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

Year End Financial Statement Audit Results Presentation

July 13, 2023



UHU

Agenda

- Financial Highlights
- 2022 Audit Results (December 31, 2022)
- Required Communications



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)	2022		2021	
Investments				
Pooled account, at fair value	\$	10,115,063	\$	12,401,909
Stable value fund		2,083,430		1,998,970
Receivables				
Notes receivable from participants		248,840		258,241
Other		9,478		6,647
Liabilities		(899)		(1,754)
Fiduciary net position	\$	12,455,912	\$	14,664,013

In general, the financial markets declined across the majority of asset classes in 2022. The Pooled Account decreased by approximately \$2.3 billion or approximately 18.4% largely due to the losses in the financial markets.



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)	 2022		2021	
Additions				
Contributions	\$ 740,344	\$	689,455	
Net investment income (loss)	(2,160,463)		1,638,676	
Interest on notes receivable from participants	12,173		14,010	
Miscellaneous income	2,357		3,413	
Total additions	(1,405,589)		2,345,554	
Deductions				
Distributions to participants and beneficiaries	793,316		766,987	
Administrative expenses	 9,196		10,132	
Total deductions	802,512		777,119	
Net increase (decrease) in fiduciary net position	\$ (2,208,101)	\$	1,568,435	



457(b) Fiduciary Net Position

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

(In thousands of dollars)	2022			2021		
Investments						
Pooled account, at fair value	\$	1,276,643	\$	1,580,512		
Stable value fund		393,895		386,364		
Receivables						
Notes receivable from participants		19,818		20,710		
Other		813		661		
Liabilities		(170)		(292)		
Fiduciary net position	\$	1,690,999	\$	1,987,955		

Fiduciary net position decreased approximately 14.9% in 2022. This decrease is due in large part to a net investment loss reflecting weaker returns in the financial markets. The Pooled Account decreased by 19.2% while the assets within the NC Stable Value Fund increased by approximately 1.9%. The majority of the increase in Stable Value assets was due to participants moving assets into the Stable Value Fund.



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)	2022		2021	
Additions				
Contributions	\$	97,036	\$	93,369
Net investment income (loss)		(275,216)		221,217
Interest on notes receivable from participants		965		1,109
Miscellaneous income		320		509
Total additions		(176,895)		316,204
Deductions				
Distributions to participants and beneficiaries		118,308		122,310
Administrative expenses		1,753		1,966
Total deductions		120,061		124,276
Net increase (decrease) in fiduciary net position	\$	(296,956)	\$	191,928



2022 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 2022
- 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





Thank you!

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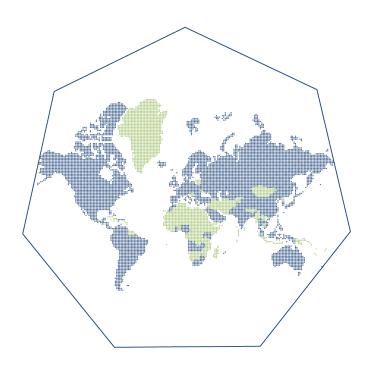
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