CITY OF EUREKA, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

CITY OF EUREKA, KANSAS

December 31, 2025

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Eureka, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Eureka, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Eureka, Kansas as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Eureka, Kansas as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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 *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Eureka, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 statement.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, the schedule of receipts and expenditures – actual and budget regulatory basis, for each individual fund, and the summary of receipts and disbursements – agency funds – regulatory basis (Schedules 1, 2, and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Eureka, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated August 4, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 21, 2026
Chanute, Kansas

CITY OF EUREKA, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balances December 31, 2025
General	$ 265,609.84	$ 2,439,635.33	$ 2,342,590.12	$ 362,655.05	$ 45,010.12	$ 407,665.17
Special Purpose Funds:						
Library	108.05	116,484.27	116,541.53	50.79	-	50.79
Employee Health Benefits	13,403.54	-	1,332.06	12,071.48	-	12,071.48
Special Parks and Recreation	2,737.04	5,120.46	5,724.00	2,133.50	154.15	2,287.65
Special Highway	96,510.07	61,043.08	110,311.66	47,241.49	1,038.11	48,279.60
Promotion	8,964.29	14,074.65	15,331.87	7,707.07	-	7,707.07
Sales Tax Revenue	324,048.13	14,788.85	36,344.76	302,492.22	-	302,492.22
Street Sales Tax Revenue	945,464.05	391,381.22	361,774.85	975,070.42	-	975,070.42
River Street Sales Tax	906,253.66	390,404.29	273,755.01	1,022,902.94	12,742.50	1,035,645.44
Fire Grants	1,080.90	-	-	1,080.90	-	1,080.90
Capital Project Funds:						
Project Construction	494,491.37	486.56	-	494,977.93	-	494,977.93
Business Funds:						
Water Utility	183,412.77	922,849.69	1,034,286.71	71,975.75	6,825.24	78,800.99
Water Reserve	304,063.55	-	65,421.51	238,642.04	-	238,642.04
Meter Deposit	-	17,002.61	17,002.61	-	86,666.00	86,666.00
Sewer Utility	77,349.33	367,258.76	314,925.67	129,682.42	3,046.30	132,728.72
Sewer Revolving Loan	-	31,792.22	31,792.22	-	-	-
Sewer Reserve	245,704.99	20,000.00	-	265,704.99	-	265,704.99
Total Reporting Entity (Excluding Agency Funds)	$ 3,869,201.58	$ 4,792,321.99	$ 4,727,134.58	$ 3,934,388.99	$ 155,482.42	$ 4,089,871.41

Composition of Cash:	
Cash on Hand	$ 400.00
City Treasurer Checking Account	2,827,536.52
Municipal Court Account	17,142.22
Diversion Account	13,311.59
Kansas Municipal Investment Pool	1,306,764.40
Total Cash	4,165,154.73
Agency Funds Per Schedule 3	(75,283.32)
Total Reporting Entity (Excluding Agency Funds)	$ 4,089,871.41

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Eureka, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Eureka, Kansas (the City) is a municipal corporation governed by a mayor and an elected six member council. This financial statement presents the City of Eureka, Kansas (the primary government) and does not include any related municipal entities.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Eureka Carnegie Library

The City of Eureka Carnegie Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate financial statements are not prepared by the Library.

Eureka Public Building Commission

The City of Eureka Public Building Commission was created to oversee the construction of the Eureka swimming pool and library project. Acquisition or disposition of real property or bond issuances must be approved by the City. The City is acting as the fiduciary agent for the Commission. Separate financial statements are not prepared by the Commission.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Eureka, Kansas, for the year of 2025:

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)
Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection account, etc.).

Basis of Presentation – Regulatory Basis of Accounting
Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Pension Plan
Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Property Taxes
In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipt source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for regulatory receipt recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property.

Reimbursed Expenses
The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory in nature rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st, of each year.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th, of each year.

If the City is holding a revenue neutral rate hearing, the public hearing shall be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2025, there were no such amendments.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the capital projects fund, trust funds, and the following special purpose funds:

- Fire Grants Fund

Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of Kansas.

3. DEPOSITS AND INVESTMENTS

As of year-end, the City has the following investments.

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1 - 2	Rating
Kansas Municipal Investment Pool Overnight Pool	$1,306,764.40	$1,306,764.40	- -	S&P AAAf/S1+

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State Statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2025, is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2025.

At year-end, the City's carrying amount of deposits was $2,857,990.33 and the bank balance was $2,899,759.45. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $286,663.01 was covered by FDIC insurance and $2,613,096.44 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2025, the City has invested $1,306,764.40 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may by invested in direct obligation that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities of up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2016. Effective January 1, 2016, Kansas law established the KPERS member employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $109,313.59 for KPERS for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was $852,045.00. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kspers.gov or can be obtained as described above.

