285		-	-	
01-25	Acquisition of Fire Truck	-	$ 735,000		700,000		35,000	-	35,000
03-25	Improvement South Glen & Municipal Park Lot		1,180,500	$ 69,000			1,111,500	535,814	575,686
04-25	Various Improvements		543,000				543,000	484,120	58,880
05-25	Improvement East Lake Road Section	-	1,416,500	-	-	-	1,416,500	489,869	926,631
		$ 10,191,651	$ 3,875,000	$ 69,000	$ 9,400,000	$ 482,718	$ 4,114,933	$ 1,534,598	$ 2,580,335
	Due from Current Fund			$ 69,000					
	Improvement Authorizations - Unfunded								$ 2,580,335

BOROUGH OF KINNELON
STATEMENT OF GRANTS RECEIVABLE

Balance, December 31, 2024	$	2,988,379
Increased by:		
Grant Awards		
Morris County Historic Preservation Fund - Ord 19-25		138,704
		3,127,083
Decreased by:		
Cash Receipts		77,011
Balance, December 31, 2025	$	3,050,072

Analysis of Balance

Reserve for Receivable:		
Ord. 07-24		
Department of Transportation	$	132,285
Pledged to Ordinance:		
Ord. 07-19		
Department of Transportation		306,094
Ord. 04-17 and Ord. 06-17		
Morris County Open Space		1,700,000
Morris County Municipal Utility Authority		150,000
Morris County Park Commission		300,000
New Jersey Highlands Council		300,000
Other Sources		100,000
Ord. 19-25		
Morris County Historic Preservation Fund		61,693
	$	3,050,072

EXHIBIT C-7

BOROUGH OF KINNELON
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2025 Date	Amount	Interest Rate	Balance, December 31, 2024	Increased	Decreased	Balance, December 31, 2025
General Improvement	5/11/2015	$ 9,100,000	2/1/2026	$ 575,000	2.25 %				
			2/1/2027	575,000	2.50				
			2/1/2028	600,000	2.75				
			2/1/2029	625,000	3.00				
			2/1/2030	625,000	3.00				
			2/1/2031	625,000	3.00				
			2/1/2032	650,000	3.00	$ 4,825,000		$ 550,000	$ 4,275,000
General Improvement	9/25/2025	9,400,000	9/15/2026	590,000	2.00 %				
			9/15/2027	660,000	2.00				
			9/15/2028	660,000	4.00				
			9/15/2029	660,000	4.00				
			9/15/2030	760,000	4.00				
			9/15/2031	760,000	4.00				
			9/15/2032	810,000	4.00				
			9/15/2033	860,000	4.00				
			9/15/2034	810,000	4.00				
			9/15/2035	910,000	2.00				
			9/15/2036	960,000	2.00				
			9/15/2037	960,000	2.00	-	$ 9,400,000	-	9,400,000
						$ 4,825,000	$ 9,400,000	$ 550,000	$ 13,675,000

BOROUGH OF KINNELON
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2024	Increased	Decreased	Balance, December 31, 2025
02-14	Various Improvements	03/11/2016	09/26/2024	09/26/2025	4.00%	$ 528,873		$ 528,873	$ -
01-13	Various Improvements	03/11/2016	09/26/2024	09/26/2025	4.00%	623,002		623,002	-
03-19	Acquisition of a New Firefighting Vehicle	08/09/2019	09/26/2024	09/26/2025	4.00%	138,934		138,934	-
07-19	Improvement of Kiel Avenue	08/09/2019	09/26/2024	09/26/2025	4.00%	189,274		189,274	-
10-21	Firefighter Equipment	09/21/2022	09/26/2024	09/26/2025	4.00%	566,000		566,000	-
11-21	Various Improvements	10/01/2021	09/26/2024	09/26/2025	4.00%	1,276,100		1,276,100	-
03-22	Firefighter Equipment	3/25/2022	09/26/2024	09/26/2025	4.00%	176,000		176,000	-
10-22	Various Improvements	9/29/2022	09/26/2024	09/26/2025	4.00%	1,666,000		1,666,000	-
03-23	Fire Truck	09/28/2023	09/26/2024	09/26/2025	4.00%	760,000		760,000	-
11-23	Various Improvements	09/28/2023	09/26/2024	09/26/2025	4.00%	774,250		774,250	-
06-24	Various Improvements	09/26/2024	09/26/2024	09/26/2025	4.00%	1,650,000		1,650,000	-
07-24	Various Road Improvements	09/26/2024	09/26/2024	09/26/2025	4.00%	1,235,000	-	1,235,000	-
						$ 9,583,433	$ -	$ 9,583,433	$ -

