

**MUNICIPALITY OF EUREKA
EUREKA, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
DECEMBER 31, 2024**

MUNICIPALITY OF EUREKA
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CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Governing Board
Municipality of Eureka
Eureka, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Eureka, South Dakota (Municipality), as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated August 7, 2025, which was adverse on the aggregate discretely presented component units because the financial statements do not include financial data for the Municipality's legally separate component unit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 Municipality'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.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, as items 2024-001 through 2024-005 to be material weaknesses.

Jason W. Bauer, CPA, CGMA, PFS • bauer@cahillbauer.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's response to the findings identified in our audit. The Municipality's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Municipality'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 Municipality'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Cathie Bauer

Mobridge, South Dakota

August 7, 2025

MUNICIPALITY OF EUREKA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2024

PRIOR AUDIT FINDINGS

Finding Number 2023-001:

The Municipality lacks an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Current Status

Ongoing: Condition still exists, see current audit finding number 2024-001. The reason for recurrence is due to cost considerations, the Municipality has determined it is not practical to employ additional staff to adequately segregate duties. The Municipality will implement compensating controls where practical.

Finding Number 2023-002:

The Municipality lacks controls over the recording of all necessary material adjustments in order to ensure compliant accounting records.

Current Status

Ongoing: Condition still exists, see current audit finding number 2024-002. The reason for recurrence is due to cost considerations, the Municipality accepts the risks associated with the auditors preparing the financial statements. The Municipality will implement compensating controls where practical.

Finding Number 2023-003:

A material weakness was reported for a lack of proper segregation of duties for the revenue function resulting in decreased reliability of reported financial data and increased potential for the loss public assets.

Current Status

Ongoing: Condition still exists, see current audit finding number 2024-003. The reason for recurrence is due to cost considerations, the Municipality has determined it is not practical to employ additional staff to adequately segregate duties. The Municipality will implement compensating controls where practical.

Finding Number 2023-004:

A material weakness was reported for a lack of the Municipality's internal control structure to ensure that the governing board advertise for competitive sealed bid, or competitive sealed proposals when permitted for contracts in accordance with the amounts specified in SDCL 5-18A-14.

Current Status

This finding has been corrected.

**MUNICIPALITY OF EUREKA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2024**

CURRENT AUDIT FINDINGS

Internal Control-Related Findings - Material Weaknesses:

Finding 2024-001:

This has been a finding since 1998.

Criteria:

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition Found:

The Municipality does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Cause/Effect:

This condition may affect the Municipality's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Action:

The Finance Officer is the contact at this entity responsible for the corrective action plan for this comment. Both the City Council and management are aware of this process and have expressed their confidence in that the information is accurate and they are willing to accept this risk.

Finding 2024-002:

This has been a finding since 1998.

**MUNICIPALITY OF EUREKA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2024**

Criteria:

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that the accounting records are in accordance with generally accepted accounting principles.

Condition Found:

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Municipality's existing internal controls, and therefore could have resulted in a material misstatement of the Municipality's financial statements.

Cause/Effect:

This condition may affect the Municipality's ability to record, process, summarize and report financial statement data consistent with the assertions of management in the financial statements.

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of the cost or other considerations.

Views of Responsible Officials and Planned Corrective Action:

The Finance Officer is the contact person at this entity responsible for the corrective action plan for this comment. Management is aware of their overall responsibility for the completeness of the Municipality's financial statements and the necessity for those to be complete with all material adjustments reflected and will attempt to complete all material adjustments for future financial statements.

Finding 2024-003:

This has been a finding since 1998.

Criteria:

To obtain adequate internal control over cash management, the duties of collecting and handling of cash must be segregated from the recording of cash transactions. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process.

MUNICIPALITY OF EUREKA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2024

Condition Found:

A lack of proper segregation of duties existed for the revenue function resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This lack of segregation of duties has a direct effect on the cash management of the Municipality. The finance officer received money, issued receipts, recorded receipts, posted receipts in the accounting records, prepared bank deposits, reconciled bank statements and prepared financial statements. As a result, an inadequate segregation of duties existed for the revenue function of the Municipality.

Cause/Effect:

Inaccurate financial statement and/or misappropriations of funds could result from a lack of segregation of duties.

Recommendation:

We recommend that Municipality officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever possible and practical.

Views of Responsible Officials and Planned Corrective Action:

The Finance Officer is the contact at this entity responsible for the corrective action plan for this comment. Due to staff size, it is not deemed feasible to adequately segregate duties. However, they are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

Finding Number 2024-004:

Criteria:

SDCL 9-18-1 requires a governing body to publish, within twelve business days, the minutes for each meeting of the governing body including a detailed statement of all expenditures of money and the names of each person paid and the service provided.

Condition Found:

While conducting our audit, we found minutes of the Municipality that were not timely published in accordance with SDCL 9-18-1.

MUNICIPALITY OF EUREKA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2024

Cause/Effect:

The Municipality does not have internal controls in place to ensure that minutes are timely published which can lead to the general public not being timely made aware of Municipal proceedings.

