

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

The Audit Committee of the Local Police and Fire Retirement System met by video conference on Wednesday, May 3, 2023, with the meeting originating from the LOPFI office at 620 W. 3rd, 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
Jen Sines, Chief Financial Officer
Lesley Weaver, Recording Secretary to the Committee

Chairman Neal called the meeting to order at 9:31 a.m. and recognized a quorum and notification of news media.

Chairman Neal recognized Kyle Elmore, FORVIS, auditor for the Board, who presented the independent auditor's report for year ended December 31, 2022. Mr. Elmore was pleased with the audit results and the cooperation received from staff. Mr. Elmore indicated that FORVIS issued an un-modified opinion of the System's financial statements, which is a clean opinion. Mr. Elmore reviewed the audit report:

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 \$3.267 billion in 2021 and decreased to \$2.772 billion for 2022. Net Investment Income was \$467 million in 2021 compared to -\$478.6 million in 2022 and the System's total additions were \$632.7 million in 2021 versus -\$306.9 million in 2022. The net investment income decreased as a result of the portfolio producing a return of -14.90%, while 2021 had a return of 17.45%. Mr. Elmore advised the Plan's Fiduciary Net Position as a Percentage of Total Pension Liability was 84.67% in 2021 versus 69.07% in 2022. Mr. Elmore advised while 2022 produced a negative return, the three prior years had positive returns and is hopeful for positive returns in the future. Mr. Baxter made a motion, seconded by Mr. Hill, to accept the 2022 LOPFI audit and recommend this action to the LOPFI Board of Trustees at their June meeting. The motion passed unanimously.

Mr. Bill Cranford, Managing Consultant/Cybersecurity – IT Risk Services, with FORVIS gave a brief overview of the IT Assessment Report. Mr. Cranford advised the IT Assessment review is in place to evaluate LOPFI's internal control over information technology systems and noted there were no high risks to report. Mr. Hill made a motion, seconded by Mr. Baxter, to accept the 2022 IT Assessment Report. The motion passed unanimously.

Chairman Neal 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 on the audit and other items that arise throughout the year. Completing the audit work was certainly the result of the collective efforts of all.

With no other business to discuss, the Committee adjourned at 9:55 a.m.

Respectfully submitted,

Approved 06/01/2023

Lesley Weaver
Recording Secretary to the Committee