

**STONEBRIDGE PROPERTY  
OWNERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2017**



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**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
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**DECEMBER 31, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Stonebridge Property Owners Association, Inc. (the Association) as of and for the year ended December 31, 2017, and the related notes to financial statements, as listed in the table of contents.

### **Management's Responsibility for the Modified Cash Basis Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the financial statements 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 Association's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Association, as of December 31, 2017, and the respective changes in modified cash basis financial position and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 4 and the budgetary comparison information on page 9 be presented to supplement the basic modified cash basis financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic modified cash basis 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 modified cash basis financial statements, and other knowledge we obtained during our audit of the basic modified cash basis 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.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's modified cash basis financial statements. The schedule of compensation paid to board members and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic modified cash basis financial statements.

The schedule of compensation paid to board members and schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic modified cash basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic modified cash basis 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 modified cash basis financial statements or to the basic modified cash basis financial statements themselves. In our opinion, the schedule of compensation paid to board members and schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic modified cash basis financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2018, on our consideration of the Association'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 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 Association'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 Association's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

August 10, 2018

## STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) for the Stonebridge Property Owners Association, Inc. (the Association) is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the Association's financial activities;
- identify changes in the Association's financial position and results of operations;
- assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for any variations that are expected to have a significant effect on future services or liquidity; and
- identify other significant issues.

The information contained herein should be read in conjunction with the modified cash basis financial statements, notes thereto and other required supplementary information taken as a whole.

The MD&A is required supplementary information that introduces the reader to the modified cash basis financial statements and provides an overview of the Association's financial activities. The Association's modified cash basis financial statements consist of the following components: the Association's statement of net position – modified cash basis, statement of revenues, expenditures and changes in net position-modified cash basis and budgetary comparison, statement of cash flows – modified cash basis, and the notes to the financial statements–modified cash basis.

### FINANCIAL ANALYSIS OF THE ASSOCIATION

In 2017, the Association had a decrease in total assets of \$6,811. Property and equipment depreciation is the primary cause of the decrease to total assets. The Association had a decrease in expenditures in 2017 over 2016 primarily due to decreased expenditures for patrols & guards, maintenance & repairs, legal fees, miscellaneous, and newsletters. In 2017, the Association had no liabilities; as a result, the Association's assets equaled its net position. There was a decrease in net position of \$6,811 from the previous year.

## STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

Condensed statements of net position as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current assets	\$ 152,425	\$ 148,162
Property and equipment, net	49,111	60,185
<b>Total assets</b>	<b>201,536</b>	<b>208,347</b>
Net position:		
Unrestricted	201,536	208,347
<b>Total net position</b>	<b>\$ 201,536</b>	<b>\$ 208,347</b>

Condensed statements of revenues and expenditures as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Revenues	\$ 391,199	\$ 404,569
Expenditures:		
Direct expenditures	(347,919)	(369,147)
Administrative expenditures	(50,091)	(85,208)
<b>Total Expenditures</b>	<b>(398,010)</b>	<b>(454,355)</b>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (6,811)</b>	<b>\$ (49,786)</b>

### OVERVIEW OF OPERATIONS

The main source of revenue for 2017 was parcel fees from the property owners of the subdivision, as defined by the Louisiana Legislature and Jefferson Parish. Each property owner is assessed an annual fee, which is billed and collected by Jefferson Parish. The contract with Jefferson Parish allows for the collection of a nominal handling fee, which is deducted from the funds prior to being deposited into the checking account of the Association. In addition, residents are billed for membership fees as required by the covenants.

Capture of residents' e-mail addresses has made possible e-blasts, informing residents of pertinent information on a timely basis. The Association's website is also being regularly updated and provides a vehicle for the residents to contact the Board.

## STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

The majority of expenditures incurred by the Association are incurred while providing security for the subdivision. There are two ungated entrances, one in Gretna and one in Harvey, as well as one gated exit in Harvey, within the subdivision boundaries. The security provided consists of entrance guards, Jefferson parish patrols, and cameras, which are monitored by a member of the Board of Directors. The need for additional cameras is continually evaluated.

All parliamentary procedures have been strictly adhered to during 2017 in the crafting of policies by the Board of Directors of the Association.

The Association's total net position has decreased by \$6,811 over the course of the year's operations. Total revenues decreased by \$13,370, or 3.3%, from the previous year. Total expenditures decreased by \$56,345, or 12.4% from the previous year.