5. FINANCE LEASES

The City has entered into a finance lease agreement dated September 21, 2021 with Kansas State Bank, for the purchase of a street sweeper. The total cost was $224,550.00. The lease requires annual payments of $36,032.78, including interest at 3.52% per annum, over the next seven years, maturing February 1, 2029. Debt requirements are as follows:

Year Ended December 31	Totals
2026	$ 36,032.78
2027	36,032.78
2028	36,032.78
2029	36,032.78
	144,131.12
Less: Imputed Interest	(11,842.68)
Net Present Value of Minimum Lease Payments	132,288.44
Less: Current Maturities	(31,376.22)
Long-Term Finance Lease Obligations	$ 100,912.22

The City has entered into a finance lease agreement dated April 14, 2025 with Citizens State Bank, for the purchase of a rescue truck. The total cost was $260,520.00. The lease requires annual payments of $44,572.46, including interest at 5.49% per annum, over the next seven years, maturing February 1, 2032. Debt requirements are as follows:

Year Ended December 31	Totals
2026	$ 44,572.46
2027	44,572.46
2028	44,572.46
2029	44,572.46
2030	44,572.46
2031 – 2032	89,144.92
	312,007.22
Less: Imputed Interest	(51,487.22)
Net Present Value of Minimum Lease Payments	260,520.00
Less: Current Maturities	(34,157.80)
Long-Term Finance Lease Obligations	$ 226,362.20

The City has entered into a finance lease agreement dated July 1, 2025 with Foley Equipment Company, for the purchase of a cat loader. The total cost was $275,173.14. The lease requires a down payment of $50,000 and then requires annual payments of $52,715.61, including interest at 3.57% per annum, over the next five years, maturing July 1, 2030. Debt requirements are as follows:

Year Ended December 31	Totals
2026	$ 52,715.61
2027	52,715.61
2028	52,715.61
2029	52,715.61
2030	52,715.61
	263,578.05
Less: Imputed Interest	(38,404.91)
Net Present Value of Minimum Lease Payments	225,173.14
Less: Current Maturities	(40,353.60)
Long-Term Finance Lease Obligations	$ 184,819.54

5. FINANCE LEASES (Continued)

The City has entered into a finance lease agreement dated March 15, 2024 with Lease Servicing Center, Inc., for the purchase of a hydrovac trailer. The total cost was $114,323.36. The lease requires annual payments of $65,421.51, including interest at 9.50% per annum, maturing March 15, 2026. Debt requirements are as follows:

Year Ended December 31	Totals
2026	$ 65,421.51
	65,421.51
Less: Imputed Interest	(5,670.38)
Net Present Value of Minimum Lease Payments	59,751.13
Less: Current Maturities	(59,751.13)
Long-Term Finance Lease Obligations	$ 0.00

6. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2025, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bond:									
Paid with Sales Tax									
Series 2019	4.00%	November 1, 2019	$ 3,080,000.00	December 1, 2039	$ 2,570,000.00	$ -	$ 135,000.00	$ 2,435,000.00	$ 63,323.76
Revolving Loans:									
Paid with Utility Revenues									
Kansas Water Pollution Control									
Series 2005	2.58%	October 4, 2005	510,204.00	March 1, 2027	76,494.98	-	30,010.98	46,484.00	1,781.24
Kansas Transportation Loan									
Series 2009	4.18%	May 11, 2009	124,881.43	August 1, 2028	32,743.75	-	7,691.54	25,052.21	1,368.68
Finance Leases:									
Street Sweeper	3.52%	September 21, 2021	224,550.00	February 1, 2029	162,597.77	-	30,309.33	132,288.44	5,723.45
Firetruck	4.98%	March 23, 2015	342,052.00	March 23, 2025	39,851.35	-	39,851.35	-	1,422.69
Rescue Truck	5.49%	April 14, 2025	260,520.00	February 1, 2032	-	260,520.00	-	260,520.00	-
Cat Loader	3.57%	July 1, 2025	275,173.14	July 1, 2030	-	275,173.14	50,000.00	225,173.14	-
Hydrovac Trailer	9.50%	March 15, 2024	114,323.36	March 15, 2026	114,323.36	-	54,572.23	59,751.13	10,849.28
Total Contractual Indebtedness					$ 2,996,011.21	$ 535,693.14	$ 347,435.43	$ 3,184,268.92	$ 84,469.10

6. LONG-TERM DEBT (Continued)

Current maturities of long-term liabilities and interest for the next five years and in five year increments through maturity is as follows:

