

City of Forsyth, Missouri

Basic Financial Statements
Year Ended August 31, 2025

KPM
CPAS & ADVISORS

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Honorable Mayor and Board of Aldermen
City of Forsyth
Forsyth, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Forsyth, Missouri, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Forsyth, Missouri, as of August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 City'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.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 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, we:

- Exercise professional judgment 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 City'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 City'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
February 17, 2026

Management's Discussion and Analysis

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

The Management's Discussion and Analysis of the City of Forsyth, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended August 31, 2025. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$67,142 for the year as a result of current year activities. The net position of the City's business-type activities increased by \$133,144 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of August 31, 2025, by \$13 million (net position). Of this amount \$2,162,622 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$205,380 during the year.

Total revenues increased 3% compared to prior year revenues, while total expenses increased 3% compared to prior year expenses.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, *Is the City as a whole better off or worse off as a result of the year's activities?* The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. The Board of Aldermen establishes funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in reconciliations following the fund financial statements.

Proprietary Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of August 31, 2025 and 2024:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total August 31, 2025</u>	<u>Total August 31, 2024</u>
Assets				
Current and other assets	\$ 2,042,773	\$ 2,471,569	\$ 4,514,342	\$ 4,511,135
Capital assets	5,216,943	5,676,234	10,893,177	10,791,913
Total Assets	<u>7,259,716</u>	<u>8,147,803</u>	<u>15,407,519</u>	<u>15,303,048</u>
Deferred Outflow of Resources				
Deferred pension outflows	197,750	160,391	358,141	359,619
Liabilities				
Other liabilities	216,857	376,696	593,553	462,880
Long-term liabilities outstanding	895,757	872,663	1,768,420	1,973,800
Total Liabilities	<u>1,112,614</u>	<u>1,249,359</u>	<u>2,361,973</u>	<u>2,436,680</u>
Deferred Inflow of Resources				
Deferred pension inflows	23,594	41,029	64,623	71,665
Deferred lease inflows	-	303,477	303,477	319,021
Total Deferred Inflow of Resources	<u>23,594</u>	<u>344,506</u>	<u>368,100</u>	<u>390,686</u>
Net Position				
Net investment in capital assets	4,541,133	5,021,234	9,562,367	9,290,799
Restricted	1,310,598	-	1,310,598	1,271,358
Unrestricted	469,527	1,693,095	2,162,622	2,273,144
Total Net Position	<u>\$ 6,321,258</u>	<u>\$ 6,714,329</u>	<u>\$ 13,035,587</u>	<u>\$ 12,835,301</u>

Total net position of the City increased by \$200,286 for the year due to current year activity. Total liabilities for the City decreased \$74,707, primarily due to payment of principal on outstanding debt.

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended August 31, 2025</u>	<u>Total Year Ended August 31, 2024</u>
Revenues				
Program Revenues				
Charges for services	\$ 78,127	\$ 1,004,445	\$ 1,082,572	\$ 1,015,004
Operating grants and contributions	13,936	-	13,936	23,935
Capital grants and contributions	57,649	166,500	224,149	203,803
General Revenues				
Property taxes	211,818	-	211,818	212,619
Sales taxes	902,667	-	902,667	896,807
Motor vehicle taxes	157,386	-	157,386	145,293
Other taxes	168	-	168	6
Franchise taxes	78,292	-	78,292	76,498
Interest	84,507	92,771	177,278	167,522
Other revenue	25,033	25,900	50,933	60,631
Total Revenues	<u>1,609,583</u>	<u>1,289,616</u>	<u>2,899,199</u>	<u>2,802,118</u>
Expenses				
Administration	163,275	-	163,275	123,941
Police	493,666	-	493,666	646,183
Fire	365,266	-	365,266	304,964
Parks	258,322	-	258,322	153,266
Street	182,544	-	182,544	194,759
Building	62,693	-	62,693	45,481
Debt service	16,675	-	16,675	19,916
Water and sewer	-	1,156,472	1,156,472	1,127,509
Total Expenses	<u>1,542,441</u>	<u>1,156,472</u>	<u>2,698,913</u>	<u>2,616,019</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ 67,142</u>	<u>\$ 133,144</u>	<u>\$ 200,286</u>	<u>\$ 186,099</u>

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

Governmental Activities

Governmental activities increased the net position of the City by \$67,142. Tax revenues for the City were \$1,350,331 which represents 84% of the financing of these activities. Program revenues for the functions totaled \$149,712. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Forsyth's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administration	\$ 163,275	\$ 157,770
Police	493,666	467,202
Fire	365,266	299,824
Parks	258,322	246,039
Street	182,544	182,544
Building	62,693	22,675
Debt service	16,675	16,675
	<u>\$ 1,542,441</u>	<u>\$ 1,392,729</u>

Business-Type Activities

Business-type activities increased the City's net position by \$133,144.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of August 31, 2025, were \$1,995,925. The General Fund decreased by \$198,702. The Capital Improvement Fund increased by \$71,450.

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$1,293,781 was increased to \$1,380,734.

Expenditures

The original expenditure budget of \$1,422,705 was increased to \$1,682,634 for anticipated expenditures.

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

Capital Assets and Long-Term Debt

Capital Assets

Capital assets of the governmental activities were \$5,216,943 (net of accumulated depreciation and amortization) as of August 31, 2025. This represents a \$163,248 increase from the prior year. Capital assets for business-type activities were \$5,676,234 as of August 31, 2025. This represents a \$61,984 decrease from the prior year.

Debt

Total debt of the governmental activities as of August 31, 2025, was \$675,810, which is down from \$736,114 in the prior year due to principal payments on debt and the addition of a new information technology agreement in the amount of \$103,198.

Total debt of the business-type activities as of August 31, 2025, was \$655,000, which is down from \$765,000 in the prior year due to principal payments on debt.

Economic Factors and Next Year's Budget

The economic environment seems to have slowed consumer spending over the past few years while supply chain issues have eased resulting in better availability of supplies and equipment needed for future projects. Tax receipts are not expected to increase much, if not decrease, for the coming year while wages have risen significantly over the past few years.

The new budget was created based on previous years. It was decided to hold projected revenues basically flat, understanding that, should there be growth in the revenues, resources could be allocated to special projects as the fiscal year progressed and collections were in hand.