### **PROPERTY AND EQUIPMENT**

At the end of 2017, Stonebridge had \$49,111 invested in property and equipment, including building and machinery and equipment, net of accumulated depreciation of \$199,019. The decrease in 2017 is related to the annual depreciation of the capitalized items. More detailed information about the Association's property and equipment is presented in Note 4 of the modified cash basis financial statements.

### **BUDGET**

The Association adopts an annual operating budget including proposed expenditures and anticipated parcel fee collections.

The Association's actual revenues of \$391,199 were lower than the amended budget by \$660, a variance of approximately 0.2%. The Association's actual expenditures of \$398,010 were higher than the budget by \$9,787, a variance of approximately 2.5%.

### **ORIGINAL VS. AMENDED BUDGET**

The Association's final amended budget shows revenue in excess of the original budget in the amount of \$11,189. This variance is the result of the Association's actual collection rate on parcel fees being higher than the Board's original estimate.

The Association's final amended budget shows expenditures in excess of the original budget in the amount of \$17,713. This variance is the result of estimated increases in patrols at year-end that did not occur offset by decreases in expected spending for maintenance & repairs, insurance, security systems, beautification, and accounting.



## **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide management, Jefferson Parish and the State of Louisiana, and other interested parties with a general overview of the Association's finances and to demonstrate the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dawn Peterson of the Stonebridge Property Owners Association at (504) 351-0581.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

*As of December 31,*

**2017**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 152,425
<hr/>	
PROPERTY AND EQUIPMENT, net	49,111
<hr/>	
<b>TOTAL ASSETS</b>	<b>\$ 201,536</b>
<hr/> <hr/>	
<b>NET POSITION</b>	
<b>NET POSITION</b>	<b>\$ 201,536</b>
<hr/> <hr/>	

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

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN NET POSITION - MODIFIED CASH BASIS**  
**AND BUDGETARY COMPARISON**

<i>For the Year Ended December 31, 2017</i>	<b>Actual</b>	<b>Original Budgeted</b>	<b>Amended Budgeted</b>	<b>Actual to Amended Variance</b>
<b>REVENUES</b>				
Parcel fees	\$ 355,162	\$ 345,850	\$ 355,162	\$ -
Membership dues	29,045	27,000	28,850	195
Advertising revenue	6,992	6,500	6,527	465
<b>Total Revenues</b>	<b>391,199</b>	<b>379,350</b>	<b>390,539</b>	<b>660</b>
<b>EXPENDITURES</b>				
Direct expenditures				
Patrols and guards	291,913	282,200	322,450	30,537
Maintenance and repairs	15,916	10,000	6,489	(9,427)
Insurance	19,973	25,200	19,973	-
Security systems	4,046	4,000	1,046	(3,000)
Utilities	4,997	5,500	5,500	503
Depreciation	11,074	-	-	(11,074)
<b>Total Direct Expenditures</b>	<b>347,919</b>	<b>326,900</b>	<b>355,458</b>	<b>7,539</b>
Administrative expenditures				
Beautification	17,339	7,100	1,930	(15,409)
Accounting	16,402	19,500	16,970	568
Miscellaneous	8,305	6,500	4,706	(3,599)
Newsletter	6,598	6,000	6,693	95
Legal fees	351	2,000	351	-
Office supplies	146	-	-	(146)
Taxes	-	10	10	10
Gifts and donations	950	-	-	(950)
Socials	-	2,500	2,105	2,105
<b>Total Administrative Expenditures</b>	<b>50,091</b>	<b>43,610</b>	<b>32,765</b>	<b>(17,326)</b>
<b>Total Expenditures</b>	<b>398,010</b>	<b>370,510</b>	<b>388,223</b>	<b>(9,787)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (6,811)</b>	<b>\$ 8,840</b>	<b>\$ 2,316</b>	<b>\$ (9,127)</b>
Net position - Beginning of year	208,347			
<b>Net position - End of year</b>	<b>\$ 201,536</b>			

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

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**

<i>For the Year Ended December 31,</i>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Deficiency of revenues over expenditures	\$ (6,811)
Adjustments to reconcile deficiency of revenues over expenditures to net cash provided by operating activities:	
Depreciation	<b>11,074</b>
<b>Net cash provided by operating activities</b>	<b>4,263</b>
Net changes in cash and cash equivalents	<b>4,263</b>
Cash and cash equivalents - Beginning of year	<b>148,162</b>
Cash and cash equivalents - End of year	<b>\$ 152,425</b>

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

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS**

**NOTE 1 - NATURE OF ORGANIZATION**

The Stonebridge Property Owners Association, Inc. (the Association) was given authority, as a public body by Acts of the Louisiana Legislature, 1998, La. R.S. 33:9064 and by a contract expiring in 2019 with the Jefferson Parish Council, to aid in crime prevention and to add to the security of subdivision residents by providing for an increase in the presence of law enforcement personnel in the subdivision.

