

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 25, 2018

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

January 25, 2018

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, and proceeds from sales for the period July 1, 2016, through June 30, 2017. 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, 2016, through June 30, 2017, 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 noted that management could not provide documentation of coverage for FRS-LB#3, L.L.C. for the period of July 1, 2016, through August 12, 2016. Management also represented that coverage ceased on August 12, 2016, due to the dissolution of co-ownership of the property held by FRS-LB#3, L.L.C. A new policy was obtained effective September 15, 2016, at the coverage limits set forth in the contract.

No other exceptions were found 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 2017.

We noted that the fiscal year 2017 operating budgets for FRS-LB#1, L.L.C. and FRS-LB#3, L.L.C. were submitted on May 3, 2016 (59 days prior to the start of fiscal year 2017).

No other exceptions were found 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 20 days of each quarter end.

We noted that the FRS-GA, L.L.C.'s detailed cash operating statements for quarters ended September 30, 2016, and December 31, 2016, were submitted October 25, 2016, and January 25, 2017, respectively.

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, 2016, through June 30, 2017, 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 three payments made more than 30 days after invoice receipt. One payment was made nine days late, one payment was made 19 days late, and one payment was made 23 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, 2016, through June 30, 2017, for the four bank accounts maintained by the Companies and performed the following procedures on each reconciliation:

- (a) 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 that none of the bank reconciliations for the period July 1, 2016, through April 30, 2017, had been reviewed by someone other than the preparer until after we requested copies of the bank reconciliations on June 14, 2017.
- We noted two bank reconciliations (October 2016 and December 2016) for FRS-LB#3, L.L.C. were not performed. Management represented that there were no transactions for this account in either month.
- We noted 26 of the 46 bank reconciliations had been performed more than 30 days following the end of the month with nine reconciliations performed 100-130 days following the end of the month.

- (b) 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.

- (c) 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.

- (d) 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, 2016, through June 30, 2017.

4. We were engaged to inspect sales agreements for property sold during the period July 1, 2016, through June 30, 2017, 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, 2016, through June 30, 2017. 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, 2016, through June 30, 2017. 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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FRS-AUP 2017