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August 26, 2019

Louisiana Legislative Auditor
Baton Rouge, Louisiana

To Whom it May Concern:

RE: Town of Eros re-issue of compilation report for the year ended December 31, 2018

We are re-issuing the compilation report and financial statements for the Town of Eros for the year ended December 31, 2018.

In our original report, the grant funds received from Office of Community Development/CDBG were reported as an operating grant in the General Fund/Governmental Activities. However, those funds should have been reported as a capital grant in the Proprietary Fund/Business-Type Activities.

The attached compilation report and financial statements make that change. There are no other changes in the compilation report or the financial statements.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs

Town of Eros
Eros, Louisiana

Annual Financial Statements
and Accountant's Compilation Report

As of and For the Year Ended
December 31, 2018
with Supplemental Information Schedules

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Town of Eros
Eros, Louisiana

Annual Financial Statements
As of and for the year ended December 31, 2018

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Accountant's Compilation Report

Town of Eros
Eros, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Eros, as of and for the year ended December 31, 2018, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits, and Other Payments to Agency Head, as listed in the table of contents, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Louisiana state law which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

Kenneth D. Folden & Co., CPAs

Jonesboro, Louisiana
July 31, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Town of Eros
Eros, Louisiana

Statement of Net Position
As of December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 3,054	\$ 7,325	\$ 10,379
Accounts receivable	1,931	11,195	13,126
Capital assets (net of accumulated depreciation)	395,783	625,080	1,020,863
Total Assets	400,768	643,600	1,044,368
Liabilities			
Accounts payable	1,524	2,122	3,646
Payroll liabilities	2,538	5,487	8,025
Customer meter deposits	-	13,679	13,679
Total Liabilities	4,062	21,288	25,350
Net Position			
Net investment in capital assets	395,783	625,080	1,020,863
Unrestricted	923	(2,768)	(1,845)
Total Net Position	\$ 396,706	\$ 622,312	\$ 1,019,018

Town of Eros
Eros, Louisiana

Statement of Activities
For the Year Ended December 31, 2018

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 58,807	\$ -	\$ -	\$ (58,807)	\$ -	(58,807)
Police	5,521	4,586	-	(935)	-	(935)
Highways and streets	9,009	-	-	(9,009)	-	(9,009)
Total governmental activities	<u>73,337</u>	<u>4,586</u>	<u>-</u>	<u>(68,751)</u>	<u>-</u>	<u>(68,751)</u>
Business-type activities						
Water and sewer	136,973	71,975	-	40,990	(24,008)	(24,008)
Total primary government	<u>\$ 210,310</u>	<u>\$ 76,561</u>	<u>\$ -</u>	<u>40,990</u>	<u>(68,751)</u>	<u>(24,008)</u>
<u>General Revenues</u>						
Taxes:						
Sales taxes				8,583	-	8,583
Franchise taxes				6,609	-	6,609
Other taxes				435	-	435
Licenses				20,686	-	20,686
Investment earnings				24	74	98
Other revenue				12,174	3,255	15,429
Operating transfers				4,954	(4,954)	-
Total general revenues and transfers				<u>53,465</u>	<u>(1,625)</u>	<u>51,840</u>
Change in net position				(15,286)	(25,633)	(40,919)
Net position - December 31, 2017				411,993	647,945	1,059,938
Net position - December 31, 2018				<u>\$ 396,707</u>	<u>\$ 622,312</u>	<u>\$ 1,019,019</u>

See Accountant's Compilation Report.

FUND FINANCIAL STATEMENTS

Town of Eros
Eros, Louisiana

Balance Sheet - Governmental Funds
As of December 31, 2018

		Governmental Funds
Assets		
Cash and equivalents	\$	3,054
Accounts receivable		1,931
Total Assets	\$	<u>4,985</u>
Liabilities & Fund Balances		
Liabilities:		
Accounts payable	\$	1,524
Payroll liabilities		2,538
Total Liabilities		<u>4,062</u>
Fund balances:		
Unassigned, reported in:		
General revenue fund		923
Total Fund Balances		<u>923</u>
Total Liabilities and Fund Balances	\$	<u>4,985</u>

