

**TOWN OF EUREKA CITY**

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

**TOWN OF EUREKA CITY**  
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CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of Eureka City  
Eureka Town, Utah

### Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Eureka City, Utah (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Town'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 responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the required supplementary information regarding pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such 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.

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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Town's internal control over financial reporting and compliance.

*Gilbert & Stewart*

GILBERT & STEWART, CPA, PC

Provo, Utah

July 9, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Eureka City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of Town of Eureka City for the fiscal year ended June 30, 2023.

### Financial Highlights

- The total net assets of the governmental activities of \$1,380,968 is composed of \$897,656 of investment in capital assets, \$3,910 of restricted net assets and \$479,402 of unrestricted net assets. Total net assets increased by \$86,269 from the prior year.
- As of the end of the current fiscal year, the City's governmental fund reported an ending fund balance of \$497,058, this is composed of \$3,910 in restricted fund balance and \$493,148 in unassigned fund balance.
- In the enterprise (proprietary) funds, operating revenues increased by \$78,422. Corresponding operating expenses decreased by \$10,643. The largest reason for this decrease is the depreciation expense and decrease in wages expense. The total net position in the enterprise funds decreased by 116,372.
- In the enterprise (proprietary) funds, nonoperating revenues increased by \$5,569 due to an increase in interest income.

### Reporting the City as a Whole

This discussion and analysis is intended to serve as an introduction to Town of Eureka City's basic financial statements. Town of Eureka City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other required supplementary information in addition to the basic financial statements.

*The government-wide financial statements* are designed to provide readers with a broad overview of Town of Eureka City's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, you will also need to consider other non-financial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Town of Eureka City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 9 -10 of this report.

### **Reporting the City's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Town of Eureka City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The governmental fund financial statements can be found on pages 11-14 of this report.

The major governmental fund (as determined by generally accepted accounting principles) is the general fund.

- Proprietary funds – the City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, sewer utility, and sanitation utility.
- The basic proprietary fund financial statements can be found on pages 15-17 of this report.

### **Government-Wide Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of The Town, assets and deferred outflows exceed liabilities and deferred inflows by \$13,172,749.

One of the largest portions of Town of Eureka City's net assets (94%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**The following table summarizes the City's net assets.**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 693,864	\$ 657,464	\$ 357,413	\$ 301,750	\$ 1,051,277	\$ 959,214
Capital assets	897,656	931,921	14,535,747	14,834,771	15,433,403	15,766,692
Total assets	<u>1,591,520</u>	<u>1,589,385</u>	<u>14,893,160</u>	<u>15,136,521</u>	<u>16,484,680</u>	<u>16,725,906</u>
Deferred outflows of resources						
Pension related costs	19,158	8,735	10,776	16,957	29,934	25,692
Total Deferred outflows of resources	<u>19,158</u>	<u>8,735</u>	<u>10,776</u>	<u>16,957</u>	<u>29,934</u>	<u>25,692</u>
Liabilities						
Long term Liabilities	10,428	-	3,096,946	3,108,045	3,107,374	3,108,045
Other liabilities	144,444	228,643	14,977	87,938	159,421	316,581
Total liabilities	<u>154,872</u>	<u>228,643</u>	<u>3,111,923</u>	<u>3,195,983</u>	<u>3,266,795</u>	<u>3,424,626</u>
Deferred inflows of resources						
Unearned property taxes -future years	49,830	49,359	-	-	49,830	49,359
Pension related costs	25,008	25,419	232	49,342	25,240	74,761
Total deferred inflows of resources	<u>74,838</u>	<u>74,778</u>	<u>232</u>	<u>49,342</u>	<u>75,070</u>	<u>124,120</u>
Net assets						
Invested in capital assets						
net of related debt	897,656	931,921	11,444,667	11,651,502	12,342,323	12,583,423
Restricted	3,910	3,910	6,141	6,141	10,051	10,051
Unrestricted	479,402	358,868	340,973	250,510	820,375	609,378
Total net assets	<u>\$ 1,380,968</u>	<u>\$ 1,294,699</u>	<u>\$ 11,791,781</u>	<u>\$ 11,908,153</u>	<u>\$ 13,172,749</u>	<u>\$ 13,202,852</u>

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**The following table summarizes the City's change in net assets.**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 93,167	\$ 93,825	\$ 605,780	\$ 527,358	\$ 698,947	\$ 621,183
Operating grants & contrib.	58,315	55,415	-	-	58,315	55,415
Capital grants & contrib.	109,922	43,360	-	6,141	109,922	49,501
General revenues:						
Property taxes	70,080	62,968	-	-	70,080	62,968
Sales and use tax	127,327	120,346	-	-	127,327	120,346
Franchise tax	47,306	40,024	-	-	47,306	40,024
Other taxes	-	-	-	-	-	-
Unrestricted investmt. earn.	806	314	5,604	35	6,410	349
Loss on sale of Capital Assets	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-
Total revenues	506,923	416,252	611,384	533,534	1,118,307	949,786
<b>Expenses:</b>						
General government	251,114	258,014	-	-	251,114	258,014
Public safety	4,385	3,121	-	-	4,385	3,121
Public works	99,072	46,562	-	-	99,072	46,562
Community development	59,953	55,485	-	-	59,953	55,485
Planning	6,130	612	-	-	6,130	612
Interest on debt	-	-	-	-	-	-
Water utility	-	-	358,194	378,321	358,194	378,321
Sewer utility	-	-	282,676	297,829	282,676	297,829
Sanitation utility	-	-	86,886	63,345	86,886	63,345
Total expenses	420,654	363,794	727,756	739,495	1,148,410	1,103,289
Increase (decr) in net assets						
before transfers	86,269	52,458	(116,372)	(205,961)	(30,103)	(153,503)
Transfers	-	-	-	-	-	-
Change in net assets	86,269	52,458	(116,372)	(205,961)	(30,103)	(153,503)
Net assets - beginning	1,294,699	1,242,241	11,908,153	12,114,114	13,202,852	13,356,355
Net assets - ending	\$ 1,380,968	\$ 1,294,699	\$ 11,791,781	\$ 11,908,153	\$ 13,172,749	\$ 13,202,852

**Business-type activities.** Business-type activities decreased the City's net assets by \$116,372. As of the end of the current fiscal year, all three business-type funds reported positive net assets.

### Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$493,148 while total fund balance reached \$497,402. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 131% of total general fund expenditures, while total fund balance represents 132% of that same amount.

The City maintains enterprise funds to account for the business-type activities of the City. The information is found in the government-wide financial statements, but in more detail.



The total net assets of the combined enterprise funds at the end of the year amounted to \$11,791,781. This balance is comprised of \$11,444,667 in net investment in capital assets, \$6,141 in restricted net assets, and \$340,973 in Unrestricted net assets. As mentioned in the financial highlights, operational revenues increased and expenditures decreased in the Enterprise funds during the current fiscal year.

### General Fund Budgetary Highlights

During the fiscal year, the general fund’s original budget was adopted by the city council with budgeted revenues of \$610,593 and budgeted expenditures of \$610,593. The budget was not amended during the year.

### Capital Assets and Debt Administration

**Capital Assets.** Town of Eureka City’s investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$15,433,403 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	118,000	118,000	75,756	75,756	193,756	193,756
Water rights	-	-	36,997	36,997	36,997	36,997
Buildings	434,684	451,759	-	-	434,684	451,759
Improvements	12,124	12,609	-	-	12,124	12,609
Equipment	32,811	43,849	155,938	104,782	188,749	148,631
Infrastructure	300,037	305,704	14,267,056	14,617,236	14,567,093	14,922,940
Total capital assets	<u>\$ 897,656</u>	<u>\$ 931,921</u>	<u>\$ 14,535,747</u>	<u>\$ 14,834,771</u>	<u>\$ 15,433,403</u>	<u>\$ 15,766,692</u>

Additional information on the City’s capital assets can be found in the footnotes for this financial report.

**Long-term debt.** At the end of the current year, the City had total bonded debt outstanding of \$3,091,081 secured solely by specific revenue (enterprise) sources (i.e., revenue bonds) and notes payable.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Water bond payable 2015B	\$ -	\$ -	\$ 1,345,388	\$ 1,370,440	\$ 1,345,388	\$ 1,370,440
Sewer bond payable 2015A	-	-	62,000	74,000	62,000	74,000
Sewer bond payable 2015B	-	-	999,000	1,042,000	999,000	1,042,000
Sewer bond payable 2015C	-	-	684,693	696,828	684,693	696,828
Total outstanding debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,091,081</u>	<u>\$ 3,183,268</u>	<u>\$ 3,091,081</u>	<u>\$ 3,183,268</u>

During the fiscal year 2023 the City’s total outstanding debt decreased by \$92,187. This was a result of required principal payments during the year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$1,961,822, which is significantly in excess of the City’s outstanding general obligation debt. In addition, state statutes allow for an additional 8% to be

used for water, sewer, or other revenue bond projects, thus resulting in a debt limit of 12% of total taxable value.

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

### **Economic Factors and Next Year's Budgets and Rates**

- The general fund budget for the fiscal year ending June 30, 2024 reflects a 6.75% change in budgeted revenues and expenditures over the fiscal year ending June 30, 2023 budget.

### **Request for Information**

This financial report is designed to provide a general overview of the Town of Eureka City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Eureka City, P.O. Box 156 Town of Eureka City, UT 84628.

## TOWN OF EUREKA CITY

### Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 428,949	\$ 305,787	\$ 734,736
Restricted Cash	3,910	-	3,910
Receivables:			
Accounts (Net of allowance)	-	51,626	51,626
Taxes	112,192	-	112,192
Intergovernmental	24,037	-	24,037
Other Assets	124,776	-	124,776
Net Pension Assets	-	-	-
Capital Assets (Net of accumulated depreciation):			
Land	118,000	75,756	193,756
Water Rights	-	36,997	36,997
Buildings	434,684	-	434,684
Improvements	12,124	-	12,124
Equipment and Systems	32,811	155,938	188,749
Infrastructure	300,037	14,267,056	14,567,093
Total Assets	1,591,520	14,893,160	16,484,680
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related costs	19,158	10,776	29,934
Total deferred outflows of resources	19,158	10,776	29,934
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	17,763	14,977	32,740
Other Liabilities	124,776	-	124,776
Deposits	1,905	-	1,905
Unearned Revenue	-	-	-
Long Term Liabilities			
Due Within One Year	-	93,319	93,319
Due in More Than One Year	10,428	3,003,627	3,014,055
Total liabilities	154,872	3,111,923	3,266,795
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unearned property taxes levied for future years	49,830	-	49,830
Pension related costs	25,008	232	25,240
Total deferred outflows of resources	74,838	232	75,070
<b>NET POSITION</b>			
Net investment in capital assets	897,656	11,444,667	12,342,323
Restricted			
Impact fees	3,910	6,141	10,051
Unrestricted	479,402	340,973	820,375
Total Net Position	\$ 1,380,968	\$ 11,791,781	\$ 13,172,749