The 2026 budget relies heavily on reserves to complete projects, which include the replacement of a new brush truck for fire station 1 and updating the parks. The bulk of these expenditures will be funded with restricted reserves such as the recreation fund, fire department capital account, and grants. Efficiency improvements to the water and sewer systems will be offset with reserves and grants. Our staff continuously looks for grants and financial assistance programs to help fund needed equipment and improvements.

The Board is actively looking at improving efficiency of the day-to-day operations. The administration has controlled the workforce costs by holding unfilled positions and reallocating duties.

The City will continue to closely monitor cash balances and minimum fund balances to ensure that service levels and necessary public works upkeep are maintained.

City of Forsyth

Management's Discussion and Analysis

August 31, 2025

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

Dennis Winzenried, President of the Board
Ann Roberts, Financial Officer
Cheyenne Beasley, City Clerk

City of Forsyth
15405 U.S. Highway 160
P.O. Box 545
Forsyth, Missouri 65653
(417) 546-4763

City of Forsyth

Statement of Net Position

August 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 57,857	\$ 686,377	\$ 744,234
Investments - unrestricted	441,591	1,092,474	1,534,065
Ad valorem taxes receivable	974	-	974
Sales taxes receivable	189,860	-	189,860
Utilities receivable, net	-	129,446	129,446
Court fines receivable	23,211	-	23,211
Intergovernmental receivable	-	74,000	74,000
Leases receivable - current	-	9,502	9,502
Accrued interest receivable	-	3,574	3,574
Other accounts receivable	5,725	-	5,725
Prepaid expenses	44,463	47,565	92,028
Noncurrent			
Restricted cash and cash equivalents	457,451	106,386	563,837
Restricted investments	821,641	-	821,641
Leases receivable - noncurrent	-	322,245	322,245
Capital assets			
Non-depreciable	1,091,407	186,910	1,278,317
Depreciable, net	4,125,536	5,489,324	9,614,860
Total Assets	7,259,716	8,147,803	15,407,519
Deferred Outflow of Resources			
Deferred pension outflows	197,750	160,391	358,141

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Net Position

August 31, 2025

	Activities	Activities	Total
Liabilities			
Current			
Accounts payable	1,455	141,494	142,949
Accrued expenses	19,013	5,210	24,223
Police department evidence	2,994	-	2,994
Deposits payable	175	106,386	106,561
Accrued interest payable	6,151	3,242	9,393
Current portion of compensated absences	21,598	5,364	26,962
Current maturities of long-term debt	165,471	115,000	280,471
	216,857	376,696	593,553
Noncurrent			
Revenue bonds payable	425,000	540,000	965,000
Financed purchase payable	19,708	-	19,708
Subscription obligation	65,631	-	65,631
Net pension liability	373,780	331,265	705,045
Compensated absences	11,638	1,398	13,036
	895,757	872,663	1,768,420
Total Liabilities	1,112,614	1,249,359	2,361,973
Deferred Inflow of Resources			
Deferred pension inflows	23,594	41,029	64,623
Deferred lease inflows	-	303,477	303,477
Total Deferred Inflow of Resources	23,594	344,506	368,100
Net Position			
Net investment in capital assets	4,541,133	5,021,234	9,562,367
Restricted	1,310,598	-	1,310,598
Unrestricted	469,527	1,693,095	2,162,622
Total Net Position	\$ 6,321,258	\$ 6,714,329	\$ 13,035,587

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Activities

Year Ended August 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Administration	\$ (163,275)	\$ 5,505	\$ -	\$ -	\$ (157,770)	\$ -	\$ (157,770)
Police	(493,666)	19,496	6,968	-	(467,202)	-	(467,202)
Fire	(365,266)	825	6,968	57,649	(299,824)	-	(299,824)
Parks	(258,322)	12,283	-	-	(246,039)	-	(246,039)
Street	(182,544)	-	-	-	(182,544)	-	(182,544)
Building	(62,693)	40,018	-	-	(22,675)	-	(22,675)
Debt service	(16,675)	-	-	-	(16,675)	-	(16,675)
Total Governmental Activities	(1,542,441)	78,127	13,936	57,649	(1,392,729)	-	(1,392,729)
Business-Type Activities							
Water and sewer	(1,156,472)	1,004,445	-	166,500	-	14,473	14,473
Total Business-Type Activities	(1,156,472)	1,004,445	-	166,500	-	14,473	14,473
Total Government	<u>\$ (2,698,913)</u>	<u>\$ 1,082,572</u>	<u>\$ 13,936</u>	<u>\$ 224,149</u>	(1,392,729)	14,473	(1,378,256)
General Revenues							
Ad valorem taxes					211,818	-	211,818
Sales taxes					902,667	-	902,667
Motor vehicle taxes					157,386	-	157,386
Other taxes					168	-	168
Franchise taxes					78,292	-	78,292
Interest					84,507	92,771	177,278
Other revenue					25,033	25,900	50,933
Total General Revenues and Transfers					1,459,871	118,671	1,578,542
<i>Changes in Net Position</i>					67,142	133,144	200,286
Net Position, Beginning of Year					6,254,116	6,581,185	12,835,301
Net Position, End of Year					<u>\$ 6,321,258</u>	<u>\$ 6,714,329</u>	<u>\$ 13,035,587</u>

See accompanying Notes to the Financial Statements.

City of Forsyth

Balance Sheet – Governmental Funds

August 31, 2025

	General Fund	Special Revenue Fund Capital Improvement Fund	Total Governmental Funds
Assets			
Cash and cash equivalents - unrestricted	\$ 57,857	\$ -	\$ 57,857
Investments - unrestricted	441,591	-	441,591
Ad valorem taxes receivable	974	-	974
Sales taxes receivable	155,185	34,675	189,860
Court fines receivable	23,211	-	23,211
Other accounts receivable	5,725	-	5,725
Prepaid expenses	44,463	-	44,463
Restricted cash and cash equivalents	286,203	171,248	457,451
Restricted investments	493,853	327,788	821,641
Total Assets	\$ 1,509,062	\$ 533,711	\$ 2,042,773
 Liabilities, Deferred Inflow of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 1,455	\$ -	\$ 1,455
Accrued expenses	19,013	-	19,013
Police department evidence	2,994	-	2,994
Deposits payable	175	-	175
Total Liabilities	23,637	-	23,637
 Deferred Inflow of Resources			
Deferred court fines	23,211	-	23,211
 Fund Balances			
Nonspendable			
Prepaid items	44,463	-	44,463
Restricted for			
Parks	538,599	-	538,599
Fire department	238,288	-	238,288
Capital improvements	-	533,711	533,711
Unassigned	640,864	-	640,864
Total Fund Balances	1,462,214	533,711	1,995,925
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 1,509,062	\$ 533,711	\$ 2,042,773

See accompanying Notes to the Financial Statements.

