

Minutes  
The Arkansas Local Police and Fire Retirement System (LOPFI)  
Audit Committee Meeting

The Audit Committee of the Arkansas Local Police and Fire Retirement System met on Wednesday, May 25, 2016, in the LOPFI office located at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas.

Members Present: John Neal, Retired Fire Employee Trustee, Chairman  
Bev Lambert, Public Trustee  
Catherine Cook, Employer Trustee (teleconference)

Staff Present: David Clark, Executive Director  
Denise Collins, Chief Financial Officer  
Jen Sines, Accountant II  
Tiffiney Lewis, Recording Secretary to the Committee

Chairman Neal called the meeting to order at 9:30 a.m. and recognized a quorum and notification of news media.

Andy Richards, BKD CPAs & Advisors, auditor for the Board, presented the auditor's report for year ended December 31, 2015. Mr. Richards is overall very pleased with the audit results and the cooperation received from staff. Mr. Richards indicated that BKD issued an unmodified opinion over the System's financial statements, which is a clean opinion. Mr. Richards reviewed the audit report:

**Statement of Fiduciary Net Position:** Mr. Richards advised that this is a year-end snapshot of the assets and liabilities (the overall financial condition of the System). The Net Position restricted for pensions was \$1.610 billion in 2014, and increased to \$1.646 billion for 2015. The driver for that increase is the investments, which increased from \$1.487 billion in 2014 to \$1.488 billion in 2015.

**Statement of Changes in Fiduciary New Position:** Mr. Richards stated that total contributions increased from \$116 million in 2014 to \$123 million in 2015. Member Contributions decreased from \$22.6 million in 2014 to \$21.2 million in 2015 and Employer Contributions increased from \$85 million in 2014 to \$90 million in 2015. Net Investment Income was \$107 million in 2014 compared to \$2.2 million in 2015, which puts the System's total additions at \$125 million in 2015 versus \$223 million in 2014. Benefits paid to participants increased from \$70 million in 2014 to \$79 million in 2015. Mr. Richards stated that the Net Increase in Net Position Restricted for Pensions investment performance were down, which resulted in an increase of only \$36 million in 2015. Chairman Neal acknowledged that the increase in the rate of retirements is expected to continue to as LOPFI matures.

Mr. Richards advised that the Governmental Accounting Standards Board (GASB) Statement No. 72 will be implemented in next year's audit. GASB Statement No. 72, Fair Value Measurement and Application standard expands fair value measurements on a

government's financial position.

Chairman Neal commented that there is a lot more information in this audit report and is easier to understand which is appreciated. Mr. Richards advised that staff did a great job and Mr. Lambert and Ms. Cook stated that the report is good. Mr. Clark stated that he appreciated the feedback and that cooperation works both ways with the staff and auditors.

Mr. Lambert made a motion, seconded by Ms. Cook to accept the 2015 LOPFI audit and recommend this action to the LOPFI Board of Trustees. The motion passed unanimously.

With no other business to discuss, the Committee adjourned at 9:48 a.m.

Respectfully submitted,

Approved 06/02/16

Tiffiney Lewis  
Recording Secretary to the Committee