

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 2, 2018, in the LOPFI office located at 620 W. 3rd, Suite 200, Little Rock, Arkansas.

Members Present: John Neal, Retired Fire Employee Trustee, Chairman
Bev Lambert, Public Trustee (teleconference)
Tim Hill, Retired Police Employee Trustee (teleconference)

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

Chairman Neal called the meeting to order at 9:06 a.m. and recognized a quorum and notification of news media.

Chairman Neal recognized Andy Richards, BKD CPAs & Advisors, auditor for the Board, who presented the independent auditor's report for year ended December 31, 2017. (Mr. Hill joined the meeting via teleconference at 9:12 a.m.) Mr. Richards is overall very pleased with the audit results and the cooperation received from staff. Mr. Richards indicated that BKD issued an un-modified 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 \$1.7 billion in 2016, and increased to \$2 billion for 2017. The driver for that increase is the investments, which increased from \$1.615 billion in 2016 to \$1.915 billion in 2017. Mr. Richards stated in the past, the plan types had been combined into one single column on the financial statements due to the information being condensed into the notes portion; however, they are now broken down into two (2) separate columns as a result of comments from the Government Finance Officers Association regarding LOPFI's Comprehensive Annual Financial Report.

Statement of Changes in Fiduciary Net Position: Mr. Richards stated that the Net Increase in Net Position Restricted for Pension increased from \$124 million in 2016 to \$303 million in 2017. Net Investment Income was \$98.8 million in 2016 compared to \$253.4 million in 2017, which puts the System's total additions at \$415 million in 2017 versus \$229 million in 2016. Chairman Neal commented that the increase in the rate of retirements is expected to continue as LOPFI matures.

Mr. Richards advised that staff did a great job providing information and assistance with the audit. Mr. Clark noted this was the earliest issued audit report in LOPFI's 36 year history.

The Committee also shared their comments regarding staff performing well. Mr. Clark said staff appreciates the positive feedback and the positive working relationship with the auditors.

Mr. Lambert made a motion, seconded by Mr. Hill to accept the 2017 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 9:32 a.m.

Respectfully submitted,

Approved 06/07/18

Lesley Weaver
Recording Secretary to the Committee