Recommendation:

We recommend that the Municipality design internal controls to prevent this from occurring in the future.

Views of Responsible Officials:

The Finance Officer is the contact person at this entity responsible for the corrective action plan for this comment. The Municipality is continuing to work on this deficiency.

Finding Number 2024-005:

Criteria:

The Municipality shall refrain from spending in excess of the amount appropriated for any purpose or any department each year except as otherwise specially provided for by statute.

Condition Found:

The Municipality overspent amounts appropriated for three departments in the General Fund.

Cause/Effect:

This condition resulted in spending of unappropriated funds in the General Fund.

Recommendation:

We recommend that management monitor the budget and approve supplemental budgets if necessary.

Views of Responsible Officials:

The Municipality's finance officer is the contact person responsible for the corrective action plan for this comment. The Municipality is continuing its work on correcting this deficiency.

MUNICIPALITY OF EUREKA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,925,984	\$ 559,674	\$ 2,485,658
Investments	30,000	380,000	410,000
Accounts receivable, net	210,222	84,406	294,628
Inventories	9,377	25,503	34,880
Net pension asset	223	85	308
Capital assets			
Land and improvements	169,456	51,065	220,521
Other capital assets, net of depreciation	2,523,522	8,035,689	10,559,211
TOTAL ASSETS	\$ 4,868,784	\$ 9,136,422	\$ 14,005,206
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	\$ 39,213	\$ 14,915	\$ 54,128
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 39,213	\$ 14,915	\$ 54,128
LIABILITIES			
Accounts payable	\$ 40,796	\$ 29,649	\$ 70,445
Other current liabilities	7,618	32,394	40,012
Noncurrent liabilities:			
Due within one year	-	128,328	128,328
Due in more than one year	\$ 2,802	\$ 4,871,421	\$ 4,874,223
TOTAL LIABILITIES	\$ 51,216	\$ 5,061,792	\$ 5,113,008
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	\$ 28,250	\$ 10,745	\$ 38,995
Other deferred inflows of resources	8,493	-	8,493
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 36,743	\$ 10,745	\$ 47,488
NET POSITION			
Net investment in capital assets	\$ 2,692,978	\$ 3,087,005	\$ 5,779,983
Restricted for			
Equipment repair and/or replacement	-	7,200	7,200
Debt service	5,684	-	5,684
SDRS pension	11,186	4,255	15,441
Revenue bond contingency	-	60,550	60,550
Water reserve	-	14,358	14,358
Unrestricted	2,110,190	905,432	3,015,622
TOTAL NET POSITION	\$ 4,820,038	\$ 4,078,800	\$ 8,898,838

The accompanying notes to the basic financial statements are an integral part of this statement.

**MUNICIPALITY OF EUREKA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 315,974	\$ 45,204	\$ 11,209	\$ -	\$ (259,561)	\$ -	\$ (259,561)	
Public safety	98,341	-	-	-	(98,341)	-	(98,341)	
Public works	529,293	118,259	74,407	-	(336,627)	-	(336,627)	
Health and welfare	3,243	-	-	-	(3,243)	-	(3,243)	
Culture and recreation	188,301	7,662	-	-	(180,639)	-	(180,639)	
Conservation and development	56,472	-	-	-	(56,472)	-	(56,472)	
Total governmental activities	1,191,624	171,125	85,616	-	(934,883)	-	(934,883)	
Business-type activities								
Water	411,513	342,151	-	-	-	(69,362)	(69,362)	
Sewer	327,815	422,473	-	342,966	-	437,624	437,624	
Total business-type activities	739,328	764,624	-	342,966	-	368,262	368,262	
Total primary government	\$ 1,930,952	\$ 935,749	\$ 85,616	\$ 342,966	\$ (934,883)	\$ 368,262	\$ (566,621)	
General Revenues								
Taxes								
Property taxes					404,139	-	404,139	
Sales tax					390,247	-	390,247	
State shared revenue					7,986	-	7,986	
Unrestricted investment earnings					18,142	14,412	32,554	
Miscellaneous revenue					40,383	-	40,383	
Total general revenues					860,897	14,412	875,309	
Change in net position					(73,986)	382,674	308,688	
Net position - beginning					4,894,024	3,696,126	8,590,150	
Net position - ending					\$ 4,820,038	\$ 4,078,800	\$ 8,898,838	

The accompanying notes to the basic financial statements are an integral part of this statement.

MUNICIPALITY OF EUREKA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 1,920,300	\$ 5,684	\$ 1,925,984
Investments	30,000	-	30,000
Taxes receivables - delinquent	6,709	-	6,709
Accounts receivable - net	182,703	-	182,703
Due from other governments	12,317	-	12,317
Leases receivable	8,493	-	8,493
Inventory of supplies	9,377	-	9,377
TOTAL ASSETS	\$ 2,169,899	\$ 5,684	\$ 2,175,583
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 40,796	\$ -	\$ 40,796
Accrued taxes payable	7,618	-	7,618
Total Liabilities	48,414	-	48,414
Deferred Inflows of Resources:			
Unavailable revenue -property taxes	\$ 6,709	\$ -	\$ 6,709
Other deferred inflows of resources	8,493	-	8,493
Total Deferred Inflows of Resources	15,202	-	15,202
Fund balances:			
Nonspendable			
Inventory	\$ 9,377	\$ -	\$ 9,377
Restricted			
Debt service fund	-	5,684	5,684
Assigned			
Next years appropriation	202,588	-	202,588
Economic development	34,864	-	34,864
Unassigned	1,859,454	-	1,859,454
Total Fund Balance	2,106,283	5,684	2,111,967
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,169,899	\$ 5,684	\$ 2,175,583

**MUNICIPALITY OF EUREKA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024**

Total fund balances - governmental funds	\$	2,111,967
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		2,692,978
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(2,802)
Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent, and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.		6,709
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		223
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.		39,213
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds.		(28,250)
Net position - governmental funds	\$	<u>4,820,038</u>

MUNICIPALITY OF EUREKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes			
General property taxes	\$ 405,557	\$ -	\$ 405,557
General sales and use taxes	390,247	-	390,247
Penalties and interest on delinquent taxes	2,083	-	2,083
Licenses and permits	7,330	-	7,330
Intergovernmental revenue			
Federal grants	11,209	-	11,209
State shared revenue			
Bank franchise tax	2,426	-	2,426
Motor vehicle commercial prorate	5,754	-	5,754
Liquor tax reversion	5,560	-	5,560
Motor vehicle licenses (5%)	15,657	-	15,657
Local government highway and bridge fund	46,174	-	46,174
County shared revenue			
County road tax (25%)	6,822	-	6,822
Charges for goods and services			
General government	6,675	-	6,675
Sanitation	118,259	-	118,259
Culture and recreation	7,662	-	7,662
Miscellaneous revenue			
Investment earnings	18,142	-	18,142
Rentals	20,194	-	20,194
Contributions and donations from private sources	11,005	-	11,005
Other	17,881	-	17,881
Total Revenues	\$ 1,098,637	\$ -	\$ 1,098,637

(Continued on next page)

MUNICIPALITY OF EUREKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
EXPENDITURES			
General government			
Legislative	7,770	-	7,770
Executive	30,323	-	30,323
Elections	839	-	839
Financial administration	157,502	-	157,502
Other	89,410	-	89,410
Public safety			
Police	60,070	-	60,070
Fire	4,000	-	4,000
Other protection	34,271	-	34,271
Public works			
Highways and streets	298,372	-	298,372
Sanitation	128,007	-	128,007
Airport	6,366	-	6,366
Health and welfare			
Health	993	-	993
Hospital, nursing homes and rest homes	2,250	-	2,250
Culture and recreation			
Parks	124,101	-	124,101
Libraries	28,587	-	28,587
Conservation and development			
Economic development and assistance			
(Industrial development)	56,472	-	56,472
Capital outlay	145,886	-	145,886
Total expenditures	1,175,219	-	1,175,219
Excess of revenue over (under) expenditures	(76,582)	-	(76,582)
Other financing sources (uses)			
Sale of municipal property	232,375	-	232,375
Compensation for loss or damage to capital assets	17,494	-	17,494
Total other financing sources	249,869	-	249,869
Net change in fund balances	173,287	-	173,287
Fund balance - beginning	1,932,996	5,684	1,938,680
Fund balance - ending	\$ 2,106,283	\$ 5,684	\$ 2,111,967

The accompanying notes to the basic financial statements are an integral part of this statement.

MUNICIPALITY OF EUREKA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net change in fund balances - total governmental funds	173,287
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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 those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	3,430
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In the Statement of Activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	(238,358)
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Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	(901)
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Pension expense (revenue) reported in the Statement of Activities does not require the use of current financial resources and are not reported as expenditures in the governmental funds.	(7,943)
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The fund financial statement governmental funds property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	(3,501)
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Change in net position of governmental activities	<u>\$ (73,986)</u>
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MUNICIPALITY OF EUREKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 88,219	\$ 471,455	\$ 559,674
Investments	120,000	260,000	380,000
Accounts receivable - net	38,837	45,569	84,406
Inventory of supplies	24,036	1,467	25,503
Net pension asset	50	35	85
Total current assets	<u>271,142</u>	<u>778,526</u>	<u>1,049,668</u>
Noncurrent assets			
Capital assets			
Land and construction in progress	12,387	38,678	51,065
Buildings	209,209	-	209,209
Improvements other than buildings	2,851,152	8,429,453	11,280,605
Machinery and equipment	170,678	360,659	531,337
Less accumulated depreciation	(1,939,900)	(2,045,562)	(3,985,462)
Total noncurrent assets	<u>1,303,526</u>	<u>6,783,228</u>	<u>8,086,754</u>
TOTAL ASSETS	<u>\$ 1,574,668</u>	<u>\$ 7,561,754</u>	<u>\$ 9,136,422</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	8,803	6,112	14,915
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,803</u>	<u>\$ 6,112</u>	<u>\$ 14,915</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 29,062	\$ 587	\$ 29,649
Accrued taxes payable	2,024	1,210	3,234
Accrued interest payable	-	25,545	25,545
Revenue collected in advance	3,615	-	3,615
Bonds payable	9,143	119,185	128,328
Total current liabilities	<u>43,844</u>	<u>146,527</u>	<u>190,371</u>
Noncurrent liabilities			
Bonds payable			
Revenue	339,169	4,532,252	4,871,421
Total noncurrent liabilities	<u>339,169</u>	<u>4,532,252</u>	<u>4,871,421</u>
TOTAL LIABILITIES	<u>383,013</u>	<u>4,678,779</u>	<u>5,061,792</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	6,342	4,403	10,745
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 6,342</u>	<u>\$ 4,403</u>	<u>\$ 10,745</u>
NET POSITION			
Net Investment in capital assets	955,214	2,131,791	3,087,005
Restricted for			
Revenue bond contingency	60,550	-	60,550
SDRS pension	2,511	1,744	4,255
Equipment repair and/or replacement	-	7,200	7,200
Water reserve	14,358	-	14,358
Unrestricted net position	<u>161,483</u>	<u>743,949</u>	<u>905,432</u>
TOTAL NET POSITION	<u>\$ 1,194,116</u>	<u>\$ 2,884,684</u>	<u>\$ 4,078,800</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

MUNICIPALITY OF EUREKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
OPERATING REVENUE			
Charges for goods and services	\$ 342,151	\$ 422,473	\$ 764,624
Total operating revenue	342,151	422,473	764,624
OPERATING EXPENSES			
Personal services	46,192	31,118	77,310
Other current expense	275,328	12,040	287,368
Depreciation	74,408	175,172	249,580
Total Operating Expenses	395,928	218,330	614,258
Operating income	(53,777)	204,143	150,366
NONOPERATING REVENUES (EXPENSES)			
Operating grants	-	342,966	342,966
Investment earnings	4,663	9,749	14,412
Interest expense and fiscal charges	(15,585)	(109,485)	(125,070)
Total nonoperating revenues	(10,922)	243,230	(110,658)
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS	(64,699)	447,373	382,674
CHANGE IN NET POSITION	(64,699)	447,373	382,674
NET POSITION - BEGINNING	1,258,815	2,437,311	3,696,126
NET POSITION - ENDING	\$ 1,194,116	\$ 2,884,684	\$ 4,078,800

**MUNICIPALITY OF EUREKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 327,680	\$ 417,860	\$ 745,540
Payments to employees for services	(45,256)	(30,295)	(75,551)
Payments to suppliers of goods and services	(265,559)	(11,681)	(277,240)
Net cash provided (used) by operating activities	16,865	375,884	392,749
CASH FLOWS FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital improvements	-	(441,226)	(441,226)
Principal paid on capital debt	(8,131)	(117,304)	(125,435)
Interest paid on capital debt	(15,583)	(109,484)	(125,067)
Net cash used by capital and related financing activities	(23,714)	(668,014)	(691,728)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	4,663	9,749	14,412
Net cash provided by investing activities	4,663	9,749	14,412
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,186)	60,585	58,399
CASH AND INVESTMENTS AT BEGINNING OF YEAR	210,405	670,870	881,275
CASH AND INVESTMENTS AT END OF YEAR	\$ 208,219	\$ 731,455	\$ 939,674
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ (53,777)	\$ 204,143	\$ 150,366
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Depreciation expense	74,408	175,172	249,580
Change in assets and liabilities			
Receivables	(14,575)	(4,613)	(19,188)
Inventories	(3,490)	288	(3,202)
Accounts and other payables	13,259	71	13,330
Contracts and benefits payable	1,268	594	1,862
Customer deposits	104	-	104
Pension asset/liability	(332)	229	(103)
Net cash provided (used) by operating activities	\$ 16,865	\$ 375,884	\$ 392,749

The accompanying notes to the basic financial statements are an integral part of this statement.

**MUNICIPALITY OF EUREKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(See Independent Auditors' Report)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a: Financial Reporting Entity

The reporting entity of the Municipality of Eureka (Municipality), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality is financially accountable if its governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the Municipality. The Municipality may also be financially accountable for another organization if that organization is fiscally dependent on the Municipality.

The Housing and Redevelopment Commission of the Municipality of Eureka, South Dakota, is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission.

The Municipality has created a Housing and Redevelopment Commission under the authority of South Dakota Codified Law 11-7-7. The financial information of the component unit is available upon request from the Eureka Housing and Redevelopment Commission, Eureka, South Dakota.

b: Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NOTES TO FINANCIAL STATEMENTS - Page 2
(See Independent Auditors' Report)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Municipality and for each function of the Municipality's governmental activities. Direct expenses and those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Municipality or it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and;
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or;
- c. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the Municipality financial reporting entity are described below within their respective fund types:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Municipality. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This not a major fund.

