

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA

Financial Report
For the Year Ended December 31, 2021



TOWN OF STERLINGTON, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

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, 2021, 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, 2021, 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 and budgetary comparison information on pages 4-10 and 43-47 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 the 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 the 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 September 30, 2024, 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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
September 30, 2024

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

TOWN OF STERLINGTON, LOUISIANA

Management's Discussion and Analysis Year Ended December 31, 2021

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, 2021. 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 \$4,303,199 (*net position*). Of this amount, \$5,461,154 represented *net investment in capital assets*, \$268,241 was restricted for public works, \$271,567 was restricted for debt service, and \$179,366 was restricted for economic development. The amount of (\$1,877,129) is available for spending at the government's discretion (*unrestricted net position*).
- The government's total net position increased by \$1,769,212.
- As of the close of the current fiscal year, the Town of Sterlington's Governmental Funds reported an ending fund balance of \$2,349,236, an increase of \$1,497,756 in comparison with the prior year. The amount of \$1,302,671 is available for spending at the government's discretion (*unassigned fund balance*).
- The Town of Sterlington's total debt decreased by approximately \$886,000 during the current fiscal year. During 2021, the Town didn't issue any new debt.
- The beginning net position were restated on the financials mainly for debt that overstated on the prior year financial statements as well as recording a right of use asset and liability with the application of GASB 87 for leases. Please see note 19 for additional information.

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 five 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, Recreation Sales Tax Fund, and Sports Complex Capital Project Fund, all of which are considered to be major funds. The Capital Projects Fund is presented as a nonmajor

funds in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances as “Aggregate Remaining Funds.”

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, Sports Complex Sales Tax Fund, ARPA Fund, Economic Development Fund and the Sports Complex Fund. Budgetary comparison statements have been provided on pages 43 through 47 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 \$4,303,199 at the close of the most recent fiscal year.

The largest amount (\$5,461,154) 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, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 966,499	\$ 2,369,924	\$ 634,057	\$ 472,606	\$ 1,600,556	\$ 2,842,530
Capital assets	12,873,230	12,948,066	4,436,730	4,242,745	17,309,816	17,190,811
Total assets	13,839,729	15,317,990	5,070,787	4,715,351	18,910,372	20,033,341

Deferred outflows of resources	-	-	28,753	23,959	28,753	23,959
Current and other liabilities	491,073	528,447	774,424	670,627	1,265,497	1,199,074
Long-term liabilities	7,029,900	7,051,384	8,097,702	7,503,643	15,127,602	14,555,027
Total liabilities	7,520,973	7,579,831	8,872,126	8,174,270	16,393,099	15,754,101
Net Assets						
Net investment in capital assets	5,573,330	5,461,154	-	-	5,573,330	5,461,154
Restricted	135,820	503,663	322,619	215,511	458,439	719,174
Unrestricted	609,607	1,773,342	(4,095,204)	(3,650,471)	(3,485,597)	(1,877,129)
Total net position	\$ 6,318,757	\$ 7,738,159	\$ (3,772,585)	\$ (3,434,960)	\$ 2,546,172	\$ 4,303,199

In 2021, total net position of the Town increased by \$1,769,212. 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, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues						
Program Revenues						
Charges For Services	\$ 387,541	\$ 279,970	\$ 1,038,205	\$ 1,103,798	\$ 1,425,746	\$ 1,383,768
Operating Grants And Contributions	32,641	561,189	-	-	32,641	561,189
Capital Grants And Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	195,041	209,746	-	-	195,041	209,746
Sales Taxes	1,330,765	2,038,861	-	-	1,330,765	2,038,861
Other General Revenues	259,057	218,836	276	151	259,333	218,987
Transfers	135,319	(70,724)	(135,320)	70,724	(1)	-
Total Revenues	2,340,364	3,237,878	903,161	1,174,673	3,243,525	4,412,551
Expenses						
General Government	949,109	882,212	-	-	949,109	882,212
Public Safety	214,269	207,076	-	-	214,269	207,076
Public Works	74,346	83,986	-	-	74,346	83,986
Culture And Recreation	119,938	149,200	-	-	119,938	149,200
Interest On Long-Term Debt	608,107	433,418	326,817	248,142	934,924	681,560
Sewer	-	-	564,214	639,305	564,214	639,305
Total Expenses	1,965,769	1,755,892	891,031	887,447	2,856,800	2,643,339
Increase (Decrease) In Net Position	\$ 374,595	\$ 1,481,986	\$ 12,130	\$ 287,226	\$ 386,725	\$ 1,769,212

Governmental Activities

Governmental activities increased the Town of Sterlington's net position by \$1,481,986. Key elements of the changes in net position are as follows:

Expenses are classified by functions/programs. General government expenses accounted for \$882,212 in 2021. Public safety accounted for \$207,076 while public works accounted for \$83,986 for fiscal 2021. Culture and recreation accounted for \$149,200 in 2021. Interest on long-term debt accounted for \$433,418 in 2021.

The related program revenues for fiscal 2021 directly related to these expenses totaled \$841,159 which resulted in net program expenses of \$914,733. 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 \$2,038,861 of revenues, an increase of \$708,096 (53%) as compared to 2020. Of the \$2,038,861, \$1,018,115 is allocated to the General Fund, \$338,544 to the Road Construction and Maintenance Fund, \$338,710 to the Recreation Sales Tax Fund, and \$343,492 to the Economic Development District Fund.
- Ad valorem taxes are the next largest revenue source to the Town, generating \$209,746, an increase of \$14,705 (7.5%) in General Fund revenue.
- Fines and forfeitures of \$120,846, a decrease of \$4,512 (4%) from 2020's \$125,358 recognized by the Town.