*See accompanying notes to the financial statements.*

**TOWN OF EUREKA CITY**  
Statement of Activities  
For the Year Ended June 30, 2023

Function/Programs	Expenses	Program Revenues			Net (Expense) Rev & Chgs in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 251,114	\$ 73,287	\$ -	\$ -	\$ (177,827)	\$ -	\$ (177,827)
Public Safety	4,385	-	-	-	(4,385)	-	(4,385)
Public Works	99,072	6,991	58,315	109,922	76,156	-	76,156
Community Development	59,953	12,889	-	-	(47,064)	-	(47,064)
Planning	6,130	-	-	-	(6,130)	-	(6,130)
Total Governmental Activities	<u>420,654</u>	<u>93,167</u>	<u>58,315</u>	<u>109,922</u>	<u>(159,250)</u>	<u>-</u>	<u>(159,250)</u>
Business-type Activities:							
Water	358,194	339,149	-	-	-	(19,045)	(19,045)
Sewer	282,676	177,032	-	-	-	(105,644)	(105,644)
Sanitation	86,886	89,599	-	-	-	2,713	2,713
Total Business-type Activities	<u>727,756</u>	<u>605,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,976)</u>	<u>(121,976)</u>
Total Primary Government	<u>\$ 1,148,410</u>	<u>\$ 698,947</u>	<u>\$ 58,315</u>	<u>\$ 109,922</u>	<u>\$ (159,250)</u>	<u>\$ (121,976)</u>	<u>\$ (281,226)</u>
General Revenues:							
Property Taxes					\$ 70,080	\$ -	\$ 70,080
General Sales and Use Tax					127,327	-	127,327
Franchise Tax					47,306	-	47,306
Unrestricted Investment Earnings					806	5,604	6,410
Total General Revenues					<u>245,519</u>	<u>5,604</u>	<u>251,123</u>
Change in Net Assets					86,269	(116,372)	(30,103)
Net position- Beginning					1,294,699	11,908,153	13,202,852
Net position - Ending					<u>\$ 1,380,968</u>	<u>\$ 11,791,781</u>	<u>\$ 13,172,749</u>

*See accompanying notes to the financial statements.*

**TOWN OF EUREKA CITY**

Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 428,949
Restricted cash	3,910
Taxes receivable	112,192
Intergovernmental receivable	24,037
Total assets	<u>\$ 569,088</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 17,763
Deposits	1,905
Total liabilities	<u>19,668</u>
Deferred inflows of resources	
Unearned property tax-levied for future years.	49,830
Unavailable property taxes - delinquent	2,532
Total deferred inflows of resources	<u>52,362</u>
Fund Balances:	
Restricted	
Roads	-
Impact fees	3,910
Unassigned	493,148
Total fund balances	<u>497,058</u>
Total liabilities, deferred inflows of resources & fund balances	<u>\$ 569,088</u>

*See accompanying notes to the financial statements.*

## TOWN OF EUREKA CITY

### Balance Sheet Reconciliation to

### Statement of Net Position

June 30, 2023

Total fund balances - governmental fund types: \$ 497,058

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 118,000	
Buildings	714,363	
Improvements	29,555	
Equipment	134,431	
Infrastructure	1,963,539	
Less Accumulated Depreciation	<u>(2,062,232)</u>	
		897,656

Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds

Delinquent Property Taxes	2,531	
Pension related costs	<u>19,158</u>	
		21,689

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds but rather as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net assets.

Pension Liability		(10,428)
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Deferred inflows of resources related to pensions do not require current resources and are not reported in the governmental funds

(25,007)

Net assets of government activities

\$ 1,380,968

*See accompanying notes to the financial statements.*

**TOWN OF EUREKA CITY**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes	\$ 242,866
Licenses and permits	41,376
Intergovernmental	168,237
Charges for services	19,880
Impact Fees	-
Miscellaneous	32,717
Total revenues	<u>505,076</u>
<b>EXPENDITURES</b>	
Current:	
General government	224,739
Public safety	4,385
Public works	82,367
Planning and zoning	6,130
Community development	59,468
Debt service	-
Total expenditures	<u>377,089</u>
Excess (deficit) of revenues over (under) Expenditures	<u>127,987</u>
Other financing sources (uses)	-
Total other financing sources (uses)	<u>-</u>
Net change in fund balance	127,987
Fund balances - beginning of year	<u>369,071</u>
Fund balances - end of year	<u><u>\$ 497,058</u></u>

*See accompanying notes to the financial statements.*

**TOWN OF EUREKA CITY**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds To The Statement of Activities  
 For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ 127,987
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay	\$ -	
Contribution of Capital Assets to Enterprise Funds	-	
Depreciation Expense	(34,265)	(34,265)
<p>Proceeds from the sale of capital assets are reported as revenues in the governmental fund statements, however, the gain or loss on the sale is reported in the statement of activities. Thus the change in net position is adjusted for the gain or loss on sale of capital assets.</p>		
		-
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund statements.</p>		
Pension expenses		(9,300)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.</p>		
Delinquent Taxes	1,847	
Withheld Sales and Franchise Taxes	-	1,847
Change in net assets of governmental activities		\$ 86,269

