

# 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, 2015



**NC**  **OSA**  
The Taxpayers' Watchdog

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



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

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## AUDITOR'S TRANSMITTAL

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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 and the Schedule of Pension Amounts by Employer for the year ended June 30, 2015, 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 black ink that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor



Beth A. Wood, CPA  
State Auditor

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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.

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## **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 year ended June 30, 2015, 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, 2015, 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 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, 2015, 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, 2015, and our report thereon, dated December 3, 2015, 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 April 14, 2016 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, 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

April 14, 2016



# SCHEDULES

# **SCHEDULE 1**

## **SCHEDULE OF EMPLOYER ALLOCATIONS**

**Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2015**

**Schedule 1**

<b>Employer</b>	<b>Fiscal Year Contributions</b>	<b>Fiscal Year Contributions Allocation</b>
Alamance	\$ 12,583	1.57255%
Alexander	2,278	0.28474%
Alleghany	1,218	0.15224%
Anson	1,406	0.17567%
Ashe	2,809	0.35099%
Avery	2,101	0.26254%
Beaufort	3,394	0.42409%
Bertie	960	0.11998%
Bladen	2,071	0.25879%
Brunswick	16,807	2.10041%
Buncombe	27,694	3.46096%
Burke	6,686	0.83555%
Cabarrus	18,134	2.26626%
Caldwell	5,771	0.72118%
Camden	762	0.09522%
Carteret	8,732	1.09128%
Caswell	1,350	0.16876%
Catawba	13,268	1.65814%
Chatham	6,724	0.84030%
Cherokee	3,038	0.37967%
Chowan	1,287	0.16087%
Clay	1,271	0.15880%
Cleveland	5,364	0.67036%
Columbus	3,614	0.45163%
Craven	8,897	1.11181%
Cumberland	27,651	3.45553%
Currituck	3,384	0.42293%
Dare	7,296	0.91173%
Davidson	10,329	1.29086%
Davie	3,362	0.42021%
Duplin	3,328	0.41584%
Durham	24,117	3.01391%
Edgecombe	2,844	0.35536%
Forsyth	31,436	3.92852%
Franklin	4,215	0.52675%
Gaston	10,735	1.34155%
Gates	754	0.09429%
Graham	505	0.06306%
Granville	3,670	0.45859%
Greene	913	0.11411%
Guilford	34,936	4.36596%
Halifax	3,514	0.43917%
Harnett	9,974	1.24646%
Haywood	6,054	0.75660%
Henderson	10,922	1.36491%
Hertford	1,489	0.18614%
Hoke	3,804	0.47544%
Hyde	372	0.04645%
Iredell	15,581	1.94715%
Jackson	3,813	0.47653%
Johnston	15,190	1.89830%
Jones	856	0.10701%
Lee	4,482	0.56010%
Lenoir	2,758	0.34471%



**Register of Deeds' Supplemental Pension Fund  
Schedule of Employer Allocations  
June 30, 2015**

**Schedule 1**

Employer	Fiscal Year Contributions	Fiscal Year Contributions Allocation
Lincoln	6,736	0.84183%
Macon	3,393	0.42405%
Madison	3,909	0.48856%
Martin	1,477	0.18458%
Mcdowell	3,039	0.37982%
Mecklenburg	70,729	8.83904%
Mitchell	1,261	0.15759%
Montgomery	1,992	0.24891%
Moore	10,396	1.29915%
Nash	6,682	0.83501%
New Hanover	20,804	2.59985%
Northampton	1,364	0.17045%
Onslow	18,272	2.28341%
Orange	8,746	1.09301%
Pamlico	1,116	0.13946%
Pasquotank	3,296	0.41192%
Pender	5,648	0.70577%
Perquimans	1,074	0.13423%
Person	2,836	0.35445%
Pitt	11,672	1.45868%
Polk	1,925	0.24054%
Randolph	10,573	1.32129%
Richmond	2,315	0.28927%
Robeson	6,238	0.77958%
Rockingham	6,529	0.81590%
Rowan	10,087	1.26060%
Rutherford	5,247	0.65574%
Sampson	3,886	0.48569%
Scotland	2,276	0.28443%
Stanly	4,680	0.58481%
Stokes	3,089	0.38609%
Surry	5,658	0.70705%
Swain	2,260	0.28243%
Transylvania	3,313	0.41405%
Tyrrell	271	0.03382%
Union	20,947	2.61781%
Vance	2,964	0.37046%
Wake	89,188	11.14588%
Warren	1,127	0.14080%
Washington	986	0.12325%
Watauga	5,276	0.65929%
Wayne	7,650	0.95604%
Wilkes	5,085	0.63542%
Wilson	3,818	0.47707%
Yadkin	2,476	0.30949%
Yancey	1,380	0.17247%
Total	<u>\$ 800,189</u>	<u>100.00000%</u>

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

# **SCHEDULE 2**

## **SCHEDULE OF PENSION AMOUNTS BY EMPLOYER**

Register of Deeds' Supplemental Pension Fund  
Schedule of Pension Amounts by Employer  
June 30, 2015

