MUNICIPALITY OF EUREKA
EUREKA, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
DECEMBER 31, 2025

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, 2025, 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 July 22, 2026, 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 2025-001 through 2025-004 to be material weaknesses.

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MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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.

Calvin Zenner

Mobridge, South Dakota
July 22, 2026

PRIOR AUDIT FINDINGS

Finding Number 2024-001:

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 2025-001. 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 2024-002:

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 2025-002. 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 2024-003:

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 2025-003. 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 2024-004:

A material weakness was reported for a lack of the Municipality's internal control structure to ensure that the minutes were timely published in accordance with SDCL 9-18-1.

Current Status

This finding has been corrected.

(Continued on next page)

<u>Finding Number 2024-005:</u>

A material weakness was reported for a lack of the Municipality's internal control structure to ensure that the Municipality 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.

Current Status

Ongoing: Condition still exists, see current audit finding number 2025-004. The reason for recurrence is due employee turnover and not being properly trained on budgeting process.

CURRENT AUDIT FINDINGS

Internal Control-Related Findings - Material Weaknesses:

<u>Finding 2025-001:</u>

This has been a finding since 1998.

<u>Criteria:</u>

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

<u>Condition Found:</u>

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.

<u>Cause/Effect:</u>

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.

<u>Recommendation:</u>

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.

(Continued on next page)

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 2025-002:

This has been a finding since 1998.

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 compete all material adjustments for future financial statements.

(Continued on next page)

Finding 2025-003:

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.

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.

(Continued on next page)

Finding Number 2025-004:

This has been a finding since 2024.

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 Officals:

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.

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Governing Board
Municipality of Eureka
Eureka, South Dakota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying 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, as of December 31, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprises the Municipality's basic financial statements as listed in the Table of Contents.

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the respective financial position of the aggregate discretely presented component units of the Municipality of Eureka, South Dakota, as of December 31, 2025, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregrate Remaining Fund Information

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

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

Management has not included the aggregrate discretely presented component units of the Municipality of Eureka, South Dakota's, financial statements. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Municipality has not issued such reporting entity financial statements.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipality Contributions, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) on pages 48 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Municipality has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 22, 2026 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Municipality's internal control over financial reporting and compliance.

Cahill Bauer

Mobridge, South Dakota
July 22, 2026

MUNICIPALITY OF EUREKA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,006,798	$ 771,398	$ 2,778,196
Investments	30,000	380,000	410,000
Accounts receivable, net	158,849	131,982	290,831
Inventories	9,377	25,459	34,836
Net pension asset	594	195	789
Capital assets			
Land and improvements	161,926	51,065	212,991
Other capital assets, net of depreciation	2,490,290	8,078,974	10,569,264
TOTAL ASSETS	4,868,720	9,439,073	14,307,793
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	56,078	18,415	74,493
TOTAL DEFERRED OUTFLOWS OF RESOURCES	56,078	18,415	74,493
LIABILITIES			
Accounts payable	77,474	93,615	171,089
Other current liabilities	11,542	13,439	24,981
Noncurrent liabilities:			
Due within one year	-	128,328	128,328
Due in more than one year	6,398	4,743,073	4,749,471
TOTAL LIABILITIES	95,414	4,978,455	5,073,869
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	32,579	10,698	43,277
Other deferred inflows of resources	9,130	-	9,130
TOTAL DEFERRED INFLOWS OF RESOURCES	41,709	10,698	52,407
NET POSITION			
Net investment in capital assets	2,652,216	3,258,638	5,910,854
Restricted for			
Equipment repair and/or replacement	-	7,200	7,200
Debt service	5,684	-	5,684
SDRS pension	24,093	7,912	32,005
Revenue bond contingency	-	20,328	20,328
Water reserve	-	14,358	14,358
Unrestricted	2,105,682	1,159,899	3,265,581
TOTAL NET POSITION	$ 4,787,675	$ 4,468,335	$ 9,256,010