*See accompanying notes to the financial statements.*



## TOWN OF EUREKA CITY

### Statement of Net Position

#### Proprietary Funds

June 30, 2023

	Business-Type Activities - Enterprise			
	Water	Sewer	Sanitation	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 86,502	\$ 165,336	\$ 53,949	\$ 305,787
Due from other funds	-	137,351	-	137,351
Receivables				
Accounts (Net)	29,310	15,017	7,299	51,626
Total current assets	115,812	317,704	61,248	494,764
Noncurrent assets:				
Capital assets	9,009,669	8,709,142	43,000	17,761,811
Less: Accumulated depreciation	(1,586,060)	(1,597,004)	(43,000)	(3,226,064)
Total noncurrent assets	7,423,609	7,112,138	-	14,535,747
Total assets	7,539,421	7,429,842	61,248	15,030,511
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related costs	5,388	5,388	-	10,776
Total deferred outflows of resources	5,388	5,388	-	10,776
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,259	5,051	6,667	14,977
Due to other funds	137,351	-	-	137,351
Current portion of long-term debt	25,814	67,505	-	93,319
Total current liabilities	166,424	72,556	6,667	245,647
Noncurrent liabilities:				
Net pension liability	2,933	2,933	-	5,866
Long term debt	1,319,574	1,678,187	-	2,997,761
Total noncurrent liabilities	1,322,507	1,681,120	-	3,003,627
Total liabilities	1,488,931	1,753,676	6,667	3,249,274
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related costs	116	116	-	232
Total deferred inflows of resources	116	116	-	232
Net Position:				
Net investment in capital assets	6,078,221	5,366,446	-	11,444,667
Restricted - impact fees	1,047	5,094	-	6,141
Unrestricted	(23,506)	309,898	54,581	340,973
Total net Position	\$ 6,055,762	\$ 5,681,438	\$ 54,581	\$ 11,791,781

*See accompanying notes to the financial statements.*

**TOWN OF EUREKA CITY**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
<b>Operating revenues:</b>				
Charges for services	\$ -	\$ -	\$ 89,599	\$ 89,599
Charges for services pledged as security on revenue bonds	339,149	177,032	-	516,181
Total operating revenues	<u>339,149</u>	<u>177,032</u>	<u>89,599</u>	<u>605,780</u>
<b>Operating expenses:</b>				
Salaries and wages	25,091	24,989	1,232	51,312
Purchased services	68,358	15,525	82,732	166,615
Supplies and materials	34,137	22,582	2,922	59,641
Depreciation and amortization	189,840	198,344	-	388,184
Total operating expenses	<u>317,426</u>	<u>261,440</u>	<u>86,886</u>	<u>665,752</u>
Operating income	<u>21,723</u>	<u>(84,408)</u>	<u>2,713</u>	<u>(59,972)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue	35	5,569	-	5,604
Interest expense and fiscal charges	(40,768)	(21,236)	-	(62,004)
Total nonoperating revenues (expenses)	<u>(40,733)</u>	<u>(15,667)</u>	<u>-</u>	<u>(56,400)</u>
Net Income (loss) before Contributions and Transfers and Transfers	<u>(19,010)</u>	<u>(100,075)</u>	<u>2,713</u>	<u>(116,372)</u>
Contributions and transfers				
Impact fees	-	-	-	-
Total Contributions and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(19,010)	(100,075)	2,713	(116,372)
Total net position beginning	6,074,772	5,781,513	51,868	11,908,153
Total net position - ending	<u>\$ 6,055,762</u>	<u>\$ 5,681,438</u>	<u>\$ 54,581</u>	<u>\$ 11,791,781</u>

*See accompanying notes to the financial statements.*

## TOWN OF EUREKA CITY

### Statement of Cash Flows

#### Proprietary Funds

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total BTAs
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 340,607	\$ 177,986	\$ 87,830	\$ 606,423
Payments to suppliers	(106,353)	(33,769)	(83,868)	(223,990)
Payments to employees	(25,674)	(25,675)	(1,232)	(52,581)
Internal balances	(1,322)	1,322	-	-
Net cash provided (used) by operating activities	207,258	119,864	2,730	329,852
<b>Cash Flows From Noncapital Financing Activities</b>	-	-	-	-
<b>Cash Flows From Capital and Related Financing Activities</b>				
Impact fees	-	-	-	-
Principal paid on capital debt	(25,052)	(67,136)	-	(92,188)
Purchase of capital assets	(54,971)	(34,190)	-	(89,161)
Interest paid on capital debt	(40,768)	(21,236)	-	(62,004)
Net cash provided (used) by capital and related financing activities	(120,791)	(122,562)	-	(243,353)
<b>Cash Flows From Investing Activities</b>				
Interest and dividends received	35	5,569	-	5,604
Net increase (decrease) in cash and cash equivalents	86,502	2,871	2,730	92,103
Cash and cash equivalents - beginning	-	162,465	51,219	213,684
Cash and cash equivalents - ending	\$ 86,502	\$ 165,336	\$ 53,949	\$ 305,787
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 21,723	\$ (84,408)	\$ 2,713	\$ (59,972)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	189,840	198,344	-	388,184
(Increase) decrease in accounts receivable	1,458	954	(1,769)	643
(Increase) decrease in due from other funds	(1,322)	1,322	-	-
(Increase) decrease in net pension assets	18,441	17,356	-	35,797
(Increase) decrease in deferred outflows	3,346	2,833	-	6,179
Increase (decrease) in accounts payable	(3,858)	4,338	1,786	2,266
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in net pension liability	2,933	2,933	-	5,866
Increase (decrease) in deferred inflows	(25,303)	(23,808)	-	(49,111)
Total adjustments	185,535	204,272	17	389,824
Net cash provided (used) by operating activities	\$ 207,258	\$ 119,864	\$ 2,730	\$ 329,852

*See accompanying notes to the financial statements.*

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Eureka Town (the City) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict the GASB pronouncements. The Town applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established by GAAP and used by the Town are discussed below.

**Reporting Entity**

The Town of Eureka City is in Juab County in the State of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the mayor and a town council. The Town provides the following services as mandated by law: general administrative services, public safety, highways and public improvements, parks, recreation and public property, water, and sanitation services.