BOROUGH OF KINNELON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2024 Funded	Balance, December 31, 2024 Unfunded	2025 Authorizations Capital Impvt. Fund	2025 Authorizations Funded by Grants	2025 Authorizations Funded by Reserves	2025 Authorizations Deferred Charges to Future Taxation Unfunded	Encumbrances Restored	Expended	Balance, December 31, 2025 Funded	Balance, December 31, 2025 Unfunded
06-06	Rehab of Lake Reckabear Dam	$ 262,500		$ 250,000								$ 250,000
01-13	Various Improvements	1,467,850		127,048						$ 18,500		108,548
02-14	Various Improvements	1,955,000		482,571						30,000		452,571
05-16	Various Improvements	658,600		2,226								2,226
06-16	Improvement of Fayson Lakes Road	230,000	$ 13,015								$ 13,015	
04-17	Acquisition of Real Property	1,600,000	1,600,000								1,600,000	
06-17	Acquisition of Real Property	1,100,000	1,100,000								1,100,000	
06-18	Improvement of Maple Lake Road	225,015	1								1	
03-19	Acquisition of New Firefighting Vehicle	500,000		1,066								1,066
07-19	Improvement of Kiel Avenue	950,000		174,727						5,000		169,727
10-21	Acquisition of Firefighting Equipment	595,000		19,515							19,515	
11-21	Various Improvements	1,370,000		84,042					$ 3,000	9,500	77,542	
13-21	Various Improvements	230,000	199,706							-	199,706	-
03-22	Firefighting Equipment	185,000	12,111							4,000	8,111	
10-22	Various Improvements	1,750,000		351,417						44,406	307,011	
03-23	Purchase of Fire Truck	800,000		15,477					784,523	784,523	15,477	
11-23	Various Improvements	1,350,850		751,312						6,000	745,312	-
06-24	Municipal Improvement	1,750,000		260,526					416,892	391,291	286,127	
07-24	Improvement of Various Roads	1,300,000		745,780					13,770	4,482	755,068	
01-25	Acquisition of Fire Truck	785,000			$ 50,000			$ 735,000		699,741	50,259	35,000
03-25	Improvement South Glen & Municipal Park Lot	1,250,000			69,500			1,180,500		674,314		575,686
04-25	Various Improvements	575,000			32,000			543,000		516,120		58,880
05-25	Improvement East Lake Road Section	1,500,000			83,500			1,416,500		573,369		926,631
19-25	Museum Restoration	220,000				$ 138,704	$ 81,296			207,085	12,915	
20-25	Maple Lake Dam Remediation	650,000	-	-	-	-	650,000	-	-	52,099	597,901	-
			$ 2,924,833	$ 3,265,707	$ 235,000	$ 138,704	$ 731,296	$ 3,875,000	$ 1,218,185	$ 4,020,430	$ 5,787,960	$ 2,580,335

Cash Disbursements	$ 2,636,122
Contracts Payable	1,384,308
	$ 4,020,430

EXHIBIT C-10

BOROUGH OF KINNELON
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2024		$ 1,218,185
Increased by:		
Charges to Capital Improvement Fund	$ 116,958	
Charges to Improvement Authorizations	1,384,308	
		1,501,266
		2,719,451
Decreased by:		
Restored to Improvement Authorizations		1,218,185
Balance, December 31, 2025		$ 1,501,266

EXHIBIT C-11

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2024			$ 347,894
Increased by:			
Budget Appropriation			192,000
			539,894
Decreased by:			
Preliminary Expenses - Stormwater Mapping			
Cash Disbursed	$ 18,142		
Encumbrance	116,958		
		$ 135,100	
Appropriated to Finance Improvement Authorizations		235,000	
			370,100
Balance, December 31, 2025			$ 169,794

EXHIBIT C-12

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2024		$ 158,662
Decreased by:		
Reclass to Reserve for Museum Insurance Claims	$ 82,296	
Anticipated Revenue in Current Fund	76,366	
		158,662
Balance, December 31, 2025		$ -

EXHIBIT C-13

BOROUGH OF KINNELON
STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2024		$ 681,852
Increased by:		
Budget Appropriation - Capital Improvement Fund	$ 192,000	
Budget Appropriation - Note Principal	500,000	
Grants Received in Current Fund	69,000	
Payments to Current Fund	159,686	
		920,686
		1,602,538
Decreased by:		
Anticipated Revenue in Current Fund	76,366	
Interest Earned	90,087	
Unspent Note Principal Payment	17,282	
Payments from Current Fund	1,373,852	
		1,557,587
Balance, December 31, 2025		$ 44,951

