

# STATE OF NORTH CAROLINA

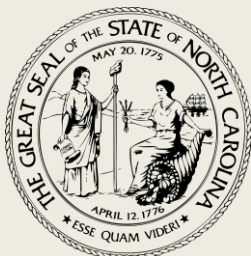
OFFICE OF THE STATE AUDITOR  
BETH A. WOOD, CPA



## REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND

RALEIGH, NORTH CAROLINA

FINANCIAL AUDIT OF THE SCHEDULE OF EMPLOYER ALLOCATIONS AND  
THE SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
FOR THE YEAR ENDED JUNE 30, 2014



**NCOSA**  
The Taxpayers' Watchdog

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
<http://www.ncauditor.net>

## AUDITOR'S TRANSMITTAL

---

The Honorable Pat McCrory, Governor  
Members of the General Assembly of North Carolina  
The Honorable Janet Cowell, State Treasurer  
Department of State Treasurer

We have completed a financial audit of the Registers of Deeds' Supplemental Pension Fund Schedule of Employer Allocations for the year ended June 30, 2014 and June 30, 2013 and the Schedule of Pension Amounts by Employer for the year ended June 30, 2014, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer are presented fairly in all material respects.

The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in cursive script that reads 'Beth A. Wood'.

Beth A. Wood, CPA  
State Auditor



**Beth A. Wood, CPA  
State Auditor**

## TABLE OF CONTENTS

---

	PAGE
INDEPENDENT AUDITOR’S REPORT.....	1
ELEMENT OF THE FINANCIAL STATEMENTS	
EMPLOYER ALLOCATION SCHEDULES	
Schedule 1 Schedule of Employer Allocations, June 30, 2014.....	3
Schedule 2 Schedule of Employer Allocations, June 30, 2013.....	7
Schedule 3 Schedule of Pension Amounts by Employer, June 30, 2014 .....	11
Notes to the Employer Allocation Schedules.....	15
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	19
ORDERING INFORMATION .....	21

Article V, Chapter 147 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. The Auditor also has the power to summon people to produce records and to answer questions under oath.

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
<http://www.ncauditor.net>

## **INDEPENDENT AUDITOR'S REPORT**

---

The Honorable Pat McCrory, Governor  
Members of the General Assembly of North Carolina  
The Honorable Janet Cowell, State Treasurer  
Department of State Treasurer

### Report on the Schedules

We have audited the accompanying Schedule of Employer Allocations of the Registers of Deeds' Supplemental Pension Fund as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense included in the accompanying Schedule of Pension Amounts by Employer of the Registers of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2014, and the related notes (hereafter referred to as "the Schedules").

### Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations as of and for the years ended June 30, 2014 and June 30, 2013 and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities of the Registers of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the pension plans included in the State's *Comprehensive Annual Financial Report* (CAFR) as of and for the year ended June 30, 2014, and our report thereon, dated December 2, 2014, expressed an unmodified opinion on those financial statements.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2015 on our consideration of the entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

### Restriction on Use

Our report is intended solely for the information and use of the Registers of Deeds' Supplemental Pension Fund Management, the Registers of Deeds' Supplemental Pension Fund employers and their auditors and the North Carolina Office of the State Controller and is not intended to be and should not be used by anyone other than these specified parties.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

June 16, 2015



# SCHEDULES

***Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2014***

***Schedule 1***

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Alamance	\$ 29,424	3.60381%
Alexander	2,384	0.29199%
Alleghany	1,240	0.15187%
Anson	1,453	0.17796%
Ashe	2,739	0.33547%
Avery	2,356	0.28856%
Beaufort	3,685	0.45133%
Bertie	1,003	0.12285%
Bladen	2,112	0.25867%
Brunswick	17,144	2.09977%
Buncombe	25,705	3.14831%
Burke	6,268	0.76770%
Cabarrus	17,495	2.14276%
Caldwell	6,252	0.76574%
Camden	825	0.10104%
Carteret	8,987	1.10071%
Caswell	1,386	0.16976%
Catawba	13,181	1.61439%
Chatham	6,758	0.82771%
Cherokee	2,910	0.35641%
Chowan	1,348	0.16510%
Clay	1,422	0.17416%
Cleveland	5,222	0.63958%
Columbus	3,744	0.45856%
Craven	9,049	1.10831%
Cumberland	28,693	3.51427%
Currituck	3,492	0.42769%
Dare	7,671	0.93953%
Davidson	10,661	1.30574%
Davie	3,266	0.40001%
Duplin	3,386	0.41471%

***Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2014***

***Schedule 1***

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Durham	23,656	2.89735%
Edgecombe	2,844	0.34833%
Forsyth	31,593	3.86946%
Franklin	4,264	0.52225%
Gaston	11,605	1.42136%
Gates	815	0.09982%
Graham	549	0.06724%
Granville	3,734	0.45733%
Greene	975	0.11942%
Guilford	35,145	4.30452%
Halifax	3,500	0.42867%
Harnett	9,945	1.21805%
Haywood	5,769	0.70658%
Henderson	10,767	1.31873%
Hertford	1,569	0.19217%
Hoke	4,111	0.50351%
Hyde	325	0.03981%
Iredell	15,278	1.87123%
Jackson	3,764	0.46101%
Johnston	15,735	1.92720%
Jones	801	0.09811%
Lee	4,553	0.55764%
Lenoir	3,048	0.37331%
Lincoln	6,601	0.80848%
Macon	3,161	0.38715%
Madison	3,867	0.47362%
Martin	1,533	0.18776%
Mcdowell	3,139	0.38446%
Mecklenburg	71,206	8.72121%
Mitchell	1,343	0.16449%
Montgomery	1,999	0.24483%



***Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2014***

***Schedule 1***

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Moore	10,331	1.26533%
Nash	6,867	0.84106%
New Hanover	20,383	2.49648%
Northampton	1,353	0.16571%
Onslow	18,601	2.27822%
Orange	8,625	1.05638%
Pamlico	1,207	0.14783%
Pasquotank	3,455	0.42316%
Pender	5,484	0.67167%
Perquimans	1,131	0.13852%
Person	3,049	0.37344%
Pitt	12,070	1.47832%
Polk	1,804	0.22095%
Randolph	9,623	1.17861%
Richmond	2,285	0.27986%
Robeson	6,495	0.79550%
Rockingham	6,585	0.80652%
Rowan	10,324	1.26447%
Rutherford	5,172	0.63346%
Sampson	3,988	0.48844%
Scotland	2,309	0.28280%
Stanly	4,508	0.55213%
Stokes	2,971	0.36388%
Surry	5,767	0.70633%
Swain	2,304	0.28219%
Transylvania	3,322	0.40687%
Tyrrell	345	0.04226%
Union	20,473	2.50750%
Vance	3,111	0.38103%
Wake	85,839	10.51345%
Warren	1,260	0.15432%

***Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2014***

***Schedule 1***

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Washington	799	0.09786%
Watauga	5,142	0.62978%
Wayne	7,855	0.96207%
Wilkes	5,119	0.62697%
Wilson	4,001	0.49004%
Yadkin	2,573	0.31514%
Yancey	1,485	0.18188%
Total	<b>\$ 816,470</b>	<b>100.00000%</b>

The accompanying notes to the schedules are an integral part of this schedule.

**Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2013**

**Schedule 2**

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Alamance	\$ 27,708	2.95484%
Alexander	2,448	0.26106%
Alleghany	1,372	0.14630%
Anson	1,587	0.16921%
Ashe	3,119	0.33261%
Avery	2,660	0.28366%
Beaufort	4,305	0.45909%
Bertie	1,114	0.11879%
Bladen	2,122	0.22629%
Brunswick	18,737	1.99812%
Buncombe	28,694	3.05996%
Burke	6,526	0.69593%
Cabarrus	20,287	2.16341%
Caldwell	6,387	0.68111%
Camden	1,060	0.11304%
Carteret	10,583	1.12857%
Caswell	1,406	0.14991%
Catawba	14,913	1.59029%
Chatham	7,505	0.80034%
Cherokee	3,386	0.36109%
Chowan	1,458	0.15549%
Clay	1,576	0.16807%
Cleveland	5,719	0.60983%
Columbus	3,082	0.32867%
Craven	10,528	1.12271%
Cumberland	32,823	3.50025%
Currituck	4,270	0.45535%
Dare	9,004	0.96019%
Davidson	16,008	1.70710%
Davie	3,655	0.38980%
Duplin	3,630	0.38710%
Durham	26,001	2.77272%
Edgecombe	3,134	0.33421%

**Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2013**

**Schedule 2**

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Forsyth	35,611	3.79752%
Franklin	4,703	0.50153%
Gaston	13,118	1.39896%
Gates	892	0.09516%
Graham	627	0.06689%
Granville	4,004	0.42699%
Greene	914	0.09750%
Guilford	40,271	4.29451%
Halifax	3,769	0.40189%
Harnett	11,987	1.27830%
Haywood	6,695	0.71396%
Henderson	11,754	1.25345%
Hertford	1,722	0.18358%
Hoke	4,820	0.51401%
Hyde	410	0.04368%
Iredell	17,778	1.89585%
Jackson	4,295	0.45802%
Johnston	17,177	1.83174%
Jones	825	0.08798%
Lee	4,993	0.53245%
Lenoir	3,158	0.33677%
Lincoln	7,494	0.79920%
Macon	4,107	0.43799%
Madison	3,567	0.38039%
Martin	1,589	0.16944%
Mcdowell	3,511	0.37446%
Mecklenburg	89,412	9.53490%
Mitchell	1,589	0.16946%
Montgomery	2,171	0.23152%
Moore	11,724	1.25022%
Nash	8,038	0.85717%

**Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2013**

**Schedule 2**

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
New Hanover	24,289	2.59019%
Northampton	1,482	0.15807%
Onslow	23,016	2.45443%
Orange	10,404	1.10950%
Pamlico	1,273	0.13575%
Pasquotank	3,953	0.42157%
Pender	6,185	0.65957%
Perquimans	1,323	0.14109%
Person	3,300	0.35187%
Pitt	13,346	1.42318%
Polk	1,943	0.20720%
Randolph	10,608	1.13119%
Richmond	2,448	0.26106%
Robeson	6,834	0.72881%
Rockingham	7,171	0.76474%
Rowan	11,311	1.20617%
Rutherford	5,839	0.62267%
Sampson	4,293	0.45784%
Scotland	2,512	0.26788%
Stanly	4,983	0.53139%
Stokes	3,324	0.35446%
Surry	6,305	0.67237%
Swain	4,346	0.46346%
Transylvania	3,796	0.40483%
Tyrrell	341	0.03636%
Union	24,191	2.57972%
Vance	3,286	0.35042%
Wake	104,868	11.18327%
Warren	1,491	0.15900%
Washington	698	0.07441%
Watauga	6,197	0.66085%
Wayne	8,676	0.92522%
Wilkes	5,456	0.58181%

**Register of Deeds' Supplemental Pension Fund**  
**Schedule of Employer Allocations**  
**June 30, 2013**

**Schedule 2**

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Wilson	4,447	0.47423%
Yadkin	2,752	0.29347%
Yancey	1,513	0.16135%
Total	<u>\$ 937,732</u>	<u>100.00000%</u>

The accompanying notes to the schedules are an integral part of this schedule.