**Government Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use directly benefit from goods, services, or privileges, provided by a given function or activity or (2) grants and contributions that are restricted to meeting the operational or capital requirements of particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Measurement Focus, Basis of Accounting and Presentation**

The government-wide financial statements are reported using the economic resources measurements focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenue when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the Town receives the cash.

The City reports the following major governmental funds:

The *general fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *water, sewer, and sanitation funds* account for the water, sewer, and sanitation activities of the City.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As a general rule, the effect of inter-fund activity has been eliminated from the government financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Assets, Liabilities, and Net Assets or Equity**

**A. Cash and Cash Equivalents**

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (the Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The fund operates in accordance with state laws and regulations. The reported value of the City's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this criterion.

**B. Restricted Assets**

Cash, which is restricted to a particular use due to statutory, budgetary, or bonding requirements by outside parties, is classified as "restricted cash" on the financial statements. Restricted cash would be spent first and then unrestricted would be used when the restricted funds are depleted.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and structures	30-50
Infrastructure	30-50
Improvements other than buildings	10-40
Machinery and equipment	5-10

**D. Taxes**

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on all business personal property on January 1, and real estate and improvement taxes are levied on January 1 and are payable by November 30. The real property taxes which are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred revenue.

The City council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22 each year. The county treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Leases**

Leases. - the City adopted Governmental Accounting Standards Board Statement No. 87, Leases. The new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The beginning fund balances and net position were not affected by the implementation of GASB 87.

Management of the City evaluated whether there are leases within the Town and determined that there were no leases that needed to be recorded under GASB 87 during 2023.

**F. Deferred Outflows / Inflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows of resources related to pension costs

In addition to liabilities, the financial statements will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, revenue for future year, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2023 for the 2023-2024 Fiscal year. The enterprise funds report deferred inflows of resources related to pension costs.

**G. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**I. Fund Equity**

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the Town is bound to honor them. The Town first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following: debt service, impact fees, and unspent B&C road funds.
- **Unassigned.** Residual balances in the Governmental Funds are classified as unassigned.

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Town or through external restriction imposed by creditors, grantors or laws or regulations of other governments.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**J. Use of Estimates**

Presenting financial statements in conformity with generally accepted accounting principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the Town. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

- A. On or before the first regularly scheduled meeting of the City council in May, the City clerk, authorized under state statute to be appointed budget officer, submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held, at which time the taxpayers' comments are heard. Notice of the hearing is posted in various locations in the City at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1.
- D. Control of budgeted expenditures is exercised at the departmental level under state law. The City clerk, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in B) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the fiscal year, the City modified the budget using the above procedures.

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City’s carrying amount of deposits was \$712,104 and the balance in the City’s bank account and the cash on hand was \$708,380, with the difference being due to outstanding checks and deposits in transit.

A. Deposits

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The Town considers the actions of the State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. Town funds are deposited in qualified depositories as defined by the Act. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2023, the Town’s custodial credit risk for deposits were as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2023
Checking and Savings	Insured and Collateralized	\$ 250,000
Checking and Savings	Uninsured and Uncollateralized	458,380
Total Deposits		\$ 708,380

B. Investments

The City’s investments are managed through participation in the State Public Treasurer’s Investment Fund and through a trust arrangement with a local bank. As of June 30, 2023, the City’s investments are treated as cash equivalents. The City had the following investments:

Investments	Investment Maturities (in Years)				Quality Ratings
	Less Than 1	1-5	6-10	More than 10	
Certificates of Deposit	26,542	-	-	-	Unrated
Total Investments	\$ 26,542	\$ -	\$ -	\$ -	

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs

At June 30, 2023 the City had the following recurring fair value measurements:

	6/30/2023	Fair Value Measurements Using		
Investments by fair value level		Level 1	Level 2	Level 3
Certificates of Deposit	\$ 26,542	\$ -	\$ 26,542	\$ -
Total debt securities	\$ 26,542	\$ -	\$ 26,542	\$ -
 Total investments measured at fair value	 \$ 26,542			

Investments – Interest Rate Risk. The City 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. However, interest rate risk is managed by compliance with the Utah Money Management Act, which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk. The City follows the requirements of the Utah Money Management Act (the Act) in handling its depository and investing transactions. The City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurer’s Investment Fund (PTIF), certificates of deposits, U.S. treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. The City’s investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The City considers the actions of the council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices. The PTIF fund is unrated.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 4 – RECEIVABLES**

Receivables as of yearend for the government’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Receivables:					
Taxes	\$ 112,192	\$ -	\$ -	-	\$ 112,192
Intergovernmental	24,037	-	-	-	24,037
Accounts	-	52,949	27,129	13,186	93,264
Allowance for uncollectible accounts	-	(23,639)	(12,112)	(5,887)	(41,638)
Total receivables	<u>\$ 136,229</u>	<u>\$ 29,310</u>	<u>\$ 15,017</u>	<u>\$ 7,299</u>	<u>\$ 187,855</u>

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant Proceeds	\$ -	\$ -
Property taxes receivable (general fund)	49,830	49,830
Total Unavailable and Unearned revenues	<u>\$ 49,830</u>	<u>\$ 49,830</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances and transfers are created to support temporary cash deficiencies in the applicable funds. In 2023 there was an internal balance of \$137,351 between the water fund and the sewer funds.

The Town received land from the Union Pacific Railroad. The land was adjacent to existing property owners. The railroad company gave the land to the Town with the stipulation that when the adjacent property owner presented a survey showing the portion of land that was adjacent to their property, the Town would then deed the land to the citizen. The Town has title to the land; however, the agreement states that the land can only be given to the adjacent property owners. Therefore, this transaction is treated as another asset and other liability on the statement of net assets.

