

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA

Financial Report
For the Year Ended December 31, 2025



TOWN OF STERLINGTON, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

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TOWN OF STERLINGTON, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

Honorable Matt Talbert, Mayor
Members of the Board of Aldermen
Town of Sterlington, Louisiana

Report on the Audit of the Financial Statements

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 the Town of Sterlington, Louisiana (the Town), as of and for the year ended December 31, 2025, 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 December 31, 2025, 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 Auditors' 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, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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 auditors' 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 judgement 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 the 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 the 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 on pages 4-10, budgetary comparison information on pages 47-51, Schedule of Proportionate Share of Net Pension Liability on page 52 and Schedule of the Employer's Pension Contribution on page 53, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Compensation Paid to Council Members, and Collecting/Disbursing Entity Schedule as Required by Act 87, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Compensation Paid to Council Members, and Collecting/Disbursing Entity Schedule as Required by Act 87, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026, 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 solely 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 the effectiveness of the Town's 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.

West Monroe, Louisiana
June 25, 2026

Cameron Hines & Company (APAC)

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF STERLINGTON, LOUISIANA

Management's Discussion and Analysis Year Ended December 31, 2025

As management of the Town of Sterlington, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements. The intent of this discussion and analysis is to look at the Town's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Sterlington exceeded its liabilities at the close of the most recent fiscal year by \$12,133,148 (*net position*). Of this amount, \$8,006,706 represented *net investment in capital assets*, \$873,059 was restricted for public works, \$511,224 was restricted for debt service, \$574,695 was restricted for economic development, and \$13,635 was restricted for culture and recreation. The amount of \$2,153,829 is available for spending at the government's discretion (*unrestricted net position*).
- The government's total net position increased by \$2,116,893.
- As of the close of the current fiscal year, the Town of Sterlington's Governmental Funds reported an ending fund balance of \$5,337,344, an increase of \$139,708 in comparison with the prior year. The amount of \$3,598,638 is available for spending at the government's discretion (*unassigned fund balance*).
- The Town of Sterlington's total debt decreased by approximately \$1.3 million during the current fiscal year. During 2025, the Town didn't issue any new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Sterlington's basic financial statements. The Town of Sterlington's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Town of Sterlington's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Sterlington is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Sterlington 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 governmental activities of the Town of Sterlington include general government, public safety, and public works. The business-type activity of the Town of Sterlington includes a sewer system.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. 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. The Town of Sterlington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Sterlington can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The Town of Sterlington maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Construction and Maintenance Fund, ARPA Fund, Recreation Sales Tax Fund, and Economic Development District Fund, all of which are considered to be major funds. The Sports Complex Fund is presented as a nonmajor fund in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The governmental funds financial statements can be found on pages 13 through 16 of this report.

The Town of Sterlington adopts an annual appropriated budget for its General Fund, Road Construction and Maintenance Fund, Recreation Sales Tax Fund, ARPA Fund, and Economic Development Fund. Budgetary comparison statements have been provided on pages 47 through 51 to demonstrate compliance with the budgets.

Proprietary funds. The Town of Sterlington 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. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 17 through 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Sterlington's compliance with budgets for its major fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Sterlington, assets exceeded liabilities by \$12,133,148 at the close of the most recent fiscal year.

The largest amount (\$8,006,706) of the Town of Sterlington's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Sterlington uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the Town of Sterlington'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.

Town of Sterlington Condensed Statement of Net Position For the Years Ended December 31, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 5,662,354	\$ 5,593,241	\$ 596,430	\$ 560,108	\$ 6,258,784	\$ 6,153,349
Capital assets	12,938,150	13,004,189	4,139,305	3,500,080	17,077,455	16,504,269
Total assets	18,600,504	18,597,430	4,735,735	4,060,188	23,336,239	22,657,618
Deferred outflows of resources	5,046	10,370	4,792	9,584	9,838	19,954
Current and other liabilities	62,682	73,406	129,399	160,697	192,081	234,103
Long-term liabilities	5,213,010	6,039,019	5,796,485	6,374,678	11,009,495	12,413,697
Total liabilities	5,275,692	6,112,425	5,925,884	6,535,375	11,201,576	12,647,800

Deferred Inflows of resources	11,353	13,517	-	-	11,353	13,517
Net Assets:						
Net investment in capital assets	8,006,706	7,311,411	-	-	8,006,706	7,311,411
Restricted	1,738,706	1,355,242	233,907	162,779	1,972,613	1,518,021
Unrestricted	<u>3,573,093</u>	<u>3,815,205</u>	<u>(1,419,264)</u>	<u>(2,628,382)</u>	<u>2,153,829</u>	<u>1,186,823</u>
Total net position	\$ <u>13,318,505</u>	\$ <u>12,481,858</u>	\$ <u>(1,185,357)</u>	\$ <u>(2,465,603)</u>	\$ <u>12,133,148</u>	\$ <u>10,016,255</u>

In 2025, total net position of the Town increased by \$2,116,893. The changes in net position are discussed later in this MD&A.

The results of this year's operations for the primary government as a whole are reported in the Statement of Activities as follows:

Town of Sterlington
Condensed Statement of Activities
For the Years Ended December 31, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges For Services	\$ 323,691	\$ 401,982	\$ 1,425,435	\$ 1,254,774	\$ 1,749,126	\$ 1,656,756
Operating Grants And Contributions	32,627	29,152	-	-	32,627	29,152
Capital Grants And Contributions	10,000	104,700	269,603	-	279,603	104,700
General Revenues						
Property Taxes	317,217	297,620	-	-	317,217	297,620
Sales Taxes	2,793,583	1,981,758	-	-	2,793,583	1,981,758
Other General Revenues	627,678	493,922	19,889	22,846	647,567	516,768
Transfers	<u>(611,716)</u>	<u>(26,490)</u>	<u>611,716</u>	<u>26,490</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>3,493,080</u>	<u>3,282,644</u>	<u>2,326,643</u>	<u>1,304,110</u>	<u>5,819,723</u>	<u>4,586,754</u>
Expenses						
General Government	963,808	689,852	-	-	963,808	689,852
Public Safety	575,850	477,059	-	-	575,850	477,059
Public Works	318,951	396,213	-	-	318,951	396,213
Culture And Recreation	561,730	584,023	-	-	561,730	584,023
Interest On Long-Term Debt	236,094	282,859	308,113	326,649	544,207	609,508
Sewer	<u>-</u>	<u>-</u>	<u>738,284</u>	<u>752,270</u>	<u>738,284</u>	<u>752,270</u>
Total Expenses	<u>2,656,433</u>	<u>2,430,006</u>	<u>1,046,397</u>	<u>1,078,919</u>	<u>3,702,830</u>	<u>3,508,925</u>
Increase (Decrease) In Net Position	\$ <u>836,647</u>	\$ <u>852,638</u>	\$ <u>1,280,246</u>	\$ <u>225,191</u>	\$ <u>2,116,893</u>	\$ <u>1,077,829</u>

Governmental Activities

Governmental activities increased the Town of Sterlington's net position by \$836,647. Key elements of the changes in net position are as follows:

Expenses are classified by functions/programs. General government expenses accounted for \$963,808 in 2025. Public safety accounted for \$575,850 while public works accounted for \$318,951 for fiscal year 2025. Culture and recreation accounted for \$561,730 in 2025, and interest on long-term debt accounted for \$236,094.

The related program revenues for fiscal 2025 directly related to these expenses totaled \$366,318, which resulted in net program expenses of \$2,290,115. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state grants are paid primarily from the following sources:

- Sales tax revenues are the largest and most significant source of revenue for the Town of Sterlington, providing approximately \$2,793,583 of revenues, an increase of \$811,825 (41.0%) as compared to 2024. Of the \$2,793,583, \$1,441,384 is allocated to the General Fund, \$480,608 to the Road Construction and Maintenance Fund, \$480,607 to the Recreation Sales Tax Fund, and \$390,984 to the Economic Development District Fund.
- Ad valorem taxes are the next largest revenue source to the Town, generating \$317,217, an increase of \$19,597 (6.6%) in General Fund revenue.
- Fines and forfeitures total \$146,804, a decrease of \$55,215 (27.3%) from 2024's \$202,019 recognized by the Town.