City of Forsyth

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

August 31, 2025

Fund balance - total governmental funds	\$ 1,995,925
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	8,144,773
Less accumulated depreciation and amortization	<u>(2,927,830)</u>
	5,216,943
Adjustment of deferred court fines	23,211
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(6,151)
The net pension liability and related deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension liability	(373,780)
Deferred outflows due to pensions	197,750
Deferred inflows due to pensions	<u>(23,594)</u>
	(199,624)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(709,046)</u>
Net Position of Governmental Activities	<u><u>\$ 6,321,258</u></u>

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended August 31, 2025

	<u>General Fund</u>	<u>Special Revenue Fund Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 1,156,837	\$ 193,494	\$ 1,350,331
Licenses and permits	45,523	-	45,523
Intergovernmental revenues	57,649	-	57,649
Charges for services	13,108	-	13,108
Fines and forfeitures	5,158	-	5,158
Miscellaneous	102,459	21,017	123,476
Total Revenues	<u>1,380,734</u>	<u>214,511</u>	<u>1,595,245</u>
Expenditures			
Current			
Administration	146,049	-	146,049
Police	428,527	-	428,527
Fire	308,146	-	308,146
Parks	204,348	-	204,348
Street	101,070	-	101,070
Building	58,463	-	58,463
Capital outlay	436,031	-	436,031
Debt service			
Principal, interest and fees	-	143,061	143,061
Total Expenditures	<u>1,682,634</u>	<u>143,061</u>	<u>1,825,695</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(301,900)	71,450	(230,450)
Other Financing Sources			
Information technology subscription agreement proceeds	103,198	-	103,198
<i>Net Change in Fund Balances</i>	(198,702)	71,450	(127,252)
Fund Balance, Beginning of Year	1,660,916	462,261	2,123,177
Fund Balance, End of Year	<u>\$ 1,462,214</u>	<u>\$ 533,711</u>	<u>\$ 1,995,925</u>

See accompanying Notes to the Financial Statements.

City of Forsyth

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year Ended August 31, 2025

Net change in fund balances - total governmental funds	\$ (127,252)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense.

Capital outlay	436,031
Depreciation and amortization	<u>(272,783)</u>
	163,248

Some revenues reported in the governmental funds represent current financial resources and were recognized in the Statement of Activities when earned.	14,338
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	(2,608)
Change in pension related costs	<u>(42,274)</u>
	(44,882)

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding debt whereas, in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

Information technology agreement proceeds	(103,198)
Repayment of principal on debt	163,502
Accrued interest payable	<u>1,386</u>
	<u>61,690</u>
Change in Net Position of Governmental Activities	<u>\$ 67,142</u>

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Net Position – Proprietary Fund

August 31, 2025

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 686,377
Investments	1,092,474
Utilities receivable, net	129,446
Leases receivable - current	9,502
Accrued interest receivable	3,574
Intergovernmental receivable	74,000
Prepaid expenses	47,565
Total Current Assets	<u>2,042,938</u>
Restricted Assets	
Cash and cash equivalents	106,386
Noncurrent Assets	
Leases receivable - noncurrent	322,245
Property, Plant and Equipment	
Land	186,910
Water and sewer system	15,104,514
Equipment	423,222
Vehicles	210,127
	<u>15,924,773</u>
Less accumulated depreciation	<u>(10,248,539)</u>
Total Property, Plant and Equipment	<u>5,676,234</u>
Total Assets	<u>8,147,803</u>
Deferred Outflow of Resources	
Deferred pension outflows	160,391

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Net Position – Proprietary Fund

August 31, 2025

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Liabilities	
Current Liabilities	
Accounts payable	141,494
Accrued expenses	5,210
Deposits payable	106,386
Accrued interest payable	3,242
Current portion of compensated absences payable	5,364
Current maturities of long-term liabilities	115,000
Total Current Liabilities	<u>376,696</u>
Long-Term Liabilities	
Revenue bonds payable	540,000
Net pension liability	331,265
Compensated absences payable	1,398
Total Long-Term Liabilities	<u>872,663</u>
Total Liabilities	<u>1,249,359</u>
Deferred Inflow of Resources	
Deferred pension inflows	41,029
Deferred lease inflows	303,477
Total Deferred Inflow of Resources	<u>344,506</u>
Net Position	
Net investment in capital assets	5,021,234
Unrestricted	1,693,095
Total Net Position	<u><u>\$ 6,714,329</u></u>

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund

Year Ended August 31, 2025

	Enterprise Fund
	Water and
	Sewer Fund
Operating Revenues	
Charges for services	
Water	\$ 462,506
Sewer	541,939
Total Operating Revenues	1,004,445
Operating Expenses	
Salaries and benefits	378,152
Legal and professional	150
Utilities	134,858
Gas and oil	8,810
Telephone	6,729
Maintenance	147,687
Supplies	57,512
Insurance	35,117
Depreciation	285,716
Travel, meetings, and dues	2,413
Support contracts	40,421
Bad debt expense	8,572
Engineering	34,941
Total Operating Expenses	1,141,078
<i>Operating (Loss)</i>	(136,633)
Nonoperating Revenues (Expenses)	
Interest income	92,771
Other income	25,900
Interest and fees expense	(15,394)
Total Nonoperating Revenues (Expenses)	103,277
<i>Net Income (Loss) Before Contributions</i>	(33,356)
<i>Capital Contributions</i>	166,500
<i>Changes in Net Position</i>	133,144
Net Position, Beginning of Year	6,581,185
Net Position, End of Year	\$ 6,714,329

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Cash Flows – Proprietary Fund

Year Ended August 31, 2025

	Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 993,419
Cash paid to employees	(413,279)
Cash paid to suppliers	(491,459)
Net Cash Provided by Operating Activities	88,681
Cash Flows from Noncapital Financing Activities	
Proceeds from other non-operating activities	19,136
Net Cash Provided by Noncapital Financing Activities	19,136
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(111,846)
Grant proceeds	92,500
Payment of revenue bond principal	(110,000)
Payment of interest expense	(15,921)
Net Cash (Used) by Capital and Related Financing Activities	(145,267)
Cash Flows from Investing Activities	
Interest received on investments	92,853
Purchase of investments	(47,131)
Net Cash Provided by Investing Activities	45,722
<i>Net Increase in Cash and Cash Equivalents</i>	8,272
Cash and Cash Equivalents, Beginning of Year	784,491
Cash and Cash Equivalents, End of Year	792,763
Less Restricted Cash and Cash Equivalents	106,386
Unrestricted Cash and Cash Equivalents	\$ 686,377

See accompanying Notes to the Financial Statements.