Town of Eros
Eros, LouisianaReconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of December 31, 2018

Total Fund Balances at December 31, 2018 - Governmental Funds (Statement C)	\$	923
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Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.	<u>395,783</u>
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Net Position at December 31, 2018	\$	<u>396,706</u>
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Town of Eros
Eros, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2018

	Governmental Funds
Revenues	
Taxes:	
Franchise tax	6,609
Sales tax	8,583
Other tax	435
Licenses and permits	20,686
Fines, forfeitures, and court costs	4,586
Other revenue	12,174
Total revenues	53,073
Expenditures	
Current:	
General government	44,290
Public safety	
Police	5,521
Streets	9,009
Capital outlay	-
Total expenditures	58,820
Excess (deficiency) of revenues over (under) expenditures	(5,747)
Other financing sources (uses)	
Interest earnings	24
Operating transfers	4,954
Total other financing sources (uses)	4,978
Net changes in fund balances	(769)
Fund balances - December 31, 2017	1,693
Fund balances - December 31, 2018	\$ 924

Town of Eros
Eros, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended December 31, 2018

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(769)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(14,518)
Capital outlay		<u> -</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>(15,287)</u></u>

Town of Eros
Eros, Louisiana

Statement of Net Position - Proprietary Fund
As of December 31, 2018

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 7,325
Accounts receivable	<u>11,195</u>
Total Current Assets	<u>18,520</u>
Noncurrent Assets:	
Capital assets (net of accumulated depreciation)	<u>625,080</u>
Total Noncurrent Assets	<u>625,080</u>
Total Assets	<u><u>\$ 643,600</u></u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 2,122
Payroll liabilities	<u>5,487</u>
Total Current Liabilities	<u>7,609</u>
Current liabilities payable from restricted assets	
Customer meter deposits	<u>13,679</u>
Total Liabilities	<u>21,288</u>
Net Position	
Net investment in capital assets	625,080
Unrestricted	<u>(2,768)</u>
Total Net Position	<u><u>\$ 622,312</u></u>

Town of Eros
Eros, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended December 31, 2018

	Water & Sewer Fund
Operating Revenues	
Water sales	\$ 53,979
Sewer fees	17,996
Miscellaneous income	3,255
Total operating revenues	75,230
Operating Expenses	
Personnel services	23,551
Supplies	9,283
Utilities	9,800
Repairs and maintenance	29,500
Contractual services	1,759
Miscellaneous	9,866
Depreciation	53,214
Total operating expenses	136,973
Operating Income (Loss)	(61,743)
Non-operating Revenues (Expenses)	
Interest earnings	74
Capital grant	40,990
Total non-operating revenues (expenses)	41,064
Income (loss) before transfers	(20,679)
Transfers	(4,954)
Change in net position	(25,633)
Total Net Position - December 31, 2017	647,945
Total Net Position - December 31, 2018	\$ 622,312

Town of Eros
Eros, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2018

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 75,697
Cash payments to suppliers for goods and services	(60,208)
Cash payments to employees	(23,551)
Net cash provided by (used for) operating activities	(8,062)
 Cash flows from non-capital financing	
Transfers from (to) other funds	(4,954)
Net cash provided by (used for) non-capital financing activities	(4,954)
 Cash flows from capital and related financing activities	
Capital grant	40,990
Acquisition of capital assets	(40,990)
Net cash provided by (used for) capital and related financing activities	-
 Cash flows from investing activities	
Interest earnings	74
Net cash provided by (used for) investing activities	74
 Net increase (decrease) in cash and cash equivalents	(12,942)
 Cash and cash equivalents - December 31, 2017	20,267
Cash and cash equivalents - December 31, 2018	\$ 7,325
 Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (61,743)
Adjustments	
Depreciation	53,214
Net changes in assets and liabilities	
Accounts receivable	(3,968)
Accounts payable	(1,052)
Payroll liabilities	5,487
Net cash provided for (used for) operating activities	\$ (8,062)