Business-Type Activities. Business-type activities (Consolidated Sewer District) increased the Town of Sterlington's net position by approximately \$1,280,246.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Sterlington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town of Sterlington's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Sterlington's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund, Road Construction and Maintenance Fund, Economic Development District Fund and Recreation Sales Tax Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Sterlington must adopt a budget for the General Fund and all Special Revenue funds prior to December 31. The original budget for the Town was done prior to the beginning of 2025 and was amended in December of 2025.

Capital Asset and Debt Administration

Capital Assets. The Town of Sterlington's investment in capital assets (including right of use assets) for its governmental and business type activities as of December 31, 2025, amounts to \$17,359,021 (net of accumulated depreciation and amortization), which decreased by approximately \$511,899 over the prior year due to depreciation and amortization expense in the current year of \$1,071,506.

The \$17.36 million investment in capital assets includes land, construction in progress, buildings and system improvements, right of use assets and machinery and equipment.

Town of Sterlington Capital Assets December 31, 2025

Land	\$	1,756,505
Construction In Progress		63,308
Building And Improvements		224,965
Sports Complex And Improvements		12,011,835
Land Improvements		162,850
Vehicles And Equipment		1,879,623
Fire Protection System		581,981
Drainage		475,472
Streets		2,077,908
Right of Use Asset		1,058,163
Sewer System		<u>8,463,049</u>
Total		28,755,659
Less: Accu. Deprec. and Amort.		<u>(11,396,638)</u>
Total Capital Assets	\$	<u><u>17,359,021</u></u>

As of December 31, 2025, the Town of Sterlington's outstanding long-term debt of \$11,011,683 consists of the following:

**Town of Sterlington Long-term Obligations
December 31, 2025**

Long-term Obligations	Balance December 31, 2025
Revenue bonds	\$ 10,667,473
Net Pension Liability	-
Lease Liability	344,436
Deferred discount	(2,414)
Compensated absences	2,188
	\$ 11,011,683

During fiscal year 2025, the Town did not issue any additional debt.

Requests for Information

This financial report is designed to provide a general overview of the Town of Sterlington's finances for all of 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 the Town Clerk, 503 Highway 2, Sterlington, Louisiana 71280.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 4,031,077	\$ 405,704	\$ 4,436,781
Receivables, Net	767,812	84,107	851,919
Due from Other Governments	429	-	429
Restricted Cash	-	233,907	233,907
Restricted Investments	409,202	-	409,202
Prepaid Expenses	44,980	-	44,980
Internal Balances	127,288	(127,288)	-
Notes Receivable, Net	-	-	-
Right of Use Asset, Net	281,566	-	281,566
Capital Assets, Net:	12,938,150	4,139,305	17,077,455
<u>Total Assets</u>	<u>18,600,504</u>	<u>4,735,735</u>	<u>23,336,239</u>
<u>Deferred Outflows of Resources</u>	<u>5,046</u>	<u>4,792</u>	<u>9,838</u>
<u>Liabilities</u>			
Accounts Payable	43,439	6,290	49,729
Accrued Liabilities	19,243	22,904	42,147
Customer Deposits	-	100,205	100,205
Current Portion of Lease Liability	145,125	-	145,125
Current Portion of Long-Term Obligations	448,522	611,000	1,059,522
Net Pension Liability	-	-	-
Non-Current Portion of Lease Liability	199,311	-	199,311
Non-Current Portion of Long-Term Obligations	4,420,052	5,185,485	9,605,537
<u>Total Liabilities</u>	<u>5,275,692</u>	<u>5,925,884</u>	<u>11,201,576</u>
<u>Deferred Inflows of Resources</u>	<u>11,353</u>	<u>-</u>	<u>11,353</u>
<u>Net Position</u>			
Net Investment in Capital Assets	8,006,706	-	8,006,706
Restricted for Public Works	873,059	-	873,059
Restricted for Debt Service	277,317	233,907	511,224
Restricted for Economic Development	574,695	-	574,695
Restricted for Culture and Recreation	13,635	-	13,635
Unrestricted	3,573,093	(1,419,264)	2,153,829
<u>Total Net Position</u>	<u>\$ 13,318,505</u>	<u>\$ (1,185,357)</u>	<u>\$ 12,133,148</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government Activities:				
General Government	\$ 963,808	\$ 176,887	\$ -	\$ -
Public Safety	575,850	146,804	32,627	-
Highways and Streets	318,951	-	-	10,000
Culture and Recreation	561,730	-	-	-
Interest on Long-Term Debt	236,094	-	-	-
Total Governmental Activities	2,656,433	323,691	32,627	10,000
Business-Type Activities:				
Consolidated Sewer District	738,284	1,425,435	-	269,603
Interest on Long-Term Debt	308,113	-	-	-
Total Business-Type Activities	1,046,397	1,425,435	-	269,603
<u>Total Government</u>	<u>\$ 3,702,830</u>	<u>\$ 1,749,126</u>	<u>\$ 32,627</u>	<u>\$ 279,603</u>

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Franchise Taxes

Investment Earnings

Transfers

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenues and
Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (786,921)	\$ -	\$ (786,921)
(396,419)	-	(396,419)
(308,951)	-	(308,951)
(561,730)	-	(561,730)
<u>(236,094)</u>	<u>-</u>	<u>(236,094)</u>
(2,290,115)	-	(2,290,115)
-	956,754	956,754
-	<u>(308,113)</u>	<u>(308,113)</u>
-	648,641	648,641
(2,290,115)	648,641	(1,641,474)
317,217	-	317,217
2,793,583	-	2,793,583
207,426	-	207,426
213,988	19,889	233,877
(611,716)	611,716	-
206,264	-	206,264
<u>3,126,762</u>	<u>631,605</u>	<u>3,758,367</u>
836,647	1,280,246	2,116,893
<u>12,481,858</u>	<u>(2,465,603)</u>	<u>10,016,255</u>
<u>\$ 13,318,505</u>	<u>\$ (1,185,357)</u>	<u>\$ 12,133,148</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds					Non-Major Fund	
	Special Revenue Funds					Capital Projects	Total Governmental Funds
	General Fund	Road Construction and Maintenance	ARPA	Recreation Sales Tax	Economic Development District	Sports Complex	
<u>Assets</u>							
Cash and Cash Equivalents	\$ 2,487,773	\$ 731,291	\$ -	\$ 202,997	\$ 523,513	\$ 85,503	\$ 4,031,077
Receivables							
Ad Valorem Taxes - Net	289,767	-	-	-	-	-	289,767
Sales Taxes	222,960	74,320	-	74,320	51,182	-	422,782
Other	55,263	-	-	-	-	-	55,263
Cash - Restricted	-	-	-	-	-	-	-
Investments - Restricted	409,202	-	-	-	-	-	409,202
Prepaid Expenses	44,980	-	-	-	-	-	44,980
Due from Other Governments	429	-	-	-	-	-	429
Due from Other Funds	196,729	67,701	-	-	-	-	264,430
<u>Total Assets</u>	<u>3,707,103</u>	<u>873,312</u>	<u>-</u>	<u>277,317</u>	<u>574,695</u>	<u>85,503</u>	<u>5,517,930</u>
<u>Liabilities</u>							
Accounts Payable	40,759	253	-	-	-	2,427	43,439
Accrued Expenses	5	-	-	-	-	-	5
Due to Other Funds	67,701	-	-	-	-	69,441	137,142
<u>Total Liabilities</u>	<u>108,465</u>	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,868</u>	<u>180,586</u>
<u>Fund Balances</u>							
Restricted	-	873,059	-	277,317	574,695	13,635	1,738,706
Unassigned (Deficit)	3,598,638	-	-	-	-	-	3,598,638
<u>Total Fund Balances</u>	<u>3,598,638</u>	<u>873,059</u>	<u>-</u>	<u>277,317</u>	<u>574,695</u>	<u>13,635</u>	<u>5,337,344</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 3,707,103</u>	<u>\$ 873,312</u>	<u>\$ -</u>	<u>\$ 277,317</u>	<u>\$ 574,695</u>	<u>\$ 85,503</u>	<u>\$ 5,517,930</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Governmental Fund Balances \$ 5,337,344

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

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

Governmental Capital Assets	17,770,382	
Less: Accumulated Depreciation	(4,832,232)	
Right of Use Asset	1,058,163	
Accumulated Amortization	<u>(776,597)</u>	13,219,716

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated Absences	(2,188)	
Deferred Outflows - MPERS	5,046	
Deferred Inflows - MPERS	(11,353)	
Net Pension Liability	-	
Lease Liability	(344,436)	
Accrued Interest on Bonds	(17,050)	
Bonds Payable	<u>(4,868,574)</u>	<u>(5,238,555)</u>

Net Position of Governmental Activities		<u><u>\$ 13,318,505</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Major Funds					Non-Major Fund	
	Special Revenue Funds					Capital Projects	
	General Fund	Road Construction and Maintenance	ARPA	Recreation Sales Tax	Economic Development District	Sports Complex	Total Governmental Funds
Revenues							
Property Taxes	\$ 317,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,217
Sales Taxes	1,441,384	480,608	-	480,607	390,984	-	2,793,583
Franchise Taxes	207,426	-	-	-	-	-	207,426
Licenses and Permits	172,687	2,100	-	-	-	-	174,787
Intergovernmental	32,627	10,000	-	-	-	-	42,627
Fees	-	-	-	-	-	-	-
Charges for Services	2,100	-	-	-	-	-	2,100
Fines and Forfeitures	146,804	-	-	-	-	-	146,804
Use of Money and Property	119,899	20,752	10,556	86	11,195	51,500	213,988
Miscellaneous	165,281	470	-	-	-	40,513	206,264
Total Revenues	2,605,425	513,930	10,556	480,693	402,179	92,013	4,104,796
Expenditures							
General Government	957,262	-	-	-	-	-	957,262
Public Safety	511,657	-	-	-	-	-	511,657
Public Works	-	172,680	-	-	-	-	172,680
Culture and Recreation	-	-	-	350	-	131,085	131,435
Capital Outlay	171,588	45,848	-	-	-	237,288	454,724
Debt Service:							-
Principal Payments	140,776	-	-	215,000	439,859	93,885	889,520
Interest and Other	169,355	-	-	27,422	26,882	12,435	236,094
Total Expenditures	1,950,638	218,528	-	242,772	466,741	474,693	3,353,372
Excess (Deficiency) of Revenues Over Expenditures	654,787	295,402	10,556	237,921	(64,562)	(382,680)	751,424
Other Financing Sources and (Uses)							
Transfers In	-	-	-	-	-	368,762	368,762
Transfers Out	(34,320)	(26,932)	(847,226)	(72,000)	-	-	(980,478)
Total Other Financing	(34,320)	(26,932)	(847,226)	(72,000)	-	368,762	(611,716)
Net Change in Fund Balance	620,467	268,470	(836,670)	165,921	(64,562)	(13,918)	139,708
Fund Balance - Beginning	2,978,171	604,589	836,670	111,396	639,257	27,553	5,197,636
FUND BALANCE - ENDING	\$ 3,598,638	\$ 873,059	\$ -	\$ 277,317	\$ 574,695	\$ 13,635	\$ 5,337,344

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	\$	139,708
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Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	454,724		
Depreciation expense	(520,763)		
Amortization expense	(128,190)		
			(194,229)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of a long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Principal Payments		889,520
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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 governmental funds.

Decrease in Compensated Absences	486		
Net Change in Net Pension Liability (Including Deferrals)	232		
Loss on Disposal of Assets	-		
Decrease in Accrued Interest	930		
			1,648

Change in Net Position in Governmental Activities	\$	836,647
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The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
UTILITY FUND
DECEMBER 31, 2025

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 405,704
Accounts Receivable, Net	84,107
Cash and Cash Equivalents - Restricted	233,907
Total Current Assets	723,718

Non-Current Assets

Notes Receivable, Net	-
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Capital Assets:

Land and Land Improvements	74,225
Water Reservoir and Treatment Plant	8,463,049
Equipment	1,349,820
Construction in Progress	40,020
Less: Accumulated Depreciation	(5,787,809)
Total Capital Assets	4,139,305

TOTAL ASSETS

4,863,023

Deferred Outflows of Resources

4,792

LIABILITIES

Current Liabilities (Payable from Current Assets)

Accounts Payable	6,290
Due to General Fund	127,288
Customer Deposits	100,205
Compensated Absences	-
Total Current Liabilities (Payable from Current Assets)	233,783

Current Liabilities (Payable from Restricted Assets)

Accrued Interest on Revenue Bonds	22,904
Current Portion of Long-Term Debt	611,000
Total Current Liabilities (Payable from Restricted Assets)	633,904

Total Current Liabilities

867,687

Noncurrent Liabilities

Bonds and Notes Payable	5,185,485
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TOTAL LIABILITIES

6,053,172

Net Position

Invested in Capital Assets Net of Related Debt	-
Restricted for Debt Service	233,907
Unrestricted	(1,419,264)
Total Net Position	\$ (1,185,357)

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating Revenues

User Fees	\$ 1,289,391
Other Operating Revenues	136,044
Total Operating Revenues	1,425,435

Operating Expenses

Depreciation	422,553
Insurance	34,500
Maintenance and Repairs	67,731
Material and Supplies	36,674
Office Supplies	8,850
Other Operating Expenses	19,578
Professional Fees	21,272
Salaries and Related Benefits	60,073
Utilities and Communications	61,454
Total Operating Expenses	732,685

Net Operating Income (Loss)	692,750
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Nonoperating Revenues (Expenses)

Grant Revenue	269,603
Interest Earnings	19,889
Amortization Expense	(5,599)
Interest Expense	(308,113)
Total Nonoperating Revenues (Expenses)	(24,220)

Income (Loss) Before Transfers	668,530
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Transfers In (Out)	611,716
--------------------	---------

Change in Net Position	1,280,246
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Total Net Position, Beginning	(2,465,603)
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Total Net Position, Ending	<u><u>\$ (1,185,357)</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF CASH FLOWS
UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash Flows From Operating Activities

Receipts from Customers	\$ 1,418,505
Payments to Suppliers	(172,355)
Payments to Employers and Employee Benefits	(60,073)
Net Cash Provided (Used) by Operating Activities	<u>1,186,077</u>

Cash Flows From Noncapital Financing Activities

Customer Deposits	7,149
Transfer from Other Funds	611,716
Net Cash Provided (Used) by Noncapital Financing Activities	<u>618,865</u>

Cash Flows From Capital and Related Financing Activities

Purchase of Capital Assets	(1,061,778)
Principal Paid on Debt	(578,193)
Grant Revenue Received	269,603
Decrease in Accrued Interest	(1,656)
Interest Paid	(308,920)
Net Cash Provided (Used) by Capital and and Related Financing Activities	<u>(1,680,944)</u>

Cash Flows From Investing Activities

Interest Earned on Investments	19,889
Net Cash Provided (Used) by Investing Activities	<u>19,889</u>

Net Increase (Decrease) in Cash and Cash Equivalents

143,887

Cash and Cash Equivalents - Beginning of Year

495,724

Cash and Cash Equivalents - End of Year

\$ 639,611

Unrestricted Cash and Cash Equivalents, End of Year

405,704

Restricted Cash and Cash Equivalents, End of Year

233,907

Total Cash and Cash Equivalents, End of Year

\$ 639,611

Continued on next page.

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Reconciliation of Operating Income (Loss)

to Net Cash Flows from Operating Activities

Net Operating Income (Loss)	\$ 692,750
Adjustments to Reconcile Net Income (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	422,553
(Increase) Decrease in Accounts Receivable	(6,930)
Increase (Decrease) in Accounts Payable	(36,791)
Increase (Decrease) in Due to General Fund	114,495
Increase (Decrease) in Compensated Absences	-
Net Cash Provided (Used) by Operating Accounts	<u><u>\$ 1,186,077</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The accompanying financial statements include all funds of the Town of Sterlington, Louisiana (the Town). The accompanying financial statements of the Town have been prepared in accordance 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 consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of five aldermen. The Town's major operations include police protection, street and drainage maintenance, wastewater collection and treatment, and administrative services.

As the governing authority for the municipality, the Town is the reporting entity for the municipality. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement Number 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*, establishes criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body and the ability of the Town to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature and significance of the relationship.

Based on the foregoing criteria, the financial statements of the Sterlington Consolidated Sewerage District (a proprietary fund type - enterprise fund - the District) have been included in this report using a blended presentation because the District's accounting records are maintained by the Town and the District's Board of Commissioners include the Mayor and two Aldermen.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

The Town's basic financial statements consist of the government-wide statements on all activities of the government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. Both the entity-wide financial statements and the proprietary fund financial statements follow the guidance included in GASB Statement No. 62-*Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989, FASB and AICPA Pronouncements*.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-type Activities are financed in whole or in part by fees charged to external parties for goods and services.

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

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements

The Town uses funds to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

The emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Town's current operations require the use of the governmental and proprietary categories. The fund types used by the Town are described as follows:

Governmental activities presented as Governmental Funds in the fund financial statements:

Major Funds:

General Fund - This fund is the general operating fund of the Town. It is used to account for all financial resources of the Town except for those required to be accounted for in another fund.

Road Construction & Maintenance - This special revenue fund is used to account for resources and activities associated with proceeds from the one half of one percent (0.50%) sales and use tax.

Recreation Sales Tax - This special revenue fund is used to account for resources and activities associated with the proceeds from the one half of one percent (0.50%) sales and use tax related to recreational activities.

ARPA - These funds account for federal grants received to help governments in the aftermath of the COVID outbreak.

Economic Development District - This special revenue fund is used to account for resources and activities associated with the proceeds from the two percent (2.00%) sales and use tax.

Non-Major Funds:

Sports Complex - The capital project fund is used to account for the construction of a recreational sports complex and its related debt funding and repayments.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

Business-type activities presented as Enterprise Funds in the fund financial statements:

Enterprise Fund - This fund is used to account for operations (a) that are financed or operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (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) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Capital projects for the Enterprise fund that use part or all of general government resources to fund the capital project is normally accounted for in a Capital Projects fund. If the Enterprise fund is financing a portion of the cost, then a transfer is made from the Enterprise fund to the Capital Projects fund for the Enterprise fund's portion of the cost. At the end of each year, the Enterprise fund recognizes a capital contribution for the amount of Construction in Progress for that year. The Enterprise fund depreciates the asset when it is complete and goes into production. The Enterprise fund is presented in the business-type activities column in government-wide financial statements and is considered a major fund in the Enterprise Fund statements.

Governmental Funds

Revenues:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after year-end.

The Sheriff of Ouachita Parish, as provided by state law, bills and collects property taxes on behalf of the Town using the assessed values determined by the tax assessor of Ouachita Parish. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due.

Sales taxes are recognized as revenue when in the hands of the vendor.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and interest is available. Substantially all other revenues are recognized when actually received by the Town.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

Expenditures:

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the liability is incurred except for unmatured interest on long-term debt which is recognized when due, and certain claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Proprietary Funds

The Proprietary Fund is accounted for using the accrual method of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Revenues:

The Town distinguishes operating revenues and expenses from non-operating items. The principle operating revenues are charges to customers for services. The Town also recognizes as operating revenues charges to customers for connecting to the sewer system.

Expenses:

Operating expenses consist of amounts paid for wages and related benefits, contractual services, supplies used, equipment and facility maintenance and operations, depreciation, and other items directly or indirectly required for the provision of services. All expenses not meeting the previously mentioned definitions are reported as nonoperating expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements.

1. The proposed budget is submitted to the Board of Aldermen in December. Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

C. Budgets and Budgetary Accounting (continued)

2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected December board meeting.
3. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. Encumbrance accounting is not used by the Town.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Cash, Cash Equivalents, and Investments

Under state law, the Town may deposit in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or national banks having their principal offices in Louisiana. For the purpose of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased. Deposits with maturity dates greater than three months are classified as investments.

Interfund Receivables and Payables

Short term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/due to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include land, building, other improvements, machinery and equipment, vehicles, and furniture and fixtures, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

As permitted by GASB Statement No. 34, the Town has elected not to report infrastructure assets retroactively but began accounting for them prospectively in the year ended December 31, 2010. The accounting and reporting treatment applied to the fixed assets associated with a particular fund is determined by the fund's measurement focus.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity (continued)

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where historical records are not available. The Town considers assets with an individual cost of \$500 or more and an estimated useful life of one year or more a capital asset. Donated fixed assets are valued at fair market value at the date of the gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense.

Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows:

Buildings	10 to 30 years
Vehicles and equipment	3 to 10 years
Fire protection system	50 years
Sewer systems	20 to 40 years
Infrastructure	20 years

Long-Term Liabilities

In the government-wide statement of net position and in the proprietary fund type financial statements, long-term debt and compensated absences are reported as liabilities. Bond issuance costs are reported as expenses in the year of debt issuance. Bonded debt premiums, discounts, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable is reported net of the applicable bond premium or discount. Gains (losses) on refunding are reported as deferred outflows/inflows of resources.

Bad Debts

The Town uses the allowance method for recording bad debts associated with ad valorem taxes, customer utility accounts receivable, and notes receivable. As of December 31, 2025, an allowance of \$2,349 was recorded for uncollectible ad valorem taxes receivable deemed uncollectible. Uncollectible amounts for customers' sewer charges are generally not significant. Therefore, the direct write-off method of recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible, and the result is substantially the same as that provided by use of the allowance method.

Fund Equity of Fund Financial Statements

GASB 54 - Fund Balance Reporting and Governmental Fund Type Definitions requires the fund balance amounts to be reported within the fund balances categories as follows:

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity (continued)

Nonspendable - Fund balance that is not in spendable form or is legally or contractually required to be maintained intact. This category includes items that are not easily convertible to cash such as prepaid expenses.

Restricted - Portions of fund equity reported in the Fund Financial Statements are restricted by local, state, or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed - Committed fund balances indicate the Town's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions. The Town does not have any such fund balances in the current fiscal year.

Assigned - The Board of Aldermen can assign the General Fund's unassigned fund balance as they determine needed for the payment of future commitments. The Board of Aldermen has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned. The Town's informal policy for the spending prioritization of fund balances is that restricted would receive top priority followed by committed. Assigned balances receive the least priority and would be authorized to be spent only if adequate funds were available. If expenditures incurred exceed the amount that has been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit. The Town does not have any assigned fund balances in the current fiscal year.

Unassigned - The unassigned portion of fund balance is the amount not in other spendable classifications. The Town has not established benchmarks for unassigned fund balance requirements.

The Board of Aldermen has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned. The Town's informal policy for the spending prioritization of fund balances is that restricted would receive top priority followed by committed. Assigned balances receive the least priority and would be authorized to be spent only if adequate funds were available. If expenditures incurred exceed the amount that would have been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit.

Net Position

In the government-wide and proprietary statements, equity is classified as net position and is displayed in three components:

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity (continued)

Net investment in capital assets: 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: Consists of net resources with constraints placed on their use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.

Unrestricted net position: All other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

The Board of Aldermen has not established a formal policy regarding the order of spending net position when both restricted and unrestricted resources are available for use but informally, restricted resources are used first and followed by unrestricted if needed. Restricted net position reported in the Statement of Net Position as restricted for debt service and restricted for depreciation and contingency are as a result of externally imposed restrictions by its creditors.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

All of the Town's deferred outflows of resources on the statement of net position are a result of deferrals concerning bonded debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred amount on refunding of debt is reported in the deferred inflows or deferred outflow sections of the statement of position and is being amortized over thirteen years beginning in 2014.

Use of Estimates

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 2 - Cash and Investments

Custodial Credit Risk – Deposits

The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town did not have custodial risk related to its deposits at December 31, 2025.

At December 31, 2025, the Town has cash and cash equivalents (book balances net of overdrafts) in the amount of \$4,670,688.

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.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at December 31, 2025, are secured as follows:

Bank Balances	<u>\$ 4,481,081</u>
Federal Deposit Insurance	\$ 454,276
Pledged Securities (Uncollateralized)	<u>5,210,764</u>
<u>TOTAL</u>	<u>\$ 5,665,040</u>
Governmental Funds Cash	\$ 4,031,077
Enterprise Funds Cash	<u>639,611</u>
<u>TOTAL BOOK BALANCES BY FUND TYPE</u>	<u>\$ 4,670,688</u>

The FDIC issued an updated description of the explanation of savings deposits as follows: The insurance coverage of public unit accounts depends upon the type of deposit and location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by the public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 2 - Cash and Investments (continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, R.S.39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town had no custodial credit risk related to its investments on December 31, 2025.