Issue	2026	2027	2028	2029	2030	2031-2035	2036-2039	Total
Principal								
General Obligation:								
Series 2019	$ 140,000.00	$ 145,000.00	$ 150,000.00	$ 155,000.00	$ 160,000.00	$ 875,000.00	$ 810,000.00	$ 2,435,000.00
Revolving Loans:								
Kansas Water Pollution Control Series 2005	30,398.12	16,085.88	-	-	-	-	-	46,484.00
Kansas Transportation Loan Series 2009	8,013.02	8,347.98	8,691.21	-	-	-	-	25,052.21
Finance Leases:								
Street Sweeper	31,376.22	32,480.67	33,623.99	34,807.56	-	-	-	132,288.44
Rescue Truck	34,157.80	33,299.62	34,957.94	36,677.28	38,525.38	82,901.98	-	260,520.00
Cat Loader	40,353.60	42,569.02	44,906.06	47,371.40	49,973.06	-	-	225,173.14
Hydrovac Trailer	59,751.13	-	-	-	-	-	-	59,751.13
Total Principal Payments	344,049.89	277,783.17	272,179.20	273,856.24	248,498.44	957,901.98	810,000.00	3,184,268.92
Interest								
General Obligation:								
Series 2019	59,273.75	55,073.75	50,723.75	47,723.75	44,623.75	166,643.75	53,837.50	477,900.00
Revolving Loans:								
Kansas Water Pollution Control Series 2005	1,001.96	202.37	-	-	-	-	-	1,204.33
Kansas Transportation Loan Series 2009	1,047.20	712.24	363.28	-	-	-	-	2,122.72
Finance Leases:								
Street Sweeper	4,656.56	3,552.11	2,408.79	1,225.22	-	-	-	11,842.68
Rescue Truck	10,414.66	11,272.84	9,614.52	7,895.18	6,047.08	6,242.94	-	51,487.22
Cat Loader	12,362.01	10,146.59	7,809.55	5,344.21	2,742.55	-	-	38,404.91
Hydrovac Trailer	5,670.38	-	-	-	-	-	-	5,670.38
Total Interest Payments	94,426.52	80,959.90	70,919.89	62,188.36	53,413.38	172,886.69	53,837.50	588,632.24
Total Principal and Interest	$ 438,476.41	$ 358,743.07	$ 343,099.09	$ 336,044.60	$ 301,911.82	$ 1,130,788.67	$ 863,837.50	$ 3,772,901.16

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits
As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2025.

Compensated Absences:
All full-time employees of the City with six months of employment are eligible for vacation benefits in varying annual amounts. Employees may not carry over more than twenty days of vacation time into the new year of service, as determined by their anniversary date. Unused vacation days will be lost unless a written request for vacation time has been denied by the City Administrator.

Sick leave accrues to all full-time employees at the rate of eight hours of each month worked. Upon termination for any reason, employees will be paid for accumulated sick leave up to 720 hours.

The City estimates a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statement.

In accordance with the above criteria, the City has estimated a liability for vacation benefits at December 31, 2025 of $50,506.57. The City has not estimated a liability for sick leave earned, but not taken by City employees, as the amounts cannot be reasonably estimated.

Other Post-Employment Benefits:
As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through purchase of various insurance policies.

9. ECONOMIC DEPENDENCY

During 2025, the City sold 22.77% of its water produced to Greenwood County Rural Water District No. 1 and 30.08% of its water produced to Greenwood County Rural Water District No. 2.

10. OTHER COMMITMENTS

The City entered agreed to amend the contract in 2024 to include five more years of service with Waste Connections, Inc. to provide exclusive rights for residential and commercial waste collections for the City of Eureka. After year one Waste Connections, Inc. may adjust rates on an annual basis to reflect the percentage increase in the local Consumer Price Index – All Urban Consumers classified by population of the previous year.

The City has entered into a seven year water tower maintenance contract as of February 13, 2023 with Viking Industrial Painting to maintain the City's water tower. Under the agreement the City has agreed to pay $48,086.00 annually as compensation, with no provisions for increase.

11. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority:	Amount:
Water Utility	General	K.S.A. 12-825d	$254,500.00
Sewer Utility	General	K.S.A. 12-825d	155,000.00
Sewer Utility	Sewer Revolving Loan	K.S.A. 12-825d	31,792.22
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	20,000.00

12. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statement. However, subsequent to year end, the City did accept a bid from Pishney Restoration in the amount of $215,000.00 contingent upon the vendor having a Unique ID Number, which was to be paid for using funds from a CDBG Grant and a bid from APAC-Kansas, Inc. for $195,972.13 and Harshman Construction, LLC. for $32,160.00 for chip and seal projects to be done paid for using funds held in reserves.