EXHIBIT C-14

STATEMENT OF DUE TO WATER UTILITY CAPITAL FUND

Balance, December 31, 2024	$ 62,001
Balance, December 31, 2025	$ 62,001

EXHIBIT C-15

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2024	Balance, December 31, 2025
Reserve for Cost of Issuance	$ 2,701	$ 2,701
Reserve for Housing Rehabilitation	15,550	15,550
	$ 18,251	$ 18,251

EXHIBIT C-16

BOROUGH OF KINNELON
STATEMENT OF RESERVE FOR MUSEUM INSURANCE CLAIMS

Increased by:				
Reclass from Reserve for Payment of Bonds	$	82,296		
Cash Receipts		19,220		
			$	101,516
Decreased by:				
Appropriated to Finance Improvement Authorizations				81,296
Balance, December 31, 2025			$	20,220

EXHIBIT C-17

STATEMENT OF RESERVE FOR MAPLE LAKE DAM SETTLEMENT

Increased by:		
Cash Received	$	652,300
Decreased by:		
Appropriated to Finance Improvement Authorizations		650,000
Balance, December 31, 2025	$	2,300

EXHIBIT C-18

BOROUGH OF KINNELON
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, December 31, 2024	Improvement Authorizations	Serial Bonds Issued	Grant Receipts	Balance, December 31, 2025
06-06	Rehab Lake Rickabear Dam	$ 250,000				$ 250,000
02-14	Various Improvements	441,127				441,127
01-13	Various Improvements	132,348				132,348
05-16	Various Improvements	5,366				5,366
03-19	Acquisition of New Firefighting Vehicle	1,066			-	1,066
07-19	Improvement of Kiel Avenue	179,026				179,026
01-25	Acquisition of Fire Truck		$ 735,000	$ 700,000		35,000
03-25	Improvement South Glen & Municipal Park Lot		1,180,500		$ 69,000	1,111,500
04-25	Various Improvements		543,000			543,000
05-25	Improvement East Lake Road Section	-	1,416,500	-	-	1,416,500
		$ 1,008,933	$ 3,875,000	$ 700,000	$ 69,000	$ 4,114,933

WATER UTILITY FUND

BOROUGH OF KINNELON
SCHEDULE OF CASH
WATER UTILITY FUND

	Operating		Capital	
Balance, December 31, 2024		$ 647,032		$ 110,331
Increased by Receipts:				
Water Rents	$ 594,105			
Interest on Investments	21,286		$ 2,786	
Serial Bond Proceeds			1,800,000	
Premium on Serial Bond Proceeds	-		7,367	
		615,391		1,810,153
		1,262,423		1,920,484
Decreased by Disbursements				
2025 Budget Appropriations	503,132			
2024 Appropriation Reserves	63,592			
Reserve for Encumbrances	12,501			
Improvement Authorization Expenditures			$ 62,755	
Payment of Bond Anticipation Notes			1,800,000	
Payments to Sewer Utility Operating Fund			2,665	
Refund of Prior Year Revenue	56			
Accrued Interest on Bonds and Notes	82,270		-	
		661,551		1,865,420
Balance, December 31, 2025		$ 600,872		$ 55,064

BOROUGH OF KINNELON
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND

	Balance, December 31, 2024	2025 Charges	Collections	Balance, December 31, 2025
Water Rents	$ 8,585	$ 604,551	$ 601,420	$ 11,716
	$ 8,585	$ 604,551	$ 601,420	$ 11,716
		Cash Collected	$ 594,105	
		Overpayments Applied	7,315	
			$ 601,420	

STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND

	Balance, December 31, 2024	Increased by Operating Budget	Balance, December 31, 2025
Steel Water Tank	$ 208,730		$ 208,730
Meters and Meter Boxes	10,784		10,784
General Equipment	87,735	92,054	179,789
Pump House and Pumps	105,032		105,032
Improvement of Water Supply and Distribution	216,036	36,000	252,036
	$ 628,317	$ 128,054	$ 756,371

EXHIBIT D-8

BOROUGH OF KINNELON
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance, December 31, 2024	Balance, December 31, 2025
09-02	Improvement of Water Supply System	$ 110,000	$ 110,000
15-04	Improvement of Water Supply System	250,000	250,000
11-07	Improvement of Water Supply System	440,000	440,000
10-08	Acquisition of Vehicular Equipment	55,000	55,000
11-22	Improvement of Water Supply System	2,000,000	2,000,000
		$ 2,855,000	$ 2,855,000