Under state law, the Town may invest funds in obligations of the United States, in federally insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The forbearance agreement with Argent allows a portion of the sales tax collections to be invested until all reserves are met on the debts. At December 31, 2025, the Town had restricted investments held by Argent of \$409,202.

Note 3 - Receivables/Allowance for Doubtful Accounts

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated within the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Receivables at December 31, 2025, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Ad Valorem Taxes (Net)	\$ 289,767	\$ -	\$ 289,767
Sales Taxes	422,782	-	422,782
Accounts Receivable	-	84,107	84,107
Other	<u>55,263</u>	<u>-</u>	<u>55,263</u>
Total	<u>\$ 767,812</u>	<u>\$ 84,107</u>	<u>\$ 851,919</u>

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2025, is as follows:

	<u>1/1/2025</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2025</u> <u>Balance</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 1,579,292	\$ 102,988	\$ -	\$ 1,682,280
Construction in Process	<u>23,288</u>	<u>-</u>	<u>-</u>	<u>23,288</u>
Total Non-Depreciable Assets	1,602,580	102,988	-	1,705,568
Depreciable Assets:				
Sports Complex	11,774,547	237,288	-	12,011,835
Buildings	224,965	-	-	224,965
Land Improvements	162,850	-	-	162,850
Vehicles and Equipment	415,355	114,448	-	529,803
Fire Protection System	581,981	-	-	581,981
Infrastructure: Drainage	475,472	-	-	475,472
Infrastructure: Streets	<u>2,077,908</u>	<u>-</u>	<u>-</u>	<u>2,077,908</u>
Total at Historical Cost	15,713,078	351,736	-	16,064,814
Less Accumulated Depreciation	<u>(4,311,469)</u>	<u>(520,763)</u>	<u>-</u>	<u>(4,832,232)</u>
<u>Government Activities Capital Assets, Net</u>	<u>\$ 13,004,189</u>	<u>\$ (66,039)</u>	<u>\$ -</u>	<u>\$ 12,938,150</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 74,225	\$ -	\$ -	\$ 74,225
Construction in Progress	<u>230,693</u>	<u>673,394</u>	<u>(864,067)</u>	<u>40,020</u>
Total Non-Depreciable Assets	304,918	673,394	(864,067)	114,245
Depreciable Assets:				
Sewer Plant	7,598,982	864,067	-	8,463,049
Equipment	<u>961,436</u>	<u>388,384</u>	<u>-</u>	<u>1,349,820</u>
Totals at Historical Cost	8,560,418	1,252,451	-	9,812,869
Less Accumulated Depreciation	<u>(5,365,256)</u>	<u>(422,553)</u>	<u>-</u>	<u>(5,787,809)</u>
Total Depreciable Assets, Net	<u>3,195,162</u>	<u>829,898</u>	<u>-</u>	<u>4,025,060</u>
<u>Business-Type Activities Capital Assets, Net</u>	<u>\$ 3,500,080</u>	<u>\$ 1,503,292</u>	<u>\$ (864,067)</u>	<u>\$ 4,139,305</u>

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 4 - Capital Assets (continued)

Depreciation expense for the year ended December 31, 2025, was charged to functions of the Town as follows:

Government Activities:	
General Government	\$ 8,194
Public Safety	20,003
Public Works	146,271
Culture and Recreation	<u>346,295</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 520,763</u>
Business-Type Activities:	
Sewer	\$ 422,553

Note 5 - Long-Term Debt

The following is a summary of long-term obligation transactions for the year ended December 31, 2025:

Long-term Obligations	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025	Amounts Due Within One Year
General long-term obligations					
Compensated absences	\$ 2,674	\$ -	\$ (486)	\$ 2,188	\$ 2,188
Long-term debt	<u>5,623,433</u>	<u>-</u>	<u>(754,859)</u>	<u>4,868,574</u>	<u>448,522</u>
Subtotal - General	<u>5,626,107</u>	<u>-</u>	<u>(755,345)</u>	<u>4,870,762</u>	<u>450,710</u>
Enterprise Fund					
Compensated absences	-	-	-	-	-
Long-term debt	6,377,900	-	(579,001)	5,798,899	611,000
Deferred discount	<u>(3,222)</u>	<u>-</u>	<u>808</u>	<u>(2,414)</u>	<u>-</u>
Subtotal - Enterprise	<u>6,374,678</u>	<u>-</u>	<u>(578,193)</u>	<u>5,796,485</u>	<u>611,000</u>
Grand Total	<u>\$ 12,000,785</u>	<u>\$ -</u>	<u>\$ (1,333,538)</u>	<u>\$ 10,667,247</u>	<u>\$ 1,061,710</u>

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 5 - Long-Term Debt (continued)

The Town has the following debt issues:

On February 27, 2017, the Town issued \$4,000,000 of Sales Tax Revenues Bonds, Series 2017. These bonds are payable over 20 years with interest at the rate of 3.78% per annum.

On August 11, 2016, the Town issued \$2,000,000, in the aggregate, of Sales Tax Revenue Bonds, Series 2016 in three separate series; A, B, and C. The Series 2016A bonds were issued in the amount of \$500,000 and are payable over 20 years, maturing on June 1, 2036. These bonds carry an interest rate of 5%. The Series 2016B bonds were issued in the amount of \$1,000,000 and are payable over 10 years, maturing on June 1, 2026. These bonds carry an interest rate of 6.5%. Finally, the Series 2016C bonds were issued in the amount of \$500,000 and are payable over 10 years, maturing on June 1, 2026. These bonds carry an interest rate of 2.5%. All three series are to be funded and secured by the proceeds of a one-half percent sales tax. Series 2016A and 2016B are also secured by land purchased for use as a sports complex.

On April 16, 2018, the Town issued \$2,000,000 Series 2018A Revenue Bonds. The bonds are payable over 25 years and carry an interest rate of 5.0%. These bonds were refunded and subsequently reissued at \$1,936,000 on April 14, 2021, as Series 2021 Revenue Refunding Bonds. The interest rate is variable but will not exceed 5%. The initial interest rate is 3.25%.

Sales tax bond principal and interest payments to maturity are as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Principal and Interest
2026	\$ 448,522	\$ 198,729	\$ 647,251
2027	462,432	184,859	647,291
2028	471,470	167,663	639,133
2029	485,642	150,145	635,787
2030	494,952	132,050	627,002
2031-2035	2,115,556	369,392	2,484,948
2036	390,000	14,294	404,294
Total	<u>\$ 4,868,574</u>	<u>\$ 1,217,132</u>	<u>\$ 6,085,706</u>

The Town has the following enterprise fund long-term obligations:

The 2011 Series Department of Environmental Quality (DEQ) Sewer Revenue Bonds were issued on May 9, 2011, in the amount of \$696,000. These bonds are payable over 20 years with interest at the rate of .45% per annum.

The 2013 Series DEQ Taxable Sales Tax Bonds were issued August 28, 2013, in the amount of \$350,000. These bonds are payable over 20 years at an interest rate of 0.45% per annum.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 5 - Long-Term Debt (continued)

The 2013 Series Revenue Refunding Bonds were issued on September 24, 2013, in the amount of \$2,710,000 with an average interest rate ranging from 2.00%-4.75% per annum payable over 15 years. The net proceeds from the issuance of the bonds were used to purchase government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called. The advance refund met the requirement of an in-substance debt defeasance, and the defeased portion of the bonds was removed from the Town's financial statements.

The Series 2014 Wastewater and Utilities Revenue Bonds were issued on August 13, 2014, in the amount of \$600,000. These bonds are being serviced by Marion State Bank and Cross Keys Bank, whereby each bank is servicing \$300,000 with an interest rate of 5.00% per annum payable over 20 years.

On April 27, 2017, the Town issued \$4,000,000, in the aggregate, of Utility Revenue Bonds, Series 2017 in two separate series; A and B. The Series 2017A bonds were issued in the amount of \$3,500,000 and are payable over 20 years, maturing on December 1, 2036. These bonds carry an interest rate of 3.11%. The Series 2017B taxable bonds were issued in the amount of \$500,000 and are payable over 10 years, maturing on December 1, 2026. These bonds carry an interest rate of 1.55%.

