

Town of Eros
Eros, Louisiana

**Annual Financial Statements
and Accountant's Compilation Report**

**As of and For the Year Ended
December 31, 2017
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, 2017

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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, 2017, 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 and the budgetary comparison schedule 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
June 30, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Town of Eros
Eros, Louisiana

Statement of Net Position
As of December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 8,462	\$ 20,268	\$ 28,730
Accounts receivable	917	7,227	8,144
Capital assets (net of accumulated depreciation)	410,301	637,304	1,047,605
Total Assets	<u>419,680</u>	<u>664,799</u>	<u>1,084,479</u>
Liabilities			
Accounts payable	1,722	3,174	4,896
Payroll liabilities	5,965	-	5,965
Customer meter deposits	-	13,679	13,679
Total Liabilities	<u>7,687</u>	<u>16,853</u>	<u>24,540</u>
Net Position			
Net investment in capital assets	410,301	637,304	1,047,605
Unrestricted	1,692	10,641	12,333
Total Net Position	<u>\$ 411,993</u>	<u>\$ 647,945</u>	<u>\$ 1,059,938</u>

See Accountant's Compilation Report.

Town of Eros
Eros, Louisiana

Statement of Activities
For the Year Ended December 31, 2017

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	\$ 86,202	\$ -	\$ 30,170	\$ -	\$ (56,032)	\$ (56,032)
Police	6,682	6,014	-	-	(668)	(668)
Highways and streets	19,067	-	-	-	(19,067)	(19,067)
Total governmental activities	<u>111,951</u>	<u>6,014</u>	<u>30,170</u>	<u>-</u>	<u>(75,767)</u>	<u>(75,767)</u>
Business-type activities						
Water and sewer	<u>114,710</u>	<u>64,056</u>	<u>-</u>	<u>-</u>	<u>(50,654)</u>	<u>(50,654)</u>
Total primary government	<u>\$ 226,661</u>	<u>\$ 70,070</u>	<u>\$ 30,170</u>	<u>\$ -</u>	<u>(75,767)</u>	<u>(126,421)</u>
<u>General Revenues</u>						
Taxes:						
Sales taxes				10,288	-	10,288
Franchise taxes				19,826	-	19,826
Other taxes				217	-	217
Licenses				1,601	-	1,601
Investment earnings				152	35	187
Rental income				300	-	300
Other revenue				18,392	158	18,550
Operating transfers				<u>13,760</u>	<u>(13,760)</u>	<u>-</u>
Total general revenues and transfers				<u>64,536</u>	<u>(13,567)</u>	<u>50,969</u>
Change in net position				(11,231)	(64,221)	(75,452)
Net position - December 31, 2016				<u>423,224</u>	<u>712,167</u>	<u>1,135,391</u>
Net position - December 31, 2017				<u>\$ 411,993</u>	<u>\$ 647,946</u>	<u>\$ 1,059,939</u>

See Accountant's Compilation Report.

FUND FINANCIAL STATEMENTS

Town of Eros
Eros, Louisiana

Balance Sheet - Governmental Funds
As of December 31, 2017

		Governmental Funds
Assets		
Cash and equivalents	\$	8,462
Accounts receivable		917
Total Assets	\$	9,379
Liabilities & Fund Balances		
Liabilities:		
Accounts payable	\$	1,722
Payroll liabilities		5,965
Total Liabilities		7,687
Fund balances:		
Unassigned, reported in:		
General revenue fund		1,692
Total Fund Balances		1,692
Total Liabilities and Fund Balances	\$	9,379

See Accountant's Compilation Report.

Town of Eros
Eros, LouisianaReconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of December 31, 2017

Total Fund Balances at December 31, 2017 - Governmental Funds (Statement C)	\$	1,692
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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>410,301</u>
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Net Position at December 31, 2017	\$	<u>411,993</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, 2017

	Governmental Funds
Revenues	
Taxes:	
Franchise tax	19,826
Sales tax	10,288
Other tax	217
Licenses and permits	1,601
Operating grant	30,170
Fines, forfeitures, and court costs	6,014
Rent, royalty, and commission	300
Other revenue	18,392
Total revenues	86,808
Expenditures	
Current:	
General government	71,684
Public safety	
Police	6,682
Streets	19,067
Capital outlay	-
Total expenditures	97,433
Excess (deficiency) of revenues over (under) expenditures	(10,625)
Other financing sources (uses)	
Interest earnings	152
Operating transfers	13,760
Total other financing sources (uses)	13,912
Net changes in fund balances	3,287
Fund balances - December 31, 2016	(1,594)
Fund balances - December 31, 2017	\$ 1,693

See Accountant's Compilation Report.