Proprietary Funds

Enterprise Fund Types - Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund - financed primarily by user charges this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1) This is a major fund.

Sewer Fund - financed primarily by user charges this fund accounts for the construction and operation of the municipal sanitary system and related facilities. (SDCL 9-48-2) This is a major fund.

c: Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus

Government-wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental type funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary funds.

NOTES TO FINANCIAL STATEMENTS - Page 4
(See Independent Auditors' Report)

Basis of Accounting

Government-wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Eureka, the length of that cycle is 45 days.

The revenues which are accrued at December 31, 2024, are as follows:

Due from other governments:	\$	12,317
Accounts receivable:	\$	182,703

Due from other governments includes sales tax remittances, December tax collected in January and local government and highway, motor vehicle licenses and alcohol reversion taxes.

Accounts receivable includes sanitation fees, 911 fax reimbursements, etc.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met, are reported as deferred inflow of resources.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS - Page 5
(See Independent Auditors' Report)

d: Deposits and Investments

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

e: Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2024, balance of governmental activities capital assets include approximately ten percent for which the costs were determined by estimates of the original costs. The total December 31, 2024, balance of business-type capital assets is valued at original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 2004, are recorded at cost, and classified as "Improvements Other Than Buildings."

For governmental activities, Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

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(See Independent Auditors' Report)

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position and on each proprietary fund's Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary fund are as follows:

<i>Governmental Activities</i>	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	\$ 5,000	Straight-line	20-40 years
Buildings	5,000	Straight-line	20-50 years
Machinery and equipment	5,000	Straight-line	10-20 years
Intangible lease assets	Any Amount	Straight-line	3-10 years
<i>Enterprise Funds</i>	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	\$ 5,000	Straight-line	20-40 years
Buildings	5,000	Straight-line	20-50 years
Machinery and equipment	5,000	Straight-line	10-20 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f: Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the governmental-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of RD loans, an interim construction loan, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

g: Program Revenues

Program revenues derive directly from the program itself or from parties other than the Municipality's taxpayers or citizenry, as a whole. Program revenues are classified into three categories:

- a: Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services or privileges provided, or are otherwise directly affected by the services.
- b: Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- c: Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h: Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

i: Proprietary Funds Revenue and Expense Classifications

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

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(See Independent Auditors' Report)

j: Cash and Cash Equivalents

The Municipality pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

k: Equity Classifications

Government-wide Statements

Equity is classified as Net Position and is displayed in three components:

a: Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b: Restricted Net Position - Consists of net position with constraints placed on their 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.

c: Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

l: Application of Net Position

It is the Municipality's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

m: Fund Balance Classification Policies and Procedures

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Municipality classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

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Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Municipal Council.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of inventory.

The Municipality uses restricted /committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Municipality does not have a formal minimum fund balance policy.

n: Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

o: Leases

Lessor:

The Municipality is a lessor for a noncancellable leases of airport hangars and land. The Municipality recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Municipality 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.

Key estimates and judgments include how the Municipality determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Municipality uses its estimated incremental borrowing rate as the discount rate for leases.

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- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Municipality monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 2 - DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The Municipality follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The Municipality's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.11 and 9-22-6.2 and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - In general, SDCL 4-5-6 permits municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2024, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

Interest Rate Risk - The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits eligible investments for the Municipality of Eureka. The Municipality has no investment policy that would further limit its investment choices.

Custodial Credit Risk - The risk that, in the even of a depository failure, the Municipality's deposits may not be returned to it. The Municipality does not have a deposit policy for custodial credit risk. As of December 31, 2024, none of the Municipality's deposits were exposed to custodial credit risk.

Concentration of Credit Risk - The Municipality places no limit on the amount that may be invested in any one issuer. More than 5 percent of the Municipality's investments are in Certificates of Deposit.

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Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The Municipality's policy is to credit all income to the fund making the investment.

NOTE 3 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Municipality expects all receivables to be collected within one year.

NOTE 4 - INVENTORY

Inventory in the General Fund and Special Revenue Funds consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Inventory acquired for resale in the proprietary funds is recorded as an asset when acquired. The consumption of inventories held for resale is charged to expense as it is consumed. Inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed. Material supply inventories are offset by a Nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTE 5 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year.

The Municipality is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the Municipality.

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(See Independent Auditors' Report)

NOTE 6 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2024 is as follows.