Business-Type Activities. Business-type activities (Consolidated Sewer District) increased the Town of Sterlington's net position by approximately \$287,226.

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 by the fiscal administrator and was amended on December 28, 2021.

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, 2021, amounts to \$17,190,811 (net of accumulated depreciation), which decreased by approximately \$119,149 over the prior year due primarily to depreciation and amortization expense in the current year of \$516,963.

The \$17.2 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, 2021**

Land	\$	1,664,517
Construction In Progress		23,288
Building And Improvements		203,916
Sports Complex And Improvements		10,516,255
Land Improvements		162,850
Vehicles And Equipment		1,633,184
Fire Protection System		581,981
Drainage		475,472
Streets		1,487,444
Right of Use Asset		840,000
Sewer System		<u>7,598,982</u>
Total		25,187,889
Less: Accu. Deprec. and Amort		<u>(7,997,078)</u>
Total Capital Assets	\$	<u><u>17,190,811</u></u>

As of December 31, 2021, the Town of Sterlington’s outstanding long-term debt of \$15,573,105 consists of the following.

**Town of Sterlington Long-term Obligations
December 31, 2021**

Long-term Obligations	Balance December 31, 2021
Revenue bonds	\$ 14,977,274
Lease Liability	551,918
Deferred discount	(5,637)
Compensated absences	49,559
	\$ 15,573,114

During fiscal year 2021, 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, 2021

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,639,183	\$ 173,800	\$ 1,812,983
Receivables, Net	435,494	83,295	518,789
Due from Other Governments	506	-	506
Restricted Cash	815	215,511	216,326
Restricted Investments	288,946	-	288,946
Prepaid Expenses	4,980	-	4,980
Notes Receivable, Net	-	-	-
Right of Use Asset, Net	483,000	-	483,000
Capital Assets, Net:	12,465,066	4,242,745	16,707,811
<u>Total Assets</u>	<u>15,317,990</u>	<u>4,715,351</u>	<u>20,033,341</u>
<u>Deferred Outflows of Resources</u>			
	-	23,959	23,959
<u>Liabilities</u>			
Accounts Payable	14,684	8,631	23,315
Accrued Liabilities	78,235	28,994	107,229
Customer Deposits	-	100,002	100,002
Current Portion of Lease Liability	81,436	-	81,436
Current Portion of Long-Term Obligations	354,092	533,000	887,092
Non-Current Portion of Lease Liability	470,482	-	470,482
Non-Current Portion of Long-Term Obligations	6,580,902	7,503,643	14,084,545
<u>Total Liabilities</u>	<u>7,579,831</u>	<u>8,174,270</u>	<u>15,754,101</u>
<u>Net Position</u>			
Net Investment in Capital Assets	5,461,154	-	5,461,154
Restricted for Public Works	268,241	-	268,241
Restricted for Debt Service	56,056	215,511	271,567
Restricted for Economic Development	179,366	-	179,366
Unrestricted	1,773,342	(3,650,471)	(1,877,129)
<u>Total Net Position</u>	<u>\$ 7,738,159</u>	<u>\$ (3,434,960)</u>	<u>\$ 4,303,199</u>

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government Activities:				
General Government	\$ 882,212	\$ 157,641	\$ 561,189	\$ -
Public Safety	207,076	120,846	-	-
Highways and Streets	83,986	-	-	-
Cultural and Recreation	149,200	1,483	-	-
Interest on Long-Term Debt	433,418	-	-	-
Total Governmental Activities	1,755,892	279,970	561,189	-
Business-Type Activities:				
Consolidated Sewer District	639,305	1,103,798	-	-
Interest on Long-Term Debt	248,142	-	-	-
Total Business-Type Activities	887,447	1,103,798	-	-
Total Government	\$ 2,643,339	\$ 1,383,768	\$ 561,189	\$ -

General Revenues:

- Taxes
 - Property Taxes
 - Sales Taxes
 - Franchise Taxes
- Investment Earnings
- Transfers
- Miscellaneous

Total General Revenues

Changes in Net Position

Net Position - Beginning (Restated)

Net Position - Ending

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

Governmental Activities	Business-Type Activities	Total
\$ (163,382)	\$ -	\$ (163,382)
(86,230)	-	(86,230)
(83,986)	-	(83,986)
(147,717)	-	(147,717)
(433,418)	-	(433,418)
<u>(914,733)</u>	<u>-</u>	<u>(914,733)</u>
-	464,493	464,493
-	(248,142)	(248,142)
<u>-</u>	<u>216,351</u>	<u>216,351</u>
(914,733)	216,351	(698,382)
209,746	-	209,746
2,038,861	-	2,038,861
151,407	-	151,407
2,906	151	3,057
(70,724)	70,724	-
64,523	-	64,523
<u>2,396,719</u>	<u>70,875</u>	<u>2,467,594</u>
1,481,986	287,226	1,769,212
<u>6,256,173</u>	<u>(3,722,186)</u>	<u>2,533,987</u>
<u>\$ 7,738,159</u>	<u>\$ (3,434,960)</u>	<u>\$ 4,303,199</u>

