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

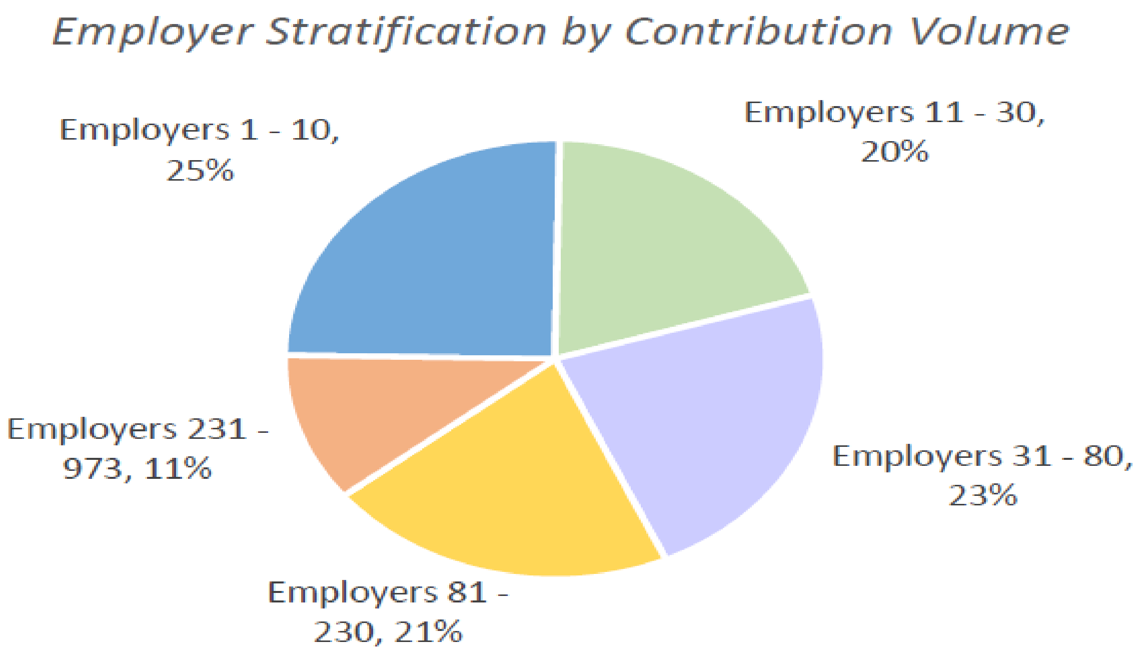
- Auditor’s responsibility under U.S. Generally Accepted Auditing Standards
- Significant accounting policies
  - None in the 2025
    - GASB 103 will be adopted in FY 2026 but will likely have no material impact
- Management judgments and accounting estimates
  - Stable Value crediting rate

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	Employer Name
Administrative Office of the Courts	City of Hickory
City of Charlotte	City of Kannapolis
City of Durham	City of Lexington
Dept. of Adult Correction	City of Washington
Dept. of Health & Human Svcs.	Dare County Schools
Dept. of Transportation	Dept. of Public Safety
Guilford County	Kannapolis City Schools
Mecklenburg County	Plymouth Housing Authority
UNC Health Care	Southwestern Community College
Wake County Government	Town of Blowing Rock
Arapahoe Charter School	Town of Stanfield
Cape Fear Community College	Village of Clemmons
Carteret County Schools	

Thank you!

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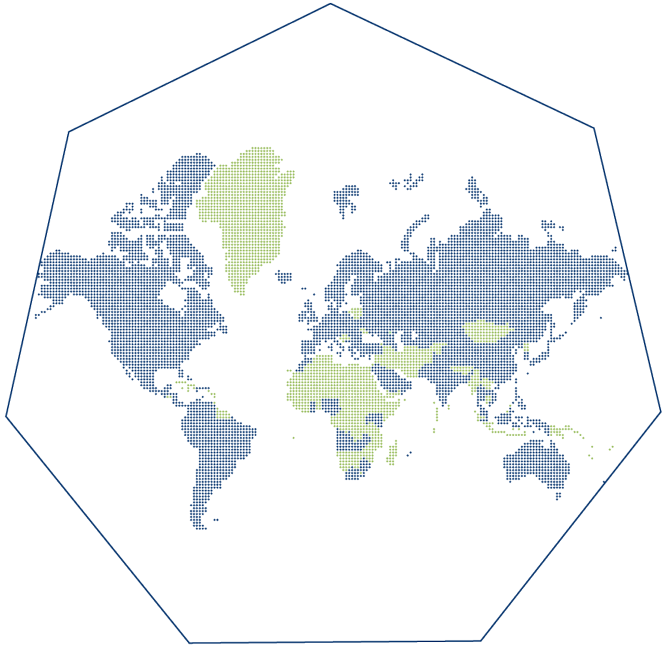
About UHY

UHY is one of the nation's largest professional services firms providing audit, tax, consulting and advisory services to clients primarily in the dynamic middle market. We are trailblazers who bring our experience from working within numerous industries to our clients so that we can provide them a 360-degree view of their businesses. Together with our clients, UHY works collaboratively to develop flexible, innovative solutions that meet our clients' business challenges. As an independent member of UHY International, we are proud to be a part of a top 20 international network of independent accounting and consulting firms.



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