

Town of Eros
Eros, Louisiana

Annual Financial Statements
and Accountant's Compilation Report

As of and For the Year Ended
December 31, 2023
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, 2023

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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, 2023, 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 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.

We are not independent with respect to the Town of Eros.

Kenneth D. Folden & Co., CPAs, LLC

Jonesboro, Louisiana
September 30, 2024

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Town of Eros
Eros, Louisiana

Statement of Net Position
As of December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ -	\$ 9,031	\$ 9,031
Capital assets (net of accumulated depreciation)	324,555	1,122,676	1,447,231
Total Assets	<u>324,555</u>	<u>1,131,707</u>	<u>1,456,262</u>
Liabilities			
Accounts payable	-	491	491
Payroll liabilities	43,201	26,817	70,018
Customer meter deposits	-	13,504	13,504
Long-term liability - current portion	-	3,121	3,121
Long-term liability - accrued interest	-	2,579	2,579
Long-term liability - noncurrent portion	-	145,684	145,684
Total Liabilities	<u>43,201</u>	<u>192,196</u>	<u>235,397</u>
Net Position			
Net investment in capital assets	324,555	973,871	1,298,426
Unrestricted	(43,202)	(34,359)	(77,561)
Total Net Position	<u>\$ 281,353</u>	<u>\$ 939,512</u>	<u>\$ 1,220,865</u>

See Accountant's Compilation Report.

Town of Eros
Eros, Louisiana

Statement of Activities
For the Year Ended December 31, 2023

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	\$ 60,477	\$ -	\$ -	\$ (60,477)	\$ -	(60,477)
Police		677	-	677	-	677
Highways and streets	5,054	-	-	(5,054)	-	(5,054)
Total governmental activities	<u>65,531</u>	<u>677</u>	<u>-</u>	<u>(64,854)</u>	<u>-</u>	<u>(64,854)</u>
Business-type activities						
Water and sewer	134,376	36,247	-	-	(98,129)	(98,129)
Total primary government	<u>\$ 199,907</u>	<u>\$ 36,924</u>	<u>\$ -</u>	<u>(64,854)</u>	<u>(98,129)</u>	<u>(162,983)</u>
<u>General Revenues</u>						
Taxes:						
Sales taxes				21,238	-	21,238
Franchise taxes				2,051	-	2,051
Licenses				17,919	-	17,919
Investment earnings				11	29	40
Other revenue				15,485	-	15,485
Operating transfers				(15,620)	15,620	-
Total general revenues and transfers				<u>41,084</u>	<u>15,649</u>	<u>56,733</u>
Change in net position				(23,770)	(82,481)	(106,250)
Net position - December 31, 2022				305,124	1,021,992	1,327,116
Net position - December 31, 2023				<u>\$ 281,354</u>	<u>\$ 939,511</u>	<u>\$ 1,220,866</u>

See Accountant's Compilation Report.

FUND FINANCIAL STATEMENTS

Town of Eros
Eros, Louisiana

Balance Sheet - Governmental Funds
As of December 31, 2023

		Governmental Funds
Assets		
Liabilities & Fund Balances		
Liabilities:		
Payroll liabilities	\$	43,201
Total Liabilities		43,201
Fund balances:		
Unassigned, reported in:		
General revenue fund		(43,202)
Total Fund Balances		(43,202)
Total Liabilities and Fund Balances	\$	(1)

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, 2023

Total Fund Balances at December 31, 2023 - Governmental Funds (Statement C)	\$	(43,202)
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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>324,555</u>
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Net Position at December 31, 2023	\$	<u>281,353</u>
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Town of Eros
Eros, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Month Ended December 31, 2023