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

FUND FINANCIAL STATEMENTS

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Major Funds						Total Governmental Funds
	General Fund	Road Construction and Maintenance	Special Revenue Funds		Economic Development District	Capital Projects Sports Complex	
			ARPA	Recreation Sales Tax			
<u>Assets</u>							
Cash and Cash Equivalents	\$ 793,894	\$ 127,888	\$ 542,902	\$ 47,226	\$ 123,972	\$ 3,301	\$ 1,639,183
Receivables							
Ad Valorem Taxes - Net	195,969	-	-	-	-	-	195,969
Sales Taxes	114,992	44,652	-	8,830	55,394	-	223,868
Other	15,657	-	-	-	-	-	15,657
Cash - Restricted	-	-	-	-	-	815	815
Investments - Restricted	288,946	-	-	-	-	-	288,946
Prepaid Expenses	4,980	-	-	-	-	-	4,980
Due from Other Governments	506	-	-	-	-	-	506
Due from Other Funds	-	96,145	-	-	-	1,447	97,592
<u>Total Assets</u>	<u>1,414,944</u>	<u>268,685</u>	<u>542,902</u>	<u>56,056</u>	<u>179,366</u>	<u>5,563</u>	<u>2,467,516</u>
<u>Liabilities</u>							
Accounts Payable	8,677	444	-	-	-	5,563	14,684
Accrued Expenses	6,004	-	-	-	-	-	6,004
Due to Other Funds	97,592	-	-	-	-	-	97,592
<u>Total Liabilities</u>	<u>112,273</u>	<u>444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,563</u>	<u>118,280</u>
<u>Fund Balances</u>							
Restricted	-	268,241	542,902	56,056	179,366	-	1,046,565
Unassigned (Deficit)	1,302,671	-	-	-	-	-	1,302,671
<u>Total Fund Balances</u>	<u>1,302,671</u>	<u>268,241</u>	<u>542,902</u>	<u>56,056</u>	<u>179,366</u>	<u>-</u>	<u>2,349,236</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 1,414,944</u>	<u>\$ 268,685</u>	<u>\$ 542,902</u>	<u>\$ 56,056</u>	<u>\$ 179,366</u>	<u>\$ 5,563</u>	<u>\$ 2,467,516</u>

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Governmental Fund Balances \$ 2,349,236

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	15,896,071	
Less: Accumulated Depreciation	(3,431,005)	
Right of Use Asset	840,000	
Accumulated Amortization	<u>(357,000)</u>	12,948,066

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	(49,559)	
Lease Liability	(551,918)	
Accrued Interest on Bonds	(22,672)	
Bonds Payable	<u>(6,934,994)</u>	<u>(7,559,143)</u>

Net Position of Governmental Activities \$ 7,738,159

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Major Funds					Capital Projects	Total Governmental Funds
	General Fund	Road Construction and Maintenance	Special Revenue Funds ARPA	Recreation Sales Tax	Economic Development District		
Revenues							
Property Taxes	\$ 209,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,746
Sales Taxes	1,018,115	338,544	-	338,710	343,492	-	2,038,861
Franchise Taxes	151,407	-	-	-	-	-	151,407
Licenses and Permits	151,691	3,850	-	-	-	-	155,541
Intergovernmental	18,287	-	542,902	-	-	-	561,189
Fees	-	-	-	-	-	1,483	1,483
Charges for Services	2,100	-	-	-	-	-	2,100
Fines and Forfeitures	120,846	-	-	-	-	-	120,846
Use of Money and Property	2,884	12	-	10	-	-	2,906
Miscellaneous	4,450	-	-	-	-	60,073	64,523
Total Revenues	1,679,526	342,406	542,902	338,720	343,492	61,556	3,308,602
Expenditures							
General Government	483,046	-	-	25	-	-	483,071
Public Safety	207,076	-	-	-	-	-	207,076
Public Works	6,264	77,722	-	-	-	-	83,986
Culture and Recreation	-	-	-	-	-	65,201	65,201
Capital Outlay	24,799	-	-	-	-	-	24,799
Debt Service							
Principal Payments	160,000	20,000	-	63,300	121,600	77,665	442,571
Interest and Other	39,492	34,168	-	200,505	42,520	117,673	433,418
Total Expenditures	920,677	130,890	-	263,890	164,120	260,539	1,740,122
Excess (Deficiency) of Revenues Over Expenditures	758,849	211,516	542,902	74,830	179,366	(198,983)	1,568,480
Other Financing Sources and (Uses)							
Transfers In	62,417	-	-	-	-	239,413	301,830
Transfers Out	(274,685)	-	-	(35,452)	(62,417)	-	(372,554)
Total Other Financing	(212,268)	-	-	(35,452)	(62,417)	239,413	(70,724)
Net Change in Fund Balance	546,581	211,516	542,902	39,378	116,949	40,430	1,497,756
Fund Balance - Beginning	750,090	56,725	-	16,678	62,417	(40,430)	851,480
FUND BALANCE - ENDING	\$ 1,302,671	\$ 268,241	\$ 542,902	\$ 56,056	\$ 179,366	\$ -	\$ 2,349,236

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

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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 1,497,756

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 - Net	24,799	
Depreciation expense	(432,963)	
Amortization expense	(84,000)	(492,164)

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		442,571
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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	3,866	
Decrease in Accrued Interest	29,957	33,823

Change in Net Position in Governmental Activities		\$ 1,481,986
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The accompanying notes are an integral part of this financial statements.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
UTILITY FUND
DECEMBER 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 173,800
Accounts Receivable, Net	83,295
Cash and Cash Equivalents - Restricted	215,511
Total Current Assets	472,606

Non-Current Assets

Notes Receivable, Net	-
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Capital Assets:

Land and Land Improvements	74,225
Water Reservoir and Treatment Plant	7,598,982
Equipment	778,611
Less: Accumulated Depreciation	(4,209,073)
Total Capital Assets	4,242,745