EXHIBIT D-9

STATEMENT OF 2024 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance, December 31, 2024	Balance After Modifications	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 20,696	$ 20,696	$ 1,722	$ 18,974
Other Expenses	120,066	120,066	61,733	58,333
Capital Improvements				
Completion of Denise Drive Water Tank	51,043	51,043	36,000	15,043
Statutory Expenditures				
Contribution to				
Social Security Insurance	2,541	2,541	125	2,416
Unemployment Insurance	238	238	12	226
	$ 194,584	$ 194,584	$ 99,592	$ 94,992

Accounts Payable	$ 36,000
Cash Disbursed	63,592
	$ 99,592

EXHIBIT D-10

BOROUGH OF KINNELON
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 12,501
Increased by:	
Charged to 2025 Budget Appropriations	151,412
	163,913
Decreased by:	
Payments	12,501
Balance, December 31, 2025	$ 151,412

EXHIBIT D-11

STATEMENT OF DUE TO WATER UTILITY CAPITAL FUND
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 65,000
Decreased by:	
Interest Earnings	121
Balance, December 31, 2025	$ 64,879

EXHIBIT D-12

STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 26,469
Increased by:	
Charged to 2025 Budget Appropriations	75,072
	101,541
Decreased by:	
Cash Disbursements	82,270
Balance, December 31, 2025	$ 19,271

EXHIBIT D-13

STATEMENT OF WATER RENT OVERPAYMENTS
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 13,363
Decreased by:	
Applied to Collections	7,315
Balance, December 31, 2025	$ 6,048

EXHIBIT D-14

BOROUGH OF KINNELON
WATER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2024 Funded	Balance, December 31, 2024 Unfunded	Expended	Balance, December 31, 2025 Funded	Balance, December 31, 2025 Unfunded
09-02	Improvement of Water Supply System	$ 110,000	$ 4,883			$ 4,883	
15-04	Improvement of Water Supply System	250,000	68,131			68,131	
11-07	Improvement of Water Supply System	440,000	5,873			5,873	
10-08	Acquisition of Vehicular Equipment	55,000	6,888			6,888	
11-22	Various Water Improvements	2,000,000	-	$ 79,051	$ 62,755	16,296	-
			$ 85,775	$ 79,051	$ 62,755	$ 102,071	$ -

EXHIBIT D-15

BOROUGH OF KINNELON
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND

Balance, December 31, 2024	$	35,368
Balance, December 31, 2025	$	35,368

EXHIBIT D-16

STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description		Balance, December 31, 2024		Balance, December 31, 2025
11-07	Improvement of Water Supply System	$	50,000	$	50,000
12-09	Acquisition of Generator		95,500		95,500
		$	145,500	$	145,500

EXHIBIT D-17

STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2024			$	1,195,317
Increased by:				
Capital Outlay in Operating Budget	$	92,054		
Capital Outlay in Appropriation Reserves		36,000		
Bond Anticipation Note Principal Paid by Operating Budget		104,500		
Serial Bonds Paid by Operating Budget		30,000		
				262,554
Balance, December 31, 2025			$	1,457,871

EXHIBIT D-18

BOROUGH OF KINNELON
STATEMENT OF BOND ANTICIPATION NOTES
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Authorization	Issue of Original Note	Issue	Maturity	Interest Rate	Balance, December 31, 2024	Issued	Matured	Balance, December 31, 2025
11-22	Improvement of Water Supply System	09/29/2022	09/26/2024	09/26/2025	4.00%	1,904,500	$ -	1,904,500	$ -
						$ 1,904,500	$ -	$ 1,904,500	$ -
							Bonds Issued	$ 1,800,000	
							Notes Paid by Budget Appropriations	104,500	
								$ 1,904,500	

EXHIBIT D-19

BOROUGH OF KINNELON
STATEMENT OF SERIAL BONDS PAYABLE
WATER UTILITY CAPITAL FUND

Purpose	Date of Note	Amount of Original Issue	Outstanding Dec. 31, 2025 Date	Outstanding Dec. 31, 2025 Amount	Interest Rate	Balance, December 31, 2024	Issued	Matured	Balance, December 31, 2025
Water Improvement Bonds	05/11/2025	$ 458,000	2/1/2026	$ 30,000	2.00%				
			2/1/2027	30,000	2.25%				
			2/1/2028	30,000	2.50%				
			2/1/2029	30,000	2.75%				
			2/1/2030	30,000	3.00%				
			2/1/2031	30,000	3.00%				
			2/1/2032	28,000	3.00%	$ 238,000		$ 30,000	$ 208,000
Water Improvement Bonds	9/25/2025	$ 1,800,000	9/15/2026	180,000	2.00%				
			9/15/2027	180,000	2.00%				
			9/15/2028	180,000	4.00%				
			9/15/2029	180,000	4.00%				
			9/15/2030	180,000	4.00%				
			9/15/2031	180,000	4.00%				
			9/15/2032	180,000	4.00%				
			9/15/2033	180,000	4.00%				
			9/15/2034	180,000	4.00%				
			9/15/2035	180,000	2.00%	-	$ 1,800,000	-	1,800,000
						$ 238,000	$ 1,800,000	$ 30,000	$ 2,008,000
						Paid by Budget Appropriation		$ 30,000	