SUPPLEMENTARY INFORMATION

CITY OF EUREKA, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2025

Funds	Total Certified Budget	Qualifying Adjustments for Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General	$ 2,452,158.00	$ 80,086.08	$ 2,532,244.08	$ 2,342,590.12	$ (189,653.96)
Special Purpose Funds:					
Library	125,747.00	-	125,747.00	116,541.53	(9,205.47)
Employee Health Benefits	22,154.00	-	22,154.00	1,332.06	(20,821.94)
Special Parks and Recreation	5,724.00	-	5,724.00	5,724.00	-
Special Highway	175,105.00	-	175,105.00	110,311.66	(64,793.34)
Promotion	29,691.00	-	29,691.00	15,331.87	(14,359.13)
Sales Tax Revenue	315,203.00	-	315,203.00	36,344.76	(278,858.24)
Street Sales Tax Revenue	1,513,816.00	-	1,513,816.00	361,774.85	(1,152,041.15)
River Street Sales Tax	1,324,433.00	-	1,324,433.00	273,755.01	(1,050,677.99)
Business Funds:					
Water Utility	1,034,448.00	-	1,034,448.00	1,034,286.71	(161.29)
Sewer Utility	458,975.00	-	458,975.00	314,925.67	(144,049.33)
Sewer Revolving Loan	31,792.00	-	31,792.00	31,792.22	0.22

CITY OF EUREKA, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 769,261.96	$ 836,109.25	$ 886,782.00	$ (50,672.75)
Delinquent Tax	18,762.23	27,896.69	17,388.00	10,508.69
Motor Vehicle Tax	113,241.41	114,747.45	102,564.00	12,183.45
Recreational Vehicle Tax	1,446.87	1,465.58	1,374.00	91.58
16/20M Vehicle Tax	548.83	658.37	583.00	75.37
Commercial Vehicle Tax	4,351.20	5,228.99	6,851.00	(1,622.01)
Watercraft Tax	933.83	993.35	1,003.00	(9.65)
Neighborhood Revitalization Rebate	(23,417.65)	(23,454.06)	(29,115.00)	5,660.94
Tax Foreclosure	-	3,935.95	-	3,935.95
Local Alcoholic Liquor Tax	5,412.99	5,120.44	5,724.00	(603.56)
Occupation Tax	-	300.00	1,800.00	(1,500.00)
Franchise Tax	191,108.94	184,063.97	182,653.00	1,410.97
Intergovernmental				
Connecting Links	20,654.21	20,625.79	15,551.00	5,074.79
Special Assessments	10,839.06	6,897.18	-	6,897.18
Fire Federal Grant	6,226.00	15,000.00	15,000.00	-
Airport Federal Grant	-	89,310.12	150,000.00	(60,689.88)
Other Grants	-	24,562.50	-	24,562.50
Other County Aid	575.59	-	-	-
Licenses and Permits	14,529.00	14,826.58	11,914.00	2,912.58
Fines and Forfeitures	51,756.17	72,694.59	58,962.00	13,732.59
Charges for Services				
Cemetery	14,710.00	23,770.00	29,270.00	(5,500.00)
Refuse Collection	41,282.00	35,250.00	108,328.00	(73,078.00)
Animal Tags, Releases, & Cremations	3,396.10	2,687.54	1,896.00	791.54
Street Cuts	-	280.00	185.00	95.00
Use of Money and Property				
Interest	54,915.21	39,336.87	40,000.00	(663.13)
Lake Receipts	141,912.07	167,218.07	140,000.00	27,218.07
Rentals	28,602.50	45,237.50	27,478.00	17,759.50
Sale of Assets	57,569.00	225,978.00	-	225,978.00
Other Receipts				
Miscellaneous	10,782.82	9,308.53	8,523.00	785.53
Reimbursed Expense	25,709.60	80,086.08	31,121.00	48,965.08
Donations	33,000.00	-	-	-