*Register of Deeds' Supplemental Pension Fund  
Schedule of Pension Amounts by Employer  
June 30, 2014*

Deferred Outflows of Resources

Employer	Net Pension Asset	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Alamance	\$ (816,851)	\$ 7,496	\$ -	\$ -	\$ -	\$ 7,496
Alexander	(66,171)	607	-	-	-	607
Alleghany	(34,434)	316	-	-	-	316
Anson	(40,339)	370	-	-	-	370
Ashe	(76,038)	698	-	-	-	698
Avery	(65,403)	600	-	-	-	600
Beaufort	(102,287)	939	-	-	1,151	2,090
Bertie	(27,841)	255	-	-	-	255
Bladen	(58,641)	538	-	-	-	538
Brunswick	(475,927)	4,367	-	-	-	4,367
Buncombe	(713,594)	6,548	-	-	-	6,548
Burke	(174,018)	1,597	-	-	-	1,597
Cabarrus	(485,676)	4,457	-	-	3,032	7,489
Caldwell	(173,558)	1,593	-	-	-	1,593
Camden	(22,909)	210	-	-	1,764	1,974
Carteret	(249,489)	2,289	-	-	4,092	6,381
Caswell	(38,487)	353	-	-	-	353
Catawba	(365,920)	3,358	-	-	-	3,358
Chatham	(187,618)	1,722	-	-	-	1,722
Cherokee	(80,793)	741	-	-	682	1,423
Chowan	(37,417)	343	-	-	-	343
Clay	(39,464)	362	-	-	-	362
Cleveland	(144,969)	1,330	-	-	-	1,330
Columbus	(103,946)	954	-	-	-	954
Craven	(251,203)	2,305	-	-	2,119	4,424
Cumberland	(796,558)	7,310	-	-	-	7,310
Currituck	(96,929)	889	-	-	4,072	4,961
Dare	(212,945)	1,954	-	-	3,032	4,986
Davidson	(295,948)	2,716	-	-	58,951	61,667
Davie	(90,655)	832	-	-	-	832
Duplin	(93,996)	863	-	-	-	863
Durham	(656,716)	6,027	-	-	-	6,027
Edgecombe	(78,959)	725	-	-	-	725
Forsyth	(877,043)	8,048	-	-	-	8,048
Franklin	(118,378)	1,086	-	-	-	1,086
Gaston	(322,159)	2,956	-	-	-	2,956
Gates	(22,616)	208	-	-	-	208
Graham	(15,236)	140	-	-	-	140
Granville	(103,658)	951	-	-	-	951
Greene	(27,079)	248	-	-	-	248
Guilford	(975,649)	8,953	-	-	-	8,953
Halifax	(97,156)	892	-	-	-	892
Harnett	(276,076)	2,533	-	-	8,853	11,386
Haywood	(160,156)	1,470	-	-	1,085	2,555
Henderson	(298,899)	2,743	-	-	-	2,743
Hertford	(43,562)	400	-	-	-	400
Hoke	(114,139)	1,047	-	-	1,527	2,574
Hyde	(9,019)	83	-	-	572	655
Iredell	(424,126)	3,892	-	-	3,619	7,511
Jackson	(104,497)	959	-	-	-	959
Johnston	(436,817)	4,009	-	-	-	4,009
Jones	(22,231)	204	-	-	-	204
Lee	(126,388)	1,160	-	-	-	1,160
Lenoir	(84,603)	776	-	-	-	776
Lincoln	(183,241)	1,682	-	-	-	1,682
Macon	(87,742)	805	-	-	7,471	8,276