The Board of Directors is constituted of at least seven (7) members elected by the members of the Association. Board members are not compensated.

The Association services all parcels located in the geographic area it serves. The Association has no paid employees but does have contracts with the Weiser Security Services, Inc. for guard services at the entrances and Jefferson Parish deputies for patrols.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying financial statements of the Association have been prepared on the modified 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. However, the Association does record depreciation on its property and equipment. That basis differs from accounting principles generally accepted in the United States of America primarily because the Association has not recognized prepayment of expenditures or accounts payable to vendors and their related effect on net position in the accompanying financial statements nor do they recognize revenue when earned. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Parcel fees are recorded as received from Jefferson Parish.

***Use of Estimates***

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Cash and Cash Equivalents***

The Association's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**NOTE 3 - CONCENTRATIONS OF CREDIT RISK**

The District maintains cash accounts at local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. As of December 31, 2017, the Association's cash balance in the bank was \$153,039 and did not exceed the FDIC insurance. The Association has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost. Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, or lease terms, if applicable, which range from 5 to 15 years. All equipment, land, and buildings acquired with property assessments are titled in the name of the Association. For the year ended December 31, 2017, depreciation expense was \$11,074.

Property and equipment consisted of the following as of December 31, 2017:

Buildings and improvements	\$ 93,595
Machinery and equipment	154,535
	<hr/> 248,130
Less: Accumulated depreciation	(199,019)
	<hr/> Property and equipment, net
	\$ 49,111

**NOTE 5 - LITIGATION AND CLAIMS**

As of the year ended December 31, 2017, the Association was not involved in any litigation nor was the Association aware of any claims.



**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS**

**NOTE 6 - PAYMENTS TO RELATED PARTIES**

During the year ended December 31, 2017, members of the Board were reimbursed \$753 and members of various committees and members of the community were reimbursed \$2,191 for expenditures paid on behalf of the Association.

**NOTE 7 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 10, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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**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 Board of Directors of  
Stonebridge Property Owners Association, Inc.  
Harvey, 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-modified cash basis of the business-type activities of Stonebridge Property Owners Association, Inc. (the Association), as of and for the year ended December 31, 2017, and the related notes to financial statements-modified cash basis, which collectively comprise the Association's basic financial statements-modified cash basis, and have issued our report thereon dated August 10, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-modified cash basis, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements-modified cash basis, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Association'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 Association's modified cash basis financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements-modified cash basis are free of 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 determination of modified cash basis 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. (See Findings 2017-001 and 2017-002 in the schedule of findings and responses.)

### **Association's Responses to Findings**

The Association's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Association's responses were not subjected to the auditing procedures applied in the audit of the modified cash basis financial statements and, accordingly, we express no opinion on them.

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

*Carly Riggs & Ingram, L.L.C.*

August 10, 2018

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**AS OF DECEMBER 31, 2017**

We have audited the basic modified cash basis financial statements of Stonebridge Property Owners Association, Inc. as of and for the year ended December 31, 2017. 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 audit of the modified cash basis financial statements as of December 31, 2017 resulted in an unmodified opinion.

**SECTION I – SUMMARY OF AUDITORS’ REPORT**

*a. Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control:

Material Weaknesses  Yes  No

Significant Deficiencies  Yes  No

*b. Compliance:*

Compliance Material to Financial Statements  Yes  No

*c. Federal Awards*

There were no federal awards noted.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III – COMPLIANCE FINDINGS**

**2017-001 – Failure to Comply with Louisiana Ethics Law**

**Criteria:** The Association is required to comply with Louisiana Revised Statute 42:1101-1124 [Code of Ethics]. Per LA RS 42:1101-1124, each employee, board member and/or elected official of the agency (public servant) must receive the annual ethics training as required.

**Condition:** Of the ten eligible Board members who served during the year ended December 31, 2017, one member did not complete the required annual ethics training prior to resignation in May 2017.

**Effect:** The Association is not in compliance with LA RS 42:1101-1124.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**AS OF DECEMBER 31, 2017**

**Cause:** One Board member did not complete the required annual ethics training prior to his resignation from the Board. The Board was not aware of the requirement until after the Board member had resigned and relocated without a method of contact.