CITY OF EUREKA, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Receipts (Continued)				
Operating Transfers from:				
Sewer Utility Fund	$ 155,000.00	$ 155,000.00	$ 155,000.00	$ -
Water Utility Fund	290,000.00	254,500.00	290,000.00	(35,500.00)
Total Receipts	2,043,109.94	2,439,635.33	$ 2,260,835.00	$ 178,800.33
Expenditures				
General Administration				
Personal Services	530,934.60	444,431.23	$ 472,177.00	$ (27,745.77)
Contractual Services	141,035.26	125,131.52	150,523.00	(25,391.48)
Commodities	32,791.78	37,427.79	25,754.00	11,673.79
Capital Outlay	40,154.65	42,088.32	68,000.00	(25,911.68)
Street and Alley Department				
Personal Services	332,476.09	311,582.94	337,920.00	(26,337.06)
Contractual Services	52,520.44	57,251.08	72,799.00	(15,547.92)
Commodities	27,211.03	32,246.54	6,515.00	25,731.54
Capital Outlay	59,418.94	115,434.11	88,410.00	27,024.11
Community Building Department				
Personal Services	847.56	-	2,000.00	(2,000.00)
Contractual Services	34,569.55	42,958.18	40,000.00	2,958.18
Commodities	1,446.11	994.31	2,500.00	(1,505.69)
Capital Outlay	3,565.85	-	2,000.00	(2,000.00)
Lakes and Park Department				
Personal Services	114,915.91	125,518.11	122,946.00	2,572.11
Contractual Services	29,002.64	26,839.99	30,734.00	(3,894.01)
Commodities	7,500.46	8,363.77	6,928.00	1,435.77
Capital Outlay	23,147.97	13,309.51	38,000.00	(24,690.49)
Fire Department				
Personal Services	55,615.61	59,627.90	55,765.00	3,862.90
Contractual Services	30,360.85	27,372.06	28,593.00	(1,220.94)
Commodities	2,703.10	6,983.81	8,957.00	(1,973.19)
Capital Outlay	59,199.49	83,917.92	15,000.00	68,917.92
Police Department				
Contractual Services	267,522.72	267,522.72	267,523.00	(0.28)
Cemetery Department				
Personal Services	80,780.61	102,109.81	81,971.00	20,138.81
Contractual Services	6,808.41	6,708.60	9,720.00	(3,011.40)
Commodities	4,605.46	4,555.61	4,111.00	444.61
Capital Outlay	9,915.30	1,349.45	20,000.00	(18,650.55)
Parks Department				
Capital Outlay	7,948.34	6,747.38	5,000.00	1,747.38
Engineer				
Contractual Services	71.88	-	-	-

CITY OF EUREKA, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Health and Sanitation Department				
Personal Services	$ 55,668.75	$ 41,963.22	$ 52,843.00	$ (10,879.78)
Contractual Services	8,693.59	7,911.54	10,185.00	(2,273.46)
Commodities	4,772.89	5,090.75	1,989.00	3,101.75
Capital Outlay	1,627.11	23,440.48	1,000.00	22,440.48
Airport Department				
Personal Services	10,531.20	1,271.70	18,840.00	(17,568.30)
Contractual Services	32,950.52	35,359.31	25,227.00	10,132.31
Commodities	1,905.28	3,091.97	2,360.00	731.97
Capital Outlay	28,718.17	170,918.49	32,500.00	138,418.49
Grant Expenditures	-	-	157,500.00	(157,500.00)
Economic Development				
Contractual Services	750.00	-	15,000.00	(15,000.00)
Capital Outlay	16,334.69	25,025.00	-	25,025.00
Home Improvement				
Contractual Services	2,000.00	2,000.00	-	2,000.00
City Events Department				
Commodities	4,041.42	2,400.00	4,500.00	(2,100.00)
Building and Code Enforcement				
Personal Services	-	-	40,000.00	(40,000.00)
Contractual Services	-	2,300.00	-	2,300.00
Capital Outlay	-	21,010.74	40,000.00	(18,989.26)
Library				
Appropriation to Library Board	1,250.00	-	-	-
Debt Service				
Principal - KDOT Loan	7,382.92	7,691.54	7,692.00	(0.46)
Interest - KDOT Loan	1,677.30	1,368.68	1,369.00	(0.32)
Finance Lease - Street Sweeper	36,032.78	-	36,033.00	(36,033.00)
Finance Lease - Firetruck	41,274.04	41,274.04	41,274.00	0.04
Total Certified Budget			2,452,158.00	(109,567.88)
Adjustments for Qualifying Budget Credits			80,086.08	(80,086.08)
Total Expenditures	2,212,681.27	2,342,590.12	$ 2,532,244.08	$ (189,653.96)
Receipts Over(Under) Expenditures	(169,571.33)	97,045.21		
Unencumbered Cash, Beginning	435,181.17	265,609.84		
Unencumbered Cash, Ending	$ 265,609.84	$ 362,655.05		

CITY OF EUREKA, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 91,597.32	$ 99,866.24	$ 105,914.00	$ (6,047.76)
Delinquent Tax	1,753.39	3,231.10	2,077.00	1,154.10
Motor Vehicle Tax	10,215.44	12,839.13	12,212.00	627.13
Recreational Vehicle Tax	130.52	163.40	164.00	(0.60)
16/20M Vehicle Tax	49.51	59.35	69.00	(9.65)
Commercial Vehicle Tax	392.53	606.69	816.00	(209.31)
Watercraft Tax	84.18	118.28	119.00	(0.72)
Neighborhood Revitalization Rebate	(2,788.37)	(2,801.38)	(3,835.00)	1,033.62
Tax Foreclosure	-	355.06	-	355.06
Other Receipts				
Reimbursed Expense	3,139.00	2,046.40	3,048.00	(1,001.60)
Total Receipts	104,573.52	116,484.27	$ 120,584.00	$ (4,099.73)
Expenditures				
Culture and Recreation				
Personal Services	-	4,341.53	$ 3,800.00	$ 541.53
Contractual Services	2,879.81	-	4,500.00	(4,500.00)
Appropriation to Library Board	103,219.11	112,200.00	117,447.00	(5,247.00)
Total Expenditures	106,098.92	116,541.53	$ 125,747.00	$ (9,205.47)
Receipts Over(Under) Expenditures	(1,525.40)	(57.26)		
Unencumbered Cash, Beginning	1,633.45	108.05		
Unencumbered Cash, Ending	$ 108.05	$ 50.79		