On September 28, 2018, the Town issued \$1,845,000, in the aggregate, of Sewer System Revenue Refunding Bonds, Series 2019. The bonds are payable over 20 years, maturing on December 1, 2038. These bonds carry an interest rate of 4.85%.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 5 - Long-Term Debt (continued)

The following is a summary of long-term bonded indebtedness for the year ended December 31, 2025:

<u>Revenue Bonds</u>	<u>Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Interest to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 12/31/2025</u>
Series 2011 DEQ Sewer	05/09/11	\$696,000	0.45%	\$ 2,917	06/01/31	\$223,585
Series 2013 DEQ Taxable	08/28/13	\$350,000	0.45%	2,591	12/01/33	140,717
Series 2013 Refunding Revenue Bonds	09/19/13	\$2,710,000	2.00% - 4.75%	38,444	06/01/28	630,000
Series 2014 Wastewater	08/13/14	\$300,000	5.00%	59,250	09/01/34	224,794
Series 2014 Wastewater	08/13/14	\$300,000	5.00%	58,500	09/01/34	205,000
Series 2017 Wastewater	04/27/17	\$4,000,000	3.11%	578,308	12/01/36	2,804,900
Series 2018 Sewer Refunding	09/28/18	\$1,845,000	2.10% plus US Treasury Yield	609,160	12/01/38	1,569,903
Total				<u>\$1,349,170</u>		<u>\$5,798,899</u>

Bond principal and interest are due in total, to maturity, as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal and Interest</u>
2026	\$ 611,000	\$ 206,735	\$ 817,735
2027	541,000	187,808	728,808
2028	568,000	167,664	735,664
2029	428,000	150,678	578,678
2030	443,000	136,230	579,230
2031-2035	2,363,096	441,658	2,804,754
2036-2038	844,803	58,397	903,200
Total	<u>\$ 5,798,899</u>	<u>\$ 1,349,170</u>	<u>\$ 7,148,069</u>

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 5 - Long-Term Debt (continued)

The loan agreements provide for the establishment of the following bank accounts:

1. Bond and Interest Redemption Fund/Sinking Fund - to provide for the accumulation of monies for the purpose of paying principal and interest. The Series 2011 DEQ Revenue Bonds require the establishment of a "Sewer Revenue Bond Debt Service Fund," whereby monthly transfers will be made into the account on or before the 20th day of each month of each year, a sum equal to one-sixth (1/6th) of the interest falling due on the next interest payment date and one-twelfth (1/12th) of the principal falling due on the next principal payment date.

The agreement for the 2013 DEQ Bonds states that funds must be transferred from the Sales Tax Fund to the Sinking Fund monthly in advance on or before the 20th day of each month of each year, a sum equal to the pro-rata amount of interest falling due on the bonds and any additional parity bonds on the next interest payment date and the pro-rata amount of the principal falling due on the bonds and any additional parity bonds on the next principal date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively come due.

The 2013 Refunding Bonds are subject to mandatory Sinking Fund redemption prior to maturity, including interest accrued to the redemption date on an annual basis commencing June 1, 2014, and continuing each June 1 thereafter until maturity. For the year 2014, the Town will be required to have \$15,000 deposited into the Sinking Fund, and in subsequent years, the deposited amount increases to \$110,000.

The agreement for the 2014 Wastewater and Utilities Revenue Bonds requires the establishment of a "Wastewater and Utilities Revenue Bonds, Series (2014) Sinking Fund," whereby monthly deposits shall be made into the account on or before the 20th day of each month (commencing the first 20th day of the month following delivery of the bonds), a sum equal to one-sixth (1/6th) of the interest falling due on the next interest payment date and a sum equal to one-twelfth (1/12th) of the principal falling due on the next principal payment date.

2. Revenue Bond Reserve Fund - to provide for the accumulation of monies for the purpose of paying principal and interest on notes which would otherwise be in default.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 5 - Long-Term Debt (continued)

The agreement for the Series 2011 DEQ Bonds provides that at least 20% of the reserve fund requirement must be deposited into the reserve fund each bond year so that the reserve fund is fully funded no later than five years after the delivery date.

The agreement for the Series 2013 DEQ Bonds provides that at least 25% of the amount required to be paid into the sinking fund must be deposited into the reserve fund on or before the 20th day of each month of each year until such time as there has been accumulated therein a sum equal to the reserve fund requirement.

3. Depreciation and Contingency Fund - to provide for repairs and improvements to the sewer system, with approval of the lender.

The agreement for the 2011 DEQ Bonds provides that, on or before the 20th day of each month of each year, a sum equal to five (5%) of the preceding month's Net Revenues as provided in the agreement for the preceding month shall be transferred to this account, provided that such sum is available provision is made. Payments in this fund shall continue until such time as \$50,000 has accumulated in this fund, whereby such payments may cease, and need be resumed only if the total amount of money on deposit is reduced below \$50,000.

Note 6 - Pension and Retirement Plans

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All full-time police officers engaged in law enforcement are required to be enrolled in the Municipal Police Employees' Retirement System (MPERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees, but individual employees may opt out of participation. Members who started prior to January 1, 2013, can retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 percent of his average final compensation.

Average final compensation is the average annual earned compensation of a member for any period of 36 successive or joined months of service that produces the highest average.

Members who started on or after January 1, 2013, retire under one of two plans, Hazardous Duty or Non Hazardous Duty. Under Hazardous Duty, at or after age 55 with 12 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's average final compensation, not to exceed 100

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 6 - Pension and Retirement Plans (continued)

percent of his average final compensation. Under Non Hazardous Duty, at or after age 60 with 10 years of creditable service, 25 years of credible service at age 55, or at any age with 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 1/2 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation

For these members, average final compensation is the average annual earned compensation of a member for any period of 60 successive or joined months of service that produces the highest average.

The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 35.6 percent for year end June 30, 2025 and 33.475 percent for year end June 30, 2026, of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the System for the years ending December 31, 2025, 2024, and 2023, were \$0, \$0 and \$447, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225) 929-7411.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reported a liability of \$0 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Town's proportion was 0%, which was a decrease of 0.0004% as compared to the proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized pension expense of \$(227) net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$0.

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 6 - Pension and Retirement Plans (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	5,046	11,353
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 5,046</u>	<u>\$ 11,353</u>

The Town reported a total of \$0 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025, which will be recognized as a reduction in net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year	MPERS
2026	\$ (229)
2027	(5,275)
2028	(803)
2029	-
	<u>\$ (6,307)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025, is as follows:

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 6 - Pension and Retirement Plans (continued)

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return/Inflation Rate	6.75%, net of investment expense, 2.50% inflation
Projected salary increases	4.75 to 13.00% based on years of service
Mortality	For employees, the Pub-2016 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used For disabled lives, the Pub-2016 Public Retirement Plan Mortality Table for Safety Disable Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used For annuitants and beneficiaries, the Pub-2016 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2019, through June 30, 2024, and the review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table which appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combines with a standard table to produce current levels of mortality.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 6 - Pension and Retirement Plans (continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the system's target allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternative Investments	14.00%	1.04%
Other	0.00%	0.00%
Total	100%	5.45%
Inflation		2.67%
Expected Arithmetic Nominal Return		8.12%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. 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 plan members. 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Town's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	5.75%	6.75%	7.75%
TOS Share- NPL	\$ -	\$ -	\$ -

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 7 - Ad-valorem Taxes

The Town considers ad valorem taxes receivable at December 31st and recognizes income in the year of assessment. For the year ended December 31, 2025, taxes of 9.03 mills were levied on properties with assessed valuations totaling \$36,698,035 and were not dedicated to any particular purpose. The total taxes originally levied were \$331,383 at December 31, 2025.

The property tax calendar is as follows:

Assessment date	January 1, 2025
Levy date	November 15, 2025
Date taxes are due	December 31, 2025
Lien date	January 1, 2026

The Ouachita Parish Tax Assessor establishes the assessed values each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential improvements	15% Commercial improvements
15% Industrial improvements (excluding land)	25% Public service property

Note 8 - On-Behalf Payments

Certain Town employees in the Police Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24 *“Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,”* the Town has recorded revenues and expenditures for these payments in the General Fund in the amounts of \$14,400 during the year ended December 31, 2025.