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, 2017

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	3,287
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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		-
		<hr style="width: 100%;"/>
Change in net position of governmental activities (Statement B)	\$	<u><u>(11,231)</u></u>

Town of Eros
Eros, Louisiana

Statement of Net Position - Proprietary Fund
As of December 31, 2017

		Water & Sewer Fund
Assets		
Current Assets:		
Cash and equivalents	\$	20,268
Accounts receivable		<u>7,227</u>
Total Current Assets		<u>27,495</u>
Noncurrent Assets:		
Capital assets (net of accumulated depreciation)		<u>637,304</u>
Total Noncurrent Assets		<u>637,304</u>
Total Assets	\$	<u><u>664,799</u></u>
Liabilities		
Current Liabilities:		
Accounts payable	\$	<u>3,174</u>
Total Current Liabilities		<u>3,174</u>
Current liabilities payable from restricted assets		
Customer meter deposits		<u>13,679</u>
Total Liabilities		<u>16,853</u>
Net Position		
Net investment in capital assets		637,304
Unrestricted		<u>10,641</u>
Total Net Position	\$	<u><u>647,945</u></u>

See Accountant's Compilation Report.

Town of Eros
Eros, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended December 31, 2017

	Water & Sewer Fund
Operating Revenues	
Water sales	\$ 64,056
Miscellaneous income	158
Total operating revenues	64,214
Operating Expenses	
Personnel services	20,800
Supplies	9,625
Utilities	14,047
Repairs and maintenance	8,738
Contractual services	7,575
Miscellaneous	711
Depreciation	53,214
Total operating expenses	114,710
Operating Income (Loss)	(50,496)
Non-operating Revenues (Expenses)	
Interest earnings	35
Total non-operating revenues (expenses)	35
Income (loss) before transfers	(50,461)
Transfers	(13,760)
Change in net position	(64,221)
Total Net Position - December 31, 2016	712,167
Total Net Position - December 31, 2017	\$ 647,946

See Accountant's Compilation Report.

Town of Eros
Eros, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2017

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 67,569
Cash payments to suppliers for goods and services	(40,696)
Cash payments to employees	(20,800)
Net cash provided by (used for) operating activities	6,073
Cash flows from non-capital financing	
Transfers from (to) other funds	(13,760)
Net cash provided by (used for) non-capital financing activities	(13,760)
Cash flows from capital and related financing activities	
Net cash provided by (used for) capital and related financing activities	-
Cash flows from investing activities	
Interest earnings	35
Net cash provided by (used for) investing activities	35
Net increase (decrease) in cash and cash equivalents	(7,652)
Cash and cash equivalents - December 31, 2016	27,918
Cash and cash equivalents - December 31, 2017	\$ 20,266
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (50,496)
Adjustments	
Depreciation	53,214
Net changes in assets and liabilities	
Accounts receivable	1,637
Customers' security deposits	(50)
Accounts payable	1,768
Net cash provided for (used for) operating activities	\$ 6,073

SUPPLEMENTAL INFORMATION

Town of Eros
Eros, LouisianaSchedule of Compensation Paid Council
For the year ended December 31, 2017

	2017
Linda Bailey	\$ 650
Joseph Spillers	600
Daniel Bailey	550
Dorothy Costin	175
David Howard	150
Ruth Moore	100
	\$ 2,225

Town of Eros
Eros, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended December 31, 2017

Vicky G. Knox Mayor		
Salary	\$	4,050
Benefits - payroll taxes		<u>310</u>
	\$	<u><u>4,360</u></u>

Shannon Morris Mayor		
Salary	\$	645
Benefits - payroll taxes		<u>21</u>
	\$	<u><u>666</u></u>

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June 30, 2018

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, 2017

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) As required by Louisiana Revised Statute 39:1311, the local government budget law, a budget should be prepared and adopted by the Town Council before the end of the prior fiscal year. The Town of Eros did not adopt a budget at any point before the fiscal year or during the fiscal year. In December of 2017, the Town did adopt a budget according to the local government budget law for the year ended December 31, 2018.
- 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 2017. 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 February of 2018.
- 3) As of the end of the year ended December 31, 2017, 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.

Management's Response: There were vacancies and turnover in the positions of the Mayor and the Town Clerk during the fiscal year. A new Mayor and Town Clerk were hired in 2017, and 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. As noted above, the budget for 2018 has been adopted according to the local government budget law. The Town Clerk has filed all 2017 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