TOTAL ASSETS

4,715,351

Deferred Outflows of Resources

23,959

LIABILITIES

Current Liabilities (Payable from Current Assets)

Accounts Payable	8,631
Customer Deposits	100,002
Compensated Absences	-
Total Current Liabilities (Payable from Current Assets)	108,633

Current Liabilities (Payable from Restricted Assets)

Accrued Interest on Revenue Bonds	28,994
Current Portion of Long-Term Debt	533,000
Total Current Liabilities (Payable from Restricted Assets)	561,994

Total Current Liabilities

670,627

Noncurrent Liabilities

Bonds and Notes Payable	7,503,643
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TOTAL LIABILITIES

8,174,270

Net Position

Invested in Capital Assets Net of Related Debt	-
Restricted for Debt Service	215,511
Unrestricted	(3,650,471)
Total Net Position	\$ (3,434,960)

The accompanying notes are an integral part of this financial statements

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, 2021

Operating Revenues

User Fees	\$ 1,102,659
Other Operating Revenues	1,139
Total Operating Revenues	<u>1,103,798</u>

Operating Expenses

Depreciation and Amortization	353,567
Insurance	8,108
Maintenance and Repairs	93,728
Material and Supplies	58,611
Office Supplies	6,867
Other Operating Expenses	14,063
Professional Fees	5,889
Salaries and Related Benefits	50,783
Utilities and Communications	40,482
Total Operating Expenses	<u>632,098</u>

Net Operating Income (Loss) 471,700

Nonoperating Revenues (Expenses)

Interest Earnings	151
Amortization Expense	(7,207)
Interest Expense	(248,142)
Total Nonoperating Revenues (Expenses)	<u>(255,198)</u>

Income (Loss) Before Transfers 216,502

Transfers In (Out) 70,724

Change in Net Position 287,226

Total Net Position, Beginning (Restated) (3,722,186)

Total Net Position, Ending \$ (3,434,960)

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF CASH FLOWS
UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities

Receipts from Customers	\$ 1,113,797
Payments to Suppliers	(257,652)
Payments to Employers and Employee Benefits	(50,783)
Net Cash Provided by Operating Activities	805,362

Cash Flows From Noncapital Financing Activities

Customer Deposits	(22,912)
Transfer to Other Funds	70,724
Net Cash Provided (Used) by Noncapital Financing Activities	47,812

Cash Flows From Capital and Related Financing

Activities

Purchase of Capital Assets	(153,981)
Principal Paid on Debt	(518,000)
Decrease in Accrued Interest	(31,773)
Interest Paid	(255,349)
Net Cash Provided (Used) by Capital and and Related Financing Activities	(959,103)

Cash Flows From Investing Activities

Loans to Contractors (Net)	-
Interest Earned on Investments	151
Net Cash Provided by Investing Activities	151

Net Increase (Decrease) in Cash and Cash Equivalents

(105,778)

Cash and Cash Equivalents - Beginning of Year

495,089

Cash and Cash Equivalents - End of Year

\$ 389,311

Unrestricted Cash and Cash Equivalents, End of Year

173,800

Restricted Cash and Cash Equivalents, End of Year

215,511

Total Cash and Cash Equivalents, End of Year

389,311

Continued on next page.

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Flows from Operating Activities</u>	
Net Operating Income (Loss)	\$ 471,700
Adjustments to Reconcile Net Income (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	353,567
(Increase) Decrease in Accounts Receivable	9,999
Increase (Decrease) in Accounts Payable	(29,904)
Increase (Decrease) in Compensated Absences	-
Net Cash Provided (Used) by Operating Accounts	<u>\$ 805,362</u>

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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, 2021

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.

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.

Non-Major Funds.

Capital Projects - This fund is used to account for resources and activities associated with capital outlay for General Government and some Sewer projects.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 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 in 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, 2021

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, 2021

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, 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, 2021

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, 2021, 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, 2021

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, 2021

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 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, 2021

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, 2021.

At December 31, 2021, the Town has cash and cash equivalents (book balances net of overdrafts) in the amount of \$2,029,309.

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, 2021, are secured as follows.

Bank Balances	<u>\$ 2,025,889</u>
Federal Deposits Insurance	\$ 364,362
Pledged Securities (Uncollateralized)	<u>2,552,622</u>
<u>TOTAL</u>	<u>\$ 2,916,984</u>
Governmental Funds Cash	\$ 1,639,998
Enterprise Funds Cash	<u>389,311</u>
<u>TOTAL BOOK BALANCES BY FUND TYPE</u>	<u>\$ 2,029,309</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, 2021

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, 2021.

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, 2021, the Town had restricted investments held by Argent of \$288,946.