		Governmental Funds
Revenues		
Taxes:		
Franchise tax	\$	2,051
Sales tax		21,238
Licenses and permits		17,919
Fines, forfeitures, and court costs		677
Other revenue		15,485
Total revenues		57,370
Expenditures		
Current:		
General government		46,458
Public safety		-
Streets		5,054
Capital outlay		-
Total expenditures		51,512
Excess (deficiency) of revenues over (under) expenditures		5,858
Other financing sources (uses)		
Interest earnings		11
Operating transfers		(15,620)
Total other financing sources (uses)		(15,609)
Net changes in fund balances		(9,751)
Fund balances - December 31, 2022		(33,451)
Fund balances - December 31, 2023	\$	(43,202)

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, 2023

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(9,751)
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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 is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(14,019)
Capital outlay		<u>-</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>(23,770)</u></u>

Town of Eros
Eros, Louisiana

Statement of Net Position - Proprietary Fund
As of December 31, 2023

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 9,031
Total Current Assets	9,031
Noncurrent Assets:	
Capital assets (net of accumulated depreciation)	1,122,676
Total Noncurrent Assets	1,122,676
Total Assets	1,131,707
Liabilities	
Current Liabilities:	
Accounts payable	491
Payroll liabilities	26,817
Long-term liability - current portion	3,121
Long-term liability - accrued interest	2,579
Total Current Liabilities	33,008
Non-Current Liabilities:	
Long-term liability - noncurrent portion	145,684
Total Current Liabilities	145,684
Current liabilities payable from restricted assets	
Customer meter deposits	13,504
Total Liabilities	192,196
Net Position	
Net investment in capital assets	973,871
Unrestricted	(34,359)
Total Net Position	\$ 939,512

See Accountant's Compilation Report.

Town of Eros
Eros, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Month Ended December 31, 2023

	Water & Sewer Fund
Operating Revenues	
Water sales	\$ 36,247
Total operating revenues	36,247
Operating Expenses	
Personnel services	14,670
Supplies	4,003
Utilities	15,495
Repairs and maintenance	12,529
Miscellaneous	13,710
Depreciation	73,968
Total operating expenses	134,375
Operating Income (Loss)	(98,128)
Non-operating Revenues (Expenses)	
Interest earnings	29
Total non-operating revenues (expenses)	29
Income (loss) before transfers	(98,099)
Transfers	15,620
Change in net position	(82,479)
Total Net Position - December 31, 2022	1,021,992
Total Net Position - December 31, 2023	\$ 939,513

See Accountant's Compilation Report.

Town of Eros
Eros, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2023

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 36,247
Cash payments to suppliers for goods and services	(42,189)
Cash payments to employees	(14,670)
Net cash provided by (used for) operating activities	(20,612)
Cash flows from non-capital financing	
Transfers from (to) other funds	15,620
Net cash provided by (used for) non-capital financing activities	15,620
Cash flows from capital and related financing activities	
Loan payments	(3,067)
Acquisition of capital assets	-
Net cash provided by (used for) capital and related financing activities	(3,067)
Cash flows from investing activities	
Interest earnings	29
Net cash provided by (used for) investing activities	29
Net increase (decrease) in cash and cash equivalents	(8,030)
Cash and cash equivalents - December 31, 2022	17,062
Cash and cash equivalents - December 31, 2023	\$ 9,032
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (98,129)
Adjustments	
Depreciation	73,968
Net changes in assets and liabilities	
Customers' security deposits	400
Interest payable	(54)
Payroll liabilities	3,203
Net cash provided for (used for) operating activities	\$ (20,612)

See Accountant's Compilation Report.

**NOTES TO THE
FINANCIAL STATEMENTS**

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

INTRODUCTION

The Town of Eros, Louisiana (Town), was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government with five aldermen. The mayor and five aldermen serve four-year terms. Services provided by the Town include police protection and general government. The Town also operates a water distribution system and sewer system for approximately 113 customers. The Town is located in Jackson Parish, Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the Town's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town has no component units.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Town of Eros.