	Balance 01/01/2024	Increases	Decreases	Balance 12/31/2024
Primary Government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 396,823	\$ -	(227,367)	\$ 169,456
Construction in progress	10,991	-	(10,991)	-
Total capital assets, not being depreciated/amortized	407,814	-	(238,358)	169,456
Capital assets, being depreciated/amortized				
Buildings	556,957	121,262	-	678,219
Improvements other than buildings	3,324,210	24,024	-	3,348,234
Machinery and equipment	1,176,320	11,591	(43,875)	1,144,036
Total capital assets, being depreciated/amortized	5,057,487	156,877	(43,875)	5,170,489
Less accumulated depreciation/amortization for				
Buildings	349,259	14,051	-	363,310
Improvements other than buildings	1,298,418	96,523	-	1,394,941
Machinery and equipment	889,718	42,873	(43,875)	888,716
Total accumulated depreciation/amortization	2,537,395	153,447	(43,875)	2,646,967
Total capital assets, being depreciated/amortized, net	2,520,092	3,430	-	2,523,522
Governmental activity capital assets, net	\$ 2,927,906	\$ 3,430	(238,358)	\$ 2,692,978

Depreciation/amortization expense was charged to functions as follows

	12/31/2024
Governmental activities	
General government	\$ 21,286
Public works	96,548
Culture and recreation	35,613
Total depreciation/amortization expense - Governmental activities	\$ 153,447

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	Balance 01/01/2024	Increases	Decreases	Balance 12/31/2024
Business-type activities				
Capital assets, not being depreciated/amortized				
Land	\$ 51,065	-	-	\$ 51,065
Construction in progress	5,170,723	-	(5,170,723)	-
Total capital assets, not being depreciated/amortized	5,221,788	-	(5,170,723)	51,065
Capital assets, being depreciated/amortized				
Buildings	209,209	-	-	209,209
Improvements other than buildings	5,783,666	5,496,939	-	11,280,605
Machinery and equipment	431,771	115,009	(15,443)	531,337
Total capital assets, being depreciated/amortized	6,424,646	5,611,948	(15,443)	12,021,151
Less accumulated depreciation/amortization for				
Buildings	209,209	-	-	209,209
Improvements other than buildings	3,170,029	235,876	-	3,405,905
Machinery and equipment	372,087	13,704	(15,443)	370,348
Total accumulated depreciation/amortization	3,751,325	249,580	(15,443)	3,985,462
Total business-type activities, capital assets, being depreciated/amortized, net	2,673,321	5,362,368	-	8,035,689
Business-type activities capital assets, net	\$ 7,895,109	\$ 5,362,368	\$ (5,170,723)	\$ 8,086,754

Depreciation/amortization expense was charged to functions as follows

	12/31/2024
Business-type activities	
Water	\$ 74,408
Sewer	175,172
Total depreciation/amortization expense - Business-type activities	\$ 249,580

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Beginning Balance 01/01/2024	Additions	Deletions	Ending Balance 12/31/2024	Due Within One Year
Primary government					
Governmental activities					
Accrued Compensated Absences	\$ 1,901	\$ 6,373	\$ (5,472)	\$ 2,802	\$ -
Total governmental activities	1,901	6,373	(5,472)	2,802	-

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	Beginning Balance 01/01/2024	Additions	Deletions	Ending Balance 12/31/2024	Due Within One Year
Business-type activities					
Revenue bonds					
RD Loan	356,443	-	(8,131)	348,312	9,143
RD Loan - Clean Water #1	791,374	-	(47,582)	743,792	49,147
Sewer Project 2023	3,556,813	-	(62,202)	3,494,611	62,483
Sewer Project 2023A	420,554	-	(7,520)	413,034	7,555
Total bonds payable	5,125,184	-	(125,435)	4,999,749	128,328
 Total business-type activities debt	 5,125,184	 -	 (125,435)	 4,999,749	 128,328
Total primary government	\$ 5,127,085	\$ 6,373	\$ (130,907)	\$ 5,002,551	\$ 128,328

Debt payable at December 31, 2024, is comprised of the following:

RD Water Bonds, 3.25%, maturing January 28, 2050, paid by Water Fund.	348,312
RD Clean Water Bonds, 3.25%, maturing January 15, 2044, paid by Sewer Fund.	743,792
Sewer Project 2023 Bonds, 1.875%, maturing June 23, 2063, paid by Sewer Fund.	3,494,611
Sewer Project 2023A Bonds, 1.75%, maturing June 23, 2063, paid by Sewer Fund.	413,034
Compensating Absences - Employees vacation as of December 31, 2024, will be made out from the general fund.	2,802
	<u>\$ 5,002,551</u>

Annual requirements to amortize all debt outstanding as of December 31, 2024, except for compensated absences is as follows:

	Year Ending 12/31,	Principal	Interest
Long-Term Liabilities			
	2025	128,328	106,937
	2026	131,561	103,705
	2027	134,882	100,383
	2028	138,294	96,972
	2029	141,681	63,584
	Thereafter	4,325,003	1,369,206
		<u>\$ 4,999,749</u>	<u>\$ 1,840,787</u>

NOTE 8 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. Authority for establishing, administering, and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has four different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd qtr CPI-W, no less than 0.5% and no greater than 3.5%.