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, 2021, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Ad Valorem Taxes (Net)	\$ 195,969	\$ -	\$ 195,969
Sales Taxes	223,868	-	223,868
Accounts Receivable	-	83,295	83,295
Other	15,657	-	15,657
Total	<u>\$ 435,494</u>	<u>\$ 83,295</u>	<u>\$ 518,789</u>

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2021, is as follows:

	<u>1/1/2021</u>			<u>12/31/2021</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 1,590,292	\$ -	\$ -	\$ 1,590,292
Construction in Process	<u>23,288</u>	<u>-</u>	<u>-</u>	<u>23,288</u>
Total Non-Depreciable Assets	1,613,580	-	-	1,613,580
Depreciable Assets:				
Sports Complex	10,516,255		-	10,516,255
Buildings	203,916		-	203,916
Land Improvements	162,850		-	162,850
Vehicles and Equipment	829,774	24,799	-	854,573
Fire Protection System	581,981		-	581,981
Infrastructure: Drainage	475,472		-	475,472
Infrastructure: Streets	<u>1,487,444</u>	<u>-</u>	<u>-</u>	<u>1,487,444</u>
Total at Historical Cost	14,257,692	24,799	-	14,282,491
Less Accumulated Depreciation	<u>(2,998,042)</u>	<u>(432,963)</u>	<u>-</u>	<u>(3,431,005)</u>
<u>Government Activities Capital Assets, Net</u>	<u>\$ 12,873,230</u>	<u>\$ (408,164)</u>	<u>\$ -</u>	<u>\$ 12,465,066</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 74,225	\$ -	\$ -	\$ 74,225
Depreciable Assets:				
Sewer Plant	7,595,482	3,500	-	7,598,982
Equipment	<u>622,529</u>	<u>156,082</u>	<u>-</u>	<u>778,611</u>
Totals at Historical Cost	8,218,011	159,582	-	8,377,593
Less Accumulated Depreciation	<u>(3,855,506)</u>	<u>(353,567)</u>	<u>-</u>	<u>(4,209,073)</u>
Total Depreciable Assets, Net	<u>4,362,505</u>	<u>(193,985)</u>	<u>-</u>	<u>4,168,520</u>
<u>Business-Type Activities Capital Assets, Net</u>	<u>\$ 4,436,730</u>	<u>\$ (193,985)</u>	<u>\$ -</u>	<u>\$ 4,242,745</u>

Depreciation expense for the year ended December 31, 2021, was charged to functions of the Town as follows:

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 4 - Capital Assets (continued)

Government Activities:	
General Government	\$ 6,104
Public Safety	22,404
Public Works	111,487
Culture and Recreation	<u>292,968</u>
Total Depreciation Expense - Governmental Activities	<u>432,963</u>
Business-Type Activities:	
Sewer	\$ 353,567

Note 5 - Long-Term Debt

The following is a summary of long-term obligation transactions for the year ended December 31, 2021:

Long-term Obligations	Balance 1/1/2021	Additions	Deductions	Balance 12/31/2021	Amounts Due Within One Year
General long-term obligations					
Compensated absences	\$ 53,425	\$ -	\$ (3,866)	\$ 49,559	\$ 49,559
Long-term debt	7,299,900	-	(364,906)	6,934,994	354,092
Subtotal - General	<u>7,353,325</u>	<u>-</u>	<u>(368,772)</u>	<u>6,984,553</u>	<u>403,651</u>
Enterprise Fund					
Compensated absences	-	-	-	-	-
Long-term debt	8,560,277	-	(518,000)	8,042,277	533,000
Deferred discount	(6,441)	-	804	(5,637)	-
Subtotal - Enterprise	<u>8,553,836</u>	<u>-</u>	<u>(517,196)</u>	<u>8,036,640</u>	<u>533,000</u>
Grand Total	<u>\$ 15,907,161</u>	<u>\$ -</u>	<u>\$ (885,968)</u>	<u>\$ 15,021,193</u>	<u>\$ 936,651</u>

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.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 5 - Long-Term Debt (continued)

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 subsequent reissued at \$1,936,000 on April 14, 2021 as Series 2021 Revenue Refunding Bonds. Interest rate is variable but will not exceed 5%. Initial interest rate is 3.25%

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

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal and Interest</u>
2022	\$ 354,092	\$ 272,064	\$ 626,156
2023	367,525	256,640	624,165
2024	386,073	240,453	626,526
2025	429,737	223,449	653,186
2026	448,522	198,729	647,251
2027-2031	2,418,900	905,968	3,324,868
2032-2036	2,530,145	271,798	2,801,943
2037-2041	-	-	-
2042-2043	-	-	-
Total	\$ 6,934,994	\$ 2,369,101	\$ 9,304,095

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 4.5% 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, 2021

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, 2021

Note 5 - Long-Term Debt (continued)

The following is a summary of long-term bonded indebtedness for the year ended December 31, 2021:

Revenue Bonds	Issue Date	Original Borrowing	Interest Rates to Maturity	Interest to Maturity	Final Maturity	Outstanding 12/31 2021
Series 2011 DEQ Sewer	05/09/11	\$696,000	0.45%	\$ 8,203	06/01/31	\$373,585
Series 2013 DEQ Taxable	08/28/13	\$350,000	0.45%	6,493	12/01/33	208,717
Series 2013 Refunding Revenue Bonds	09/19/13	\$2,710,000	2.00% - 4.75%	242,901	06/01/28	1,720,000
Series 2014 Wastewater	08/13/14	\$300,000	5.00%	99,500	09/01/34	225,075
Series 2014 Wastewater	08/13/14	\$300,000	5.00%	99,500	09/01/34	205,000
Series 2017 Wastewater	04/27/17	\$4,000,000	3.11%	936,856	12/01/36	3,534,900
Series 2018 Sewer Refunding	09/28/18	\$1,845,000	2.10% plus US Treasury Yield	940,173	12/01/38	1,775,000
Total				\$2,333,626		\$8,042,277

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

Year Ending December 31,	Principal Payments	Interest Payments	Principal and Interest
2022	\$ 533,000	\$ 260,875	\$ 793,875
2023	559,000	264,579	823,579
2024	570,000	246,450	816,450
2025	581,000	227,190	808,190
2026	611,000	206,735	817,735
2027-2031	2,433,000	763,451	3,196,451
2032-2036	2,429,000	354,469	2,783,469
2037-2038	326,277	9,877	336,154
Total	\$ 8,042,277	\$ 2,333,626	\$ 10,375,903

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. As of December 31, 2021, the balance in the Series 2011 DEQ was \$0, which was underfunded.