Note 9 - Interfund Receivables and Payables

There were three sets of interfund receivable and payables. The General Fund owed \$67,701 to the Road Construction and Maintenance as of December 31, 2025, which occurred due to sales tax collections being deposited into the General Fund but due to the Road and Construction Fund. As of December 31, 2025, the Sports Complex Fund also owed \$69,441 to the General Fund to cover the cost of playground equipment for the Sports Complex purchased from the General Fund. The Sewer Fund owed \$127,288 to the General Fund as of December 31, 2025, for Sewer Fund expenses paid from the General Fund.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 10 - Interfund Transfers

The following transfers were made between the various funds of the Town during 2025:

	Transfers In				
	Governmental Funds			Enterprise	Total
	General	Road Construction	Sports Complex		
Transfers Out					
Governmental Funds					
Major Funds					
General Fund	\$ -	\$ -	\$ 34,320	\$ -	\$ 34,320
Road Construction	-	-	-	26,932	26,932
Recreation Sales Tax	-	-	72,000	-	72,000
ARPA	-	-	262,442	584,784	847,226
Enterprise	-	-	-	-	-
Sports Complex	-	-	-	-	-
Total	\$ -	\$ -	\$368,762	\$ 611,716	\$ 980,478

These transfers resulted from transactions for goods and services among funds and from financing of capital project costs by other funds.

Note 11 - Retirement Plan

During 2015, the Town began a defined-contribution plan for all full-time employees. The Town contributes up to 3% of salaries into a Savings Incentive Match Plan for Employees of Small Employers Individual Retirement Account (SIMPLE IRA) Plan. All contributions made by the Town are fully vested and non-forfeitable. The maximum contribution to the plan is the lesser of 100% of earned income up to the contribution limit for each calendar year. Employees are immediately eligible to participate upon employment with the Town. During 2025, the Town contributed \$7,219 into the retirement plan.

Note 12 - Risk Financing Activities

The Town is a participating member in the Louisiana Risk Management Agency's Group Self-Insurance Fund for Municipal Liability Risk Sharing and Group Self-Insurance Fund for Workmen's compensation and Employer Liability (the Agency). The Agency functions as a Public Entity Risk Pool formed to pool the risk of public liability exposure to its members. The Town insures its law enforcement officers' comprehensive liability and errors and omissions risk through its participation in the Agency pools. The coverage provided by the pools is subject to \$1,000 deductibles for certain coverages and provides coverages up to \$500,000 for each type of

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 12 - Risk Financing Activities (continued)

insured risk. Premiums for coverage are retroactively rated based on experience and premiums are calculated based on the ultimate cost of the experience to date of the pool participants.

Risk Management handles all defense for the Town. The Town has a pending lawsuit involving a lease purchase agreement. The Town believes it will be successful in its defense of the lawsuit and the results will not have a material effect on the Town's financial position.

Note 14 - Baseball Park Lease

The Town entered into a three year lease with 2 Seam Sports, LLC, to oversee the operation of the sports complex. The lease commenced on April 1, 2021, and was renewed for an additional three years in 2024. The Lessee is paying in monthly installments of \$4,167. Total amounts due are \$50,000 for 2026. \$12,500 is due for 2027.

Note 15 - Elevated Tower Agreement

The Town entered into an agreement with Greater Ouachita Water for use of water mains, elevated tank and pumping station. The agreement commenced on April 28, 2020, and runs for until April 12, 2047. The agreement calls for monthly payments to the Town of \$5,000 for use of the noted items.

Note 16 - Ballpark Lighting Lease

On September 18, 2017, the Town entered into a lease agreement for a ballpark lighting system.

The present value of the lease payments was recorded as a lease asset, and a corresponding lease liability was also recorded. The lease asset was recorded at \$840,000 with accumulated amortization of \$693,000 as of December 31, 2025.

Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 98,445	\$ 7,876
2027	103,224	3,095
Total	<u>\$ 201,669</u>	<u>\$ 10,971</u>

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 17 - Leased Assets

During 2023, the Town entered into a lease agreement with Enterprise to provide 2 police vehicles for the Town. Lease terms are for 5 years with an interest rate per vehicle of 7.96 percent. In 2024, the Town leased an additional police vehicle from Enterprise. The Lease term for this vehicle is 5 years with an interest rate of 8.12 percent. An additional vehicle was leased in 2025, with a 4 year term and an interest rate of 7.71 percent. The following is a schedule by years of future minimum lease payments:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 46,680	\$ 9,627
2027	50,508	5,799
2028	31,476	2,415
2029	14,103	478
Total	<u>\$ 142,767</u>	<u>\$ 18,319</u>

As of December 31, 2025, the leased assets were valued at \$218,163 with accumulated amortization of \$83,597.

Note 18 - Restricted Fund Balances (FFS Level Only)

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Road Maintenance (\$873,059).

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Sales Tax Sports Complex (\$277,317).

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Sports Complex (\$13,635).

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Economic Development (\$574,695).

Note 19 - Deficit Net Position

At December 31, 2025, the business-type activities of the Town reported an unrestricted net position deficit of \$1,419,264. In prior years, debt was issued related to sewerage system and sports complex. These assets were transferred to the Sports Complex during 2018, resulting in a large deficit for that year and an overall large deficit in unrestricted net position.

Note 20 - Subsequent Events

Subsequent events have been evaluated through June 25, 2026, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

REQUIRED SUPPLEMENTARY INFORMATION (PART B)

TOWN OF STERLINGTON, LOUISIANA
STERLINGTON, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 2,978,171	\$ 2,978,171	\$ 2,978,171	\$ -
Resources				
Ad Valorem Taxes	250,000	305,000	317,217	12,217
Sales and Other Taxes	1,000,000	1,000,000	1,648,810	648,810
Charges for Services	1,200	2,400	2,100	(300)
Licenses and Permits	157,500	154,600	172,687	18,087
Intergovernmental	1,300	29,600	32,627	3,027
Fees	156,000	191,250	-	(191,250)
Fines and Forfeitures	180,000	121,600	146,804	25,204
Use of Money and Property	77,400	91,010	119,899	28,889
Contributions	-	-	-	-
Miscellaneous	5,000	36,200	165,281	129,081
Transfers From Other Funds	423,000	-	-	-
Total Resources	<u>2,251,400</u>	<u>1,931,660</u>	<u>2,605,425</u>	<u>673,765</u>
Amounts available for appropriations	<u>5,229,571</u>	<u>4,909,831</u>	<u>5,583,596</u>	<u>673,765</u>
Charges to appropriations				
Current				
General government	1,235,800	1,021,115	957,262	63,853
Public Safety	460,603	575,700	511,657	64,043
Public Works	-	-	-	-
Capital Outlay	-	-	171,588	(171,588)
Debt Service	-	-	310,131	(310,131)
Transfers To Other Funds	643,000	75,000	34,320	40,680
Total Charges to appropriations	<u>2,339,403</u>	<u>1,671,815</u>	<u>1,984,958</u>	<u>(313,143)</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 2,890,168</u>	<u>\$ 3,238,016</u>	<u>\$ 3,598,638</u>	<u>\$ 360,622</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
SPECIAL REVENUES - ROAD CONSTRUCTION AND MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 604,589	\$ 604,589	\$ 604,589	\$ -
Resources				
Sales and Other Taxes	300,000	440,000	480,608	40,608
Licenses and Permits	1,500	1,750	2,100	350
Use of Money and Property	15,000	20,000	20,752	752
Intergovernmental	-	10,000	10,000	-
Miscellaneous	-	470	470	-
Transfers In	-	-	-	-
Total Resources	<u>316,500</u>	<u>472,220</u>	<u>513,930</u>	<u>41,710</u>
Amounts available for appropriations	<u>921,089</u>	<u>1,076,809</u>	<u>1,118,519</u>	<u>41,710</u>
Charges to Appropriations				
Public Works	316,500	239,100	172,680	66,420
Capital Outlay	-	-	45,848	(45,848)
Debt Service	-	-	-	-
Transfers Out	-	-	26,932	(26,932)
Total Charges to appropriations	<u>316,500</u>	<u>239,100</u>	<u>245,460</u>	<u>(6,360)</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 604,589</u>	<u>\$ 837,709</u>	<u>\$ 873,059</u>	<u>\$ 35,350</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
SPECIAL REVENUES - RECREATION SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 111,396	\$ 111,396	\$ 111,396	\$ -
Resources				
Sales and Other Taxes	300,000	440,000	480,607	40,607
Use of Money and Property	-	65	86	21
Total Resources	<u>300,000</u>	<u>440,065</u>	<u>480,693</u>	<u>40,628</u>
Amounts available for appropriations	<u>411,396</u>	<u>551,461</u>	<u>592,089</u>	<u>40,628</u>
Charges to Appropriations				
Culture and Recreation	-	-	350	(350)
Debt Service	175,000	365,000	242,422	122,578
Transfers Out	<u>125,000</u>	<u>72,000</u>	<u>72,000</u>	<u>-</u>
Total Charges to appropriations	<u>300,000</u>	<u>437,000</u>	<u>314,772</u>	<u>122,228</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 111,396</u>	<u>\$ 114,461</u>	<u>\$ 277,317</u>	<u>\$ 162,856</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
SPECIAL REVENUES - ECONOMIC DEVELOPMENT DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE BEGINNING OF YEAR	\$ 639,527	\$ 639,527	\$ 639,257	\$ (270)
Resources				
Sales and Other Taxes	360,000	375,000	390,984	15,984
Use of Money and Property	10,000	10,000	11,195	1,195
Total Resources	370,000	385,000	402,179	17,179
Amounts available for appropriations	1,009,527	1,024,527	1,041,436	16,909
Charges to Appropriations				
Debt Service - Principal/Interest	370,000	385,000	466,741	(81,741)
Transfers Out	-	-	-	-
Total Charges to appropriations	370,000	385,000	466,741	(81,741)
BUDGETARY FUND BALANCE END OF YEAR	\$ 639,527	\$ 639,527	\$ 574,695	\$ (64,832)

