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The North Carolina Supplemental Retirement Plans Audit

Presentation of 2021 Audit Results to the Audit Sub-Committee

July 19, 2022

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Agenda

- 2021 Audit Results
- Required Communications
- Financial Statements Summary
- Employer Compliance Testing

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2021 Audit Results

- Independent Auditors' Report on the Financial Statements
 - Unmodified “clean” opinion that the financial statements are presented fairly, in all material respects, in conformity with U.S. GAAP
 - Statement on Auditing Standards (SAS) No. 134 implemented during 2021; among other things, changed the structure of the Independent Auditors' Report
- Independent Auditors' Report on Internal Control and Compliance
 - No findings reported
- Governance Communication Letter
 - Required communications distributed in a separate communication



Required Communications



Significant Accounting Policies

Management is responsible and are described in Note 2

All significant transactions recognized in financial statements

No transactions lacked authoritative guidance



Significant Accounting Estimates

Investments

Fair value computed by custodian based on quoted market prices and various investment managers

Stable income fund valued at contract value (contributions, plus earnings, less withdrawals and expenses)



Significant Disclosures

Disclosures are neutral, consistent and clear



Difficulties Encountered

None



Uncorrected and Corrected Misstatements

None



Required Communications



Disagreements with Management

None



Management Representations

Requested certain representations from management that are included in management representation letter



Management's Consultations with Other Independent Accountants

None that we're aware of



Significant Issues Discussed with Management Prior to Engagement

All within the normal course of our professional relationship

2021 Financial Statements

Statement of Fiduciary Net Position – 401K

(Amounts presented in Thousands)

	2021	2020	\$ Change	% Change
Pooled account, at Fair Value	\$12,401,909	\$10,839,205	\$1,562,704	14.4%
Stable Value Fund, at Contract Value	\$1,998,970	\$1,969,908	\$29,062	1.5%
Receivables	\$264,888	\$287,712	(\$22,824)	(7.9%)
Liabilities	\$1,754	\$1,247	\$507	40.7%
Fiduciary Net Position	\$14,664,013	\$13,095,578	\$1,568,435	12.0%



2021 Financial Statements

Statement of Changes in Fiduciary Net Position – 401K

(Amounts presented in Thousands)

	2021	2020	\$ Change	% Change
Net Investment Income	\$1,638,676	\$1,557,850	\$80,826	5.2%
Contributions	\$689,455	\$632,051	\$57,404	9.1%
Other Income	\$17,423	\$16,259	\$1,164	7.2%
Distributions	\$766,987	\$803,787	(\$36,800)	(4.6%)
Administrative Expenses	\$10,132	\$10,337	(\$205)	(2.0%)
Change in Fiduciary Net Position	\$1,568,435	\$1,392,036	\$176,399	12.7%



2021 Financial Statements

Statement of Fiduciary Net Position – 457b

(Amounts presented in Thousands)

	2021	2020	\$ Change	% Change
Pooled account, at Fair Value	\$1,580,512	\$1,381,533	\$1,562,704	14.4%
Stable Value Fund, at Contract Value	\$386,364	\$392,092	(\$5,728)	(1.5%)
Receivables	\$21,371	\$22,650	(\$1,279)	(5.6%)
Liabilities	\$292	\$248	\$44	17.7%
Fiduciary Net Position	\$1,987,955	\$1,796,027	\$191,928	10.7%



2021 Financial Statements

Statement of Changes in Fiduciary Net Position – 457b

(Amounts presented in Thousands)

	2021	2020	\$ Change	% Change
Net Investment Income	\$221,217	\$207,403	\$80,826	5.2%
Contributions	\$93,369	\$84,270	\$9,099	10.8%
Other Income	\$1,618	\$1,272	\$1,164	7.2%
Distributions	\$122,310	\$81,117	\$41,193	50.8%
Administrative Expenses	\$1,966	\$2,119	(\$153)	(7.2%)
Change in Fiduciary Net Position	\$191,928	\$209,709	(\$17,781)	(8.5%)



Employer Compliance Testing

- 25 Employers
 - 10 largest employers
 - 15 employers selected on rotational basis
- Findings and best practice recommendations have been shared with management.
 - Low risk and immaterial to the financial statements as a whole

Thank you to everyone that assisted with the audit!

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