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. As of December 31, 2021, the balance in the Series 2013 DEQ was \$1,214, which was underfunded.

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. As of December 31, 2021, the balance in the account was \$0, which was underfunded.

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. As of December 31, 2021, the balance in the account was \$0, which was underfunded.

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, 2021

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. As of December 31, 2021, the balance in the fund totaled \$21,439.

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. As of December 31, 2021, the balance in the account was \$44,381.

- 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. This fund had an ending balance of \$445 at December 31, 2021.

Note 6 - 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, 2021, taxes of 9.18 mills were levied on properties with assessed valuations totaling \$23,303,727 and were not dedicated to any particular purpose. The total taxes originally levied were \$213,929 at December 31, 2021.

The property tax calendar is as follows:

Assessment date	January 1, 2021
Levy date	November 15, 2021
Date taxes are due	December 31, 2021
Lien date	January 1, 2022

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 7 - 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 \$16,817 during the year ended December 31, 2021.

Note 8 - Interfund Receivables and Payables

There was one due to/from of \$96,145 between the General Fund and Road Construction and Maintenance Fund at December 31, 2021, which occurred due to sales tax collections being deposited into General Fund but due to Road and Construction.

Note 9 - Interfund Transfers

The following transfers were made between the various funds of the Town during 2021:

	Transfers In				Total
	Governmental Funds				
	General	Road Construction and Maintenance	Sports Complex	Enterprise	
<u>Transfers Out</u>					
Governmental Funds					
Major Funds					
General Fund	\$ -	\$ -	\$203,961	\$ 70,724	\$ 274,685
Economic Development District	62,417	-	-	-	62,417
Recreation Sales Tax	-	-	35,452	-	35,452
Sports Tax	-	-	-	-	-
Enterprise	-	-	-	-	-
Sports Complex	-	-	-	-	-
Total	<u>\$ 62,417</u>	<u>\$ -</u>	<u>\$239,413</u>	<u>\$ 70,724</u>	<u>\$ 372,554</u>

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 10 - 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 2021, the Town contributed \$3,074 into this retirement plan.

Note 11 - 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 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.

Note 12 - Litigation and Claims

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 13 - Baseball Park Lease

The Town entered into a lease with 2 Seam Sports LLC to oversee the operation of the sports complex. The lease commenced on April 1, 2021 and runs for three years. The Lessor is paying in monthly installments of \$4,167. Total amounts due are \$50,000 for both 2022 and 2023 and \$12,500 for 2024. There is one option to renew for an additional three years, which was exercised in 2024.

Note 14 - 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.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 15 - 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 \$357,000 as of December 31, 2021.

Future minimum lease payments are as follows.

Year Ended	<u>Principal</u>	<u>Interest</u>
2022	\$81,436	\$24,884
2023	85,391	20,929
2024	89,537	16,783
2025	93,885	12,435
2026	98,445	7,876
2027	103,224	3,096

Note 16 - Restricted Fund Balances (FFS Level Only)

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Road maintenance (\$268,241).

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Sales tax sports complex (\$56,056).

The following Governmental Fund's fund balance is legally restricted for the following purposes:
Economic Development (\$179,366).

Note 17 - Deficit Net Position

At December 31, 2021, the business-type activities of the Town reported an unrestricted net position deficit of \$3,650,471.

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.

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 18 - Subsequent Events

Subsequent events have been evaluated through September 30, 2024, the date that the financial statements were available to be issued. Subsequent events of note include the building of new batting facility at the sports complex, rehab of the power lift station, extended Lockwood Drive and recently received a grant for upcoming sewer system work. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

Note 19 - Prior Period Adjustments

Government-Wide Financials Statements

GASB Statement No. 87 on leases became effective for the fiscal years beginning after June 15th, 2021, but the Town has elected to implement the standard early. The new standard requires that lessees record a lease liability and intangible asset representing the lessee's right to use the leased asset. The leased asset is amortized over the course of the lease, and payments made on the lease are recorded against the corresponding liability and interest. The Town has a long-term lease of their baseball complex lighting system, and the standard requires retroactive application.

The restatement of the beginning of the year net assets is as follows:

Net Position as previously stated December 31, 2020	\$ 6,318,756
Net Change of Net Position due to changes from Adoption of GASB 87	(62,583)
Net Assets as restated January 1, 2021	<u>\$ 6,256,173</u>

Business-Type Actives – Enterprise Fund

During the course of the audit, it was discovered that long-term balances were not correct on the prior year financial statements. They were overstated by \$85,837. Also, during the audit, it was discovered that a note receivable was incorrectly recorded on the financial statements in the amount of \$45,673. Between the two of these, a net adjustment of \$40,163 was made to the beginning net position.

Note 20 - Fiscal Administration

The Town was placed under fiscal administration by the 4th Judicial District Court for the Parish of Ouachita on August 6, 2019, as a result of being unable to pay certain debt obligations coming due. The Town was released from fiscal administration during the first half of 2021.

