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**STONEBRIDGE PROPERTY OWNERS
ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

DECEMBER 31, 2003

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.

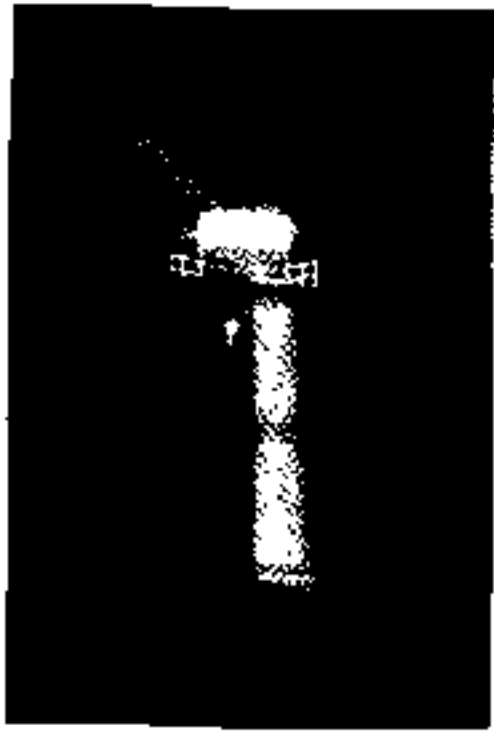
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**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

DECEMBER 31, 2003

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BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS F. CHETTA, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of assets, liabilities and members' equity – cash basis of the Stonebridge Property Owners Association, Inc., (the Association) (a homeowner's association) Security Enhancement Account (the Account) as of December 31, 2003, and the related statements of revenues, expenses and changes in members' equity – cash basis for the years ended December 31, 2003 and 2002. 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. The financial statements of Stonebridge Property Owners Association, Inc. as of December 31, 2001, were audited by other auditors whose report dated June 4, 2002, expressed an unqualified opinion on those statements.

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. 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, 2003, and the results of its operations and changes in members' equity for the years ended December 31, 2003 and 2002.

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' equity of the Account as of December 31, 2003 and its revenues, expenses and changes in members' equity for the years ended December 31, 2003 and 2002, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 11, 2004, 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of our audit.

Bernard & Funder

June 11, 2004

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

**STATEMENT OF ASSETS, LIABILITIES AND
MEMBERS' EQUITY - CASH BASIS
DECEMBER 31, 2003**

ASSETS	
Cash	\$ 25,006
Due from the Association	<u>474</u>
Total assets	<u>\$ 25,480</u>
LIABILITIES	
	<u>\$ -</u>
MEMBERS' EQUITY	
Total liabilities and members' equity	<u>\$ 25,480</u>

See Notes to Financial Statements.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN MEMBERS' EQUITY - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
REVENUES		
Security enhancement contract	\$ 219,060	\$ 241,296
Security newsletter advertising	3,950	3,821
	<u> </u>	<u> </u>
Total revenues	<u>\$ 223,010</u>	<u>\$ 245,117</u>
EXPENSES		
Accounting and legal	\$ 4,660	\$ 9,552
Insurance	12,128	13,256
Interest	-	2,257
Maintenance and repairs	3,477	9,727
Miscellaneous	779	394
Office expenses	516	750
Parish fees	3,528	3,225
Security guards and patrols	196,763	178,014
Security newsletter	7,316	4,981
Telephone and utilities	4,413	4,123
	<u> </u>	<u> </u>
Total expenses	<u>\$ 233,580</u>	<u>\$ 226,279</u>
Excess (deficiency) of revenues over expenses	\$ (10,570)	\$ 18,838
MEMBERS' EQUITY		
Beginning of year	<u>36,050</u>	<u>17,212</u>
End of year	<u><u>\$ 25,480</u></u>	<u><u>\$ 36,050</u></u>

See Notes to Financial Statements.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

**NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2003**

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 with 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 accounting principles generally accepted in the United States of America primarily because the Account has not recognized prepayment of expenses or accounts payable to vendors and their related effects on members' equity 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 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.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

**NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2003**

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 FROM THE ASSOCIATION

The Account paid certain expenses of the Association that has a balance of \$474 at December 31, 2003. The amount due will be reimbursed by the Association.