EXHIBIT D-20

BOROUGH OF KINNELON
STATEMENT OF RESERVES FOR DEBT SERVICE
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$	13,639
Balance, December 31, 2025	$	13,639

EXHIBIT D-21

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance, December 31, 2024	Balance, December 31, 2025
		$ -	$ -

EXHIBIT D-22

STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND

Increased by:		
Transfer from 2024 Appropriation Reserves	$	36,000
Balance, December 31, 2025	$	36,000

SEWER UTILITY FUND

BOROUGH OF KINNELON
SCHEDULE OF CASH
SEWER UTILITY OPERATING FUND

Balance, December 31, 2024		$ 812,396
Increased by Receipts:		
Sewer Rents	$ 500,851	
Interest on Investments	23,191	
		524,042
		1,336,438
Decreased by Disbursements		
2025 Budget Appropriations	391,501	
2024 Appropriation Reserves	30,562	
Encumbrances Payable	12,000	
		434,063
Balance, December 31, 2025		$ 902,375

BOROUGH OF KINNELON
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND

	Balance, December 31, 2024	Sewer Billings Levied	Collections	Balance, December 31, 2025
Rents	$ 11,176	$ 500,133	$ 500,851	$ 10,458
	$ 11,176	$ 500,133	$ 500,851	$ 10,458

EXHIBIT E-6

STATEMENT OF 2024 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	Balance, December 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 5,908	$ 5,908		$ 5,908
Other Expenses	86,284	86,284	$ 30,562	55,722
Statutory Expenditures				
Contribution to:				
Unemployment Insurance	42	42	-	42
Social Security System (O.A.S.I.)	428	428	-	428
	$ 92,662	$ 92,662	$ 30,562	$ 62,100

EXHIBIT E-7

BOROUGH OF KINNELON
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND

Balance, December 31, 2024	$	12,000
Increased by:		
Transfer from 2025 Budget Appropriations		31,927
		43,927
Decreased by:		
Cash Disbursements		12,000
Balance, December 31, 2025	$	31,927

EXHIBIT E-8

STATEMENT OF OVERPAYMENTS
SEWER UTILITY OPERATING FUND

Balance, December 31, 2024	$	4,821
Balance, December 31, 2025	$	4,821

PUBLIC ASSISTANCE FUND

EXHIBIT F-1

BOROUGH OF KINNELON
STATEMENT OF PUBLIC ASSISTANCE CASH

Balance, December 31, 2024 (P.A.T.F.1)	$	59,730
Increased by:		
Interest on Deposits		1,646
		61,376
Decreased by:		
Payments - Local Assistance		8,333
Balance, December 31, 2025 (P.A.T.F.1)	$	53,043

EXHIBIT F-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance, December 31, 2024	$	59,730
Increased by:		
Revenues		
Interest on Deposits		1,646
		61,376
Decreased by:		
Expenditures		
Local Assistance		8,333
Balance, December 31, 2025	$	53,043

BOROUGH OF KINNELON

MORRIS COUNTY, NEW JEREY

PART II

GOVERNMENT AUDITING STANDARDS

FOR THE YEAR ENDED DECEMBER 31, 2025

LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
ROBERT LERCH, CPA, PSA, RMA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA. PSA, RMA
JOHN CUIFFO, CPA, PSA, RMA
DEBRA GOLLE, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Kinnelon
Kinnelon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Kinnelon as of and for the year ended December 31, 2025, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2026. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Kinnelon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Borough of Kinnelon's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Kinnelon's internal control.

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 Borough'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 charged with governance.