SUPPLEMENTAL INFORMATION

Town of Eros
Eros, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2018

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Franchise tax	20,000	6,609	(13,391)
Sales tax	12,000	8,583	(3,417)
Other tax	200	435	235
Licenses and permits	1,700	20,686	18,986
Fines, forfeitures, and court costs	7,000	4,586	(2,414)
Rent, royalty, and commission	300	-	(300)
Miscellaneous	15,500	12,174	(3,326)
Total revenues	<u>56,700</u>	<u>53,073</u>	<u>(3,627)</u>
Expenditures			
Current:			
General government	64,900	44,290	20,610
Public safety			
Police	4,250	5,521	(1,271)
Streets	16,700	9,009	7,691
Capital outlay	-	-	-
Total expenditures	<u>85,850</u>	<u>58,820</u>	<u>27,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,150)</u>	<u>(5,747)</u>	<u>23,403</u>
Other financing sources (uses)			
Interest earnings	125	24	(101)
Operating transfers	29,025	4,954	(24,071)
Total other financing sources (uses)	<u>29,150</u>	<u>4,978</u>	<u>(24,172)</u>
Net changes in fund balances	-	(769)	(769)
Fund balances - December 31, 2017	<u>1,693</u>	<u>1,693</u>	-
Fund balances - December 31, 2018	<u>\$ 1,693</u>	<u>\$ 924</u>	<u>\$ (769)</u>

The accompanying notes are an integral part of these financial statements

Town of Eros
Eros, Louisiana

Schedule of Compensation Paid Council
For the year ended December 31, 2018

	2018
Daniel Bailey	\$ 700
Linda Bailey	700
April Hammett	150
David Howard	400
Ruth Moore	400
Joseph Spillers	650
	\$ 3,000

Town of Eros
Eros, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended December 31, 2018

Vicky G. Knox Mayor		
Salary	\$	4,050
Benefits - payroll taxes		482
Miscellaneous		3,623
	\$	<u>8,155</u>

Kelly Gryder Mayor		
Salary	\$	5,472
Benefits - payroll taxes		419
Miscellaneous		2,400
	\$	<u>8,291</u>

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July 31, 2019

Mayor and Town Council
Town of Eros
Post Office Drawer 200
Eros, Louisiana 71238

RE: Management Letter
Compilation Report For the Year Ended December 31, 2018

Dear Mayor and Board:

We have performed our compilation of the Town of Eros, and as a part of those procedures, we have the following information to report to you.

- 1) In December of 2017, the Town adopted a budget according to the local government budget law for the year ended December 31, 2018. However, the Town received a grant and actual expenditures were more than budgeted expenditures by more than 5%. The budget was not amended to address this variance.
- 2) Management is responsible for compliance with laws and regulations regarding the payment of payroll taxes due to the federal and state governments on behalf of the Town and its employees. The Town fell behind by not filing payroll tax returns or making payroll tax payments for all four quarters of 2018. We recommend that the Town establish written policies and procedures on payroll and payroll taxes. The Town of Eros submitted the late payroll returns and made progress towards payments for payroll taxes due in 2018.
- 3) As of the end of the year ended December 31, 2018, the Town's meter deposit liabilities exceeded its meter deposits restricted cash by \$13,679. We recommend that the Town move the amount of funds to the certificate of deposit as required by the meter deposit liabilities as soon as possible.
- 4) The Town of Eros has a deficit unrestricted net position in the Water & Sewer Fund of \$2,768. The Water & Sewer Fund transferred funds of \$4,954 to the General Fund. The Water & Sewer Fund excess funds are transferred to the General Fund to cover expenditures that are not related to the Water & Sewer Fund.
- 5) The compilation for the Town of Eros is late being submitted to the Louisiana Legislative Auditor.

Management's Response: There were vacancies and turnover in the positions of the Mayor and the Town Clerk during the fiscal year. The Town Council is monitoring the activities of the Town more closely. The Mayor and the Town Clerk will establish policies and procedures to insure compliance with laws and regulations, and the Town Council will monitor monthly the activities of the Town of Eros. The Town Clerk has filed all 2018 payroll tax returns and is making efforts to pay the taxes owed. The Town of Eros will move funds to the restricted cash account (certificate of deposit) to insure all meter deposit liabilities are covered.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs