

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

FINANCIAL AUDIT SERVICES

**Agreed-Upon Procedures Report
Issued January 9, 2024**

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January 5, 2024

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

MARELLA HOUGHTON, MANAGER
FRS-LB, L.L.C.; FRS-LB#1, L.L.C.;
AND FRS-GA, L.L.C.
Baton Rouge, Louisiana

We have performed the procedures enumerated below related to FRS-LB, L.L.C.; FRS-LB#1, L.L.C.; and FRS-GA, L.L.C. ("the Companies") on underlying subject matter relating to third-party management contracts, payments made by the Companies, including compliance with contract terms, Companies' bank accounts, review of third-party management bank accounts, and proceeds from sales for the period July 1, 2022, through June 30, 2023. The Companies' Manager is responsible for this subject matter, including compliance with contract terms. Due to the resignation of the previous Manager, these responsibilities transferred to the current Manager, Ms. Houghton, effective September 15, 2023.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The Companies' Manager has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Companies' Manager and the Companies' respective advisory committees with understanding the Companies' accounts and, in part, with assisting the Companies' Manager in determining adherence to compliance with contract terms. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures that we performed and our findings are as follows:

AGREED-UPON PROCEDURES

1. We inspected the two third-party management company contracts of the Companies relating to FRS-LB#1, L.L.C. and FRS-GA, L.L.C. in effect during the period July 1, 2022, through June 30, 2023, 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.

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 2023.

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 noted that the FRS-LB#1, L.L.C.'s detailed cash operating statement for the quarter ended September 30, 2022, was submitted November 3, 2022 (34 days after quarter-end).

No other exceptions were found 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, 2022, through June 30, 2023, and performed the following procedures:

- (a) Inspected payment dates to ensure that payments were made by the due date or within 45 days of invoice receipt, as applicable.

We noted one payment made 52 days after invoice receipt.

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 noted one payment made by FRS-LB#1, L.L.C. included \$5,803 in expenses for FRS-LB#3, L.L.C.

No other exceptions were found 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, 2022, through June 30, 2023, for the three bank accounts maintained by the Companies and performed the following procedures on each reconciliation:

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

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

We noted 18 of the 36 bank statements had been reviewed more than 60 days following the end of the month, with dates of review ranging from 66 to 131 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.

- (c) Recalculated the reconciliation to ensure mathematically correct and reported any differences in excess of \$10.

We found no differences in excess of \$10 as a result of this procedure.

- (d) Traced the balances on the reconciliation to the bank statement and the general ledger, as applicable, and reported any differences in excess of \$10.

We found no differences in excess of \$10 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, 2022, through June 30, 2023.

- 4. We obtained all third-party management bank statements during the period July 1, 2022, through June 30, 2023, and confirmed that each bank statement was reviewed by the Companies' Manager.

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

We noted 12 of the 24 bank statements had been reviewed more than 60 days following the end of the month, with dates of review ranging from 66 to 131 days following the end of the month.

5. We were engaged to inspect sales agreements for property sold during the period July 1, 2022, through June 30, 2023, 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, 2022, through June 30, 2023. Therefore, no further procedures were performed.

We were engaged by the Companies' Manager to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the underlying subject matter relating to Companies' third-party management contracts, payments made by the Companies, including compliance with contracts, the Companies' bank accounts, review of third-party management bank accounts, and proceeds from sales for the period July 1, 2022, through June 30, 2023. 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.

We are required to be independent of the Companies, and the Companies' Manager, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Companies' Manager, 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,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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FRS-AUP-RE 2023