C. Government-Wide Financial Statements

The Town's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Eros's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Town's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Direct Expenses - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Town reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

D. Fund Financial Statements

The accounts of the Town of Eros are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Town of Eros reports the following major governmental funds:

General Fund - The primary operating fund of the Town, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

The Enterprise Fund of the Town of Eros is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Town of Eros has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended December 31, 2023.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally 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. The Town did not have any restricted funds for the year ended December 31, 2023.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended December 31, 2023.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has no assigned funds for year ended December 31, 2023.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has unassigned funds of (\$43,202) for year ended December 31, 2023.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. Budgets

The Mayor prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Town utilizes formal budgetary integration as a management control device for all funds.

The 2023 general fund budget was not adopted by the Board of Aldermen before the end of the prior fiscal year.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Eros may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Town reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Town of Eros's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the Town reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

Buildings	40 years
Water and Sewer Systems	10-40 years
Machinery and Equipment	5-15 years
Improvements other than Buildings	20 year
Infrastructure - Asphalt Streets	20 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

L. Deferred Outflows of Resources

The Town reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town reported no deferred outflows of resources.

M. Deferred Inflows of Resources

The Town reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town will not recognize the related revenues until a future event occurs. The Town reported no deferred inflows of resources.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

N. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Sales Tax

The qualified electors of the Town of Eros, under the provisions of Louisiana Revised Statute 47:338.1, authorized a one percent sales and use tax levy to be dedicated and used for the purpose of providing funding for any lawful corporate purpose of the Town for an undefined period of time. The tax was first levied on December 1, 1983.

3. Cash, Cash Equivalents, and Investments

At December 31, 2023, the Town had cash and cash equivalents (book balances) totaling \$9,031. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

At December 31, 2023, the Town had \$9,051 in deposits (collected bank balances). These deposits are secured from risk by \$9,051 federal deposit insurance. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Eros has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at December 31, 2023. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Eros has cash and cash equivalents that are covered by \$9,051 of federal depository insurance.

At December 31, 2023, the Town had no investments.

4. Receivables

The were no receivables at December 31, 2023.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

5. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023, is as follows:

A. Capital Assets - Governmental Funds

	Balance, January 01, 2023	Additions	Deletions	Balance, December 31, 2023
Capital assets being depreciated				
Buildings	\$ 69,310	\$ -	\$ -	69,310
Improvements other than buildings	454,035	-	-	454,035
Equipment	27,355	-	-	27,355
Vehicles	39,312	-	-	39,312
Total capital assets being depreciated	<u>\$ 590,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>590,012</u>
Less accumulated depreciation				
Buildings	\$ 60,406	\$ 1,985	\$ -	62,391
Improvements other than buildings	127,697	11,351	-	139,048
Equipment	24,022	683	-	24,705
Vehicles	39,312	-	-	39,312
Total accumulated depreciation	<u>\$ 251,437</u>	<u>\$ 14,019</u>	<u>\$ -</u>	<u>265,456</u>
Governmental capital assets - net	<u>\$ 338,574</u>	<u>\$ (14,019)</u>	<u>\$ -</u>	<u>324,556</u>

Functional Allocation of Depreciation Expense

General government	<u>\$ 14,019</u>
Total	<u>\$ 14,019</u>

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

B. Capital Assets - Proprietary Funds

	Balance, January 01, 2023	Additions	Deletions	Balance, December 31, 2023
Capital assets not depreciated				
Land	\$ 121	\$ -	\$ -	121
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>121</u>	<u>-</u>	<u>-</u>	<u>121</u>
Capital assets being depreciated				
Buildings	3,650	-	-	3,650
Distribution/sewerage system	3,050,845	-	-	3,050,845
Equipment	42,601	-	-	42,601
Vehicles	18,128	-	-	18,128
Total capital assets being depreciated	<u>\$ 3,115,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,115,224</u>
Less accumulated depreciation				
Buildings	\$ 2,814	\$ 183	\$ -	2,996
Distribution/sewerage system	1,855,672	73,739	-	1,929,411
Equipment	42,088	46	-	42,134
Vehicles	18,128	-	-	18,128
Total accumulated depreciation	<u>1,918,701</u>	<u>73,968</u>	<u>-</u>	<u>1,992,669</u>
Capital assets, net	<u>\$ 1,196,523</u>	<u>\$ (73,968)</u>	<u>\$ -</u>	<u>1,122,555</u>
Business-type activities capital assets, net	<u>\$ 1,196,644</u>	<u>\$ (73,968)</u>	<u>\$ -</u>	<u>1,122,676</u>