Deferred Inflows of Resources				Pension Expense		
Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
\$ -	\$ 4,397	\$ 95,308	\$ 99,705	\$ (20,758)	\$ (43,322)	\$ (64,080)
-	356	4,530	4,886	(1,682)	(2,059)	(3,741)
-	185	825	1,010	(875)	(375)	(1,250)
-	217	1,287	1,504	(1,025)	(585)	(1,610)
-	409	425	834	(1,932)	(193)	(2,125)
-	352	713	1,065	(1,662)	(324)	(1,986)
-	551	-	551	(2,599)	523	(2,076)
-	150	594	744	(708)	(270)	(978)
-	316	4,763	5,079	(1,490)	(2,165)	(3,655)
-	2,562	14,927	17,489	(12,095)	(6,785)	(18,880)
-	3,841	12,973	16,814	(18,134)	(5,897)	(24,031)
-	937	10,549	11,486	(4,422)	(4,795)	(9,217)
-	2,614	-	2,614	(12,342)	1,378	(10,964)
-	934	12,421	13,355	(4,411)	(5,646)	(10,057)
-	123	-	123	(582)	802	220
-	1,343	-	1,343	(6,340)	1,860	(4,480)
-	207	2,922	3,129	(978)	(1,328)	(2,306)
-	1,970	3,540	5,510	(9,299)	(1,609)	(10,908)
-	1,010	4,035	5,045	(4,768)	(1,834)	(6,602)
-	435	-	435	(2,053)	310	(1,743)
-	201	1,408	1,609	(951)	(640)	(1,591)
-	212	891	1,103	(1,003)	(405)	(1,408)
-	780	4,369	5,149	(3,684)	(1,986)	(5,670)
-	559	19,081	19,640	(2,642)	(8,673)	(11,315)
-	1,352	-	1,352	(6,384)	963	(5,421)
-	4,287	2,075	6,362	(20,243)	(943)	(21,186)
-	522	-	522	(2,463)	1,851	(612)
-	1,146	-	1,146	(5,411)	1,378	(4,033)
-	1,593	-	1,593	(7,521)	26,796	19,275
-	488	1,492	1,980	(2,304)	(678)	(2,982)
-	506	4,052	4,558	(2,389)	(1,842)	(4,231)
-	3,535	18,304	21,839	(16,689)	(8,320)	(25,009)
-	425	2,070	2,495	(2,007)	(941)	(2,948)
-	4,721	10,558	15,279	(22,288)	(4,799)	(27,087)
-	637	3,038	3,675	(3,008)	(1,381)	(4,389)
-	1,734	3,285	5,019	(8,187)	(1,493)	(9,680)
-	122	678	800	(575)	(308)	(883)
-	82	48	130	(387)	(22)	(409)
-	558	4,455	5,013	(2,634)	(2,025)	(4,659)
-	146	3,225	3,371	(688)	(1,466)	(2,154)
-	5,251	1,465	6,716	(24,794)	(666)	(25,460)
-	523	3,929	4,452	(2,469)	(1,786)	(4,255)
-	1,486	-	1,486	(7,016)	4,024	(2,992)
-	862	-	862	(4,070)	493	(3,577)
-	1,609	9,577	11,186	(7,596)	(4,353)	(11,949)
-	234	1,265	1,499	(1,107)	(575)	(1,682)
-	614	-	614	(2,901)	694	(2,207)
-	49	-	49	(229)	260	31
-	2,283	-	2,283	(10,778)	1,645	(9,133)
-	562	449	1,011	(2,656)	(204)	(2,860)
-	2,351	14,016	16,367	(11,101)	(6,371)	(17,472)
-	120	1,483	1,603	(565)	(674)	(1,239)
-	680	3,698	4,378	(3,212)	(1,681)	(4,893)
-	455	5,350	5,805	(2,150)	(2,432)	(4,582)
-	986	1,357	2,343	(4,657)	(617)	(5,274)
-	472	-	472	(2,230)	3,396	1,166

*Register of Deeds' Supplemental Pension Fund  
Schedule of Pension Amounts by Employer  
June 30, 2014*