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**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

<b>Primary Government</b>	Ending				Ending
<b>Governmental activities:</b>	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Construction In Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Land	118,000	-	-	-	118,000
Total capital assets not being depreciated	<u>118,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,000</u>
Capital assets being depreciated:					
Buildings	714,363	-	-	-	714,363
Improvements	29,555	-	-	-	29,555
Machinery and equipment	134,431	-	-	-	134,431
Infrastructure	1,963,539	-	-	-	1,963,539
Total capital assets being depreciated	<u>2,841,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,841,888</u>
Less accumulated depreciation for:					
Buildings	262,604	17,075	-	-	279,679
Improvements	16,946	485	-	-	17,431
Machinery and equipment	90,582	11,038	-	-	101,620
Infrastructure	1,657,835	5,667	-	-	1,663,502
Total accumulated depreciation	<u>2,027,967</u>	<u>34,265</u>	<u>-</u>	<u>-</u>	<u>2,062,232</u>
Total capital assets, being depreciated, net	<u>813,921</u>	<u>(34,265)</u>	<u>-</u>	<u>-</u>	<u>779,656</u>
Governmental activities capital assets, net	<u>\$ 931,921</u>	<u>\$ (34,265)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,656</u>
	Ending				Ending
	Balance	Increases	Transfers	Decreases	Balance
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Land	75,756	-	-	-	75,756
Water Rights	36,997	-	-	-	36,997
Total capital assets not being depreciated	<u>112,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,753</u>
Capital assets being depreciated:					
Improvements	17,267,558	-	-	-	17,267,558
Machinery and equipment	292,339	89,161	-	-	381,500
Total capital assets being depreciated	<u>17,559,897</u>	<u>89,161</u>	<u>-</u>	<u>-</u>	<u>17,649,058</u>
Less accumulated depreciation for:					
Improvements	2,650,322	350,180	-	-	3,000,502
Machinery and equipment	187,557	38,005	-	-	225,562
Total accumulated depreciation	<u>2,837,879</u>	<u>388,185</u>	<u>-</u>	<u>-</u>	<u>3,226,064</u>
Total capital assets, being depreciated, net	<u>14,722,018</u>	<u>(299,024)</u>	<u>-</u>	<u>-</u>	<u>14,422,994</u>
Business-type activities capital assets, net	<u>\$ 14,834,771</u>	<u>\$ (299,024)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$14,535,747</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 17,075
Public safety	-
Public works	16,705
Community development	485
Total depreciation expense governmental activities	<u>\$ 34,265</u>
Business-type activities	
Water	\$ 189,840
Sewer	198,345
Sanitation	-
Total depreciation expense business-type activities	<u>\$ 388,185</u>

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 8 - LONG-TERM DEBT**

Bonds and notes payable at June 30, 2023 consist of the following:

- A) \$1,511,000 Parity Water Revenue Bond Series 2015B. This bond requires monthly installments of principal and interest due beginning April 4, 2016 through November 4, 2055, bearing an interest rate of 3%. This bond is a reimbursement bond and will be incurred as the funds are spent on the project. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,814	\$ 40,006	\$ 65,820
2025	26,600	39,220	65,820
2026	27,409	38,411	65,820
2027	28,242	37,578	65,820
2028	29,101	36,718	65,819
2029-2033	159,336	169,765	329,101
2034-2038	185,086	144,014	329,100
2039-2043	214,998	114,102	329,100
2044-2048	249,747	79,353	329,100
2049-2053	290,110	38,990	329,100
2054-2055	108,945	2,938	111,883
	<u>\$ 1,345,388</u>	<u>\$ 741,095</u>	<u>\$ 2,086,483</u>

- C) \$354,000 Parity Wastewater Revenue Bond Series 2015A. This bond requires annual installments of principal October 1, 2016 through October 1, 2045, bearing no interest. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,000	\$ -	\$ 12,000
2025	12,000	-	12,000
2026	12,000	-	12,000
2027	12,000	-	12,000
2028	14,000	-	14,000
	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 62,000</u>

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 - LONG-TERM DEBT (Continued)**

D) \$1,300,000 Water Quality Wastewater Revenue Bond Series 2015B. This bond requires annual installments of principal October 1, 2016 through October 1, 2045, bearing no interest. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 43,000	\$ -	\$ 43,000
2025	43,000		43,000
2026	43,000		43,000
2027	43,000		43,000
2028	43,000		43,000
2029-2033	215,000	-	215,000
2034-2038	217,000	-	217,000
2039-2043	220,000	-	220,000
2044-2046	132,000	-	132,000
	<u>\$ 999,000</u>	<u>\$ -</u>	<u>\$ 999,000</u>

E) \$766,000 Parity Wastewater Revenue Bond Series 2015C. This bond requires monthly installments of principal and interest due beginning April 4, 2016 through December 4, 2055, bearing an interest rate of 3%. This bond is a reimbursement bond and will be incurred as the funds are spent on the project. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,505	\$ 20,401	\$ 32,906
2025	12,866	20,020	32,886
2026	13,278	19,628	32,906
2027	13,681	19,225	32,906
2028	14,097	18,808	32,905
2029-2033	77,185	87,344	164,529
2034-2038	89,661	74,869	164,530
2039-2043	104,155	60,378	164,533
2044-2048	120,983	43,545	164,528
2049-2053	140,537	23,992	164,529
2054-2056	85,745	3,736	89,481
	<u>\$ 684,693</u>	<u>\$ 391,946</u>	<u>\$ 1,076,639</u>



