

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 by teleconference on Thursday, May 7, 2020, with the call originating from the LOPFI office at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas.

Members Present: John Neal, Retired Fire Employee Trustee, Chairman  
Tim Hill, Retired Police Employee Trustee  
Mayor Gary Baxter, Employer Trustee

Staff Present: David Clark, Executive Director  
Laura Nixon, Assistant 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 9:30 a.m. and recognized a quorum and notification of news media.

Chairman Neal recognized Kyle Elmore, BKD CPAs & Advisors, auditor for the Board, who presented the independent auditor's report for year ended December 31, 2019. Mr. Elmore advised effective January 1, 2019, the System adopted GASB 87, Leases. Mr. Elmore stated the System elected to early adopt this standard. It places leases as a liability or a receivable rather than paying them as payments come due. Mr. Elmore was pleased with the audit results and the cooperation received from staff. Mr. Elmore indicated that BKD issued an un-modified opinion of the System's financial statements, which is a clean opinion. Mr. Elmore reviewed the audit report:

**Statement of Fiduciary Net Position:** Mr. Elmore 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 \$2.079 billion in 2018 and increased to \$2.474 billion for 2019.

**Statement of Changes in Fiduciary Net Position:** Mr. Elmore stated that the Net Increase in Net Position Restricted for Pensions increased from \$5.2 million in 2018 to \$394.6 million in 2019. Net Investment Income was a loss of \$60.4 million in 2018 compared to a gain of \$390.8 million in 2019. The System's total additions were \$544.6 million in 2019 versus \$130.8 million in 2018. Mr. Elmore advised the Plan's fiduciary net position as a percentage of total pension liability was 73.03% in 2019 versus 65.84% in 2018, which is a strong percentage. Mr. Baxter asked Mr. Elmore to elaborate on the 73.03% being a strong percentage compared to other retirement systems nationwide. Mr. Elmore stated this was an observation based on his experience; however, he would provide more information to Mr. Baxter after today's meeting. Mr. Elmore concluded his comments.

Mr. Baxter commended staff for their efforts toward achieving a clean audit. Mr. Clark stated staff appreciates the recognition and the positive working relationship with Mr. Elmore and his team. Completing the audit work was certainly the result of the collective efforts of all.

Mr. Baxter made a motion, seconded by Mr. Hill, to accept the 2019 LOPFI audit and recommend this action to the LOPFI Board of Trustees at their June meeting. The motion passed unanimously.

With no other business to discuss, the Committee adjourned at 10:00 a.m.

Respectfully submitted,

Approved 06/11/2020

Lesley Weaver  
Recording Secretary to the Committee