**Auditors' recommendation:** The Association should verify that all Board members are compliant with LA RS 42:1101-1124 by reading the Association's ethics policy and receiving the annual ethics training.

**Status and Planned Corrective Action:** See page 18.

**2017-002 – Failure to Comply with Louisiana Audit Law**

**Criteria:** The Association is required to comply with Louisiana Revised Statute 24:513 [Audit Law]. Per LA RS 24:513, annual financial statement "audits shall be completed within six months of the close of the entity's fiscal year."

**Condition:** The annual financial statement audit for the fiscal year ended December 31, 2017 was not completed within six months of the close of the Association's fiscal year.

**Effect:** The Association is not in compliance with LA RS 24:513.

**Cause:** Audit information was not received from third parties with sufficient time to allow the completion of the audit by the required filing deadline.

**Auditors' recommendation:** The Association should ensure the audit is completed within six months of the close of the Association's fiscal year.

**Status and Planned Corrective Action:** See page 18.

**SECTION IV – OTHER MATTERS**

None noted.

## STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.

### MANAGEMENT'S RESPONSE TO FINDINGS

#### Finding 2017-001 – Failure to Comply with Louisiana Ethics Law

**Status:** In progress.

**Planned Corrective Action:** Ensure all Board members throughout the year have read the Association's ethics policy and completed the required annual ethics training.

**Person(s) Responsible:** Dawn Peterson, Board President

**Estimated Completion Date:** December 31, 2018

#### Finding 2017-002 – Failure to Comply with Louisiana Audit Law

**Status:** In progress.

**Planned Corrective Action:** Ensure timely completion of the annual required financial statement audit and related statewide agreed-upon procedures.

**Person(s) Responsible:** Dawn Peterson, Board President

**Estimated Completion Date:** June 30, 2019



Dawn Peterson, Board President

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AS OF DECEMBER 31, 2017**

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

None noted.

**SECTION III – COMPLIANCE FINDINGS**

**2016-01 – Failure to Comply with Louisiana Ethics Law**

**Criteria:** The Association should have a system in place to monitor board and employee compliance with **Louisiana Revised Statute 42:1101-1124 [Code of Ethics]**. Per LA RS 42:1101-1124, each employee, board member and/or elected official of the agency (public servant) must receive the annual ethics training as required.

**Auditors' recommendation:** The Association should verify that all Board members are compliant with the State Ethics policy by reading the Association's ethics policy and receiving the annual ethics training.

**Status and Planned Corrective Action:** In progress. See page 18.

**SECTION IV – OTHER MATTERS**

**2016-02 – Control Deficiency- Non-board member signer authority**

**Criteria:** Signatory authority was not removed timely from the bank accounts of the Association after resigning from board.

**Auditors' recommendation:** The Association should promptly remove signatory authority once Board members are no longer on the Board.

**Status and Planned Corrective Action:** Resolved.

**2016-03 – Control Deficiency- Lack of Documentation of Review**

**Criteria:** Lack of documentation of review of deposit of membership dues received.

**Auditors' recommendation:** The Association should implement documentation procedures for the review of the monthly deposits as reconciled to the membership database.

**Status and Planned Corrective Action:** Resolved.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**

<b>Board Member</b>		<b>Amount</b>
Dawn Peterson 3625 Lake Arrowhead Drive Harvey, LA 70058	President	\$ -0-
Gary Shuford 3737 Lake Lynn Drive Gretna, LA 70056	Vice President - Resigned	\$ -0-
Paul Leman 3417 Lake Verret Dr. Harvey, LA 70058	Vice President	\$ -0-
Claudia Rivera 3516 Lake Lynn Gretna, LA 70056	Secretary - Resigned	\$ -0-
Gil Arevalo, Jr. 3721 Lake Providence Drive Harvey, LA 70058	Secretary	\$ -0-
Regina LaCaze 3513 Lake Arrowhead Drive Harvey, LA 70058	Treasurer	\$ -0-
Rachel Fleetwood 3709 Lake Lynn Drive Gretna, LA 70056	Member at large	\$ -0-
Norwood Norris 3852 Lake Lynn Drive Gretna, LA 70056	Member at large	\$ -0-
Dayton House 3601 Lake Kristin Drive Gretna, LA 70056	Member at large	\$ -0-
Ben Bourgeois 3500 Lake Des Allemands Dr. Harvey, LA 70058	Member at large	\$ -0-

*See independent auditors' report*

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND**  
**OTHER PAYMENTS TO AGENCY HEAD**