**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 - LONG-TERM DEBT (Continued)**

Debt service requirements to maturity for all of the Town's bonds and notes are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	93,319	60,407	153,726
2025	94,466	59,240	153,706
2026	95,687	58,039	153,726
2027	96,923	56,803	153,726
2028	100,198	55,526	155,724
2029-2033	451,521	257,109	708,630
2034-2038	491,747	218,883	710,630
2039-2043	539,153	174,480	713,633
2044-2048	502,730	122,898	625,628
2049-2053	430,647	62,982	493,629
2054-2056	194,690	6,674	201,364
	<u>\$ 3,091,081</u>	<u>\$ 1,133,041</u>	<u>\$ 4,224,122</u>

Changes in long-term debt

<u>Governmental Activities</u>	<u>6/30/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2022</u>	<u>Due in one year</u>
Long Term Liabilities:					
Net Pension Liability	\$ 8,735	\$ 1,693	\$ -	\$ 10,428	\$ -
Total governmental activities	<u>\$ 8,735</u>	<u>\$ 1,693</u>	<u>\$ -</u>	<u>\$ 10,428</u>	<u>\$ -</u>

Changes in long-term debt

<u>Business Type Activities</u>	<u>6/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2023</u>	<u>Due in one year</u>
Water bond payable 2015B	\$ 1,370,440	\$ -	\$ 25,052	\$ 1,345,388	\$ 25,814
Sewer bond payable 2015A	74,000	-	12,000	62,000	12,000
Sewer bond payable 2015B	1,042,000	-	43,000	999,000	43,000
Sewer bond payable 2015C	696,828	-	12,135	684,693	12,505
Total bonds payable	3,183,268	-	92,187	3,091,081	93,319
Long term liabilities:					
Net Pension Liability	16,965	-	11,100	5,865	-
Total business type activities	<u>\$ 3,200,233</u>	<u>\$ -</u>	<u>\$ 103,287</u>	<u>\$ 3,096,946</u>	<u>\$ 93,319</u>

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 9 – RESTRICTED FUND BALANCE / NET POSITION**

The City has no restricted fund balance amounts for unspent B&C road funds designed for maintenance of the City’s roads. During the fiscal year the City spent the restricted funds on snow removal vehicles for their roads.

The City has a restricted fund balance and restricted net position in the amount of \$10,051 for unspent impact fees.

**NOTE 10 – STATE RETIREMENT PLANS**

**Description of plans** – Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirements Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer cost sharing public employee retirement system.

The Tier 2 Public Employees System became effective July 1 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement System (URS) is established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS’s defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report which can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake Town, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org)

**Benefits Provided** – URS Provides retirement, disability, and death benefits. Retirement benefits are as follows:

<b>System</b>	<b>Final average salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*\*with actuarial reductions*

*\*\*all post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 10 – STATE RETIREMENT PLANS (Continued)**

**Contributions** – As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	16.01	0.180%
Noncontributory			
15 - Local Governmental Division Tier 1	N/A	17.97	N/A
Tier 2 DC Only			
211-Local Government	N/A	6.19	10%

For the fiscal year ended June 30, 2023, the employer contributions to the System were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Non Contributory System	\$ 10,110	\$ -
Tier 2 Puble Employees System	8,793	
<b>Total Contributions</b>	<b>\$ 18,903</b>	<b>\$ -</b>

Contributions reported are the URS Board-approved required contributions by system, contributions in the Tier 2 system are used to finance the unfunded liabilities in the tier 1 system.

**Pension assets, liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2023 the City reported a net pension asset of \$0 and a net pension liability of \$16,294

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2017</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 14,568	0.0085056%	0.0093546%	-0.000849%
Tier 2 Public Employees Sytem	-	1,726	0.0015850%	0.0015680%	0.0000170%
<b>Total Net Pension Asset/Liability</b>	<b>\$ -</b>	<b>\$ 16,294</b>			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer’s actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, the City recognized pension expense of \$11,076.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 10 – STATE RETIREMENT PLANS (Continued)**

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,524	\$ 68
Changes in assumptions	2,947	62
Net difference between projected and actual earnings on the pension plan investments	10,305	-
Changes in proportion and differences between contributions and proportionate shares of contributions	987	512
Contributions subsequent to the measurement date	10,171	-
Total	\$ 29,934	\$ 642

\$10,171 was reported as deferred outflows of resources related to pensions resulting from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (1,806)
2024	453
2025	4,208
2026	15,401
2027	170
Thereafter	694

**Actuarial assumptions** – The total pension liability in the December 31, 2022 actuarial valuation as determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25-9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expenses, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 10 – STATE RETIREMENT PLANS (Continued)**

The actuarial assumptions used in the January 1, 2022, valuation was based on the results of an actuarial experience study for the five year period ending January 1, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method which provides 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	0.11%	0.00%
Totals	100%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

**Discount rate** – The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85 % from the prior year.

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 10 – STATE RETIREMENT PLANS (Continued)**

Sensitivity of the City’s proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
<b>Proportion Share of</b>			
Non Contributory System	\$ 91,812	\$ 14,568	\$ (46,947)
Tier 2 Public Employees System	7,541	1,726	(2,754)
Total	\$ 99,353	\$ 16,294	\$ (49,701)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

**Defined Contribution Savings Plan**

The defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The Town of Eureka City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401 (k) plan
- 457 (b) plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2023	2022	2021
<b>401 (k)</b>			
Employer Contributions	\$ 99	\$ 198	\$ 264
Employee Contributions	\$ -	\$ -	\$ -
<b>457(b) Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 2,900	\$ 3,900	\$ 3,900

**TOWN OF EUREKA CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 11 - LITIGATION**

The Town is defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. Town management is of the opinion that the final outcome of these matters will not have an adverse material effect on the Town's financial statements.