City of Forsyth

Statement of Cash Flows – Proprietary Fund

Year Ended August 31, 2025

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (loss)	\$ (136,633)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	285,716
(Increase) decrease in	
Utilities receivable	(12,100)
Prepaid expenses	(19,352)
Deferred pension outflow	45,356
Increase (decrease) in	
Accounts payable	5,103
Accrued expenses	(3,839)
Compensated absences payable	275
Deposits payable	1,074
Net pension liability	(68,710)
Deferred pension inflow	(8,209)
Net Cash Provided by Operating Activities	<u>\$ 88,681</u>

See accompanying Notes to the Financial Statements.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

1. Summary of Significant Accounting Policies

The City of Forsyth, Missouri, (the City) operates under a Mayor – Board of Aldermen form of government and provides the following services: public safety, streets, parks, planning and general administrative services. Other services include water and sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Capital Improvement Fund: The Capital Improvement Fund is used to account for sales tax revenues that are restricted, committed or assigned to be used for the purpose of any capital improvement for the City and expires in 20 years from the date of approval.

The City reports the following major proprietary fund:

Water and Sewer Fund: The Water and Sewer Fund accounts for the activities and capital improvements of the City's water and sewer operations.

Right-to-Use Asset

Right-to-use assets are initially recorded at the initial measurement of the subscription obligations, plus subscription payments made at or before the commencement of the subscription term, less any incentives received at or before the commencement of the obligation, plus initial direct costs that are ancillary to place the asset into service. Right-to-use assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Capital Assets

Capital assets include land, building and improvements, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$1,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

The service lives by type of asset are as follows:

Buildings, improvements and utility plants	40 years
Building improvements	15 years
Equipment	5-15 years
Infrastructure	20-40 years
Vehicles	5-10 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all accounts subject to withdrawal by check or on demand to be cash equivalents.

Investments

Investments consist of the liquid series held by the Missouri Securities Investment Program and are carried at fair market value.

Use of Estimates

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

Compensated Absences

Employees earn vacation time based on the number of years of service to the City. Outstanding vacation and compensatory time is payable on termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Net Position

In the government-wide financial statements, net position is classified in three components as follows:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City first applies restricted net position.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's Board of Aldermen.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The Board of Aldermen has formally adopted a minimum fund balance policy to maintain at least a 25% cash balance of annual operating expenditures in the General Fund.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to the retirement plan.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has three items that qualify for reporting in this category, deferred amounts relating to court fines on the Balance Sheet and deferred amounts relating to the retirement plan and lease inflows on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenues and expenses are considered nonoperating.

Leases

The City is a lessor for a lease of tower space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1	Inputs using quoted prices in active markets for identical assets or liabilities
Level 2	inputs using significant other observable inputs including quoted prices for similar assets or liabilities
Level 3	Inputs are significant unobservable inputs

New Pronouncements

The City implemented GASB Statement No. 101 – *Compensated Absences* during the year ended August 31, 2025. The objective of this statement is to better meet the information and needs of financial statement users by updating the recognition and measurement guidance for compensated absences and amends certain previously required disclosures.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of August 31, 2025, all bank balances on deposit are entirely insured or collateralized.

3. Investments

The City categorized its investments within the fair value hierarchy as discussed in Note 1. Investments as of August 31, 2025, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value Level 2</u>
Missouri Securities Investment Program (MOSIP) - Liquid Series	N/A	<u>\$ 2,355,706</u>

Missouri Securities Investment Program

City funds in the Missouri Securities Investment Program are invested in MOSIP liquid series in which the City has a pro-rata share. The funds are invested in accordance with Section 165.051 RSMo. The liquid series has a current rating of AAAM by S&P.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

4. Accounts Receivable

Accounts receivable is presented net of an allowance for doubtful accounts as follows:

	Gross Receivable	Allowance	Net Receivable
Utilities Receivable			
Water and Sewer Fund	\$ 133,446	\$ (4,000)	\$ 129,446

5. Restricted Assets

Governmental Activities

Cash and cash equivalents, fund balance, and net position have been restricted as follows:

	Restricted Cash and Investments	Restricted Net Position/ Fund Balance
General Fund		
Tenant deposits	\$ 175	\$ -
Police department evidence	2,994	-
Park sales tax	538,599	538,599
Fire sales tax	238,288	238,288
	\$ 780,056	\$ 776,887
Capital Improvement Fund		
Capital improvement tax	\$ 499,036	\$ 533,711

Business-Type Activities

Restricted cash includes cash restricted for utility deposits. This restriction is as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
Water and Sewer Fund		
Utility deposits	\$ 106,386	\$ -

City of Forsyth

Notes to the Financial Statements

August 31, 2025

6. Long-Term Debt – Governmental Activities

Long-term debt for governmental activities at August 31, 2025, consists of the 2019 Capital Improvement Sales Tax Refunding Revenue Bonds, the financed purchase of an excavator, and a subscription obligation payable.

Capital Improvement Bonds

On September 24, 2019, the City issued \$1,230,000 in Capital Improvement Sales Tax Refunding Revenue Bonds due in varying annual installments through April 1, 2029; interest at 2.66% due on April 1 and October 1 of each year.

