



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 6, 2014

TOWN OF EROS

The former town clerk of the Jackson Parish Town of Eros was allegedly responsible for the theft of almost \$1,800 of town funds as well as the destruction of bank records that showed the misappropriation occurred, according to a report released Monday by Legislative Auditor Daryl Purpera's office.

The report was compiled by the accounting firm of Kenneth D. Folden and Company, CPAs, of Jonesboro.

The report said the clerk allegedly "committed fraud by setting up online automatic withdrawals from the town bank account and took approximately \$1,794" and destroyed bank statements that showed a misappropriation had occurred.

According to the report, the town discovered the theft when it requested bank statements. The bank refunded all money allegedly taken by the clerk, Eros officials said in their response.

The accountant's review of Eros' finances also questioned the ability of the town to continue its financial operations.

"As of the year ended December 31, 2013, the town's governmental activities current liabilities exceeded its current assets by \$10,482, and the Town of Eros showed a decrease in unrestricted net position of \$7,390," the report said. "These factors, as well as the uncertain conditions that the town faces regarding revenue sources, create uncertainty about the town's ability to continue as a going concern."

The report said that Eros must derive "all governmental revenues from occupational licenses, franchise fees based on usage, sales taxes, and fines and forfeitures," but pointed out that a sales tax passed by residents generated only \$755 in general fund revenues during the fiscal year ending December 31, 2013.

"Because of the lack of revenues, the Town could be at risk" to meet its obligations to vendors, customers and Eros residents, the report for the state auditor pointed out.

The report recommended that the town develop a plan to reduce its liabilities and increase its revenues. In their response to the finding, Eros officials said they expect an increase in sales tax revenues for 2014, a new police chief has been hired "and the Town anticipates an increase in fines and forfeitures during the next year."



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A finding in the report said that town officials were not remitting payroll tax payments to federal and state agencies as they become due. At the end of 2013, the town had a liability of \$19,096 in payroll taxes.

“Due to shortage of funds,” the report said, “the town did not submit taxes as required... If payments are not made timely, the town will be held responsible for payments and any penalties and interest associated with the late payment of the taxes.”

Town officials said in their response that they will “resume payment of current payroll taxes and prior payroll taxes” and will contact state and federal tax agencies to “update a payment plan for making prior period payroll tax payments.”

The report also said Eros is in violation of state law for not amending its budget “in anticipation of the decreased revenues.” State law requires a local government budget to be amended if actual revenues are less than budgeted revenues by at least 5 percent.

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On Twitter: Town of Eros dinged in audit for theft of funds, lack of revenues.