17-17 ROUTE 208 FAIR LAWN, NJ 07401 • TELEPHONE (201) 791-7100 • FACIMILE (201) 791-3035
WWW.LVBCPA.COM

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Kinnelon's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Kinnelon in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Borough of Kinnelon's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Borough of Kinnelon's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Borough of Kinnelon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Borough of Kinnelon's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Kinnelon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Paul J. Lerch
Registered Municipal Accountant
RMA Number CR000457

Fair Lawn, New Jersey
June 23, 2026

SCHEDULE A

BOROUGH OF KINNELON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Program	State Award Number	AL Number	Grant Year	Grant Award	2025 Grant Receipts	Balance, December 31, 2024	Revenue	Expended	Balance, December 31, 2025	(Memo Only) Cumulative Expenditures
U.S. Department of Transportation										
(Passed Through New Jersey Department of Transportation)										
Local Municipal Aid - Cutlass Road	078-6320-480	20.205	2021	$ 47,975	$ 39,458	$ 47,975			$ 47,975	
Local Municipal Aid - Fayson Lakes	078-6320-480	20.205	2022	150,000	26,028	150,000			150,000	
U.S. Department of Justice										
Bulletproof Vest Program		16.607	2023	2,836		2,836	-	-	2,836	
Total Federal Financial Assistance						$ 200,811	$ -	$ -	$ 200,811	

This schedule is not subject to a single audit as defined by U.S. Uniform Guidance

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

BOROUGH OF KINNELON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

State Grant Program	State Program Number	Grant Year	Grant Award	2025 Grant Receipts	Balance, December 31, 2024	Revenue Realized	Expended	Balance, December 31, 2025	(Memo Only) Cumulative Expenditures
Department of Environmental Protection									
Clean Communities	765-042-4900-004-178910	Prior	$ 118,544		$ 78,235		$ 66,104	$ 12,131	$ 106,413
		2023	25,270		25,270			25,270	-
		2024	28,702			$ 28,702		28,702	
		2025		$ 28,467					
Recycling Tonnage	100-042-4910-224-238490	Prior	85,079		60,909		60,909	-	85,079
		2023	13,047		13,047		2,923	10,124	2,923
		2024	12,253			12,253		12,253	
		2025		11,565					
Stormwater Assistance Grant	100-042-4850-099-290400	2023	25,000		5,965	-	-	5,965	19,035
Total Department of Environmental Protection					183,426	40,955	129,936	94,445	
Department of Health and Human Services									
Alcohol, Education, Rehabilitation Trust Fund	760-046-4240-001	Prior	1,863		1,457	-	-	1,457	406
Total Department of Health and Human Services					1,457	-	-	1,457	
Department of Law and Public Safety									
Body Armor Replacement Fund	718-066-1020-001-090160	2023	8,758		7,784		1,017	6,767	1,991
		2024	3,772			3,772		3,772	
		2025		370					
Body Worn Camera Grant	066-1020-100-495	Prior	40,235		40,235			40,235	-
Drive Sober or Get Pulled Over		Prior	3,837		3,837			3,837	-
Drunk Driving Enforcement Fund	066-1110-100-XXX	Prior	2,390		2,390	-	-	2,390	-
Total Department of Law and Public Safety					54,246	3,772	1,017	57,001	
New Jersey Department of Transportation									
Various Projects - Current Fund	078-6320-480-XXX	Prior	173,775		173,775			173,775	-
Ordinance 07-19 - General Capital	078-6320-480-XXX	Prior	306,094		306,094			306,094	-
Ordinance 07-24 - General Capital	078-6320-480-XXX	2024	533,000		132,285	-	-	132,285	400,715
Total New Jersey Department of Transportation					612,154	-	-	612,154	
Division of Local Government Services									
Local Recreation Improvement Grants - Ord 03-25	022-8030-495-668	2025	69,000	69,000		69,000	69,000	-	
Local Recreation Improvement Grants - Current Fund	022-8030-495-668	2025	30,074		-	30,074	29,942	132	29,942
Total State Financial Assistance					$ 851,283	$ 143,801	$ 229,895	$ 765,189	

This schedule is not subject to a state single audit in accordance with NJ Circular 25-12.

See Accompanying Notes to the Schedule of Expenditures of State Financial Assistance

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

BOROUGH OF KINNELON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2025

NOTE 1 REPORTING ENTITY

The Borough of Kinnelon (the "Borough") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 25-12 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough's summary of significant accounting policies are described in Note 1 to the Borough's Financial Statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	Federal	State	Total
Current Fund	$ -	$ 74,801	$ 74,801
General Capital Fund	-	69,000	69,000
	$ -	$ 143,801	$ 143,801

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

NOTE 6 INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

BOROUGH OF KINNELON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	Modified - Regulatory Basis			
Internal control over financial reporting:				
1) Material weakness(es) identified		yes	X	no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?		yes	X	none reported
Noncompliance material to the financial statements noted?		yes	X	no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

BOROUGH OF KINNELON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.*

There are none.