*For the Year Ended December 31,*

**2017**

**Agency Head Name:** All Board Members

<b>Purpose</b>	<b>Amount</b>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Uniforms	-
Per diem	-
Reimbursements	753
Travel	-
Fuel usage	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
<b>Total</b>	<b>\$ 753</b>

<b>Name</b>	<b>Purpose</b>	<b>Amount</b>
Gil Aravelo	Reimbursements - Printing and Reproduction	\$ 50
Dawn Peterson	Reimbursements - Gifts to Patrols	450
Rachel Fleetwood	Reimbursements - Night Out Agaisnt Crime	252
Remaining Board Members	No compensation, benefits, and other payments noted.	-
<b>Total</b>		<b>\$ 753</b>

*See independent auditors' report*

# Stonebridge Property Owners Association, Inc.

## AGREED-UPON PROCEDURES REPORT

For the Year Ended December 31, 2017



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)



Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 837-9116  
(504) 837-0123(fax)  
www.CRIcpa.com

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
Stonebridge Property Owners Association, Inc.  
Harvey, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Stonebridge Property Owners Association, Inc. (the "Association") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period January 1, 2017 through December 31, 2017. The Association is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

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1. Obtained the Association's written policies and procedures and observed that those written policies and procedures address each of the following financial/business functions:

a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

**Results: No exceptions were found as a result of applying the procedure.**

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**Results: The Association's written policies and procedures did not address elements 4 and 5 above.**

c) *Disbursements*, including processing, reviewing, and approving.

**Results: No exceptions were found as a result of applying the procedure.**

d) *Receipts*, including receiving, recording, and preparing deposit.

**Results: No exceptions were found as a result of applying the procedure.**

e) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

**Results: The Association's written policies and procedures did not address elements 1, 2, 3, and 5 above.**

f) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Association's ethics policy.

**Results: The Association's written policies and procedures did not address elements 2, 3, and 4 above.**

g) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results: The Association's written policies and procedures did not address elements 2, 3, and 4 above.**

### ***Board***

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2. Obtained and inspected the board minutes for the fiscal period and the Board's enabling legislation (LA Rev Stat § 33:9100.21) document in effect during the fiscal period, and:

a) Observed that the managing board met (with a quorum) at least monthly.

**Results: The board met monthly, however the August board meeting was without a quorum.**

b) Observed that the minutes referenced or included monthly budget-to-actual comparisons on the operating fund.

**Results: Monthly budget-to-actual comparisons were not referenced or included in the minutes.**

c) Observed that the minutes obtained and inspected in a) above either referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results: No exceptions were found as a result of applying the procedure.**

### ***Bank Reconciliations***

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3. Obtained a listing of client bank accounts for the fiscal period from the Board and the Board's representation that the listing was complete.

**Results: No exceptions were found as a result of applying the procedure.**

4. Using the listing obtained from the Board in #3 above, selected 3 of the Association's bank accounts. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and observed that:
  - a) Bank reconciliations have been prepared; and  
**Results: Bank reconciliations are not performed monthly.**
  - b) Bank reconciliations include evidence that a member of the Board or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.  
**Results: Unable to perform procedure as bank reconciliations are not performed monthly.**
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.  
**Results: Unable to perform procedure as bank reconciliations are not performed monthly.**

### ***Collections***

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5. Obtained a listing of cash/check/money order (cash) collection locations for the fiscal period and the Board's representation that the listing was complete.  
**Results: No exceptions were found as a result of applying the procedure.**
6. Using the listing provided by the Board in #5 above, selected the Association's single cash collection location. For the cash collection location selected:
  - a) Obtained existing written documentation and observed that each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.  
**Results: The Association's bookkeeper is responsible for cash collections, deposits, recording, and performing reconciliations.**
  - b) Obtained existing written documentation and observed that the Association has a formal process to reconcile cash collections to the general ledger, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.  
**Results: The Association's bookkeeper is responsible for cash collections, deposits, recording, and performing reconciliations.**
  - c) Selected the highest (dollar) week of cash collections from the general ledger during the fiscal period and:
    - 1) Using the Association's collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement, and observed that the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.  
**Results: No exceptions were found as a result of applying the procedure.**

- 2) Obtained related collection documentation and observed that daily cash collections were supported by documentation.

**Results: No exceptions were found as a result of applying the procedure.**

7. Obtained existing written documentation from the Board and observed that the written documentation includes a process specifically defined (as identified by the Board) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

**Results: No process to determine completeness performed by a person who was not responsible for cash collections was identified.**

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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8. Obtained the general ledger and filtered for the Association's disbursements. Obtained the Board's representation that the general ledger population was complete.

