

Department of State Treasurer

Raleigh, North Carolina



Agreed-Upon Procedures Report Confirmation of Cash and Investments As of December 31, 2024

State Auditor
Dave Boliek

*A Constitutional Office of the
State of North Carolina*





North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Auditor's Transmittal

The Honorable Josh Stein, Governor
The Honorable Phil Berger, President Pro Tempore
The Honorable Destin Hall, Speaker of the House
Honorable Members of the North Carolina General Assembly
The Honorable Bradford B. Briner, State Treasurer

When a new State Treasurer assumes office, the North Carolina Office of the State Auditor is required to check the Department of State Treasurer's records and account balances. In doing so, we found the Treasurer's records to match external confirmations. Our engagement confirms that as of December 31, 2024, the Department held \$172.8 billion across its investment portfolios.

This engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to agreed-upon procedures contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We had a total of 3 auditors that worked on this engagement.

I'd like to thank State Treasurer Brad Briner and members of his office for their cooperation in producing this report.

Respectfully submitted,

Dave Boliek
State Auditor

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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



Independent Accountant's Report



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Independent Accountant's Report

The Honorable Bradford B. Briner, State Treasurer
The Honorable Josh Stein, Governor
Honorable Members of the North Carolina General Assembly

The Office of the State Auditor (OSA) has performed the procedures enumerated below to the cash and investments held in the State Treasury by the Department of State Treasurer (Department) as of December 31, 2024, pursuant to General Statute 147-64.6(c)(8). The Department is directed by General Statutes to establish, maintain, administer, and manage certain cash and investments for the State of North Carolina.

The Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of checking the Department's cash and investment records to determine that the accounts are in order at the time a new State Treasurer assumes office. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows.

- 1) We confirmed directly with the external custodian the existence and account balance of all cash and investments reported by the Department as of December 31, 2024.

The Department's Investment Programs contain cash and investments from funds and component units of the State of North Carolina, except for certain investments of the Escheat Fund and the Bond Proceeds Investment Accounts. State Treasurer investments include the External Investment Pool (the Pool), the Bond Index Investment Pool (BIF), and the Equity Index Investment Account (EIF).

The primary participants of the Pool include the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, Legislative Retirement System, Firefighters' and Rescue Squad Workers' Pension Fund, North Carolina National Guard Pension Fund, Local Governmental Employees' Retirement System, and Retiree Health Benefit Fund.

The Pool, a governmental set of investments of the Treasurer, consists of the following individual investment portfolios: Short-Term Investment Fund, Long-Term Investment Fund, Equity Investment portfolio, Real Estate Investment portfolio, Alternative Investment portfolio, Opportunistic Fixed Income Investment portfolio, Inflation Sensitive Investment portfolio, Cash Pool portfolio, and the Fixed Income Investment portfolio.

Independent Accountant's Report

The BIF invests in high quality debt securities eligible under General Statutes 147-69.2 (b) (1)-(6). The BIF maintains a low-cost approach to investing in investment grade fixed income assets through a passive index strategy.

The EIF invests primarily in U.S. and non-U.S. equity securities eligible under General Statute 147-69.2 (b)(8) with the objective of closely approximating the capitalization weighted total return of the markets for global publicly traded equity securities while maintaining a low-cost approach.

Pursuant to General Statute 147-69.2(b)(12), the State Treasurer has established a separate investment account on behalf of the Escheat Fund.

The Bond Proceeds Investment Accounts represent separate investment accounts established by the State Treasurer for each State bond issue to comply with Internal Revenue Service regulations on bond arbitrage. A private investment company under contract with the State Treasurer manages these separate accounts.

The confirmation procedure above included all cash and investments held in these investment portfolios.

- 2) We compared the balances confirmed by the external custodian to the associated amounts recorded in the Department's accounting records as shown in the following table.

Investment Portfolio*	Amounts at Fair Value (Dollars in Thousands)		
	External Confirmation	Department Records	Difference
Short-Term Investment Fund	\$ 43,499,429	\$ 43,499,429	\$ -
Cash Pool Portfolio	9,272,107	9,272,107	-
Long-Term Investment Fund	30,683,524	30,683,524	-
Fixed-Income Investment Portfolio	3,445,748	3,445,748	-
Equity Investment Portfolio	52,118,678	52,118,678	-
Real Estate Investment Portfolio	8,328,928	8,328,928	-
Alternatives Investment Portfolio	8,720,479	8,720,479	-
Other Fixed Income Investment Portfolio	7,973,857	7,973,857	-
Inflation Sensitive Investment Portfolio	5,960,159	5,960,159	-
Bond Index Investment Pool	1,653,139	1,653,139	-
Equity Index Investment Account	968,061	968,061	-
Escheat Fund Investment Account	49,053	49,053	-
Bond Proceeds Investment Accounts	131,321	131,321	-
Total	\$ 172,804,483	\$ 172,804,483	\$ -

* See Note 3 in the State of North Carolina's 2024 Annual Comprehensive Financial Report for detailed descriptions of the investment portfolios shown above.

We found no differences between the external confirmations and the Department's accounting records as a result of this procedure.

The Office of the State Auditor was statutorily required to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to agreed-upon procedures contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Department's cash and investments. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the State Treasurer and the North Carolina General Assembly, and is not intended to be, and should not be, used by anyone other than these specified parties.



Dave Boliek
State Auditor

Raleigh, North Carolina

April 15, 2025

Ordering Information

Copies of this report may be obtained by contacting:

Office of the State Auditor
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20601 Mail Service Center
Raleigh, North Carolina 27699

Telephone: 919-807-7500
Fax: 919-807-7647
Internet: www.auditor.nc.gov



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Internet: www.auditor.nc.gov/about-us/state-auditors-tipline

For additional information contact the
North Carolina Office of the State Auditor at:

919-807-7666



This audit required 118 hours at an approximate cost of \$18,290.