TOWN OF STERLINGTON, LOUISIANA
STERLINGTON, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE BEGINNING OF YEAR	\$ -	\$ 377,387	\$ 756,090	\$ 378,703
Resources				
Ad Valorem Taxes	175,000	213,928	209,746	(4,182)
Sales and Other Taxes	655,000	1,000,945	1,169,522	168,577
Charges for Services	3,360	2,400	2,100	(300)
Licenses and Permits	129,334	148,876	151,691	2,815
Intergovernmental	17,756	1,183	18,287	17,104
Fees	63,916	144,035	-	(144,035)
Fines and Forfeitures	116,022	117,902	120,846	2,944
Use of Money and Property	5,480	2,573	2,884	311
Contributions	-	1,483	-	(1,483)
Miscellaneous	187,998	6,067	4,450	(1,617)
Transfers From Other Funds	-	-	62,417	62,417
Total Resources	<u>1,353,866</u>	<u>1,639,392</u>	<u>1,741,943</u>	<u>102,551</u>
Amounts available for appropriations	<u>1,353,866</u>	<u>2,016,779</u>	<u>2,498,033</u>	<u>481,254</u>
Charges to appropriations				
Current				
General government	458,025	548,800	483,046	65,754
Public Safety	176,972	183,246	207,076	(23,830)
Public Works	10,582	6,580	6,264	316
Capital Outlay	2,850	24,800	24,799	1
Debt Service	370,716	273,000	199,492	73,508
Transfers To Other Funds	269,475	259,231	274,685	(15,454)
Total Charges to appropriations	<u>1,288,620</u>	<u>1,295,657</u>	<u>1,195,362</u>	<u>100,295</u>
BUDGETARY FUND BALANCE END OF YEAR	<u>\$ 65,246</u>	<u>\$ 721,122</u>	<u>\$ 1,302,671</u>	<u>\$ 581,549</u>

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

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, 2021

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE BEGINNING OF YEAR	\$ -	\$ 160,845	\$ 56,725	\$ (104,120)
Resources				
Sales and Other Taxes	217,740	345,000	338,544	(6,456)
Licenses and Permits	350	3,500	3,850	350
Use of Money and Property	630	5	12	7
Miscellaneous Income	690	-	-	-
Transfers In	-	-	-	-
Total Revenues	<u>219,410</u>	<u>348,505</u>	<u>342,406</u>	<u>(6,099)</u>
Amounts available for appropriations	<u>219,410</u>	<u>509,350</u>	<u>399,131</u>	<u>(110,219)</u>
Charges to Appropriations				
Public Works	74,590	84,240	77,722	6,518
Capital Outlay	-	-	-	-
Debt Service	120,700	51,375	53,168	(1,793)
Transfers Out	-	-	-	-
Total Charges to appropriations	<u>195,290</u>	<u>135,615</u>	<u>130,890</u>	<u>4,725</u>
BUDGETARY FUND BALANCE END OF YEAR	<u>\$ 24,120</u>	<u>\$ 373,735</u>	<u>\$ 268,241</u>	<u>\$ (105,494)</u>

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

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, 2021

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ -	\$ (24,990)	\$ 16,678	\$ 41,668
Resources				
Sales and Other Taxes	217,740	325,000	338,710	13,710
Use of Money and Property	-	-	10	10
Total Revenues	<u>217,740</u>	<u>325,000</u>	<u>338,720</u>	<u>13,720</u>
Amounts available for appropriations	<u>217,740</u>	<u>300,010</u>	<u>355,398</u>	<u>55,388</u>
Charges to Appropriations				
General Government	-	-	25	
Debt Service - Principal	217,724	264,000	63,300	200,700
Debt Service - Interest	-	-	200,565	(200,565)
Transfers Out	-	35,990	35,452	538
Total Charges to appropriations	<u>217,724</u>	<u>299,990</u>	<u>299,342</u>	<u>673</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 16</u>	<u>\$ 20</u>	<u>\$ 56,056</u>	<u>\$ 56,036</u>

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

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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Year to Date</u>	<u>Variance With Final Budget Positive (Negative)</u>
BUDGETARY FUND BALANCE BEGINNING OF YEAR	\$ -	\$ 68,907	\$ 62,417	\$ (6,490)
Resources				
Sales and Other Taxes	<u>200,000</u>	<u>313,095</u>	<u>343,492</u>	<u>30,397</u>
Amounts available for appropriations	<u>200,000</u>	<u>382,002</u>	<u>405,909</u>	<u>23,907</u>
Charges to Appropriations				
Debt Service - Principal Interest	-	164,253	164,126	127
Transfers Out	-	-	62,417	(62,417)
Total Charges to appropriations	<u>-</u>	<u>164,253</u>	<u>226,543</u>	<u>(62,290)</u>
BUDGETARY FUND BALANCE END OF YEAR	<u>\$ 200,000</u>	<u>\$ 217,749</u>	<u>\$ 179,366</u>	<u>\$ 86,197</u>

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

TOWN OF STERLINGTON
STERLINGTON, LOUISIANA

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (GAAP) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual Year to Date	Variance With Final Budget Positive (Negative)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
Resources				
Federal Grant	-	542,902	542,902	-
Amounts available for appropriations	-	542,902	542,902	-
Charges to Appropriations				
Debt Service - Principal-Interest	-	-	-	-
Transfers Out	-	-	-	-
Total Charges to appropriations	-	-	-	-
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ -</u>	<u>\$ 542,902</u>	<u>\$ 542,902</u>	<u>\$ -</u>

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

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2021

Agency Head	<u>Mayor Caesar Valazquez</u>
Salary	\$ 66,777
Travel	359
Meals	<u>148</u>
Total	<u><u>\$ 67,284</u></u>

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 adlermen received a per diem of \$250 per month with the exception of the Mayor Pro Tempore, who received a per diem of \$350 per month. In addition, they receive a per diem of \$1 per month for each month they attend a special meeting.