**Results: No exceptions were found as a result of applying the procedure.**

9. Using the disbursement population from #8 above, randomly selected 25 disbursements. Obtained supporting documentation for each transaction and determined that the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system, or an electronic equivalent, that separates initiation from approval functions.

**Results: No exceptions were found as a result of applying the procedure.**

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Results: No exceptions were found as a result of applying the procedure.**

- c) Payments for purchases were not processed without an approved purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results: No exceptions were found as a result of applying the procedure.**

10. Using Association documentation, observed that the person responsible for processing payments is prohibited from adding vendors to the Association's purchasing/disbursement system.

**Results: The Association's bookkeeper is responsible for processing payments and adding vendors to the Association's purchasing/disbursement system.**

11. Using Association documentation, observed that the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results: No exceptions were found as a result of applying the procedure.**

12. Inquired of the Board and observed that the supply of unused checks is maintained in a locked location, with access restricted to those persons (as identified by the Board) that do not have signatory authority.

**Results: The Association's bookkeeper, who has sole custody of the unused checks, signed ten checks in the month of January and two checks in the month of April without documented authorization.**

13. If a signature stamp or signature machine is used, inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. Inquired of the signer whether signed checks were likewise maintained under the control of the signer or authorized user until mailed.

**Results: Not applicable, no signature stamp or signature machine used.**

### **Contracts**

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14. Obtained the general ledger for the fiscal period and filtered for contract payments. Obtained the Board's representation that the general ledger was complete.

**Results: No exceptions were found as a result of applying the procedure.**

15. Using the general ledger detail from #14 above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs & Ingram, LLC). Obtained the related contracts and paid invoices during the fiscal period related to the five vendors selected and:

a) Observed that there is a formal/written contract that supports the services arrangement and the amount paid.

**Results: No exceptions were found as a result of applying the procedure.**

b) Compared each contract's detail to the requirements of Louisiana Public Bid Law. Determined whether each contract is subject to the Louisiana Public Bid Law and:

1) If yes, obtained supporting contract documentation to legal requirements and observed that the Authority complied with all legal requirements.

**Results: Not applicable, no contracts selected were subject to Louisiana Public Bid Law.**

2) If no, obtained supporting contract documentation and observed that the Association solicited quotes as a best practice.

**Results: For the five contracts selected not subject to the Louisiana Public Bid Law, the Association did not solicit quotes as a best practice.**

c) Determined whether the contract was amended. If so, determined the scope and dollar amount of the amendment and observed that the original contract terms contemplated or provided for such an amendment.

**Results: Not applicable, none of the five contracts selected were amended.**

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and observed that the invoice and related payment complied with the terms and conditions of the contract.

**Results: No exceptions were found as a result of applying the procedure.**

- e) Obtained board minutes related to the contract and observed that there is documentation of board approval, if required by the policy or law.

**Results: No exceptions were found as a result of applying the procedure.**

### ***Ethics***

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16. Obtained ethics compliance documentation from five randomly selected members of the Board and observed that the Association maintained documentation to demonstrate that required ethics training was completed.

**Results: No exceptions were found as a result of applying the procedure.**

17. Inquired of the Board whether any alleged ethics violations were reported to the Association during the fiscal period.

**Results: Not applicable, alleged ethics violations were reported to the Association during the fiscal period per inquiry of the Board.**

### ***Other***

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18. Inquired of the Board whether the Association had any misappropriations of public funds or assets during the fiscal period.

**Results: No misappropriations of public funds or assets noted during the fiscal period per inquiry of the Board.**

19. Observed that the Association has posted on its premises and website, the notice required by R.S. 24:523.1.

**Results: No exceptions were found as a result of applying the procedure.**

20. If the practitioner observed or otherwise identified any exceptions regarding the Board's representations in the procedures above, reported the nature of each exception.

**Results: No exceptions were found as a result of applying the procedure.**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Cam, Riggs & Ingram, L.L.C.*

August 10, 2018

August 10, 2018

Louisiana Legislative Auditor  
1600 North 3<sup>rd</sup> Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

And

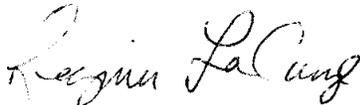
Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures  
Stonebridge Property Owners Association, Inc.

Dear Sirs:

Stonebridge Property Owners Association, Inc. will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,



Regina LaCaze  
Treasurer