

**RETIREMENT SYSTEMS' BUILDING
MANAGEMENT PARTNERSHIP**

Financial Statements with Supplementary Information

June 30, 2023

(With Independent Auditors' Report Thereon)

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

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Independent Auditors' Report

Retirement Systems' Building Management Partnership
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of Retirement Systems' Building Management Partnership (the Partnership), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Partnership as of June 30, 2023, and the respective changes in its net position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not 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 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 financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2023, on our consideration of the Partnership's internal control over financial reporting and on our tests of

its compliance with certain provisions of laws, regulations, contracts, 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 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 Partnership's internal control over financial reporting and compliance.

Griffin & Furman, LLC

August 17, 2023

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Management's Discussion and Analysis

For the Year Ended June 30, 2023

The following is management's discussion and analysis of the financial performance of the Retirement Systems' Building Management Partnership. It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, including notes to the financial statements.

Financial Highlights

- Net position increased \$408,134 for the year ended June 30, 2023 to \$3,526,523.
- Revenue over expenses in the current fiscal year increased by \$160,532 to \$572,275.
- Operating expenses decreased \$25,778 from 2022 to \$1,102,511 primarily due to a decrease in insurance expense.
- There were \$164,141 in distributions of capital assets to the partners during the current fiscal year.

Overview of the Financial Statements

The explanation of the financial statements is as follows:

Balance Sheet – This statement presents the assets, liabilities, and net position as of June 30, 2023.

Statement of Revenue and Expenses – This statement presents the results of the Partnership's operations during the year ended June 30, 2023. It discloses the net revenues over expenses.

Statement of Changes in Net Position – This statement presents the changes that occurred during the year in the Partnership's net position.

Statement of Cash Flows – This statement reflects the cash inflows and outflows that have a direct impact on the cash account for each year presented.

Notes to Financial Statements – The notes provide additional information that is essential to understand the data presented in the financial statements

Retirement Systems' Building Management Partnership Financial Analysis

The Partnership was created for the purpose of managing and maintaining the immovable property, owned by partners located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Rental revenue is used to pay the Partnership expenses and build up equity to meet unforeseen needs and planned upgrades to the building and grounds. Revenue over expenses for the year ended June 30, 2023 amounted to \$572,275, an increase of \$160,532 compared to \$411,743 for the year ended June 30, 2022. Expenses were \$1,102,511 for the year ended June 30, 2023 as compared to \$1,128,289 for the year ended June 30, 2022, a decrease of \$25,778.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Management's Discussion and Analysis

For the Year Ended June 30, 2023

Condensed Balance Sheets as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Total assets	\$ 3,549,089	3,150,157	398,932
Current liabilities	22,566	31,768	(9,202)
Net position	<u>3,526,523</u>	<u>3,118,389</u>	<u>408,134</u>
Total liabilities and net position	\$ <u>3,549,089</u>	<u>3,150,157</u>	<u>389,932</u>

Net position increased \$408,134 from 2022 to 2023. The increase in unrestricted net position is primarily due to the increase in net income in the current year.

Condensed statements of revenues and expenses for the years ended June 30:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating revenues	\$ 1,674,786	1,540,032	134,754
Operating expenses	<u>1,102,511</u>	<u>1,128,289</u>	<u>(25,778)</u>
Revenues over expenses	572,275	411,743	160,532
Distributions	<u>(164,141)</u>	<u>(498,183)</u>	<u>334,042</u>
Change in unrestricted net position	\$ <u>408,134</u>	<u>(86,440)</u>	<u>494,574</u>

Revenue over expenses in the 2023 fiscal year increased \$160,532 or 39% from 2022.

Capital Improvements

The Partnership does not own any property. The partners own all the immovable and moveable property. Improvements or additions to the property are financed through the Partnership and are treated as distributions to the partners.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Retirement System's Building Management Partnership, 8401 United Plaza Boulevard, Third Floor, Baton Rouge, Louisiana, 70809.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Balance Sheet

June 30, 2023

Assets

Current assets:

Cash and cash equivalents \$ 322,441

Total current assets 322,441

Other assets:

Cash designated for long-term purposes 3,226,648

\$ 3,549,089

Liabilities and Net Position

Accounts payable \$ 22,566

Unrestricted net position:

Teachers' Retirement System of
Louisiana (50% interest) \$ 1,763,262

Louisiana State Employees' Retirement
System (50% interest) 1,763,261

Total unrestricted net position 3,526,523

\$ 3,549,089

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Statement of Revenues and Expenses

For the Year Ended June 30, 2023

Revenues:			
Rent - related party	\$	1,530,539	
Interest income		144,227	
Other income		<u>20</u>	
Total revenues			1,674,786
Expenses:			
Repairs and maintenance		504,746	
Utilities		379,735	
Payroll expense		122,302	
Management fee		38,796	
Other expenses		<u>56,932</u>	
Total expenses			<u>1,102,511</u>
Revenues over expenses			<u>\$ 572,275</u>

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Statement of Changes in Net Position