BOROUGH OF KINNELON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Part III – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Uniform Guidance and New Jersey OMB Circular 25-12.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

BOROUGH OF KINNELON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

This section identifies the status of prior-year findings related to the financial statements that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards.*

STATUS OF PRIOR YEAR FINDINGS

Finding 2024-001

Conditions

The general ledger was not maintained in accordance with the requirements of the N.J.A.C.

Status

Corrective action has been taken.

BOROUGH OF KINNELON

MORRIS COUNTY, NEW JERSEY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF KINNELON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

	Year 2025 Amount	Year 2025 Percent	Year 2024 Amount	Year 2024 Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 2,490,000	3.59 %	$ 2,300,000	3.39 %
Miscellaneous - From Other Than Local Property Tax Levies	3,270,305	4.71	3,840,355	5.67
Collection of Delinquent Taxes and Tax Title Liens	465,813	0.67	469,181	0.69
Collection of Current Tax Levy	63,197,242	91.03	61,152,696	90.25
Total Income	69,423,360	100.00 %	67,762,232	100.00 %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	16,072,127	24.23 %	16,212,237	25.10 %
Local School Taxes	43,716,543	65.92	42,129,496	65.23
County Taxes	6,278,305	9.47	6,111,800	9.46
Municipal Open Space Taxes	106,594	0.16	106,397	0.16
Other Expenditures	145,135	0.22	30,237	0.05
Total Expenditures	66,318,704	100.00 %	64,590,167	100.00 %
Excess in Revenue	3,104,656		3,172,065	
Fund Balance, January 1	5,681,459		4,809,394	
	8,786,115		7,981,459	
Less Utilization as Anticipated Revenue	2,490,000		2,300,000	
Fund Balance, December 31	$ 6,296,115		$ 5,681,459	

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

	Year 2025			Year 2024		
	Amount	Percent		Amount	Percent	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	$ 225,300	23.89	%	$ 448,496	39.93	%
Collection of Water Rents	601,420	63.77		584,774	52.06	
Miscellaneous - From Other Than Water	116,399	12.34		89,954	8.01	
Total Income	943,119	100.00	%	1,123,224	100.00	%
EXPENDITURES						
Budget Expenditures						
Operating	476,000	59.63	%	543,606	64.60	%
Deferred Charges and Statutory Expenditures	12,780	1.59		12,700	1.50	
Capital Improvement	100,000	12.52		150,000	17.83	
Debt Service	209,572	26.25		135,203	16.07	
Other Debits to Income	56	0.01		-	-	
Total Expenditures	798,408	100.00	%	841,509	100.00	%
Excess in Revenue	144,711			281,715		
Statutory Excess to Surplus	144,711			281,715		
Fund Balance, January 1	344,771			511,552		
	489,482			793,267		
Decreased by:						
Utilized in Water Operating Budget	225,300			448,496		
Fund Balance, December 31	$ 264,182			$ 344,771		

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

	Year 2025 Amount	Year 2025 Percent		Year 2024 Amount	Year 2024 Percent	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	$ 58,700	9.10	%	$ 95,815	13.93	%
Collection of Sewer Rents	500,851	77.67		500,730	72.77	
Miscellaneous - From Other Than Sewer	85,291	13.23		91,534	13.30	
Total Income	644,842	100.00	%	688,079	100.00	%
EXPENDITURES						
Budget Expenditures						
Operating	447,000	99.62	%	500,000	99.66	%
Deferred Charges and Statutory Expenditures	1,700	0.38		1,700	0.34	
Total Expenditures	448,700	100.00	%	501,700	100.00	%
Excess in Revenue	196,142			186,379		
Statutory Excess to Surplus	196,142			186,379		
Fund Balance, January 1	705,593			615,029		
	901,735			801,408		
Decreased by:						
Utilized in Sewer Operating Budget	58,700			95,815		
Fund Balance, December 31	$ 843,035			$ 705,593		

BOROUGH OF KINNELON
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2025	2024	2023
Tax Rate	$2.985	$2.897	$2.837
Apportionment of Tax Rate			
Municipal	$.591	$.582	$.572
County	.295	.288	.273
Local School	2.058	1.989	1.957
Library	.041	.038	.035

Assessed Valuation			
2025	$2,124,018,900		
2024		$2,119,058,500	
2023			$2,112,905,400

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Year	Tax Levy	Cash Collections	Percentage of Collection
2025	$ 63,634,716	$ 63,197,242	99.31%
2024	61,639,210	61,152,696	99.52%
2023	60,330,922	59,731,549	99.01%