Deferred Outflows of Resources

Employer	Net Pension Asset	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Madison	(107,355)	985	-	-	-	985
Martin	(42,555)	391	-	-	-	391
McDowell	(87,139)	800	-	-	-	800
Mecklenburg	(1,976,743)	18,140	-	-	119,495	137,635
Mitchell	(37,295)	342	-	-	722	1,064
Montgomery	(55,498)	509	-	-	-	509
Moore	(286,795)	2,632	-	-	-	2,632
Nash	(190,646)	1,750	-	-	2,361	4,111
New Hanover	(565,854)	5,193	-	-	13,759	18,952
Northampton	(37,571)	345	-	-	-	345
Onslow	(516,372)	4,739	-	-	25,887	30,626
Orange	(239,432)	2,197	-	-	7,806	10,003
Pamlico	(33,516)	308	-	-	-	308
Pasquotank	(95,907)	880	-	-	-	880
Pender	(152,245)	1,397	-	-	-	1,397
Perquimans	(31,399)	288	-	-	374	662
Person	(84,639)	777	-	-	-	777
Pitt	(335,074)	3,075	-	-	-	3,075
Polk	(50,087)	460	-	-	-	460
Randolph	(267,141)	2,451	-	-	-	2,451
Richmond	(63,440)	582	-	-	-	582
Robeson	(180,319)	1,655	-	-	-	1,655
Rockingham	(182,819)	1,678	-	-	-	1,678
Rowan	(286,593)	2,630	-	-	-	2,630
Rutherford	(143,580)	1,318	-	-	-	1,318
Sampson	(110,703)	1,016	-	-	-	1,016
Scotland	(64,090)	588	-	-	-	588
Stanly	(125,134)	1,148	-	-	-	1,148
Stokes	(82,484)	757	-	-	-	757
Surry	(160,108)	1,469	-	-	-	1,469
Swain	(63,966)	587	-	-	26,611	27,198
Transylvania	(92,214)	846	-	-	-	846
Tyrrell	(9,576)	88	-	-	-	88
Union	(568,361)	5,216	-	-	10,597	15,813
Vance	(86,355)	792	-	-	-	792
Wake	(2,382,985)	21,868	-	-	98,362	120,230
Warren	(34,990)	321	-	-	678	999
Washington	(22,192)	204	-	-	-	204
Watauga	(142,737)	1,310	-	-	4,565	5,875
Wayne	(218,061)	2,001	-	-	-	2,001
Wilkes	(142,114)	1,304	-	-	-	1,304
Wilson	(111,075)	1,019	-	-	-	1,019
Yadkin	(71,434)	656	-	-	-	656
Yancey	(41,227)	378	-	-	-	378
Total for All Employers	<u>\$ (22,665,989)</u>	<u>\$ 207,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 413,239</u>	<u>\$ 621,238</u>

The accompanying notes to the schedules are an integral part of this schedule.

Deferred Inflows of Resources				Pension Expense		
Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
-	578	13,697	14,275	(2,728)	(6,226)	(8,954)
-	229	2,688	2,917	(1,081)	(1,222)	(2,303)
-	469	1,467	1,936	(2,214)	(667)	(2,881)
-	10,640	-	10,640	(50,234)	54,316	4,082
-	201	-	201	(948)	328	(620)
-	299	1,958	2,257	(1,410)	(890)	(2,300)
-	1,544	2,215	3,759	(7,288)	(1,007)	(8,295)
-	1,026	-	1,026	(4,845)	1,073	(3,772)
-	3,046	-	3,046	(14,380)	6,254	(8,126)
-	202	1,129	1,331	(955)	(513)	(1,468)
-	2,779	-	2,779	(13,122)	11,767	(1,355)
-	1,289	-	1,289	(6,085)	3,548	(2,537)
-	180	1,778	1,958	(852)	(808)	(1,660)
-	516	229	745	(2,437)	(104)	(2,541)
-	819	1,782	2,601	(3,869)	(810)	(4,679)
-	169	-	169	(798)	170	(628)
-	456	3,164	3,620	(2,151)	(1,438)	(3,589)
-	1,804	8,096	9,900	(8,515)	(3,680)	(12,195)
-	270	2,026	2,296	(1,273)	(921)	(2,194)
-	1,438	6,963	8,401	(6,789)	(3,165)	(9,954)
-	341	2,765	3,106	(1,612)	(1,257)	(2,869)
-	971	9,801	10,772	(4,582)	(4,455)	(9,037)
-	984	6,145	7,129	(4,646)	(2,793)	(7,439)
-	1,543	8,554	10,097	(7,283)	(3,888)	(11,171)
-	773	1,591	2,364	(3,649)	(723)	(4,372)
-	596	4,490	5,086	(2,813)	(2,041)	(4,854)
-	345	2,187	2,532	(1,629)	(994)	(2,623)
-	674	3,045	3,719	(3,180)	(1,384)	(4,564)
-	444	1,388	1,832	(2,096)	(631)	(2,727)
-	862	4,987	5,849	(4,069)	(2,267)	(6,336)
-	344	-	344	(1,626)	12,096	10,470
-	496	295	791	(2,343)	(134)	(2,477)
-	52	869	921	(243)	(395)	(638)
-	3,059	-	3,059	(14,443)	4,817	(9,626)
-	465	4,490	4,955	(2,195)	(2,041)	(4,236)
-	12,826	-	12,826	(60,558)	44,710	(15,848)
-	188	-	188	(889)	308	(581)
-	119	3,452	3,571	(564)	(1,569)	(2,133)
-	768	-	768	(3,627)	2,075	(1,552)
-	1,174	5,410	6,584	(5,541)	(2,459)	(8,000)
-	765	6,635	7,400	(3,611)	(3,016)	(6,627)
-	598	2,328	2,926	(2,823)	(1,058)	(3,881)
-	384	3,177	3,561	(1,815)	(1,444)	(3,259)
-	222	3,010	3,232	(1,048)	(1,368)	(2,416)
<u>\$</u> 0	<u>\$</u> 121,999	<u>\$</u> 413,241	<u>\$</u> 535,240	<u>\$</u> (576,003)	<u>\$</u> (1)	<u>\$</u> (576,004)