For the Year Ended June 30, 2023

	<u>Teachers' Retirement System of Louisiana</u>	<u>Louisiana State Employees' Retirement System</u>	<u>Total</u>
Balance, June 30, 2022	\$ 1,559,195	1,559,194	3,118,389
Add:			
Revenues over expenses	286,137	286,138	572,275
Deduct:			
Distributions	<u>(82,070)</u>	<u>(82,071)</u>	<u>(164,141)</u>
Balance, June 30, 2023	\$ <u>1,763,262</u>	<u>1,763,261</u>	<u>3,526,523</u>

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Statement of Cash Flows

For the Year Ended June 30, 2023

Cashflows from operating activities:		
Rents received	\$	1,530,539
Interest received		16,761
Other fees and revenue		20
Cash paid to suppliers		<u>(1,100,993)</u>
Net cash provided by operating activities		446,327
Cashflows from investing activities:		
Interest received		127,466
Transfers to cash designated for long-term purposes		<u>(339,554)</u>
Net cash used by investing activities		(212,088)
Cashflows from financing activities:		
Distributions to partners		<u>(164,141)</u>
Net increase in cash and cash equivalents		70,098
Cash - beginning of year		<u>252,343</u>
Cash - end of year	\$	<u><u>322,441</u></u>
Reconciliation of revenues over expenses to net cash provided by operating activities:		
Revenues over expenses	\$	572,275
Adjustments to reconcile operating loss to net cash used by operating activities:		
Interest income included in investing activities	\$	(127,466)
Changes in assets and liabilities:		
Decrease in prepaid expenses		10,720
Decrease in accounts payable		<u>(9,202)</u>
Total adjustments		<u>(125,948)</u>
Net cash provided by operating activities	\$	<u><u>446,327</u></u>

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Notes to the Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

(a) Business Operation of Partnership

The Partnership between Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System was formed July 1, 1992.

The Partnership was created for the purpose of managing and maintaining the office building owned by the partners located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Rental income is used to pay the expenses of the Partnership and any excess revenue may be distributed to the partners.

Under *Governmental Accounting Standards Board* Statement No. 61, "The Financial Reporting Entity," the definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Partnership considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens on the Partnership. The Partnership determined there are no organizations that are fiscally dependent on it and there are no component units of the Partnership.

(b) Basis of Accounting

The Partnership has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when liabilities are incurred and revenues are recorded in the accounting period they are earned and become measurable.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) New Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, Leases effective for fiscal years beginning after December 15, 2019. In May 2020, the GASB issued Statement No. 95 which changed the effective date for Statement No. 87 to fiscal years beginning after June 15, 2021. The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Since the Partnership does not have leases, the implementation of this standard did not require any changes to the Partnership's financial reporting requirements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Notes to the Financial Statements

June 30, 2023

(2) Unrestricted Designations

Unrestricted designations represent funds that the management and managing partners of the Retirement Systems' Building Management Partnership have designated to provide a reserve for maintenance emergencies and building improvements. Total unrestricted designations, presented as "cash designated for long-term purposes" on the balance sheet, was \$3,226,648 at June 30, 2023.

(3) Cash and Cash Equivalents

Under state law, the Partnership may deposit funds in demand deposit, interest bearing demand deposit, money market, or time deposit accounts with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Partnership had cash and cash equivalents (book balances), including cash designated for long-term purposes, totaling \$3,549,089 at June 30, 2023.

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance and/or the pledge or securities. The market value of the pledged securities plus the federal deposit insurance (FDIC) must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the Partnership's name.

At June 30, 2023, the Partnership had \$3,626,611 in deposits (collected bank balances) of which \$250,000 was covered by Federal Deposit Insurance Corporation. The remainder was collateralized by securities held by the custodial bank in the Partnership's name, in the amount of \$3,376,611.

(4) Related Party Transactions

The partners agree on the amount of rent to be paid annually. The total amount of rent paid for the year ended June 30, 2023 was \$1,530,539. Teachers' Retirement System of Louisiana paid \$830,369 and Louisiana State Employees' Retirement System paid \$700,170 for the year ended June 30, 2023.

(5) Management Fee

The Partnership has a management agreement for \$3,233 per month in effect through June 30, 2023. However, either party may cancel this management agreement for any reason effective thirty days after receipt of written cancellation notice. The total amount of management fees paid for the year ended June 30, 2023 was \$38,796. The Partnership reimburses the manager for all payroll and security guard costs based on approvals of the partners.

(6) Subsequent Events

The Partnership evaluated all subsequent events through the date of the audit report, the date the financial statements were available to be issued. As a result, the Partnership noted no subsequent events that required adjustment to, or disclosure 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*

Retirement Systems' Building Management Partnership
Baton Rouge, Louisiana

We have audited, 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, the financial statements of Retirement Systems' Building Management Partnership (the Partnership), as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements and have issued our report thereon dated August 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership'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 opinions on the financial statements, but not for their purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements 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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

August 17, 2023

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Schedule of Findings and Management Corrective Action Plan

June 30, 2023

Summary of Audit Results:

1. Type of Report Issued – Unmodified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – No
 - b. Material Weaknesses - No
3. Compliance and Other Matters – No
4. Management Letter - No

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Status of Prior Year Findings

June 30, 2023

Not applicable