CITY OF EUREKA, KANSAS
EMPLOYEE HEALTH BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Internal Service Fee	$ 8,000.00	$ -	$ 8,000.00	$ (8,000.00)
Total Receipts	8,000.00	-	$ 8,000.00	$ (8,000.00)
Expenditures				
General Government				
Personal Services	3,750.07	1,332.06	$ 22,154.00	$ (20,821.94)
Total Expenditures	3,750.07	1,332.06	$ 22,154.00	$ (20,821.94)
Receipts Over(Under) Expenditures	4,249.93	(1,332.06)		
Unencumbered Cash, Beginning	9,153.61	13,403.54		
Unencumbered Cash, Ending	$ 13,403.54	$ 12,071.48		

CITY OF EUREKA, KANSAS
SPECIAL PARKS AND RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	$ 5,412.98	$ 5,120.46	$ 5,724.00	$ (603.54)
Other Receipts				
Other County Aid	575.59	-	-	-
Total Receipts	5,988.57	5,120.46	$ 5,724.00	$ (603.54)
Expenditures				
Culture and Recreation				
Contractual Services	2,762.61	2,160.33	$ 1,000.00	$ 1,160.33
Commodities	-	141.96	1,000.00	(858.04)
Capital Outlay	733.19	3,421.71	3,724.00	(302.29)
Total Expenditures	3,495.80	5,724.00	$ 5,724.00	$ -
Receipts Over(Under) Expenditures	2,492.77	(603.54)		
Unencumbered Cash, Beginning	244.27	2,737.04		
Unencumbered Cash, Ending	$ 2,737.04	$ 2,133.50		

CITY OF EUREKA, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Motor Fuel Tax	$ 61,942.15	$ 61,043.08	$ 63,480.00	$ (2,436.92)
Total Receipts	61,942.15	61,043.08	$ 63,480.00	$ (2,436.92)
Expenditures				
Streets				
Personal Services	24,434.30	55,189.77	$ 33,325.00	$ 21,864.77
Commodities	17,706.98	33,461.48	25,000.00	8,461.48
Capital Outlay	15,645.87	21,660.41	116,780.00	(95,119.59)
Total Expenditures	57,787.15	110,311.66	$ 175,105.00	$ (64,793.34)
Receipts Over(Under) Expenditures	4,155.00	(49,268.58)		
Unencumbered Cash, Beginning	92,355.07	96,510.07		
Unencumbered Cash, Ending	$ 96,510.07	$ 47,241.49		

CITY OF EUREKA, KANSAS
PROMOTION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Transient Guest Tax	$ 12,072.24	$ 14,074.65	$ 9,755.00	$ 4,319.65
Total Receipts	12,072.24	14,074.65	$ 9,755.00	$ 4,319.65
Expenditures				
Economic Development				
Convention Expenditure	5,329.20	8,614.38	$ 20,000.00	$ (11,385.62)
Tourism Expenditure	4,914.47	6,717.49	9,691.00	(2,973.51)
Total Expenditures	10,243.67	15,331.87	$ 29,691.00	$ (14,359.13)
Receipts Over(Under) Expenditures	1,828.57	(1,257.22)		
Unencumbered Cash, Beginning	7,135.72	8,964.29		
Unencumbered Cash, Ending	$ 8,964.29	$ 7,707.07		

CITY OF EUREKA, KANSAS
SALES TAX REVENUE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest	$ 9,872.47	$ 14,788.85	$ -	$ 14,788.85
Total Receipts	9,872.47	14,788.85	$ -	$ 14,788.85
Expenditures				
Swimming Pool				
Contractual Services	-	10.00	$ -	$ 10.00
Capital Outlay	16,067.37	36,334.76	315,203.00	(278,868.24)
Total Expenditures	16,067.37	36,344.76	$ 315,203.00	$ (278,858.24)
Receipts Over(Under) Expenditures	(6,194.90)	(21,555.91)		
Unencumbered Cash, Beginning	330,243.03	324,048.13		
Unencumbered Cash, Ending	$ 324,048.13	$ 302,492.22		