# NOTES TO THE SCHEDULES

**NOTE 1 - PLAN DESCRIPTION**

- A. Plan Administration** – The State of North Carolina administers the Registers of Deeds’ Supplemental Pension Fund (RODSPF or Plan) which is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county registers of deeds. Membership is comprised of registers of deeds who are retired from the Local Governmental Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan and have met the statutory eligibility requirements. At June 30, 2014, there were 93 individuals receiving benefits in the Plan with 100 counties participating. Benefit provisions are established by *North Carolina General Statute 161-50* and may be amended only by the North Carolina General Assembly. The State’s only cost in the Plan is administration.

Management of the Plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members.

- B. Benefits Provided** - An individual’s benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual’s eligibility is based on at least 10 years of service as a register of deeds with the individual’s share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.
- C. Contributions** - Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary’s required contribution. The actuarially determined contribution this year and in the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by *North Carolina General Statute 161-50* and may be amended only by the North Carolina General Assembly.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

- A. Basis of Accounting** - Employers participating in RODSPF are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014 in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB Statement No. 68). The Schedule of Employer Allocations and Schedules of Pension Amounts by Employer provide employers with the required information for financial reporting.

There are three schedules (two Schedules of Employer Allocations for the fiscal years ended June 30, 2014 and June 30, 2013 and a Schedule of Pension Amounts by Employer, together the “pension schedules”) for use by the employers in the RODSPF. The underlying financial information used to prepare the pension schedules is based on RODSPF’s financial statements. The financial statements of this Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. RODSPF financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

**B. Components of Net Pension Asset Calculation** - The components of the calculation of the net pension asset of the defined benefit cost-sharing plan for participating employers as of June 30, 2014, calculated in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, are shown in the following table (dollars in thousands).

Total Pension Liability (A)	\$ 24,143
Plan Fiduciary Net Position (B)	<u>(46,809)</u>
Net Pension Asset (A-B)	<u>\$ (22,666)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	193.88%

The total pension asset is calculated by RODSPF’s actuary. The Plan’s fiduciary net position is reported in the State of North Carolina’s *Comprehensive Annual Financial Report’s* (CAFR) financial statements. In addition, the net pension asset is disclosed in the State of North Carolina’s notes to the financial statements.