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, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	$ 337,099	$ 64,311	$ 241,198	$ -	$ (31,590)	$ -	$ (31,590)
Public safety	64,633	-	-	-	(64,633)	-	(64,633)
Public works	417,975	99,123	85,484	-	(233,368)	-	(233,368)
Health and welfare	8,701	-	-	-	(8,701)	-	(8,701)
Culture and recreation	176,175	6,595	-	-	(169,580)	-	(169,580)
Conservation and development	460,537	-	-	-	(460,537)	-	(460,537)
Total governmental activities	1,465,120	170,029	326,682	-	(968,409)	-	(968,409)
Business-type activities							
Water	414,903	415,040	-	-	-	137	137
Sewer	313,820	409,530	-	278,485	-	374,195	374,195
Total business-type activities	728,723	824,570	-	278,485	-	374,332	374,332
Total primary government	$ 2,193,843	$ 994,599	$ 326,682	$ 278,485	(968,409)	374,332	(594,077)
General Revenues							
Taxes							
Property taxes					420,171	-	420,171
Sales tax					422,654	-	422,654
State shared revenue					9,293	-	9,293
Unrestricted investment earnings					20,621	15,203	35,824
Miscellaneous revenue					63,307	-	63,307
Total general revenues					936,046	15,203	951,249
Change in net position					(32,363)	389,535	357,172
Net position - beginning					4,820,038	4,078,800	8,898,838
Net position - ending					$ 4,787,675	$ 4,468,335	$ 9,256,010

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

MUNICIPALITY OF EUREKA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	$ 2,001,114	$ 5,684	$ 2,006,798
Investments	30,000	-	30,000
Taxes receivables - delinquent	24,496	-	24,496
Accounts receivable - net	15,197	-	15,197
Due from other governments	110,876	-	110,876
Leases receivable	8,280	-	8,280
Inventory of supplies	9,377	-	9,377
Prepaid expenses	10,886	-	10,886
TOTAL ASSETS	2,210,226	5,684	2,215,910
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	77,474	-	77,474
Accrued taxes payable	11,542	-	11,542
Total Liabilities	89,016	-	89,016
Deferred Inflows of Resources:			
Unavailable revenue -property taxes	13,762	-	13,762
Other deferred inflows of resources	9,130	-	9,130
Total Deferred Inflows of Resources	22,892	-	22,892
Fund balances:			
Nonspendable			
Inventory	9,377	-	9,377
Prepaid expenses	10,886	-	10,886
Restricted			
Debt service fund	-	5,684	5,684
Assigned			
Next years appropriation	202,588	-	202,588
Economic development	34,864	-	34,864
Unassigned	1,840,603	-	1,840,603
Total Fund Balance	2,098,318	5,684	2,104,002
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,210,226	$ 5,684	$ 2,215,910

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

MUNICIPALITY OF EUREKA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

Total fund balances - governmental funds	$	2,104,002
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.		2,652,216
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(6,398)
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.		13,762
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		594
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.		56,078
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds.		(32,579)
Net position - governmental funds	$	4,787,675

MUNICIPALITY OF EUREKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes			
General property taxes	$ 411,753	$ -	$ 411,753
General sales and use taxes	422,654	-	422,654
Penalties and interest on delinquent taxes	1,365	-	1,365
Licenses and permits	8,360	-	8,360
Intergovernmental revenue			
Federal grants	241,198	-	241,198
State shared revenue			
Bank franchise tax	2,364	-	2,364
Motor vehicle commercial prorate	9,344	-	9,344
Liquor tax reversion	6,929	-	6,929
Motor vehicle licenses (5%)	12,167	-	12,167
Local government highway and bridge fund	57,151	-	57,151
County shared revenue			
County road tax (25%)	6,822	-	6,822
Charges for goods and services			
General government	8,326	-	8,326
Sanitation	99,123	-	99,123
Culture and recreation	6,595	-	6,595
Other	3,000	-	3,000
Miscellaneous revenue			
Investment earnings	20,621	-	20,621
Rentals	35,254	-	35,254
Contributions and donations from private sources	9,371	-	9,371
Other	16,797	-	16,797
Total Revenues	$ 1,379,194	$ -	$ 1,379,194

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MUNICIPALITY OF EUREKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government		
	General Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES			
General government			
Legislative	6,678	-	6,678
Executive	31,501	-	31,501
Elections	429	-	429
Financial administration	171,310	-	171,310
Other	115,617	-	115,617
Public safety			
Police	59,713	-	59,713
Fire	2,000	-	2,000
Public works			
Highways and streets	214,758	-	214,758
Sanitation	100,288	-	100,288
Airport	8,749	-	8,749
Health and welfare			
Health	2,201	-	2,201
Hospital, nursing homes and rest homes	6,500	-	6,500
Culture and recreation			
Parks	106,065	-	106,065
Libraries	29,404	-	29,404
Conservation and development			
Economic development and assistance (Industrial development)	460,537	-	460,537
Capital outlay	145,479	-	145,479
Total expenditures	1,461,229	-	1,461,229
Excess of revenue over (under) expenditures	(82,035)	-	(82,035)
Other financing sources (uses)			
Sale of municipal property	74,070	-	74,070
Total other financing sources	74,070	-	74,070
Net change in fund balances	(7,965)	-	(7,965)
Fund balance - beginning	2,106,283	5,684	2,111,967
Fund balance - ending	$ 2,098,318	$ 5,684	$ 2,104,002