CITY OF EUREKA, KANSAS
STREET SALES TAX REVENUE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 449,065.81	$ 377,913.06	$ 430,000.00	$ (52,086.94)
Use of Money and Property				
Interest	13,560.71	13,468.16	10,403.00	3,065.16
Total Receipts	462,626.52	391,381.22	$ 440,403.00	$ (49,021.78)
Expenditures				
Capital Projects				
Capital Outlay	277,972.06	275,742.07	$ 1,513,816.00	$ (1,238,073.93)
Debt Service				
Finance Lease - Street Sweeper	-	36,032.78	-	36,032.78
Finance Lease - Loader	-	50,000.00	-	50,000.00
Total Expenditures	277,972.06	361,774.85	$ 1,513,816.00	$ (1,152,041.15)
Receipts Over(Under) Expenditures	184,654.46	29,606.37		
Unencumbered Cash, Beginning	760,809.59	945,464.05		
Unencumbered Cash, Ending	$ 945,464.05	$ 975,070.42		

CITY OF EUREKA, KANSAS
RIVER STREET SALES TAX FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Sales Tax	$ 449,065.77	$ 377,913.07	$ 430,000.00	$ (52,086.93)
Use of Money and Property				
Interest	13,560.71	12,491.22	10,403.00	2,088.22
Total Receipts	462,626.48	390,404.29	$ 440,403.00	$ (49,998.71)
Expenditures				
Capital Outlay				
Capital Outlay	-	75,431.25	$ -	$ 75,431.25
Debt Service				
Principal	135,000.00	135,000.00	135,000.00	-
Interest	68,723.76	63,323.76	63,324.00	(0.24)
Cash Basis Reserve	-	-	1,126,109.00	(1,126,109.00)
Total Expenditures	203,723.76	273,755.01	$ 1,324,433.00	$ (1,050,677.99)
Receipts Over(Under) Expenditures	258,902.72	116,649.28		
Unencumbered Cash, Beginning	647,350.94	906,253.66		
Unencumbered Cash, Ending	$ 906,253.66	$ 1,022,902.94		

CITY OF EUREKA, KANSAS
FIRE GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Grant Proceeds	$ -	$ -
Total Receipts	-	-
Expenditures		
Fire Department		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	1,080.90	1,080.90
Unencumbered Cash, Ending	$ 1,080.90	$ 1,080.90

CITY OF EUREKA, KANSAS
PROJECT CONSTRUCTION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest	$ -	$ 486.56
Total Receipts	-	486.56
Expenditures		
General Government		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	486.56
Unencumbered Cash, Beginning	494,491.37	494,491.37
Unencumbered Cash, Ending	$ 494,491.37	$ 494,977.93

CITY OF EUREKA, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Sales	$ 924,787.22	$ 880,500.48	$ 906,391.00	$ (25,890.52)
Penalties	7,174.65	6,198.87	6,819.00	(620.13)
Connections	3,333.57	100.00	6,450.00	(6,350.00)
Use of Money and Property				
Interest	49,978.98	34,772.96	31,209.00	3,563.96
Other Receipts				
Miscellaneous	127.35	-	-	-
Reimbursed Expense	823.83	1,277.38	-	1,277.38
Total Receipts	986,225.60	922,849.69	$ 950,869.00	$ (28,019.31)
Expenditures				
Operating Expenditures				
Personal Services	334,766.18	412,920.52	$ 423,874.00	$ (10,953.48)
Contractual Services	96,546.51	96,844.71	85,657.00	11,187.71
Commodities	102,352.28	91,723.66	116,142.00	(24,418.34)
Capital Outlay	88,998.97	178,297.82	98,775.00	79,522.82
Operating Transfers to:				
Water Reserve Fund	20,000.00	-	20,000.00	(20,000.00)
General Fund	290,000.00	254,500.00	290,000.00	(35,500.00)
Total Expenditures	932,663.94	1,034,286.71	$ 1,034,448.00	$ (161.29)
Receipts Over(Under) Expenditures	53,561.66	(111,437.02)		
Unencumbered Cash, Beginning	129,851.11	183,412.77		
Unencumbered Cash, Ending	$ 183,412.77	$ 71,975.75		

CITY OF EUREKA, KANSAS
WATER RESERVE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Water Utility Fund	$ 20,000.00	$ -
Total Receipts	20,000.00	-
Expenditures		
Capital Improvements		
Finance Lease - Hydrovac Trailer	-	65,421.51
Total Expenditures	-	65,421.51
Receipts Over(Under) Expenditures	20,000.00	(65,421.51)
Unencumbered Cash, Beginning	284,063.55	304,063.55
Unencumbered Cash, Ending	$ 304,063.55	$ 238,642.04