NOTES TO FINANCIAL STATEMENTS - Page 16
(See Independent Auditors' Report)

- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd qtr CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contribution:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023, and 2022 were \$13,764, \$12,843, and \$10,923, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2024, SDRS is 100.03% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2024 and reported by the Municipality as of December 31, 2024 are as follows:

	Governmental Activities	Business-Type Activities	Total
Proportionate share of pension liability	\$ 821,856	\$ 312,677	\$ 1,134,533
Less proportionate share of net pension restricted for pension benefits	\$ (822,079)	\$ (312,762)	\$ (1,134,841)
Proportionate share of net pension liability (asset)	<u>\$ (223)</u>	<u>\$ (85)</u>	<u>\$ (308)</u>

At December 31, 2024, the Municipality reported an asset of \$308 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension asset used to calculate the net pension asset was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Municipality's proportion was .007605%, which is an increase of .000203% from its proportion measured as of June 30, 2023.

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For the year ended December 31, 2024, the Municipality recognized a pension expense of \$7,841. At December 31, 2024 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	\$ 28,507	\$ -
Changes in assumption.	5,075	38,688
Net difference between projected and actual earnings on pension plan investments	11,596	-
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	1,251	307
Municipality contributions subsequent to the measurement date.	7,699	-
Total	\$ 54,128	\$ 38,995

\$7,699 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year ended December 31:

2025	\$ (10,051)
2026	\$ 15,130
2027	\$ 1,455
2028	\$ 900
TOTAL	\$ 7,434

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Investment Rate of Return	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

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(See Independent Auditors' Report)

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increased by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disable member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	LT Expected Real Rate of Return
Public Equity	56.30%	3.60%
Investment Grade Debt	22.80%	2.30%
High Yield Debt	7.00%	2.80%
Real Estate	12.00%	4.00%
Cash	1.90%	0.80%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

NOTES TO FINANCIAL STATEMENTS - Page 19
(See Independent Auditors' Report)

Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Municipality's proportionate share of the net pension liability (asset)	\$ 156,432	\$ (308)	\$ (128,570)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to issued.

NOTE 10 - RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the Municipality managed its risks as follows:

Employee Health Insurance

The Municipality purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

The Municipality joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for: real and personal property, vehicles, miscellaneous, electronic equipment, employee dishonesty, and boiler and equipment breakdown.

NOTES TO FINANCIAL STATEMENTS - Page 20
(See Independent Auditors' Report)

The Municipality carries a \$250 deductible for the personal and real property, miscellaneous, and electronic equipment coverage and \$100 deductible for the vehicle coverage and \$1,500 deductible for the boiler and equipment breakdown coverage.

The Municipality does not carry additional insurance coverage to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workmen's Compensation

The Municipality joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during over the past three years.

Unemployment Benefits

The Municipality provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTES TO FINANCIAL STATEMENTS - Page 21
(See Independent Auditors' Report)

NOTE 11 - LEASES RECEIVABLE

The Municipality leases various real estate owned by the Municipality with various terms. A summary of changes in lease receivable for the year ended December 31, 2024 is as follows:

	Beginning Balance 01/01/2024	Additions	Deletions	Ending Balance 12/31/2024
Governmental activities				
Leases receivable	\$ 5,388	\$ 6,650	\$ 3,545	\$ 8,493
Total governmental activities	5,388	6,650	3,545	8,493

The following schedule shows the aggregate future minimum lease payments required by year under the leases as of December 31, 2023:

	Year Ending 12/31,	Lease revenue	Interest revenue
Leases receivable			
	2025	3,334	268
	2026	3,240	161
	2027	1,028	48
	2028	214	25
	2029	220	19
	Therafter	457	19
		8,493	540

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPALITY OF EUREKA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
General property tax	\$ 409,824	\$ 409,824	\$ 405,557	\$ (4,267)
General sales and use tax	400,100	400,100	390,247	(9,853)
Penalties and interest on delinquent taxes	1,000	1,000	2,083	1,083
Licenses and permits	7,000	7,000	7,330	330
Intergovernmental revenue				
Federal grants	20,000	20,000	11,209	(8,791)
State shared revenue				
Bank franchise tax	5,000	5,000	2,426	(2,574)
Motor vehicle commercial prorate	4,000	4,000	5,754	1,754
Liquor tax reversion	9,000	9,000	5,560	(3,440)
Motor vehicle licenses (5%)	15,000	15,000	15,657	657
Local government highway and bridge fund	45,000	45,000	46,174	1,174
County shared revenue				
County road tax (25%)	6,800	6,800	6,822	22
Charges for goods and services				
General government	3,600	3,600	6,675	3,075
Sanitation	117,000	117,000	118,259	1,259
Culture and recreation	3,000	3,000	7,662	4,662
Miscellaneous revenue				
Investment earnings	5,000	5,000	18,142	13,142
Rentals	10,000	10,000	20,194	10,194
Contributions and donations				
from private sources	8,500	8,500	11,005	2,505
Other	4,000	4,000	17,881	13,881
	\$ 1,073,824	\$ 1,073,824	\$ 1,098,637	\$ 24,813