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, 2025

Net change in fund balances - total governmental funds		(7,965)
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 depreciation exceeded capital outlay in the current period.		(13,202)
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.		(27,560)
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.		(3,596)
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.		12,907
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".		7,053
Change in net position of governmental activities	$	(32,363)

MUNICIPALITY OF EUREKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 147,199	$ 624,199	$ 771,398
Investments	120,000	260,000	380,000
Accounts receivable - net	34,143	39,468	73,611
Due from other governments	-	58,371	58,371
Inventory of supplies	24,018	1,441	25,459
Net pension asset	121	74	195
Total current assets	325,481	983,553	1,309,034
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	8,728,779	11,579,931
Machinery and equipment	170,678	360,659	531,337
Less accumulated depreciation	(2,014,306)	(2,227,197)	(4,241,503)
Total noncurrent assets	1,229,120	6,900,919	8,130,039
TOTAL ASSETS	1,554,601	7,884,472	9,439,073
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	11,457	6,958	18,415
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,457	6,958	18,415
LIABILITIES			
Current liabilities			
Accounts payable	14,021	79,594	93,615
Accrued taxes payable	2,957	-	2,957
Accrued interest payable	-	6,279	6,279
Revenue collected in advance	4,203	-	4,203
Bonds payable	9,143	119,185	128,328
Total current liabilities	30,324	205,058	235,382
Noncurrent liabilities			
Bonds payable			
Revenue	330,025	4,413,048	4,743,073
Total noncurrent liabilities	330,025	4,413,048	4,743,073
TOTAL LIABILITIES	360,349	4,618,106	4,978,455
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	6,656	4,042	10,698
TOTAL DEFERRED INFLOWS OF RESOURCES	6,656	4,042	10,698
NET POSITION			
Net Investment in capital assets	889,952	2,368,686	3,258,638
Restricted for			
Revenue bond contingency	20,328	-	20,328
SDRS pension	4,922	2,990	7,912
Equipment repair and/or replacement	-	7,200	7,200
Water reserve	14,358	-	14,358
Unrestricted net position	269,493	890,406	1,159,899
TOTAL NET POSITION	$ 1,199,053	$ 3,269,282	$ 4,468,335

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, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
OPERATING REVENUE			
Charges for goods and services	$ 414,289	$ 409,530	$ 823,819
Other	751	-	751
Total operating revenue	415,040	409,530	824,570
OPERATING EXPENSES			
Personal services	57,212	29,596	86,808
Other current expense	272,123	25,347	297,470
Depreciation	74,406	181,635	256,041
Total Operating Expenses	403,741	236,578	640,319
Operating income	11,299	172,952	184,251
NONOPERATING REVENUES (EXPENSES)			
Operating grants	-	278,485	278,485
Investment earnings	4,800	10,403	15,203
Interest expense and fiscal charges	(11,162)	(77,242)	(88,404)
Total nonoperating revenues(expenses)	(6,362)	211,646	(73,201)
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS	4,937	384,598	389,535
CHANGE IN NET POSITION	4,937	384,598	389,535
NET POSITION - BEGINNING	1,194,116	2,884,684	4,078,800
NET POSITION - ENDING	$ 1,199,053	$ 3,269,282	$ 4,468,335