\$ 555,000

Principal and interest payments are due as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 130,000	\$ 14,763	\$ 144,763
2027	135,000	11,305	146,305
2028	140,000	7,714	147,714
2029	150,000	3,990	153,990
	<u>\$ 555,000</u>	<u>\$ 37,772</u>	<u>\$ 592,772</u>

In the event of default on the agreement, after 60 days, the registered owners of the Bonds then outstanding may declare the principal of all Bonds then outstanding to be due and payable immediately.

Financed Purchase

On September 28, 2022, the City entered into a financed purchase agreement in the principal amount of \$90,995, for the purchase of an excavator. The agreement calls for monthly payments of \$1,517, plus a monthly service fee of 2.99% through September 2028. In the event of default, the Lender may declare all unpaid balances immediately due and payable, order the return of the equipment, or take any other remedy at law or in equity. The agreement provides for cancellation at the City's option on the renewal date each year; however, the City does not foresee exercising its option to cancel.

Principal and fees are due as follows:

<u>Year Ending August 31,</u>	<u>Direct Borrowing</u>		<u>Total</u>
	<u>Principal</u>	<u>Service Fees</u>	
2026	\$ 18,199	\$ 1,437	\$ 19,636
2027	18,199	1,437	19,636
2028	1,509	128	1,637
	<u>\$ 37,907</u>	<u>\$ 3,002</u>	<u>\$ 40,909</u>

Subscription Obligation

The City has entered into a subscription agreement for records management software for the Police Department, the term of which expires in September 2029. The following is a schedule by year of payments under the subscription agreement as of August 31, 2025.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Principal and interest payments are due as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 17,272	\$ 4,241	\$ 21,513
2027	19,446	3,358	22,804
2028	21,809	2,363	24,172
2029	24,376	1,247	25,623
	<u>\$ 82,903</u>	<u>\$ 11,209</u>	<u>\$ 94,112</u>

The following table is a summary of the changes in the Long-Term Debt – Governmental Activities:

	<u>Balance August 31, 2024</u>	<u>New Obligations</u>	<u>Retirements</u>	<u>Balance August 31, 2025</u>	<u>Amounts Due Within One Year</u>
Capital Improvement Bonds					
Series 2019	\$ 680,000	\$ -	\$ 125,000	\$ 555,000	\$ 130,000
Direct Borrowing					
Financed Purchase Payable	56,114	-	18,207	37,907	18,199
Information Technology Agreement	-	103,198	20,295	82,903	17,272
	<u>\$ 736,114</u>	<u>\$ 103,198</u>	<u>\$ 163,502</u>	<u>\$ 675,810</u>	<u>\$ 165,471</u>

7. Long-Term Debt – Business-Type Activities

Long-term debt for business-type activities at August 31, 2025, consists of the 2021 Combined Waterworks and Sewerage System Refunding Revenue Bonds.

2021 Combined Waterworks and Sewerage System Refunding Revenue Bonds

On June 3, 2021, the city issued Combined Waterworks and Sewerage System Refunding Revenue Bonds in the amount of \$1,080,000 to advance refund the Series 2012 Combined Waterworks and Sewerage System Revenue Bonds that were issued to refund the Series 1994A and 2004B Combined Waterworks and Sewerage System Revenue Bonds. In the event of default on the agreement, after 60 days, the registered owners of the Bonds then outstanding may declare the principal of all Bonds then outstanding to be due and payable immediately. The bonds bear interest at 1.98% with principal payments due on June 1, and interest payments due December 1 and June 1, of each year.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

The annual debt service requirements to amortize the principal on the 2021 refunding revenue bonds outstanding at August 31, 2025, are listed in the following table:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 115,000	\$ 12,969	\$ 127,969
2027	115,000	10,692	125,692
2028	115,000	8,415	123,415
2029	70,000	6,138	76,138
2030	65,000	4,752	69,752
2031	65,000	3,465	68,465
2032	65,000	2,178	67,178
2033	45,000	891	45,891
	<u>\$ 655,000</u>	<u>\$ 49,500</u>	<u>\$ 704,500</u>

The following table is a summary of the changes in the business-type activities long-term debt for the year ended August 31, 2025:

	<u>Balance August 31, 2024</u>	<u>New Obligations</u>	<u>Retirements</u>	<u>Balance August 31, 2025</u>	<u>Amounts Due Within One Year</u>
Revenue Bonds Payable Series 2021	<u>\$ 765,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 655,000</u>	<u>\$ 115,000</u>

8. Compensated Absences

	<u>Balance August 31, 2024</u>	<u>Additions *</u>	<u>Retirements</u>	<u>Balance August 31, 2025</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Compensated absences payable	\$ 30,628	\$ 2,608	\$ -	\$ 33,236	\$ 21,598
Business-Type Activities					
Compensated absences payable	6,487	275	-	6,762	5,364
	<u>\$ 37,115</u>	<u>\$ 2,883</u>	<u>\$ -</u>	<u>\$ 39,998</u>	<u>\$ 26,962</u>

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

City of Forsyth

Notes to the Financial Statements

August 31, 2025

9. Capital Assets

Capital asset activity for the year ended August 31, 2025, was as follows:

	Balance August 31, 2024	Additions	Deletions	Balance August 31, 2025
Governmental Activities				
Non-Depreciable Capital Assets				
Land	\$ 1,091,407	\$ -	\$ -	\$ 1,091,407
Total Non-depreciable Capital Assets	1,091,407	\$ -	\$ -	1,091,407
Depreciable Capital Assets				
Building and improvements	982,611	\$ 175,833	\$ -	1,158,444
Land improvements	583,943	-	-	583,943
Equipment	1,652,402	124,077	-	1,776,479
Vehicles	582,887	32,923	-	615,810
Infrastructure	2,815,492	-	-	2,815,492
Total Depreciable Capital Assets	6,617,335	\$ 332,833	\$ -	6,950,168
Less Accumulated Depreciation				
Buildings and improvements	414,935	\$ 25,629	\$ -	440,564
Land improvements	20,517	28,408	-	48,925
Equipment	1,048,263	68,434	-	1,116,697
Vehicles	389,718	43,479	-	433,197
Infrastructure	781,614	87,913	-	869,527
Total Accumulated Depreciation	2,655,047	\$ 253,863	\$ -	2,908,910
Total Depreciable Capital Assets, net	3,962,288			4,041,258
Right-to-Use Assets				
Subscription software	-	\$ 103,198	\$ -	103,198
Total Right-to-Use Assets	-	\$ 103,198	\$ -	103,198
Less Accumulated Amortization				
	-	\$ 18,920	\$ -	18,920
Total Right-to-Use Assets, net	-			84,278
Total Governmental Activities Capital Assets, net	\$ 5,053,695			\$ 5,216,943