6. Payables

The payables of \$73,088 at December 31, 2023, are as follows:

	Fund		
	General	Enterprise	Total
Accounts	\$ -	\$ 491	\$ 491
Payroll liabilities	43,201	26,817	70,018
Interest payable	-	2,579	2,579
Total	<u>\$ 43,201</u>	<u>\$ 29,887</u>	<u>\$ 73,088</u>

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

7. Long-Term Obligations

During the year ended December 31, 2019, the Town entered into a loan with the USDA to help finance wastewater treatment improvements for forty years at a 1.75% interest rate.

The following is a summary of the long-term obligation transactions for the year ended December 31, 2023:

Long-term obligation	Balance, January 01, 2023	Additions	Deletions	Balance, December 31, 2023
USDA	\$ 151,875	\$ -	\$ 3,067	\$ 148,808
Total	<u>\$ 151,875</u>	<u>\$ -</u>	<u>\$ 3,067</u>	<u>\$ 148,808</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of the year ended December 31, 2023:

Long-term obligation	Current portion	Long-term portion	Total
USDA	\$ 3,121	\$ 145,687	\$ 148,808
Total	<u>\$ 3,121</u>	<u>\$ 145,687</u>	<u>\$ 148,808</u>

The annual requirements to amortize the outstanding long-term debt are as follows.

Year ending December 31:	Interest	Principal	Total
2024	2,579	3,121	5,700
2025	2,524	3,176	5,700
2026	2,468	3,232	5,700
2027	2,411	3,289	5,700
2028	2,353	3,347	5,700
2029-2033	10,859	17,641	28,500
2034-2038	9,247	19,253	28,500
2039-2043	7,488	21,012	28,500
2044-2048	5,568	22,932	28,500
2049-2053	3,472	25,028	28,500
2054-2058	1,185	26,776	27,962
Total	<u>\$ 50,153</u>	<u>\$ 148,808</u>	<u>\$ 198,962</u>

8. Grants

During the year ended December 31, 2023, the Town of Eros received no grant income.

Town of Eros
Eros, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2023

9. Risk Management

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

10. Litigation and Claims

At December 31, 2023, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2024, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Town of Eros
Eros, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2023

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Franchise tax	-	2,051	2,051
Sales tax	-	21,238	21,238
Licenses and permits	-	17,919	17,919
Fines, forfeitures, and court costs	-	677	677
Miscellaneous	-	15,485	15,485
Total revenues	<u>-</u>	<u>57,370</u>	<u>57,370</u>
Expenditures			
Current:			
General government	-	46,458	(46,458)
Public safety			
Streets	-	5,054	(5,054)
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>51,512</u>	<u>(51,512)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,858</u>	<u>5,858</u>
Other financing sources (uses)			
Interest earnings	-	11	11
Operating transfers	-	(15,620)	(15,620)
Total other financing sources (uses)	<u>-</u>	<u>(15,609)</u>	<u>(15,609)</u>
Net changes in fund balances	-	(9,751)	(9,751)
Fund balances - December 31, 2022	<u>(33,451)</u>	<u>(33,451)</u>	<u>-</u>
Fund balances - December 31, 2023	<u>\$ (33,451)</u>	<u>\$ (43,202)</u>	<u>\$ (9,751)</u>

SUPPLEMENTAL INFORMATION

Town of Eros
Eros, Louisiana

Schedule of Compensation Paid Council
For the year ended December 31, 2023

	2023
David Howard	\$ -
Joseph Spillers	-
Natalie Waffer	-
	<hr/>
	\$ <hr/> <hr/>

Town of Eros
Eros, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended December 31, 2023

Kelly Gryder Mayor		
Salary	\$	33,525
Benefits - payroll taxes		2,565
Alleged misappropriations		<u>10,335</u>
	\$	<u><u>46,424</u></u>



KENNETH D. FOLDEN & CO.