MUNICIPALITY OF EUREKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 420,322	$ 415,631	$ 835,953
Payments to employees for services	(58,690)	(32,052)	(90,742)
Payments to suppliers of goods and services	(287,146)	53,686	(233,460)
Net cash provided (used) by operating activities	74,486	437,265	511,751
CASH FLOWS FROM (FOR) NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies	-	220,114	220,114
Net cash provided by noncapital financing activities	-	220,114	220,114
CASH FLOWS FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital improvements	-	(299,326)	(299,326)
Principal paid on capital debt	(9,144)	(119,204)	(128,348)
Interest paid on capital debt	(11,162)	(96,508)	(107,670)
Net cash used by capital and related financing activities	(20,306)	(515,038)	(535,344)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	4,800	10,403	15,203
Net cash provided by investing activities	4,800	10,403	15,203
NET CHANGE IN CASH AND CASH EQUIVALENTS	58,980	152,744	211,724
CASH AND INVESTMENTS AT BEGINNING OF YEAR	208,219	731,455	939,674
CASH AND INVESTMENTS AT END OF YEAR	267,199	884,199	1,151,398
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	11,299	172,952	184,251
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Depreciation expense	74,406	181,635	256,041
Change in assets and liabilities			
Receivables	4,694	6,101	10,795
Inventories	18	26	44
Accounts and other payables	(15,041)	79,007	63,966
Contracts and benefits payable	933	(1,210)	(277)
Customer deposits	588	-	588
Pension asset/liability	(2,411)	(1,246)	(3,657)
Net cash provided (used) by operating activities	$ 74,486	$ 437,265	$ 511,751

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.

(Continued on next page)

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.

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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.

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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, 2025, are as follows:

Due from other governments:	$	110,876
Accounts receivable:		15,197

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.

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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 file of a capital asset are also capitalized.

The total December 31, 2025, 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, 2025, 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."

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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:

Governmental Activities	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

Enterprise Funds	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.

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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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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 and prepaid expenses.

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, 2025, 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 a have deposit policy for custodial credit risk. As of December 31, 2025, 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 statues to levy varying amounts of taxes per $1,000 of taxable valuation on taxable real property in the Municipality.

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NOTE 6 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2025 is as follows.

	Balance 01/01/2025	Increases	Decreases	Balance 12/31/2025
Primary Government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	$ 169,456	$ -	(27,560)	$ 141,896
Construction in progress	-	20,030	-	20,030
Total capital assets, not being depreciated/amortized	169,456	20,030	(27,560)	161,926
Capital assets, being depreciated/amortized				
Buildings	678,219	-	-	678,219
Improvements other than buildings	3,348,234	33,809	-	3,382,043
Machinery and equipment	1,144,036	91,640	-	1,235,676
Total capital assets, being depreciated/amortized	5,170,489	125,449	-	5,295,938
Less accumulated depreciation/amortization for				
Buildings	363,310	15,263	-	378,573
Improvements other than buildings	1,394,941	97,971	-	1,492,912
Machinery and equipment	888,716	45,447	-	934,163
Total accumulated depreciation/amortization	2,646,967	158,681	-	2,805,648
Total capital assets, being depreciated/amortized, net	2,523,522	(33,232)	-	2,490,290
Governmental activity capital assets, net	$ 2,692,978	$ (13,202)	(27,560)	$ 2,652,216

Depreciation/amortization expense was charged to functions as follows

	12/31/2025
Governmental activities	
General government	$ 14,027
Public safety	2,920
Public works	99,048
Culture and recreation	42,686
Total depreciation/amortization expense - Governmental activities	$ 158,681

(Continued on next page)

	Balance 01/01/2025	Increases	Decreases	Balance 12/31/2025
Business-type activities				
Capital assets, not being depreciated/amortized				
Land	$ 51,065	-	-	$ 51,065
Construction in progress	-	-	-	-
Total capital assets, not being depreciated/amortized	51,065	-	-	51,065
Capital assets, being depreciated/amortized				
Buildings	209,209	-	-	209,209
Improvements other than buildings	11,280,605	299,326	-	11,579,931
Machinery and equipment	531,337	-	-	531,337
Total capital assets, being depreciated/amortized	12,021,151	299,326	-	12,320,477
Less accumulated depreciation/amortization for				
Buildings	209,209	-	-	209,209
Improvements other than buildings	3,405,905	239,138	-	3,645,043
Machinery and equipment	370,348	16,903	-	387,251
Total accumulated depreciation/amortization	3,985,462	256,041	-	4,241,503
Total business-type activities, capital assets, being depreciated/amortized, net	8,035,689	43,285	-	8,078,974
Business-type activities capital assets, net	$ 8,086,754	$ 43,285	$ -	$ 8,130,039

Depreciation/amortization expense was charged to functions as follows

	12/31/2025
Business-type activities	
Water	$ 74,406
Sewer	181,635
Total depreciation/amortization expense - Business-type activities	$ 256,041