**C. Schedules of Employer Allocations** - The Schedules of Employer Allocations provides information used to allocate the net pension asset between each of the employers in the Plan. While GASB Statement No. 68 encourages the use of the employer’s projected long-term contribution effort to the retirement Plan that is actuarially based, it allows the employer’s proportionate share of the collective pension amounts to be based on historical employer contributions. The basis for the employer’s proportion should be consistent with the manner in which contributions to the pension Plan are determined. Because contributions to the plan are based on a percentage of monthly fees collected by the register of deeds, the plan’s liabilities have been allocated based on actual contribution amounts for the measurement period. Since each employer was active for the entire year, no adjustments for inactive employers or employers that joined the Plan during the year were necessary.

Employer contributions received by July 31 with pay dates that fall within RODSPF’s fiscal year ending June 30, 2014 are used as the basis for

determining each employer's proportionate share of the collective pension amounts reported in the Schedules of Employer Allocations.

- D. Schedule of Pension Amounts by Employer** - The Schedule of Pension Amounts by Employer provides the amount of net pension asset as well as deferred inflows and outflows and pension expense to be reported in the financial statements of each employer participant in the Plan. Amounts reported on the Schedule of Pension Amounts by Employer may not precisely agree with the percentages in the Schedules of Employer Allocations due to the number of decimal places used in allocating the collective pension amounts.

The Proportional Share of Pension Expense includes the amortization of the difference between expected and actual experience with regard to economic and demographic factors as well as any changes of assumptions, if applicable, which are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. This period is 3.20 years. The remaining unamortized balance is included in either deferred outflow of resources or in deferred inflow of resources as indicated.

**NOTE 3 - ACTUARIAL METHODS AND ASSUMPTIONS**

The total pension asset was determined by actuarial valuations as of December 31, 2013. The total pension asset was then rolled forward to June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The entry age normal actuarial cost method was utilized. Inflation is assumed to be 3% and salary increases range 4.25% to 7.75% which includes 3.5% inflation and productivity factor. The long-term expected rate of return on pension plan investments used in the determination of the total pension asset is 5.75% and is net of pension plan investment expense, including inflation.

RODSPF currently uses mortality tables that vary by age, gender and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuations were based on the results of an actuarial experience study for LGERS for the period January 1, 2005 through December 31, 2009.

**NOTE 4 - ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION**

These financial schedules are designed to provide employers information for implementation of GASB Statement No. 68. Additional financial information for RODSPF (including the disclosure of the net pension asset) is located in the

State of North Carolina's *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2014. The additional financial and actuarial information is available at [http://www.osc.nc.gov/financial/14\\_cafr/index.html](http://www.osc.nc.gov/financial/14_cafr/index.html) or by contacting RODSPF at:

RODSPF  
3200 Atlantic Avenue  
Raleigh, NC 27604  
<https://www.nctreasurer.com/ret/Pages/Valuation-Reports.aspx>



STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
<http://www.ncauditor.net>

**INDEPENDENT AUDITOR'S 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**

---

The Honorable Janet Cowell, State Treasurer  
and Management of the Department of State Treasurer

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying Schedule of Employer Allocations of the Registers of Deeds' Supplemental Pension Fund as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and the total pension expense included in the accompanying Schedule of Pension Amounts by Employer of the Registers of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2014, and the related notes (hereafter referred to as "the Schedules") and have issued our report thereon dated June 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedules, we considered the entity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's Schedules will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity's Schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the amounts in the Schedules. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

June 16, 2015

# ORDERING INFORMATION

---

## COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

Office of the State Auditor  
State of North Carolina  
2 South Salisbury Street  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0601

Telephone: 919-807-7500  
Facsimile: 919-807-7647  
Internet: <http://www.ncauditor.net>

To report alleged incidents of fraud, waste or abuse in state government contact the  
Office of the State Auditor Fraud Hotline: **1-800-730-8477**  
or download our free app.



<https://play.google.com/store/apps/details?id=net.ncauditor.ncauditor>



<https://itunes.apple.com/us/app/nc-state-auditor-hotline/id567315745>

For additional information contact:  
Bill Holmes  
Director of External Affairs  
**919-807-7513**