Ronald A Hill	\$	4,200
Billy Clarkson		1,750
Brian T McCarthy		3,000
Donald L Vocker		750
Matt Talbert		3,000
Zachary D Howse		3,000
	\$	<u>15,700</u>

Town of Sterlington
Sterlington, Louisiana
Collecting/Disbursing Entity Schedule
As Required By Act 87 of 2020 Regular Legislative Session
For the Year Ended December 31, 2021

	First Six Month Period Ended 6/30/2021	Second Six Month Period Ended 12/31/2021
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$0	\$0
Add Collections		
Criminal Court Costs/Fees	37,209	26,033
Total Collections	<u>37,209</u>	<u>26,033</u>
Less Disbursements To Governments & Nonprofits		
Crime Stoppers of Ouachata Parish, Criminal Fines - Other	910	782
Treasurer, State of Louisiana - CMIS, Criminal Fines - Other	277	469
Louisiana Commission on Law Enforcement, Criminal Fines - Other	449	2401
Department of Health and Human Services, Traumatic Health and Spinal Cord Injury Trust Fund, Criminal Fines - Other	450	495
Louisiana Supreme Court, Criminal Fines - Other	114	196
Fourth District Public Defender Office, Criminal Fines - Other	2,280	3310
Less: Amounts Retained by Collecting Agency		
Amounts Self Disbursed for Criminal Fines - Other	32,729	18,380
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals	0	0
Total Disbursements/Retainage	<u>37,209</u>	<u>26,033</u>
Total Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$0	\$0

See independent auditors' report.

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 30, 2024.

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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as item 2021-001, that we consider to be material weakness.

To the Honorable Mayor and Board of Aldermen
Town of Sterlington
Sterlington, Louisiana
Page 2

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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002 and 2021-003.

Town of Sterlington's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Sterlington's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Sterlington's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Cameron Hines & Company (APAC)

West Monroe, Louisiana
September 30, 2024

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. One material weakness was disclosed relating to the audit of the basic financial statements.
3. Three 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
Section III – Findings or questioned costs for Federal awards, including those specified by
Uniform Guidance:

This section is not applicable.

FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001 Late Filing of Audit Report

Criteria:

Louisiana Revised Statute 24:513 requires timely filing of annual reports within six months after the end of the fiscal year.

Condition:

The Town did not timely file its annual reports for the year ending December 31, 2021.

Cause:

The Town is behind on this audit due to delays in previous audits.

Effect:

The Town was not in compliance with state statute.

Recommendation:

Recommended getting caught up on all past due audits, so audits can be completed on time.

Management's Response:

The new administration has prioritized getting the audits current. Audits should be current by the end of October.

TOWN OF STERLINGTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-002 Debt Covenant Non-Compliance

Criteria:

Per bond agreements, the Town was to contribute funds to cash accounts in order to cover reserve and sinking fund requirements.

Condition:

The Town has not fully funded reserve and sinking funds per bonding agreements

Cause:

The Town were unable to pay prior debt obligations and as result was placed on fiscal administration and their sales tax collections were ordered into a forbearance agreement. The agreement called for sales tax collections to be delivered to an outside agency who would collect funds sufficient to insure timely payments and then remit the remaining amounts to the Town.

Effect:

The Town was not in compliance with bonding agreements.

Recommendation:

Recommended funding the reserve and sinking funds in accordance with bonding agreements.

Management's Response:

The current administration fully funded the reserve and sinking fund accounts per the bond ordinances as of later 2023.

2021-003 Untimely Court Fine Remittances

Criteria:

The Town collects court costs that should be distributed to appropriate agencies in a timely manner.

Condition:

The Town did not timely remit collected court costs.

Cause:

The amounts due to agencies from court fines were never updated to reflect the new amounts.

Effect:

The Town was not in compliance with its responsibility as a collecting agent to distribute costs due to other agencies in a timely manner.

Recommendation:

Recommended distributing appropriate court costs in the first week of the month for previous months collections.

Management's Response:

The current Town Clerk has remitted all late court costs to the respective agencies and has been current during the administration currently in office.

TOWN OF STERLINGTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020-1 Late Filing of Audit Report

Condition:

The Town did not timely file its annual reports for the year ending December 31, 2020.

Recommendation:

Recommended getting caught up on all past due audits so that audits can be completed on time.

Current Status:

Finding was repeated as 2021-001.

2020-2 Town Placed Under Fiscal Administration

Condition:

The Town was placed on fiscal administration as of August 6, 2019, as a result of being unable to pay certain debt obligations coming due.

Recommendation:

Continue to follow guidance and direction of the Fiscal Administrator.

Current Status:

The Town was released from Fiscal administration during the 2021.

2020-3 Debt Covenant Non-Compliance

Condition:

The Town has not fully funded reserve and sinking funds per bonding agreements.

Recommendation:

Recommended funding the reserve and sinking funds in accordance with bonding agreements .

Current Status:

Finding was repeated as 2021-002.

2020-4 Insurance Claim

Condition:

The Town's former mayor filed a false property insurance claim for \$689.

Recommendation:

The Town should only file legitimate claims to insurance.

Current Status:

The Town reimbursed the insurance company in full.

TOWN OF STERLINGTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020-5 Budgetary Non-Compliance

Condition:

The Town's budgets for 2020 were not approved timely.

Recommendation:

The Town should make that all original and amended budgets be filed in accordance with the Louisiana Local Government Budget Act.

Current Status:

The finding has been cleared.