

FRS-LB, L.L.C., FRS-LB#1, L.L.C.
FRS-LB #3, L.L.C., FRS-GA, L.L.C.



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 7, 2020

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 6, 2020

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

STEVEN STOCKSTILL, MANAGER
FRS-LB, L.L.C., FRS-LB#1, L.L.C.,
FRS-LB#3, L.L.C., AND FRS-GA, L.L.C.
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as Manager of the following companies: FRS-LB, L.L.C.; FRS-LB#1, L.L.C.; FRS-LB#3, L.L.C.; and FRS-GA, L.L.C. (the Companies), in consultation with their respective advisory committees (which are comprised of all members of the Firefighters' Retirement System Board of Trustees), relating to third-party management contracts, payments made by the Companies, Companies' bank accounts, third-party management bank accounts, and proceeds from sales for the period July 1, 2018, through June 30, 2019. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. These procedures were performed, in part, to assist the Manager in determining adherence to compliance with contract terms. The Companies' Manager is responsible for their compliance with the contract requirements. The sufficiency of these procedures is solely the responsibility of the Manager. 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 that we performed and our findings are as follows:

AGREED-UPON PROCEDURES

1. We inspected the three third-party management company contracts of the Companies relating to FRS-LB#1, L.L.C.; FRS-LB#3, L.L.C.; and FRS-GA, L.L.C. in effect during the period July 1, 2018, through June 30, 2019, and performed the following procedures on reports and policies submitted to the respective companies by the third-party management company:
 - (a) Confirmed that each third-party management company obtained insurance and coverage limits set forth in the contract.

We found no exceptions as a result of this procedure.

- (b) Confirmed that each third-party management company submitted an operating budget to the respective company for approval 60 days prior to the start of fiscal year 2019.

We found no exceptions as a result of this procedure.

- (c) Confirmed that each third-party management company submitted a detailed cash operating statement to the respective company within 30 days of each quarter-end.

We found no exceptions as a result of this procedure.

- 2. We obtained supporting documentation (such as approval memorandums, invoices, budgets, bank statements, contracts, etc.) for 100% of the payments made by the Companies during the period July 1, 2018, through June 30, 2019, and performed the following procedures:

- (a) Inspected payment dates to ensure that payments were made by the due date or within 30 days of invoice receipt, as applicable.

We noted two payments made more than 30 days after invoice receipt. One payment was made 10 days late, and the other payment was made 19 days late.

No other exceptions were found as a result of this procedure.

- (b) Inspected the payment supporting documentation for authorized signature/ approval prior to payment.

We found no exceptions as a result of this procedure.

- (c) Agreed the payment to the supporting documentation.

We found no exceptions as a result of this procedure.

- (d) Reviewed payments for adherence to the contract terms, where applicable.

We found no exceptions as a result of this procedure.

- 3. We obtained all bank reconciliations during the period July 1, 2018, through June 30, 2019, for the four bank accounts maintained by the Companies and performed the following procedures on each reconciliation:

- (a) Confirmed that the bank statement was reviewed by the Manager.

We found no exceptions as a result of this procedure. However, during our procedures, we identified other matters related to the subject matter and assertions as follows:

We noted 32 of the 48 bank statements did not have evidence of review until more than 60 days following the end of the month, with dates of review ranging from 84 to 175 days following the end of the month.

- (b) Confirmed that the reconciliation was reviewed by someone other than the preparer.

We found no exceptions as a result of this procedure. However, during our procedures, we identified other matters related to the subject matter and assertions as follows:

We noted 8 of the 48 bank reconciliations had been performed more than 60 days following the end of the month, with dates of preparation ranging from 81 to 113 days following the end of the month. For 7 of the 8 bank reconciliations, there was no activity reported for the month.

- (c) Recalculated the reconciliation to ensure mathematically correct and report any differences in excess of \$1.

We found no exceptions as a result of this procedure.

- (d) Traced the balances on the reconciliation to the bank statement and the general ledger, as applicable, and report any differences in excess of \$1.

We found no exceptions as a result of this procedure.

- (e) Examined supporting documentation to determine that outstanding items in existence for longer than six months are currently being researched by management.

There were no outstanding items in existence for longer than six months on the bank reconciliations provided for the period July 1, 2018, through June 30, 2019.

- 4. We obtained all third-party management bank statements during the period July 1, 2018, through June 30, 2019, and confirmed that each bank statement was reviewed by the Manager.

We found no exceptions as a result of this procedure. However, during our procedures, we identified other matters related to the subject matter and assertions as follows:

We noted 24 of the 36 bank statements had been reviewed more than 60 days following the end of the month with dates of review, ranging from 84 to 175 days following the end of the month.

- 5. We were engaged to inspect sales agreements for property sold during the period July 1, 2018, through June 30, 2019, and perform agreed-upon procedures on the related cash receipts. We obtained management's representation that there were no sales agreements

for property sold during the period July 1, 2018, through June 30, 2019. Therefore, no further procedures were performed.

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 the Companies' third-party management contracts, payments made by the Companies, including compliance with contracts, the Companies' bank accounts, and proceeds from sales for the period July 1, 2018, through June 30, 2019. 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.

This report is intended solely for the information and use of the Manager of the Companies and the Companies' respective advisory committees, which are comprised of all members of the Firefighters' Retirement System Board of Trustees, and is not intended to be, and should not be, used by anyone other than the specified parties. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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