

# The North Carolina Supplemental Retirement Plans – Audit Sub-Committee Meeting



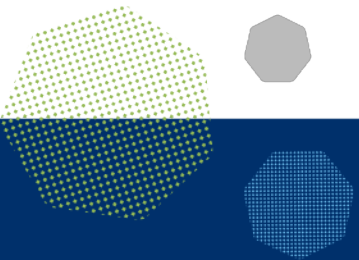
Year End Financial Statement Audit Results Presentation

July 11, 2024



# Agenda

- Financial Highlights
- 2023 Audit Results (December 31, 2023)
- Required Communications
- Annual Employer Testing Summary Results



# 401(k) Fiduciary Net Position aka Balance Sheet

## Condensed Statements of Fiduciary Net Position (401(k) Plan), as of December 31:

(In thousands of dollars)

	2023	2022
Investments		
Pooled account, at fair value	\$ 12,098,998	\$ 10,115,063
Stable value fund	2,056,537	2,083,430
Receivables		
Notes receivable from participants	255,458	248,840
Other	8,773	9,478
Liabilities	(1,322)	(899)
Fiduciary net position	<u>\$ 14,418,444</u>	<u>\$ 12,455,912</u>

# 401(k) Changes in Net Position

Condensed Statements of Changes in Fiduciary Net Position (401(k) Plan), for the year ended December 31:

(In thousands of dollars)

	2023	2022
<b>Additions</b>		
Contributions	\$ 792,882	\$ 740,344
Net investment income (loss)	1,978,020	(2,160,463)
Interest on notes receivable from participants	14,644	12,173
Miscellaneous income	2,815	2,357
Total additions	2,788,361	(1,405,589)
<b>Deductions</b>		
Distributions to participants and beneficiaries	815,401	793,316
Administrative expenses	10,428	9,196
Total deductions	825,829	802,512
Net increase (decrease) in fiduciary net position	\$ 1,962,532	\$ (2,208,101)

# 457(b) Fiduciary Net Position

Condensed Statements of Fiduciary Net Position (457(b) Plan), as of December 31:

(In thousands of dollars)

	2023	2022
Investments		
Pooled account, at fair value	\$ 1,525,637	\$ 1,276,643
Stable value fund	371,488	393,895
Receivables		
Notes receivable from participants	20,636	19,818
Other	470	813
Liabilities	(238)	(170)
Fiduciary net position	<u>\$ 1,917,993</u>	<u>\$ 1,690,999</u>



# 457(b) Changes in Fiduciary Net Position

Condensed Statements of Changes in Fiduciary Net Position (457(b) Plan), for the year ended December 31:

(In thousands of dollars)

	2023	2022
<b>Additions</b>		
Contributions	\$ 97,780	\$ 97,036
Net investment income (loss)	257,694	(275,216)
Interest on notes receivable from participants	1,185	965
Miscellaneous income	386	320
Total additions	357,045	(176,895)
<b>Deductions</b>		
Distributions to participants and beneficiaries	128,154	118,308
Administrative expenses	1,897	1,753
Total deductions	130,051	120,061
Net increase (decrease) in fiduciary net position	\$ 226,994	\$ (296,956)

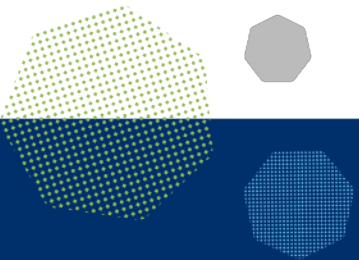
# 2023 Financial Statement Audit Results

- Independent Auditors' Report - Unmodified "clean" opinion that the financial statements are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
- Limited procedures were performed, and no opinion rendered, on management's discussion and analysis (required supplemental information)
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
  - No material weaknesses were identified.
  - No significant deficiencies were identified.
- Letter to the Board providing required communications with those charged with governance.



# Required Governing Body Communications

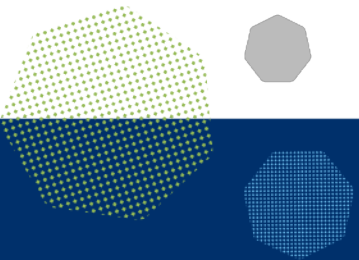
- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
- Significant accounting policies
  - No new accounting standards in fiscal year 2023
- Management judgments and accounting estimates
  - Stable Value crediting rate





# Required Governing Body Communications

- Management was very cooperative and professional during the audit process
- No disagreements with management
- Management did not consult with other accountants on the application of GAAP or GAAS
- No major issues were discussed with management prior to retention
- Management Representations



# Additional Annual Employer Testing Summary

## Procedures Performed

The Department requires UHY to reconcile remittances by the employers with receipts of the recordkeeper, review employer controls and compliance, and other items that are reasonably requested by the Department. The Department's objectives are met through performance of the following procedures for a sample of employees at each employer:

- Recalculate employees' contributions from the payroll register based on the eligible gross pay from the payroll register and elected contribution rate from the recordkeeper's employee portal.
- Recalculate employer contributions from the payroll register based on the employees' eligible gross pay and the employer's contribution rate in effect for the period under review.
- Verify employee and employer contributions from the payroll register were included in the contributions remitted to the recordkeeper.
- Tie total employee and employer contributions from the payroll register to the employer's GL.
- Tie total remittance of employee and employer contributions for the pay period under review to the bank statement.

## Employer Selections

The following employers were selected for testing in the 2023 audit cycle:

### Employer Name

City of Charlotte  
City of Durham  
Dept. of Adult Correction  
Dept. of Health & Human Svcs.  
Dept. of Public Safety  
Dept. of Transportation  
Guilford County  
Mecklenburg County  
UNC Health Care  
Wake County Government  
City of Graham  
City of Statesville  
City of Winston-Salem

### Employer Name

Gaston County Government  
Johnston County Schools  
Lee County Schools  
Pamlico County  
Pitt County  
Town of Carolina Beach  
Town of Huntersville  
Town of Warsaw  
Transylvania County Schools  
UNC Pembroke  
Voyager Academy  
Wilmington Int'l Airport

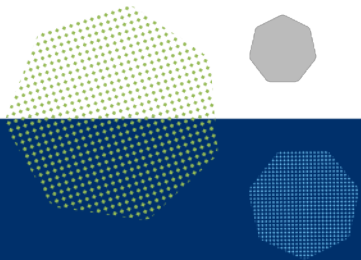
# Thank you!

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