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA

ARPA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 836,670	\$ 836,670	\$ 836,670	\$ -
Resources				
Federal Grant	-	-	-	-
Use of Money and Property	21,623	21,595	10,556	(11,039)
Total Resources	21,623	21,595	10,556	(11,039)
Amounts available for appropriations	858,293	858,265	847,226	(11,039)
Charges to Appropriations				
General Government	-	-	-	-
Capital Outlay	768,297	-	-	-
Transfers Out	46,779	858,265	847,226	11,039
Total Charges to appropriations	815,076	858,265	847,226	11,039
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 43,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF STERLINGTON, LOUISIANA
STERLINGTON, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2025

MPERS

Year Ended December 31,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0000%	-	10,399	0.00%	70.80%
2023	0.0025%	26,159	1,431	1828.02%	71.30%
2024	0.0004%	3,388	-	0.00%	75.84%
2025	0.0000%	-	-	0.00%	81.94%

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31, 2022.

*The amounts presented have a measurement date of the previous fiscal year end.

TOWN OF STERLINGTON, LOUISIANA
STERLINGTON, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

MPERS

Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2022	\$ 3,250	\$ 3,250	-	\$ 10,399	31.25%
2023	\$ 447	\$ 447	-	\$ 1,431	31.25%
2024	\$ -	\$ -	-	\$ -	0.00%
2025	\$ -	\$ -	-	\$ -	0.00%

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31. 2022.

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the respective pension funds*

³ *Employer's covered employee payroll amount for the fiscal year ended.*

SUPPLEMENTARY INFORMATION

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2025

Agency Head	Mayor Matt Talbert
Salary	\$ 66,780
Retirement Contributions	-
Travel	1,675
Meals	197
Total	<u>\$ 68,652</u>

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2025

The schedule of compensation paid to board of aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of Louisiana Legislature. Compensation of the board of aldermen is included in the general government expenditures of the General Fund. The board of aldermen received a per diem of \$400 per month for the year ended December 31, 2025.

Erica Hughes	\$	4,800
Billy Clarkson		4,800
Charles Hodnett		4,800
Ashton Courson		4,800
Zachary Howse		4,800
	\$	<u>24,000</u>

TOWN OF STERLINGTON, LOUISIANA
STERLINGTON, LOUISIANA
COLLECTING/DISBURSING ENTITY SCHEDULE
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED DECEMBER 31, 2025

	First Six Month Period Ended 6/30/2025	Second Six Month Period Ended 12/31/2025
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	32,955	76,733
Total Collections	<u>32,955</u>	<u>76,733</u>
Less: Disbursements To Governments & Nonprofits:		
Crime Stoppers of Ouachita Parish, Criminal Fines - Other	334	878
Treasurer, State of Louisiana - CMIS, Criminal Fines - Other	167	439
Louisiana Commission on Law Enforcement, Criminal Fines - Other	1,794	4,835
Department of Health and Human Services, Traumatic Health and Spinal Cord Injury Trust Fund, Criminal Fines - Other	95	185
Louisiana Supreme Court, Criminal Fines - Other	84	220
Fourth District Public Defender Office, Criminal Fines - Other	1,670	4,400
Less: Amounts Retained by Collecting Agency		
Amounts Self Disbursed for Criminal Fines - Other	28,811	65,776
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals	-	-
Total Disbursements/Retainage	<u>32,955</u>	<u>76,733</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ -	\$ -

See independent auditors' report.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' 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

To the Honorable Mayor and Board of Aldermen
Town of Sterlington
Sterlington, Louisiana:

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, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Sterlington, Louisiana (the Town), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Honorable Mayor and Board of Aldermen
Town of Sterlington
Sterlington, Louisiana
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West Monroe, Louisiana
June 25, 2026

Cameron Hines & Company (APAC)

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic government financial statements of the Town of Sterlington, Louisiana.
2. No material weakness were disclosed relating to the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements of the Town of Sterlington, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No federal single audit was required under the Uniform Guidance relating to the financial statements of the Town of Sterlington, Louisiana.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

This section is not applicable.

FINDINGS – FINANCIAL STATEMENT AUDIT

2025-001 Budget Authority and Control

Criteria

Under Louisiana law, statute 39:1311 requires the budget to be amended when actual expenditures and other uses, within a fund, exceed budgeted expenditures and other uses by more than five percent.

Condition

It was noted that actual expenditures in the General Fund and Economic Development District Fund exceeded the total budgeted expenditures by more than five percent.

Cause

The Town amended the budgets in these funds once throughout the fiscal year. However, the actual expenditures in the funds exceeded the total budgeted expenditures by more than five percent.

Effect

The Town is not in compliance with state budget law.

Recommendation

We recommend the Town monitor its budget on a regular basis so amendments can be made in order to comply with state budget laws.

Management's Response:

The overages in the General and Economic Development Funds were due to payments made to reduce bond principal balances. In the future, the Town will more closely monitor the budget to ensure the variance does not exceed five percent in order to remain in compliance with the Local Government Budget Act.

TOWN OF STERLINGTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

There were no financial statement findings for the year ended December 31, 2024.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended December 31, 2025



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Town of Sterlington
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025, through December 31, 2025. The Town of Sterlington's management is responsible for those C/C areas identified in the SAUPs.

The Town of Sterlington has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025, through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Twelve exceptions noted where the written policies and procedures did not address the required topics.

² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

2) Board or Finance Committee³

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Two exceptions noted where there were transactions outstanding for more than one year with no evidence of research.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.¹¹
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹² As required by Louisiana Revised Statute 39:1212.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings: No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have

¹³ Including cards used by school staff for either school operations or student activity fund operations.

10 transactions subject to inspection)¹⁴. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees’ authorization has been removed.

Findings: No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements¹⁵ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:. One exception noted where the expense was not reviewed and approved by someone other than the person receiving the reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or

¹⁶ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

¹⁷ "Officials" would include those elected, as well as board members who are appointed.

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: Three exceptions noted where attendance documentation was not approved, in writing, by a supervisor.

10) Ethics¹⁹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: No exceptions noted.

11) Debt Service²⁰

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: No exceptions noted.

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

12) Fraud Notice²¹

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267²². The requirements are as follows:

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

²² While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

- i. Hired before June 9, 2020 - completed the training; and
- ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Findings: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment²³

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: No exceptions noted.

Management's Response

We agree with the results of the procedures and will address the identified exceptions.

²³ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

We were engaged by the Town of Sterlington to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Sterlington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 25, 2026