CITY OF EUREKA, KANSAS
METER DEPOSIT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Meter Deposits	$ 7,871.11	$ 9,215.59
Use of Money and Property		
Interest	17,921.31	7,787.02
Total Receipts	25,792.42	17,002.61
Expenditures		
Utility Services		
Deposit Refunds	25,792.42	17,002.61
Total Expenditures	25,792.42	17,002.61
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF EUREKA, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Charges	$ 343,934.40	$ 337,605.99	$ 341,079.00	$ (3,473.01)
Penalties	6,449.11	5,382.48	6,016.00	(633.52)
Connecting Fees	-	-	90.00	(90.00)
Use of Money and Property				
Interest	25,160.10	24,270.29	10,403.00	13,867.29
Total Receipts	375,543.61	367,258.76	$ 357,588.00	$ 9,670.76
Expenditures				
Operating Expenditures				
Personal Services	118,253.54	49,820.14	$ 56,437.00	$ (6,616.86)
Contractual Services	42,286.86	39,553.22	62,000.00	(22,446.78)
Commodities	1,504.37	1,018.76	5,500.00	(4,481.24)
Capital Outlay	88,821.24	17,741.33	128,246.00	(110,504.67)
Operating Transfers to:				
General Fund	155,000.00	155,000.00	155,000.00	-
Sewer Revolving Loan Fund	31,792.22	31,792.22	31,792.00	0.22
Sewer Reserve Fund	20,000.00	20,000.00	20,000.00	-
Total Expenditures	457,658.23	314,925.67	$ 458,975.00	$ (144,049.33)
Receipts Over(Under) Expenditures	(82,114.62)	52,333.09		
Unencumbered Cash, Beginning	159,463.95	77,349.33		
Unencumbered Cash, Ending	$ 77,349.33	$ 129,682.42		

CITY OF EUREKA, KANSAS
SEWER REVOLVING LOAN FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfer from Sewer Utility Fund	$ 31,792.22	$ 31,792.22	$ 31,792.00	$ 0.22
Total Receipts	31,792.22	31,792.22	$ 31,792.00	$ 0.22
Expenditures				
Debt Service				
Principal	29,251.42	30,010.98	$ 30,011.00	$ (0.02)
Interest	2,540.80	1,781.24	1,781.00	0.24
Total Expenditures	31,792.22	31,792.22	$ 31,792.00	$ 0.22
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF EUREKA, KANSAS
SEWER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Sewer Utility Fund	$ 20,000.00	$ 20,000.00
Total Receipts	20,000.00	20,000.00
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	20,000.00	20,000.00
Unencumbered Cash, Beginning	225,704.99	245,704.99
Unencumbered Cash, Ending	$ 245,704.99	$ 265,704.99

Schedule 3

CITY OF EUREKA, KANSAS
AGENCY FUNDS
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

	Beginning Cash Balances	Receipts	Disbursements	Ending Cash Balances
Refuse Collections	$ 67,953.43	$ 324,497.12	$ 347,621.04	$ 44,829.51
Diversion	20,250.43	8,086.16	15,025.00	13,311.59
Municipal Court	29,659.40	92,574.14	105,091.32	17,142.22
Total Agency Funds	$ 117,863.26	$ 425,157.42	$ 467,737.36	$ 75,283.32

Jarred Gilmore Phillips

Honorable Mayor, City Council, and Management
City of Eureka, Kansas

In planning and performing our audit of the financial statement of the City of Eureka, Kansas as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Eureka, Kansas' system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Eureka, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eureka, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 misstatement 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 misstatements of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies:

Preparation of Financial Statement

Professional standards require management to accept responsibility for the preparation and fair presentation of the financial statement, including related note disclosures. The City engages the auditor to assist in drafting the financial statement in accordance with the Kansas Municipal Audit and Accounting Guide. The City does not have personnel with specialized training in governmental financial reporting necessary to independently prepare the complete financial statement and related disclosures. Accordingly, management relies on the auditor for preparation of the financial statement. While this condition is common among smaller governmental entities and does not reflect on management's integrity or oversight, it represents a deficiency in internal control over financial reporting because the preparation of the financial statement is not performed by individuals independent of the audit process.

Management has reviewed and approved the financial statement and has accepted responsibility for them. We encourage management and the Council to continue their oversight of the financial reporting process and to remain informed of reporting requirements.

Segregation of Duties

Due to the limited number of personnel, complete segregation of duties is not achievable. As a result, certain internal control functions are necessarily performed by the same individual. Under auditing standards generally accepted in the United States, this condition represents a significant deficiency in internal control, as it increases the risk that errors or irregularities could occur and not be detected on a timely basis.

This comment is provided as a reminder to those charged with governance of their fiduciary oversight responsibilities, rather than as a recommendation for corrective action. Management and the governing body are aware of these circumstances and have determined that the costs associated with additional staffing or restructuring would outweigh the related benefits at this time.

Accordingly, the governing body should continue to exercise diligent financial oversight, including active involvement in the review of financial information, approval of disbursements, and periodic review of internal control procedures, to mitigate the risks inherent in these conditions.

This communication is intended solely for the information and use of management, the Mayor, City Council, and others within the City of Eureka, Kansas, and is not intended to be and should not be used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
July 21, 2026