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Financial Report

*Stonebridge Property Owners
Association, Inc.*

Security Enhancement Account

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 19 2000

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December 31, 1999

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Stonebridge Property Owners Association, Inc.,
Security Enhancement Account,
Harvey, Louisiana.

We have audited the accompanying statement of assets, liabilities and members' deficit – cash basis of the Stonebridge Property Owners Association, Inc., (the Association) (a homeowner's association) Security Enhancement Account (the Account) as of December 31, 1999, and the related statements of revenues, expenses and changes in members' deficit – cash basis for the year then ended. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the Account referred to above and do not include the assets, liabilities, members' equity, revenues and expenses that are recorded in the other records of the Association. Accordingly, the accompanying financial statements are not intended to present the financial position of the Association as of December 31, 1999, and the results of its operations and changes in members' equity for the year then ended.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' deficit of the Account as of December 31, 1999 and it's revenues, expenses and changes in members' deficit for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 29, 1999 on our consideration of the Stonebridge Property Owners Association, Inc. Security Enhancement Account's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Bougeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
May 29, 1999.

**STATEMENT OF ASSETS, LIABILITIES AND
MEMBERS' DEFICIT - CASH BASIS**

**Stonebridge Property Owners Association, Inc.
Security Enhancement Account**

December 31, 1999

ASSETS

Assets	
Cash	\$ 39,230
	<u> </u>
Total assets	\$ 39,230
	<u> </u>

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities	
Due to the Association	\$ 14,998
	<u> </u>
Long-Term Liabilities	
Due to the Association	58,817
	<u> </u>
Total liabilities	73,815
	<u> </u>
Members' Deficit	(34,585)
	<u> </u>
Total liabilities and members' deficit	\$ 39,230
	<u> </u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN MEMBERS' DEFICIT - CASH BASIS**

**Stonebridge Property Owners Association, Inc.
Security Enhancement Account**

For the year ended December 31, 1999

Revenues

Security enhancement contract	\$ 191,545	
Security newsletter advertising	2,069	
	<hr/>	
Total revenues		\$ 193,614

Expenses

Accounting and legal	2,942	
Construction costs	91,495	
Insurance	18,554	
Interest	8,175	
Maintenance and repairs	2,003	
Office expenses	2,286	
Security guards and patrols	96,848	
Security newsletter	3,092	
Telephone and utilities	2,804	
	<hr/>	
Total expenses		228,199
Deficiency of revenues over expenses		<hr/> <u>(34,585)</u>

Members' Deficit

Beginning of year		<hr/> -
End of year		<hr/> <u>\$ (34,585)</u>

See notes to financial statement.

NOTE TO FINANCIAL STATEMENTS**Stonebridge Property Owners Association, Inc.
Security Enhancement Account**

December 31, 1999

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stonebridge Property Owners Association, Inc. (the Association) is organized as a non-profit corporation responsible for security and other services within Stonebridge subdivision. The Security Enhancement Account (the Account), a restricted account of the Association, began operations on January 1, 1999. The purpose of the Account is to provide security enhancement services within the subdivision.

The Account prepares its financial statements on the cash basis of accounting. Under that basis, revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles primarily because the Account has not recognized prepayment of expenses or accounts payable to vendors and their related effects on members' deficit in the accompanying financial statements.

Note 2 - SECURITY ENHANCEMENT CONTRACT AND ECONOMIC DEPENDENCE

On August 6, 1998, the Jefferson Parish Council (the Parish), governing authority of Stonebridge Subdivision Special District of Jefferson Parish, Louisiana, a political subdivision of the State of Louisiana (the District), entered into a 10-year contract, ending on August 5, 2008, with the Association to provide security enhancement services within the geographical boundaries of the District. In consideration of the Account of the Association providing security enhancement services, the District agreed to pay to the Account monthly installments which will represent the proceeds of the present security enhancement tax or the proceeds of any future millage which may be used for maintenance and operations, net of Sheriff's fees and fees for services of the Parish, and excluding any millage monies collected for capital improvements of future bond issues, levied annually on the assessed valuation of property in the District. The revenue from this contract commenced on January 1, 1999.

Note 3 - FACILITIES AND EQUIPMENT

The Account constructed two guardhouses and exit gates for the security enhancement of the development. All equipment, land or buildings acquired with tax millage are titled in the name of the District.

Note 4 - DUE TO THE ASSOCIATION

During 1999, the Association borrowed \$90,000 from a bank and loaned the proceeds to the Account to fund the construction of guardhouses and exit gates. The loan is due in monthly installments of \$1,874 through December 2003 including interest at 9.521%. Principal maturities of the loan at December 31, 1999 are as follows:

2000	\$14,998
2001	17,852
2002	19,552
2003	<u>21,413</u>
Total	<u>\$73,815</u>

Total interest paid in 1999 on the loan amounted to \$8,175.

Note 5 - COMPENSATION OF BOARD MEMBERS

As set forth in the Account's by-laws, the Board serves without compensation.

Note 6 - RISK MANAGEMENT

The Account is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Account carries commercial insurance. No settlements were made during the year that exceeded the Account's insurance coverage.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Stonebridge Property Owners Association, Inc.,
Security Enhancement Account,
Harvey, Louisiana.

We have audited the statement of assets, liabilities and members' deficit – cash basis and the statement of revenues, expenses and changes in members' deficit – cash basis of the Stonebridge Property Owners Association, Inc. (the Association) Security Enhancement Account (the Account), as of and for the year ended December 31, 1999 and have issued our report thereon, dated May 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Account's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Account's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial

reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation of the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management of the Account, Stonebridge Subdivision Special District of Jefferson Parish, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 29, 2000.

SCHEDULE OF FINDINGS

**Stonebridge Property Owners Association, Inc.
Security Enhancement Account**

For the year ended December 31, 1999

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not
 considered to be material weakness ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

The Stonebridge Property Owners Association, Inc, Security Enhancement Account did not receive any federal awards during the year ended December 31, 1999.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1999.

Section III - Federal Award Findings and Questioned Cost

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

**Stonebridge Property Owners Association, Inc.
Security Enhancement Account**

For the year ended December 31, 1998

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

Not applicable.

Compliance

Not applicable.

Section II - Internal Control and Compliance Material To Federal Awards

Not applicable.

Section III - Management Letter

Not applicable.

The Account began operations on January 1, 1999.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Stonebridge Property Owners Association, Inc. Security Enhancement Account

For the year ended December 31, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1999.
No reportable conditions were reported during the audit for the year ended December 31, 1999.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 1999.

Section II - Internal Control and Compliance Material To Federal Awards

The Stonebridge Property Owners Association, Inc. Security Enhancement Account did not receive any federal awards during the year ended December 31, 1999.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1999.