NOTE 7 - LONG-TERM LIABILITIES

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

	Beginning Balance 01/01/2025	Additions	Deletions	Ending Balance 12/31/2025	Due Within One Year
Primary government					
Governmental activities					
Accrued compensated absences	$ 2,802	$ 11,327	$ (7,731)	$ 6,398	$ -
Total governmental activities	2,802	11,327	(7,731)	6,398	-

(Continued on next page)

	Beginning Balance 01/01/2025	Additions	Deletions	Ending Balance 12/31/2025	Due Within One Year
Business-type activities					
Revenue bonds					
RD Loan	348,312	-	(9,144)	339,168	9,143
RD Loan - Clean Water #1	743,792	-	(49,146)	694,646	49,147
Sewer Project 2023	3,494,611	-	(62,501)	3,432,110	62,483
Sewer Project 2023A	413,034	-	(7,557)	405,477	7,555
Total bonds payable	4,999,749	-	(128,348)	4,871,401	128,328
Total business-type activities debt	4,999,749	-	(128,348)	4,871,401	128,328
Total primary government	$ 5,002,551	$ 11,327	$ (136,079)	$ 4,877,799	$ 128,328

Debt payable at December 31, 2025, is comprised of the following:

RD Water Bonds, 3.25%, maturing January 28, 2050, paid by Water Fund.	339,168
RD Clean Water Bonds, 3.25%, maturing January 15, 2044, paid by Sewer Fund.	694,646
Sewer Project 2023 Bonds, 1.875%, maturing June 23, 2063, paid by Sewer Fund.	3,432,110
Sewer Project 2023A Bonds, 1.75%, maturing June 23, 2063, paid by Sewer Fund.	405,477
Compensating Absences - Employees vacation as of December 31, 2025, will be made out from the general fund.	6,398
	$ 4,877,799

Annual requirements to amortize all debt outstanding as of December 31, 2025, except for compensated absences is as follows:

	Year Ending 12/31,	Principal	Interest
Long-Term Liabilities			
	2026	128,328	103,684
	2027	134,903	100,362
	2028	138,308	96,957
	2029	141,824	93,441
	2030	145,421	89,844
	Thereafter	4,182,617	1,295,838
		$ 4,871,401	$ 1,780,126

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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%.

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• 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, 2025, 2024, and 2023 were $17,438, $13,764, and $12,843, 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, 2025, SDRS is 100.1% 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, 2025 and reported by the Municipality as of December 31, 2025 are as follows:

	Governmental Activities	Business-Type Activities	Total
Proportionate share of pension liability	$ 1,066,731	$ 350,287	$ 1,417,018
Less proportionate share of net pension restricted for pension benefits	$ (1,067,326)	$ (350,482)	$ (1,417,808)
Proportionate share of net pension liability (asset)	$ (595)	$ (195)	$ (790)

At December 31, 2025, the Municipality reported an asset of $790 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025 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, 2025, the Municipality's proportion was .0092840%, which is an increase of .001679% from its proportion measured as of June 30, 2024.

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For the year ended December 31, 2025, the Municipality recognized a reduction of pension expense of $16,564. At December 31, 2025 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.	$ 27,034	$ -
Changes in assumption.	-	41,914
Net difference between projected and actual earnings on pension plan investments	38,473	-
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	422	1,363
Municipality contributions subsequent to the measurement date.	8,564	-
Total	$ 74,493	$ 43,277

$8,564 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, 2025. 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:

2026	$ 18,187
2027	1,571
2028	886
2029	2,008
TOTAL	$ 22,652

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2025 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	1.56%

Mortality Rates:

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

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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 acuarial assumptions used in the June 30, 2025 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, 2025 (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%	3.80%
Investment Grade Debt	22.80%	2.30%
High Yield Debt	7.00%	2.90%
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.

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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)	$ 193,519	$ (790)	$ (159,974)

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, 2025, 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.

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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.