Certified Public Accountants, LLC

Kenneth D. Folden, CPA
kfolden@foldencpa.com

302 Eighth Street, Jonesboro, LA 71251
Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA
ahuckaby@foldencpa.com

September 30, 2024

Mayor
and Council
Town of Eros
Post Office Box 200
Eros, LA 71238-0200

RE: Management Letter
Compilation Report -- For the Year Ended December 31, 2023

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

- 1) The Town of Eros did not adopt the General Fund budget for the year ended December 31, 2023 through adopting an ordinance, resolution, or other legal instrument before the end of the prior fiscal year as required by Louisiana Revised Statute 39:1301.
- 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 of Eros and its employees. The Town fell behind by not filing payroll tax returns or making payroll tax payments since 2018. Payroll tax liabilities are \$70,018 not including any penalties from taxing agencies.
- 3) As of the end of the year ended December 31, 2023, the Town's meter deposit liabilities exceeded its meter deposits restricted cash by \$13,504. In addition, the Town has a loan agreement with the USDA that requires restricted cash. The Town does not have these restricted accounts funded and is not currently funding the accounts.
- 4) The Town of Eros has a deficit unrestricted net position in the General Fund of \$43,202 and the Water & Sewer Fund of \$34,359. Both funds' expenditures have exceeded revenues for the current year. In addition, the Town has consistently avoided payments of payroll taxes. Because these amounts are not being paid, the Town has used those funds to make payments to other vendors.
- 5) The compilation for the Town of Eros is late being submitted to the Louisiana Legislative Auditor.
- 6) During the year ended December 31, 2023, the Mayor was paid in excess of salary by \$10,335. This amount is considered alleged misappropriation for the fiscal year. Mayor Kelly Gryder had been arrested on felony charges of theft and malfeasance in office on November 16, 2022. However, Mayor Gryder has not been to trial as of the date of this compilation report.

- 7) During the year ended December 31, 2023, the Town did not retain records for the deposits classifications. Deposit slips were obtained from the bank to determine that amounts were deposited into the Town's bank accounts. However, the Town was not able to determine classifications of these deposits. All unclassified amounts were recorded as miscellaneous income in both the General Fund and the Water & Sewer Fund.

Sincerely,

Kenneth D. Folden & Co., CPAs, LLC

Kenneth D. Folden & Co., CPAs, LLC

Village of Eros
PO Box 200
Eros, LA 71238
(318) 245-5680

September 30, 2024

Management's Response to Compilation Report for Year 2023

1. Administration did not present a proposed budget to the Board of Aldermen during the year 2023 nor did Administration submit an amended budget at the end of year 2023. Plans are to adopt 2025 Budget by the end of 2024

2. Administration did not file payroll tax returns, nor pay payroll taxes. Current administration will begin this process.

3. Historical records were removed from the office. New Management company is accurately recording meter deposit liabilities going forward. Will establish a process for correcting.

4. Proper bookkeeping is now taking place and all vendors are aware of our level of commitment to clear the bad debt of the previous administration.

5. Village had completed 2020, 2021, 2022, 2023 since new administration appointed

6. This is a very conservative amount, last recorded salary was \$6,000. No documentation of increase to \$36,000.

7. The normal monthly deposit slips showing the monies collected from outside sources as well as the water system, have a substantial drop in cash collected. Because the program used to maintain payments into the water system is missing and no records of transactions were found in the municipal offices, we are unable to accurately provide a figure of how much money was received but failed to be deposited into Eros accounts. We did not become aware of the missing records for 2022 and 2023 until we finally gained access to the municipal offices in October 2023.

Sincerely,

Julie Gryder, Alderman, Village of Eros