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Depreciation expense for governmental activities was charged to functions as follows:

Administration	\$ 16,868
Police	50,980
Fire	55,533
Streets	98,956
Parks	50,446
	\$ 272,783

	Balance August 31, 2024	Additions	Deletions	Balance August 31, 2025
Business-Type Activities				
Non-Depreciable Capital Assets				
Land	\$ 186,910	\$ -	\$ -	\$ 186,910
Total Non-depreciable Capital Assets	186,910	\$ -	\$ -	186,910
Depreciable Capital Assets				
Water and sewer system	14,924,988	\$ 179,526	\$ -	15,104,514
Equipment	379,016	44,206	-	423,222
Vehicles	210,127	-	-	210,127
Total Depreciable Capital Assets	15,514,131	\$ 223,732	\$ -	15,737,863
Less Accumulated Depreciation	9,962,823	\$ 285,716	\$ -	10,248,539
Total Depreciable Capital Assets, net	5,551,308			5,489,324
Total Business-Type Activities Capital Assets, net	\$ 5,738,218			\$ 5,676,234

10. Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	2025 Valuation
Benefit multiplier	2.00% for life
Final average salary	5 years
Member contributions	4%

Benefit terms provide for annual post-retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms. At June 30, 2025, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	General	Police	Fire
Inactive employees or beneficiaries currently receiving benefits	8	9	0
Inactive employees entitled to but not yet receiving benefits	11	20	0
Active employees	7	3	3
	26	32	3

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% to the pension plan. Employer contribution rates are 20% (General), 14.2% (Police), and 17.7% (Fire) of annual covered payroll.

Net Pension Liability (Asset). The employer’s net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2025.

Actuarial Assumptions. The total pension liability in the February 28, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police); 2.75% to 7.15% including wage inflation (Fire)
Investment rate of return	7.00% net of investment expenses

City of Forsyth

Notes to the Financial Statements

August 31, 2025

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2025, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses 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. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Alpha	5.00%	1.76%
Equity	39.00%	3.39%
Fixed Income	23.00%	3.54%
Real Assets	33.00%	2.68%
Strategic Assets	7.00%	2.83%
Cash/Leverage	-7.00%	-0.86%

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) - (b)
General Division			
Balance at beginning of year	\$ 2,464,800	\$ 1,914,628	\$ 550,172
Changes for the year			
Service cost	45,296	-	45,296
Interest on total pension liability	170,627	-	170,627
Difference between expected and actual experiences	(76,963)	-	(76,963)
Contributions - employer	-	80,345	(80,345)
Contributions - employee	-	14,177	(14,177)
Net investment income	-	121,772	(121,772)
Benefits paid, including refunds	(100,768)	(100,768)	-
Administrative expenses	-	(2,390)	2,390
Other (net transfer)	-	(17,726)	17,726
<i>Net Changes</i>	38,192	95,410	(57,218)
Balance at end of year	2,502,992	2,010,038	492,954
Police Division			
Balance at beginning of year	1,401,788	1,318,516	83,272
Changes for the year			
Service cost	28,158	-	28,158
Interest on total pension liability	96,477	-	96,477
Difference between expected and actual experiences	18,157	-	18,157
Contributions - employer	-	22,450	(22,450)
Contributions - employee	-	6,399	(6,399)
Net investment income	-	77,260	(77,260)
Benefits paid, including refunds	(76,063)	(76,063)	-
Administrative expenses	-	(1,635)	1,635
Other (net transfer)	-	(8,778)	8,778
<i>Net Changes</i>	66,729	19,633	47,096
Balance at end of year	1,468,517	1,338,149	130,368

City of Forsyth

Notes to the Financial Statements

August 31, 2025

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Fire Division			
Balance at beginning of year	182,840	127,514	55,326
Changes for the year			
Service cost	12,079	-	12,079
Interest on total pension liability	13,196	-	13,196
Difference between expected and actual experiences	27,817	-	27,817
Changes of assumptions	400	-	400
Contributions - employer	-	16,693	(16,693)
Contributions - employee	-	3,783	(3,783)
Net investment income	-	8,264	(8,264)
Benefits paid, including refunds	-	-	-
Administrative expenses	-	(378)	378
Other (net transfer)	-	(1,267)	1,267
<i>Net Changes</i>	53,492	27,095	26,397
Balance at end of year	236,332	154,609	81,723
Total Plan Balances at End of Year	\$ 4,207,841	\$ 3,502,796	\$ 705,045

The net pension liability (asset) is allocated as follows:

	Net Pension Liability (Asset)
Governmental Activities	\$ 373,780
Business-Type Activities	331,265
	\$ 705,045

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.

The following presents the net pension liability (asset) of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net pension liability (asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 2,842,721	\$ 2,502,992	\$ 2,221,640
Plan Fiduciary Net Position	2,010,038	2,010,038	2,010,038
Net Pension Liability (Asset)	832,683	492,954	211,602
Police Division			
Total Pension Liability	1,675,142	1,468,517	1,300,959
Plan Fiduciary Net Position	1,338,149	1,338,149	1,338,149
Net Pension Liability (Asset)	336,993	130,368	(37,190)
Fire Division			
Total Pension Liability	281,825	236,332	198,934
Plan Fiduciary Net Position	154,609	154,609	154,609
Net Pension Liability (Asset)	127,216	81,723	44,325
Total Net Pension Liability (Asset)	\$ 1,296,892	\$ 705,045	\$ 218,737

City of Forsyth

Notes to the Financial Statements

August 31, 2025

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

For the year ended August 31, 2025, the employer recognized pension expense of \$60,537 in the general division, pension expense of \$51,200 in the police division, and pension expense of \$18,635 in the fire division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Difference between expected and actual experience	\$ 145,905	\$ (61,055)	\$ 84,850
Net difference between projected and actual earnings on pension plan investments	80,493	-	80,493
Contributions subsequent to the measurement date*	12,280	-	12,280
	<u>238,678</u>	<u>(61,055)</u>	<u>177,623</u>
Police Division			
Difference between expected and actual experience	2,621	-	2,621
Net difference between projected and actual earnings on pension plan investments	57,465	-	57,465
Contributions subsequent to the measurement date*	3,483	-	3,483
	<u>63,569</u>	<u>-</u>	<u>63,569</u>
Fire Division			
Difference between expected and actual experience	47,304	(3,568)	43,736
Changes in assumptions	1,147	-	1,147
Net difference between projected and actual earnings on pension plan investments	4,877	-	4,877
Contributions subsequent to the measurement date*	2,566	-	2,566
	<u>55,894</u>	<u>(3,568)</u>	<u>52,326</u>
	<u>\$ 358,141</u>	<u>\$ (64,623)</u>	<u>\$ 293,518</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability (asset) for the year ending August 31, 2026.

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental Activities	\$ 197,750	\$ (23,594)	\$ 174,156
Business-Type Activities	160,391	(41,029)	119,362
	<u>\$ 358,141</u>	<u>\$ (64,623)</u>	<u>\$ 293,518</u>

City of Forsyth

Notes to the Financial Statements

August 31, 2025

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	Net Deferred Outflows (Inflows) of Resources			
	General	Police	Fire	Total
2026	\$ 106,211	\$ 35,242	\$ 7,578	\$ 149,031
2027	63,799	15,007	6,362	85,168
2028	6,395	7,228	5,681	19,304
2029	(11,062)	2,609	5,264	(3,189)
2030	-	-	5,002	5,002
Thereafter	-	-	19,873	19,873
	\$ 165,343	\$ 60,086	\$ 49,760	\$ 275,189

Payable to the Pension Plan

The City had \$9,728 payable to the pension plan for the year ended August 31, 2025.

11. Assessed Valuation, Tax Levy & Legal Debt Margin

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	2024
Assessed Valuation	
Real estate	\$ 28,172,768
Personal property	7,692,849
	\$ 35,865,617
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.5331

The legal debt margin at August 31, 2025, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 3,586,562	\$ 3,586,562	\$ 7,173,124
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 3,586,562	\$ 3,586,562	\$ 7,173,124

City of Forsyth

Notes to the Financial Statements

August 31, 2025

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

12. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

13. Claims & Adjustments

The City 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 regulation, the City may be required to reimburse the grantor government. As of August 31, 2025, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

14. Pledged Revenues

The City has pledged future water and sewer customer revenues to repay the 2021 Combined Waterworks and Sewerage System Refunding Revenue Bonds issued to improve and expand the water and sewer system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2033. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$704,500. Principal and interest paid for the current year and total customer net revenues were \$125,920 and \$149,083, respectively.

The City has pledged future capital improvement sales tax revenue to repay the 2019 Capital Improvement Sales Tax Refunding Revenue Bonds issued for capital improvements to the City. The bonds are payable solely from the revenue received from the ½ of 1% capital improvement sales tax and are payable through 2029. The total principal and interest remaining to be paid on the bonds is \$592,772. Principal and interest paid for the current year and total capital improvement sales tax revenue were \$143,061 and \$193,494, respectively.

City of Forsyth

Notes to the Financial Statements

August 31, 2025

15. Deferred Court Fines

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These revenues include court fines to be collected over several years. All of the deferred court fines at August 31, 2025, are accounted for as follows:

General Fund

Deferred court fines	<u>\$ 23,211</u>
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16. Leases Receivable

The City, as a lessor, has entered into lease agreements for tower usage, the terms of which continue through 2053. Lease and interest revenue recognized under the lease agreements during the year ended August 31, 2025, was \$15,543 and \$17,033, respectively.

Below is a schedule of future payments that are included in the measurement of the lease receivable:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 9,502	\$ 16,659	\$ 26,161
2027	10,267	16,166	26,433
2028	11,076	15,634	26,710
2029	9,370	15,061	24,431
2030	10,145	14,575	24,720
2031-2035	66,077	64,058	130,135
2036-2040	90,587	43,820	134,407
2041-2045	34,155	28,764	62,919
2046-2050	50,784	18,428	69,212
2051-2053	39,784	4,139	43,923
	<u>\$ 331,747</u>	<u>\$ 237,304</u>	<u>\$ 569,051</u>

Required Supplementary Information

City of Forsyth

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended August 31, 2025

Missouri Local Government Employees Retirement System (LAGERS)

Fiscal year ending August 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 85,533	\$ 71,374	\$ 71,531	\$ 69,216	\$ 62,917	\$ 66,604	\$ 48,047	\$ 47,904	\$ 46,654	\$ 45,879
Interest on total pension liability	280,300	253,865	225,326	232,535	233,557	225,954	181,820	172,119	162,282	151,120
Changes of benefit terms	-	-	-	-	-	-	350,637	54,236	-	-
Difference between expected and actual experience	(30,989)	224,455	297,630	(242,706)	(1,873)	(21,165)	165,515	(43,413)	-	(67,478)
Changes of assumptions	400	338	-	-	(57,139)	-	-	-	(168)	86,554
Benefit payments, including refunds	(176,831)	(181,280)	(191,921)	(135,379)	(144,671)	(184,035)	(110,020)	(84,664)	(63,120)	(61,904)
Net Change in Total Pension Liability	158,413	368,752	402,566	(76,334)	92,791	87,358	635,999	146,182	145,648	154,171
Total Pension Liability beginning	4,049,428	3,680,676	3,278,110	3,354,444	3,261,653	3,174,295	2,538,296	2,392,114	2,246,466	2,092,295
Total Pension Liability ending	4,207,841	4,049,428	3,680,676	3,278,110	3,354,444	3,261,653	3,174,295	2,538,296	2,392,114	2,246,466
Plan Fiduciary Net Position										
Contributions - employer	119,488	121,601	87,143	90,450	82,358	72,665	80,795	71,854	85,836	78,250
Contributions - employee	24,359	26,389	21,270	23,928	22,736	21,426	17,949	-	753	-
Pension plan net investment income	207,296	165,310	113,981	2,467	743,922	35,600	217,647	289,364	251,214	(2,337)
Benefit payments	(176,831)	(181,280)	(191,921)	(135,379)	(144,671)	(184,035)	(110,020)	(84,664)	(63,120)	(61,904)
Pension plan administrative expense	(4,403)	(4,816)	(4,871)	(3,977)	(3,287)	(4,571)	(3,863)	(2,647)	(2,276)	(2,441)
Other (net transfer)	(27,771)	(7,964)	163,467	(418,757)	27,018	(38,770)	43,430	6,141	6,480	12,916
Net Change in Plan Fiduciary Net Position	142,138	119,240	189,069	(441,268)	728,076	(97,685)	245,938	280,048	278,887	24,484
Plan Fiduciary Net Position beginning	3,360,658	3,241,418	3,052,349	3,493,617	2,765,541	2,863,226	2,617,288	2,337,240	2,058,353	2,033,869
Plan Fiduciary Net Position ending	3,502,796	3,360,658	3,241,418	3,052,349	3,493,617	2,765,541	2,863,226	2,617,288	2,337,240	2,058,353
Employer Net Pension Liability (Asset)	\$ 705,045	\$ 688,770	\$ 439,258	\$ 225,761	\$ (139,173)	\$ 496,112	\$ 311,069	\$ (78,992)	\$ 54,874	\$ 188,113
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.24%	82.99%	88.07%	93.11%	104.15%	84.79%	90.20%	103.11%	97.71%	91.63%
Covered Payroll	\$ 539,780	\$ 648,979	\$ 484,652	\$ 607,443	\$ 541,580	\$ 515,101	\$ 594,392	\$ 564,745	\$ 605,614	\$ 565,989
Employer's Net Pension Liability (Asset) as a percentage of covered payroll	130.62%	106.13%	90.63%	37.17%	-25.70%	96.31%	52.33%	-13.99%	9.06%	33.24%