NOTE 5. DUE TO THE ASSOCIATION

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 was due in monthly installments of \$1,874 including interest at 9.521%. The principal balance of \$31,381 was paid in the year ended December 31, 2002.

NOTE 6. FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been reported on the statement of revenues, expenses, and changes in members' equity – cash basis by natural classification. To present expenses by functional classifications, expenses are charged to program *services and supporting services based on management's estimated of periodic time and expense evaluations*. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the account.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2003

NOTE 6. FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

Total expenses for 2003 and 2002 are allocated as follows:

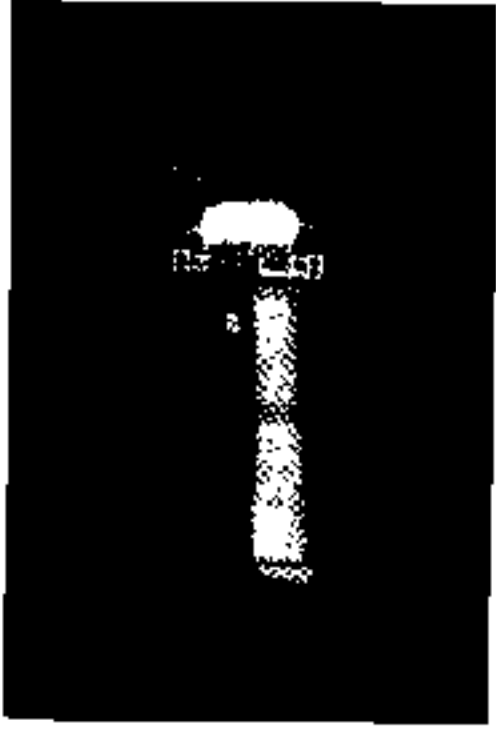
	<u>2003</u>	<u>2002</u>
Program services	\$196,763	\$178,014
Supporting services	<u>36,817</u>	<u>48,265</u>
Total expenses	<u>\$ 233,580</u>	<u>\$ 226,279</u>

NOTE 7. COMPENSATION OF BOARD MEMBERS

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

NOTE 8. 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.



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**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' equity-cash basis and statement of revenues, expenses and changes in members' equity-cash basis of the Stonebridge Property Owners Association, Inc. (the Association) Security Enhancement Account (the Account), as December 31, 2003, and for the years ended December 31, 2003 and 2002, and have issued our report thereon, dated June 11, 2004. 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.

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 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 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 purposes 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.

Bernard E. Frank

June 11, 2004

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

SCHEDULE OF PRIOR YEAR FINDINGS

For the period ended December 31, 2001

SECTION I – Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weakness were noted during the audit for the period ended December 31, 2001. No reportable conditions were reported during the audit for the period ended December 31, 2001.

Compliance

No compliance findings material to the financial statements were noted during the audit for the period ended December 31, 2001.

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 period ended December 31, 2001.

Section III – Management Letter

A management letter was not issued in connection with the audit for the period ended December 31, 2001.

REPORTS BY MANAGEMENT

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SECURITY ENHANCEMENT ACCOUNT**

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the years ended December 31, 2003 and 2002

SECTION I – Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weakness were noted during the audit for the year ended December 31, 2003 and 2002. No reportable conditions were reported during the audit for the years ended December 31, 2003 and 2002.

Compliance

No compliance findings material to the financial statements were noted during the audit for the years ended December 31, 2003 and 2002.

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 years ended December 31, 2003 and 2002.

Section III – Management Letter

A management letter was not issued in connection with the audit for the years ended December 31, 2003 and 2002.