MUNICIPALITY OF EUREKA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Legislative	6,000	7,770	7,770	-
Contingency	60,253	60,253	-	
Amount transferred	-	(56,753)	-	3,500
Executive	33,500	33,500	30,323	3,177
Elections	2,500	2,500	839	1,661
Financial administration	152,300	155,025	157,502	(2,477)
Other	134,900	136,990	210,672	(73,682)
Public safety				
Police	62,500	62,500	60,070	2,430
Fire	2,000	4,000	4,000	-
Other protection	40,000	40,000	34,271	5,729
Public works				
Highways and streets	403,000	403,000	298,372	104,628
Sanitation	97,000	128,007	128,007	-
Airport	4,250	6,366	6,366	-
Health and welfare				
Health	2,150	2,150	993	1,157
Hospital and nursing homes	2,250	2,250	2,250	-
Culture and recreation				
Parks	124,000	139,045	148,125	(9,080)
Libraries	30,000	30,000	29,187	813
Conservation and development				
Economic development and assistance (industrial development)	108,700	108,700	56,472	52,228
Total Expenditures	1,265,303	1,265,303	1,175,219	90,084
Excess revenue over/under expenditures	(191,479)	(191,479)	(76,582)	114,897
Other financing sources/(uses)				
Sale of municipal property	10,000	10,000	232,375	222,375
Compensation or Loss or Damage to CA	-	-	17,494	17,494
Total other financing sources (uses)	10,000	10,000	249,869	239,869
Net change in fund balances	(181,479)	(181,479)	173,287	354,766
Fund balance - beginning	1,932,996	1,932,996	1,932,996	-
Fund balance - ending	\$ 1,751,517	\$ 1,751,517	\$ 2,106,283	\$ 354,766

MUNICIPALITY OF EUREKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Municipal Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Municipal Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Municipal Commission to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Municipal Commission.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, special revenue funds and capital projects funds.

The Municipality did not encumber any amounts at December 31, 2024.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and major special revenue funds.
7. Budgets for the General Fund and major special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP), except that capital outlays are reported separately in the GAAP statements, but are reported in the respective budgetary functions in the budgetary statement.

MUNICIPALITY OF EUREKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2

**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 -GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

MUNICIPALITY OF EUREKA
SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE
NET PENSION (LIABILITY) ASSET
DECEMBER 31, 2024

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2024	0.0076050%	\$ (308)	\$ 213,344	-0.14%	100.03%
SDRS	6/30/2023	0.0074020%	\$ (723)	\$ 190,918	-0.38%	100.10%
SDRS	6/30/2022	0.0075930%	\$ (719)	\$ 181,313	-0.40%	100.10%
SDRS	6/30/2021	0.0092220%	\$ (70,624)	\$ 209,291	-33.75%	105.52%
SDRS	6/30/2020	0.0089637%	\$ (390)	\$ 196,727	-0.20%	100.04%
SDRS	6/30/2019	0.0080835%	\$ (856)	\$ 171,873	-0.50%	100.09%
SDRS	6/30/2018	0.0065852%	\$ (154)	\$ 136,908	-0.11%	100.02%
SDRS	6/30/2017	0.0060078%	\$ (545)	\$ 122,067	-0.45%	100.10%
SDRS	6/30/2016	0.0066537%	\$ 22,476	\$ 126,520	17.76%	96.89%
SDRS	6/30/2015	0.0071543%	\$ (30,343)	\$ 131,623	-23.23%	104.10%

**MUNICIPALITY OF EUREKA
SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS
DECEMBER 31, 2024**

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2024	\$ 13,764	\$ 13,764	\$ -	\$ 229,408	6.00%
SDRS	6/30/2023	\$ 12,843	\$ 12,843	\$ -	\$ 214,053	6.00%
SDRS	6/30/2022	\$ 10,923	\$ 10,923	\$ -	\$ 182,043	6.00%
SDRS	6/30/2021	\$ 11,560	\$ 11,560	\$ -	\$ 192,665	6.00%
SDRS	6/30/2020	\$ 12,340	\$ 12,340	\$ -	\$ 205,671	6.00%
SDRS	6/30/2019	\$ 11,215	\$ 11,215	\$ -	\$ 186,920	6.00%
SDRS	6/30/2018	\$ 8,938	\$ 8,938	\$ -	\$ 148,960	6.00%
SDRS	6/30/2017	\$ 7,373	\$ 7,373	\$ -	\$ 122,887	6.00%
SDRS	6/30/2016	\$ 8,398	\$ 8,398	\$ -	\$ 139,969	6.00%
SDRS	6/30/2015	\$ 7,266	\$ 7,266	\$ -	\$ 121,227	6.00%

**MUNICIPALITY OF EUREKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND SCHEDULE OF CONTRIBUTIONS**

Changes from prior valuation:

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023 Actuarial Valuation.

The details of the changes since the last valuation are as follows:

Benefit provision changes:

During the 2024 Legislative Session no significant SDRS benefit changes were made.

Actuarial method changes:

No changes in actuarial methods were made since the prior valuation.

Actuarial assumption changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.