**NOTE 12 - RISK MANAGEMENT**

The Town 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.

It is the policy of the Town to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies, which the Town pays in the event of any loss. The Town also has purchased a workers' compensation policy. Losses have not exceeded coverage during the last three years.

**NOTE 14 – SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through July 9, 2024, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF EUREKA CITY**  
 Required Supplementary Information  
 Schedule of the Proportionate Share of the Net Pension Liability  
 June 30, 2023  
 Last 10 Fiscal Years\*

<u>Fiscal Year</u>	<u>Proportion of the net liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<b>Noncontributory System</b>					
2015	0.0100581%	\$ 43,675	\$ 88,382	49.4%	90.2%
2016	0.0994730%	56,287	88,604	63.50%	87.80%
2017	0.0099604%	63,958	92,061	69.50%	87.30%
2018	0.0112682%	49,369	104,586	47.20%	91.90%
2019	0.0090812%	66,871	86,059	77.07%	87.00%
2020	0.0082173%	30,970	75,889	40.81%	93.70%
2021	0.000092634	4,752	82,470	5.76%	99.20%
2022	0.0093546%	(53,575)	84,877	-63.12%	108.70%
2023	0.0085056%	14,568	79,768	18.26%	97.50%
<b>Tier 2 Public Employee System</b>					
2020	0.0008636%	\$ 194	\$ 11,927	1.63%	96.50%
2021	0.0016809%	242	26,885	0.90%	98.30%
2022	0.0015680%	(664)	29105	2.28%	103.8%
2023	0.1585000%	1,726	34593	4.99%	92.3%

\* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## TOWN OF EUREKA CITY

### Required Supplementary Information

#### Schedule of Contributions

June 30, 2023

Last 10 Fiscal Years\*

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered Employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>	2014	\$ 15,139	\$ 15,139	\$ -	\$ 87,557	17.29%
	2015	16,295	16,295	-	88,226	18.47%
	2016	16,769	16,769	-	90,791	18.47%
	2017	17,071	17,071	-	92,426	18.47%
	2018	18,531	18,531	-	100,328	18.47%
	2019	13,204	13,204	-	71,490	18.47%
	2020	15,114	15,114	-	81,829	18.47%
	2021	16,142	16,142	-	87,395	18.47%
	2022	16,755	16,755	-	90,714	18.47%
	2023	10,110	10,110	-	56,260	17.97%
<b>Tier 2 Public Employee System</b>	2020	\$ 4,018	\$ 4,018	\$ -	\$ 25,658	15.66%
	2021	4,693	4,693	-	29,706	15.80%
	2022	5,141	5,141	-	31,988	16.07%
	2023	8,793	8,793	-	54,920	16.01%

\* Contributions in the Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011

Paragraph 81b. Of GASB 68 requires employers to disclose a 10 year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

*See accompanying notes to the required supplementary information*

**TOWN OF EUREKA CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
General Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 203,550	\$ 203,550	\$ 242,866	\$ 39,316
Licenses and permits	44,300	44,300	41,376	(2,924)
Intergovernmental	105,000	105,000	168,237	63,237
Charges for services	187,856	187,856	19,880	(167,976)
Impact fees	-	-	-	-
Miscellaneous	69,887	69,887	32,717	(37,170)
Total revenues	610,593	610,593	505,076	(105,517)
<b>EXPENDITURES</b>				
Current:				
General government	247,575	247,575	224,739	22,836
Public safety	7,000	7,000	4,385	2,615
Public works	289,218	289,218	82,366	206,852
Planning and zoning	7,250	7,250	6,130	1,120
Community development	59,550	59,550	59,469	81
Total expenditures	610,593	610,593	377,089	233,504
Excess (deficit) of revenues over (under) expenditures	-	-	127,987	127,987
Other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	127,987	127,987
Fund balances - beginning	369,071	369,071	369,071	-
Fund balances - ending	\$ 369,071	\$ 369,071	\$ 497,058	\$ 127,987

**TOWN OF EUREKA CITY**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2023**

**NOTE 1 – Changes in assumptions**

No changes were made in actuarial assumptions from the prior year's valuation.

**NOTE 2 – Budgetary Information**

Budgets for the general fund are adopted and presented on a basis consistent with generally accepted accounting principles.

## **OTHER REPORTS**



**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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JAMES A. GILBERT, CPA  
BEN H PROBST, CPA  
RONALD J. STEWART, CPA  
SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

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**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and City Council  
The Town of Eureka City  
Eureka, UT

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Town of Eureka City, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Eureka City's basic financial statements, and have issued our report thereon dated July 9, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Eureka City'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 Town of Eureka City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Eureka City'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 entity'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Eureka City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **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 Town'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gilbert & Stewart*

GILBERT & STEWART  
Provo, Utah 84601  
Certified Public Accountants  
July 9, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

Honorable Mayor and Town Council  
Town of Eureka City  
Eureka, UT

**Report on Compliance**

We have audited Town of Eureka City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Town of Eureka City for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Tax and Other Related Restricted Revenue
- Fraud Risk Assessment
- Government Fee's
- Open and Public Meetings Act

***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Town of Eureka City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Town or its major state programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Compliance***

In our opinion, the Town of Eureka City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town for the year ended June 30, 2023.



## ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

***Gilbert & Stewart***

GILBERT & STEWART  
Provo, Utah 84601  
*Certified Public Accountants*  
July 9, 2024