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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, 2025 is as follows:

	Beginning Balance 01/01/2025	Additions	Deletions	Ending Balance 12/31/2025
Governmental activities				
Leases receivable	$ 8,493	$ 3,552	$ 3,765	$ 8,280
Total governmental activities	$ 8,493	$ 3,552	$ 3,765	$ 8,280

The following schedule shows the aggregate future minimum lease payments required by year under the leases as of December 31, 2025:

	Year Ending 12/31,	Lease revenue	Interest revenue
Leases receivable			
	2026	$ 3,595	$ 305
	2027	1,383	178
	2028	569	141
	2029	575	121
	2030	812	106
	Therafter	1,346	200
		$ 8,280	$ 1,051

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPALITY OF EUREKA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
REVENUES				
Taxes				
General property tax	$ 424,391	$ 424,391	$ 411,753	$ (12,638)
General sales and use tax	400,100	400,100	422,654	22,554
Penalties and interest on delinquent taxes	1,000	1,000	1,365	365
Licenses and permits	7,000	7,000	8,360	1,360
Intergovernmental revenue				
Federal grants	200,000	200,000	241,198	41,198
State shared revenue				
Bank franchise tax	5,500	5,500	2,364	(3,136)
Motor vehicle commercial prorate	4,000	4,000	9,344	5,344
Liquor tax reversion	9,000	9,000	6,929	(2,071)
Motor vehicle licenses (5%)	17,000	17,000	12,167	(4,833)
Local government highway and bridge fund	45,000	45,000	57,151	12,151
County shared revenue				
County road tax (25%)	6,800	6,800	6,822	22
Charges for goods and services				
General government	3,700	3,700	8,326	4,626
Sanitation	128,000	128,000	99,123	(28,877)
Culture and recreation	3,000	3,000	6,595	3,595
Other	-	-	3,000	3,000
Miscellaneous revenue				
Investment earnings	5,000	5,000	20,621	15,621
Rentals	7,500	7,500	35,254	27,754
Contributions and donations from private sources	8,500	8,500	9,371	871
Other	4,600	4,600	16,797	12,197
	$ 1,280,091	$ 1,280,091	$ 1,379,194	$ 99,103

MUNICIPALITY OF EUREKA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
EXPENDITURES				
Legislative	$ 7,000	$ 7,000	$ 6,678	$ 322
Contingency	77,008	77,008	-	
Amount transferred	-	(34,245)	-	42,763
Executive	34,000	34,000	31,501	2,499
Elections	1,000	1,000	429	571
Financial administration	161,300	189,932	171,310	18,622
Other	153,900	153,900	149,426	4,474
Public safety				
Police	50,400	52,513	59,713	(7,200)
Fire	2,000	2,500	2,000	500
Other protection	7,500	7,500	-	7,500
Public works				
Highways and streets	383,500	383,500	282,278	101,222
Sanitation	131,500	131,500	100,288	31,212
Airport	42,000	42,000	28,779	13,221
Health and welfare				
Health	2,300	2,300	2,201	99
Hospital and nursing homes	-	-	6,500	(6,500)
Culture and recreation				
Recreations	2,500	2,500	-	2,500
Parks	184,500	184,500	129,505	54,995
Libraries	33,750	33,750	30,084	3,666
Museums	500	500	-	500
Conservation and development				
Economic development and assistance (industrial development)	342,500	346,000	460,537	(114,537)
Total Expenditures	1,617,158	1,617,658	1,461,229	156,429
Excess revenue over/under expenditures	(337,067)	(337,567)	(82,035)	255,532
Other financing sources/(uses)				
Sale of municipal property	250,000	250,000	74,070	(175,930)
Total other financing sources (uses)	250,000	250,000	74,070	(175,930)
Net change in fund balances	(87,067)	(87,567)	(7,965)	79,602
Fund balance - beginning	2,106,283	2,106,283	2,106,283	-
Fund balance - ending	$ 2,019,216	$ 2,018,716	$ 2,098,318	$ 79,602

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, 2025

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, 2025.

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.

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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, 2025

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	6/30/2025	0.0092840%	$ (790)	$ 276,941	-0.29%	100.10%
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%

MUNICIPALITY OF EUREKA
SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS
DECEMBER 31, 2025

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	6/30/2025	$ 17,438	$ 17,438	$ -	$ 290,633	6.00%
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%

MUNICIPALITY OF EUREKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS

Changes from prior valuation:

The June 30, 2025 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2024 Actuarial Valuation.

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

Benefit provision changes:

During the 2025 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, 2024, the FVFR, assuming the long-term COLA is equal to the baseline COLA assumption (2.25%), was less than 100% and the July 2025 SDRS COLA was limited to a restricted maximum of 1.71%. For the June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.71%.

As of June 30, 2025, the FVFR, assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2026 SDRS COLA is limited to a restricted maximum of 1.56%. The July 2026 SDRS COLA will equal inflation, no less than 0% and no greater than 1.56%. For this June 30, 2025 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.56%.

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.