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

Year End Financial Statement Audit Results Presentation

*July 13, 2026*

# Agenda

- Financial Highlights
- 2025 Audit Results (December 31, 2025)
- 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) | 2025 | 2024 |
|---|---|---|
| Investments | | |
| Pooled account, at fair value | $ 15,852,013 | $ 13,733,629 |
| Stable value fund | 1,845,293 | 1,884,094 |
| Receivables | | |
| Notes receivable from participants | 327,016 | 303,358 |
| Other | 4,495 | 4,247 |
| Other assets | - | 148 |
| Liabilities | (1,252) | (1,276) |
| Fiduciary net position | $ 18,027,565 | $ 15,924,200 |

# 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)** | 2025 | 2024 |
|---|---|---|
| **Additions** | | |
| Contributions | $ 1,097,367 | $ 1,008,516 |
| Net investment income | 2,282,248 | 1,655,833 |
| Interest on notes receivable from participants | 24,068 | 22,584 |
| Miscellaneous income | - | 1,866 |
| Total additions | 3,403,683 | 2,688,799 |
| **Deductions** | | |
| Distributions to participants and beneficiaries | 1,285,366 | 1,174,006 |
| Administrative expenses | 14,952 | 9,037 |
| Total deductions | 1,300,318 | 1,183,043 |
| Net increase in fiduciary net position | $ 2,103,365 | $ 1,505,756 |

# 457(b) Fiduciary Net Position

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

| (In thousands of dollars) | 2025 | 2024 |
|---|---|---|
| Investments | | |
| Pooled account, at fair value | $ 1,972,982 | $ 1,729,128 |
| Stable value fund | 333,329 | 342,968 |
| Receivables | | |
| Notes receivable from participants | 28,617 | 25,960 |
| Other | 588 | 628 |
| Other assets | 5 | 93 |
| Liabilities | (226) | (232) |
| Fiduciary net position | $ 2,335,295 | $ 2,098,545 |

# 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)** | 2025 | 2024 |
|---|---|---|
| **Additions** | | |
| Contributions | $ 135,433 | $ 119,388 |
| Net investment income | 278,802 | 219,723 |
| Interest on notes receivable from participants | 2,049 | 1,849 |
| Miscellaneous income | - | 282 |
| Total additions | 416,284 | 341,242 |
| **Deductions** | | |
| Distributions to participants and beneficiaries | 176,999 | 159,021 |
| Administrative expenses | 2,535 | 1,669 |
| Total deductions | 179,534 | 160,690 |
| Net increase in fiduciary net position | $ 236,750 | $ 180,552 |

# 2025 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

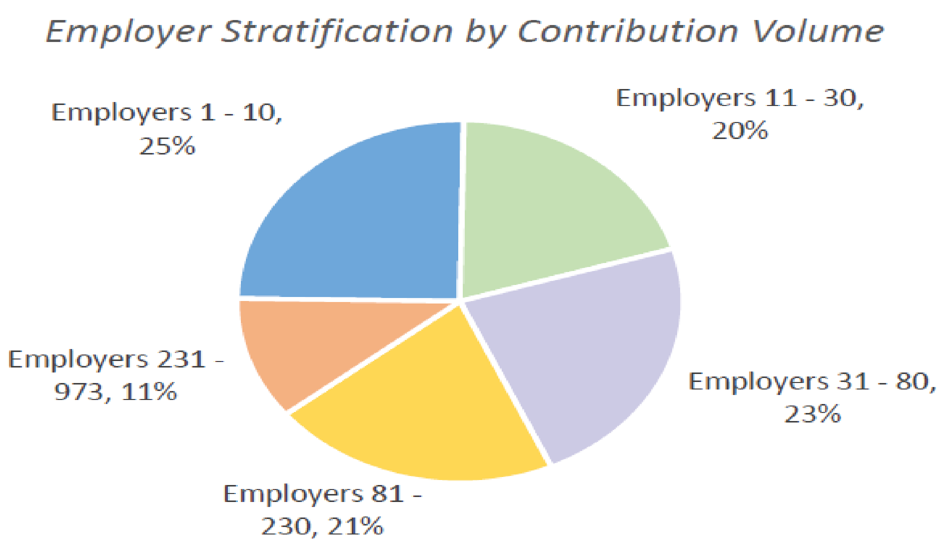
- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
- Significant accounting policies
  - None in the 2025
    - GASB 103 will be adopted in FY 2026 but will likely have no material impact
- Management judgments and accounting estimates
  - Stable Value crediting rate

# 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

The following chart demonstrates the stratification of employers by contribution volume and shows the top 10 employers account for 25% of total contributions and the top 80 employers account for nearly 70% of total contributions. Alternatively, the smallest 743 employers only account for 11% of contributions.



# 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.

The following employers were selected for testing in the 2025 audit cycle:

Employer Name

Administrative Office of the Courts
City of Charlotte
City of Durham
Dept. of Adult Correction
Dept. of Health & Human Svcs.
Dept. of Transportation
Guilford County
Mecklenburg County
UNC Health Care
Wake County Government
Arapahoe Charter School
Cape Fear Community College
Carteret County Schools

Employer Name

City of Hickory
City of Kannapolis
City of Lexington
City of Washington
Dare County Schools
Dept. of Public Safety
Kannapolis City Schools
Plymouth Housing Authority
Southwestern Community College
Town of Blowing Rock
Town of Stanfield
Village of Clemmons

# Thank you!

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# About UHY

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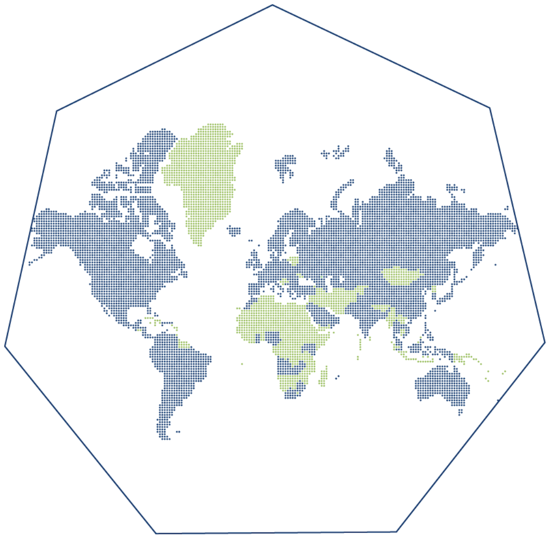

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