BOROUGH OF KINNELON
DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

December 31	Amount of Delinquent Taxes	Amount of Tax Title Liens	Total Delinquent	Percentage of Tax Levy
2025	$ 330,830	$ 1,163,994	$ 1,494,824	2.35%
2024	363,947	1,178,543	1,542,490	3.91%
2023	484,885	1,107,812	1,592,697	2.64%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2025 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2025	$1,210,750
2024	1,210,750
2023	1,210,750

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance, December 31	Utilized In Budget of Succeeding Year
Current Fund	2025	$6,296,115	$2,650,000
	2024	5,681,459	2,490,000
	2023	4,809,394	2,300,000
Water Utility Operating Fund	2025	$264,182	$232,733
	2024	344,711	225,300
	2023	511,552	448,496
Sewer Utility Operating Fund	2025	$843,035	$381,700
	2024	705,593	58,700
	2023	615,029	95,815

BOROUGH OF KINNELON
OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

Name	Title	Amount of Bond
James J. Freda	Mayor	
Anthony Chirdo	Councilman	
Cynthia Frank	Councilwoman	
J. Eric Harriz	Councilman	
Robert Lewis	Councilman	
Sean Mabey	Councilman	
Ronald Reckler	Councilman	
Craig Ambrosio	Borough Administrator	
Jennifer Stillman	Temporary Chief Financial Officer	$1,000,000
Judith O'Brien	Tax Collector	$1,000,000
Leigh Irwin	Deputy Tax and Utilities Collector	

All bonds were examined and were properly executed.

* All employees, who are not specifically bonded, are covered under $50,000 and $950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF KINNELON
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Prior Year Findings Unresolved

It was noted during our audit of the General Capital Fund that there are several large outstanding grants receivables pledged to inactive ordinances. It is recommended that inactive grants receivables and capital ordinances be reviewed for validity and cancelled if necessary.

Current Year Findings

There are none.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $17,500.

The threshold permitted by the State of New Jersey is $17,500 unless the Borough has a qualified purchasing agent. If the Borough's purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the Borough may establish a bid threshold up to $44,000 through June 30, 2025 and $53,000 effective July 1, 2025. The Borough does not have a qualified purchasing agent.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

The minutes indicate bids were requested by public advertising for the following items:

Fire and Water Damage Repairs
Special Assessment Service
Fayson Lakes Drainage Improvements

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4 (Continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. The Borough does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any instances where expenditures exceeded the bid threshold of $17,500 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on September 18, 2025.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years.

Year	Number of Liens
2025	57
2024	56
2023	55

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 6, 2025 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Kinnelon that it does hereby fix the rate of interest to be charged for the non-payment of taxes or assessments to be eight (8%) per annum on the first $1,500 delinquency and 18 percent (18%) per annum on any amount in excess of $1,500 from the date of delinquency(s) to date of payment, providing however, that payments made during the first ten days of delinquency shall not be subject to interest charges."

WHEREAS, recently enacted Assembly Bill No. 4425 and Senate Bill No. 2579 have been signed into law effective March 29, 1995 and April 4, 1992 respectively amending NJSA 54:4-67 and,

WHEREAS, the Mayor and Council of the Borough of Kinnelon are desirous of enacting the following changes with respect to the aforementioned bills:

Interest now charged on a property tax delinquency shall be calculated on the sum of all taxes from year to year and not calculated on a yearly basis.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (Continued)

An additional penalty of 6% will be added on the amount of a property tax delinquency in excess of $10,000.

In regard to Tax Sale Certificates, when taxes, interest and cost shall exceed the sum of $5,000, an additional sum shall be equal to 4% of the amount paid. When that sum exceeds $10,000, such additional sum shall be equal to 6% of amount paid. This shall also apply to all existing certificates held by the Borough on the effective date of this act.
NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council of the Borough of Kinnelon, County of Bergen, State of New Jersey, hereby authorize the Tax Collector to implement the above stated changes.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolutions.

SUGGESTIONS TO MANAGEMENT

- Old grants receivable and unspent appropriated grant reserves in the Current Fund should be reviewed for validity and cancelled if necessary.
- Interfund balances should be cleared annually
- Foreclosed properties owned by the Borough should be reviewed and considered for sale or auction.

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

BOROUGH OF KINNELON
RECOMMENDATIONS

It is recommended that:

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

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year recommendations. Corrective action was taken on all, with the exception of the findings denoted with an asterisk (*)

* * * * * * * * * *

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Lerch, Vinci & Bliss, LLP

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Paul J. Lerch
Registered Municipal Accountant
RMA Number CR000457