City of Forsyth

Schedule of Contributions

Year Ended August 31, 2025

Year Ended August 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 78,649	\$ 73,782	\$ (4,867)	\$ 562,597	13.11%
2017	77,453	77,453	-	600,055	12.91%
2018	69,595	69,595	-	586,376	11.87%
2019	80,000	80,000	-	588,131	13.60%
2020	73,396	73,396	-	541,089	13.56%
2021	94,481	81,566	(12,915)	555,926	14.67%
2022	114,466	89,893	(24,573)	593,566	15.14%
2023	109,022	91,475	(17,547)	553,614	16.52%
2024	127,927	112,854	(15,073)	659,453	17.11%
2025	166,338	110,391	(55,947)	610,413	18.08%

See accompanying Notes to the Schedule of Contributions.

City of Forsyth

Notes to the Schedule of Contributions

Year Ended August 31, 2025

Valuation Date: February 28, 2025

Notes: The roll-forward of total pension liability from February 28, 2025, to June 30, 2025, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of, (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 4 to 15 years (General)

Multiple bases from 6 to 15 years (Police)

Multiple bases from 8 to 22 years (Fire)

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation (General)

2.75% to 6.55% including wage inflation (Police)

2.75% to 7.15% including wage inflation (Fire)

Investment Rate of Return: 7.00%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Forsyth

Budgetary Comparison Schedule – General Fund

Year Ended August 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes, penalties and interest	\$ 231,000	\$ 211,817	\$ 211,817	\$ -
City sales tax	432,600	418,933	418,933	-
Recreation sales tax	216,300	193,494	193,494	-
Fire department sales tax	108,150	96,747	96,747	-
Cable franchise tax	14,000	11,957	11,957	-
Utility franchise tax	66,950	66,335	66,335	-
Motor vehicle tax	119,480	157,386	157,386	-
Financial institution tax	1	168	168	-
	1,188,481	1,156,837	1,156,837	-
Licenses and Permits				
Occupational licenses	4,500	5,505	5,505	-
Building permits	12,000	40,018	40,018	-
	16,500	45,523	45,523	-
Intergovernmental Revenues				
Fire grants	5,000	57,649	57,649	-
	5,000	57,649	57,649	-
Charges for Services				
Campground user fees	20,000	11,413	11,413	-
Rental income	800	1,695	1,695	-
	20,800	13,108	13,108	-
Fines and Forfeitures				
City court fines	5,000	5,158	5,158	-
Miscellaneous				
Interest	45,000	63,490	63,490	-
Donations	-	13,936	13,936	-
Other	13,000	25,033	25,033	-
	58,000	102,459	102,459	-
Total Revenues	1,293,781	1,380,734	1,380,734	-

See accompanying Notes to the Budgetary Comparison Schedules.

City of Forsyth

Budgetary Comparison Schedule – General Fund

Year Ended August 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
Administration	159,478	321,882	321,882	-
Police	535,036	541,725	541,725	-
Fire	322,197	433,888	433,888	-
Parks	209,623	218,271	218,271	-
Street	150,608	108,405	108,405	-
Building	45,763	58,463	58,463	-
Total Expenditures	1,422,705	1,682,634	1,682,634	-
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 (128,924)	 (301,900)	 (301,900)	 -
 Other Financing Sources				
Information technology subscription agreement proceeds	-	103,198	103,198	-
 <i>Net Change in Fund Balance</i>	 (128,924)	 (198,702)	 (198,702)	 -
 Fund Balance, Beginning of Year	1,660,916	1,660,916	1,660,916	-
Fund Balance, End of Year	\$ 1,531,992	\$ 1,462,214	\$ 1,462,214	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

City of Forsyth

Budgetary Comparison Schedule – Capital Improvement Fund

Year Ended August 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 210,000	\$ 193,494	\$ 193,494	\$ -
Miscellaneous				
Interest	16,000	21,017	21,017	-
Total Revenues	226,000	214,511	214,511	-
Expenditures				
Debt service				
Principal, interest, and fees	126,250	143,061	143,061	-
Total Expenditures	126,250	143,061	143,061	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	99,750	71,450	71,450	-
Fund Balance, Beginning of Year	462,261	462,261	462,261	-
Fund Balance, End of Year	\$ 562,011	\$ 533,711	\$ 533,711	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

City of Forsyth

Notes to the Budgetary Comparison Schedules

Year Ended August 31, 2025

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late July or early August to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to September 1, motions are passed by the Board, which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. The City records capitalized expenditures as capital outlay on the GAAP basis fund statement; however, for budget purposes, they are included in the associated department's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.
6. Budgets for the General Fund and Capital Improvement Fund are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by Board of Aldermen on approved budget adjustment forms.