Employer	Deferred Outflows Of Resources						Total Deferred Outflows of Resources
	Net Pension Liability	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 Proportional Share Of Contributions		
Alamance	\$ (364,423)	\$ 1,793	\$ 18,069	\$ -	\$ 317,738	\$ 337,600	
Alexander	(65,986)	325	3,272	-	1,126	4,723	
Alleghany	(35,280)	174	1,749	-	-	1,923	
Anson	(40,710)	200	2,018	-	360	2,578	
Ashe	(81,338)	400	4,033	-	-	4,433	
Avery	(60,841)	299	3,016	-	4,068	7,383	
Beaufort	(98,279)	483	4,873	-	4,881	10,237	
Bertie	(27,804)	137	1,379	-	446	1,962	
Bladen	(59,972)	295	2,974	-	-	3,269	
Brunswick	(486,749)	2,394	24,134	-	-	26,528	
Buncombe	(802,043)	3,945	39,767	-	-	43,712	
Burke	(193,630)	953	9,601	-	-	10,554	
Cabarrus	(525,183)	2,584	26,040	-	1,654	30,278	
Caldwell	(167,126)	822	8,287	-	6,967	16,076	
Camden	(22,066)	109	1,094	-	1,877	3,080	
Carteret	(252,893)	1,244	12,539	-	3,709	17,492	
Caswell	(39,108)	192	1,939	-	163	2,294	
Catawba	(384,257)	1,890	19,052	-	-	20,942	
Chatham	(194,731)	958	9,655	-	-	10,613	
Cherokee	(87,985)	433	4,363	-	372	5,168	
Chowan	(37,280)	183	1,849	-	659	2,691	
Clay	(36,800)	181	1,824	-	2,395	4,400	
Cleveland	(155,349)	764	7,702	-	-	8,466	
Columbus	(104,661)	515	5,189	-	1,090	6,794	
Craven	(257,651)	1,267	12,774	-	1,156	15,197	
Cumberland	(800,785)	3,939	39,704	-	9,197	52,840	
Currituck	(98,010)	482	4,859	-	2,958	8,299	
Dare	(211,284)	1,039	10,475	-	5,996	17,510	
Davidson	(299,144)	1,472	14,832	-	34,475	50,779	
Davie	(97,379)	479	4,829	-	-	5,308	
Duplin	(96,367)	474	4,778	-	-	5,252	
Durham	(698,444)	3,436	34,629	-	-	38,065	
Edgecombe	(82,351)	405	4,083	-	-	4,488	
Forsyth	(910,395)	4,479	45,139	-	-	49,618	
Franklin	(122,069)	600	6,053	-	-	6,653	
Gaston	(310,891)	1,529	15,414	-	12,479	29,422	
Gates	(21,851)	107	1,083	-	859	2,049	
Graham	(14,614)	72	725	-	651	1,448	
Granville	(106,274)	523	5,270	-	-	5,793	
Greene	(26,444)	130	1,311	-	838	2,279	
Guilford	(1,011,768)	4,977	50,165	-	-	55,142	
Halifax	(101,773)	501	5,046	-	-	5,547	
Harnett	(288,855)	1,421	14,322	-	4,829	20,572	
Haywood	(175,334)	863	8,693	-	592	10,148	
Henderson	(316,304)	1,556	15,683	-	-	17,239	
Hertford	(43,136)	212	2,139	-	946	3,297	
Hoke	(110,178)	542	5,462	-	5,233	11,237	
Hyde	(10,764)	53	534	-	312	899	
Iredell	(451,233)	2,220	22,373	-	1,974	26,567	
Jackson	(110,431)	543	5,475	-	-	6,018	
Johnston	(439,912)	2,164	21,812	-	4,519	28,495	
Jones	(24,798)	122	1,230	-	-	1,352	
Lee	(129,798)	639	6,435	-	-	7,074	
Lenoir	(79,883)	393	3,960	-	4,466	8,819	
Lincoln	(195,086)	960	9,673	-	-	10,633	
Macon	(98,269)	483	4,872	-	4,075	9,430	
Madison	(113,219)	557	5,613	-	-	6,170	
Martin	(42,775)	210	2,121	-	496	2,827	
Mcdowell	(88,019)	433	4,364	-	724	5,521	
Mecklenburg	(2,048,359)	10,077	101,560	-	65,179	176,816	
Mitchell	(36,520)	180	1,811	-	1,481	3,472	
Montgomery	(57,682)	284	2,859	-	-	3,143	
Moore	(301,065)	1,481	14,927	-	-	16,408	
Nash	(193,505)	952	9,594	-	2,242	12,788	
New Hanover	(602,489)	2,964	29,872	-	7,505	40,341	
Northampton	(39,500)	194	1,959	-	-	2,153	
Onslow	(529,157)	2,603	26,236	-	14,120	42,959	
Orange	(253,294)	1,246	12,558	-	4,258	18,062	
Pamlico	(32,318)	159	1,602	-	1,315	3,076	
Pasquotank	(95,458)	470	4,733	-	1,753	6,956	
Pender	(163,555)	805	8,110	-	-	8,915	
Perquimans	(31,106)	153	1,542	-	877	2,572	
Person	(82,140)	404	4,072	-	2,967	7,443	
Pitt	(338,035)	1,663	16,761	-	3,071	21,495	
Polk	(55,743)	274	2,764	-	-	3,038	
Randolph	(306,196)	1,506	15,182	-	-	16,688	
Richmond	(67,035)	330	3,324	-	-	3,654	
Robeson	(180,660)	889	8,958	-	2,498	12,345	

Deferred Inflows Of Resources				Pension Expense			
Differences Between Expected And Actual Experience	Changes Of Assumptions	Changes In Proportion And Differences Between Employer Contributions And Proportional Share Of Contributions	Total Deferred Inflows of Resources	Proportional Share Of Pension Expense	Net Amortization Of Deferred Amounts From Changes In Proportion And Differences Between Employer Contributions And Proportional Share Of Contributions	Total Employer Pension Expense	
\$ 6,039	\$ -	\$ 51,986	\$ 58,025	\$ (7,878)	\$ 101,104	\$ 93,226	
1,093	-	2,471	3,564	(1,427)	(1,547)	(2,974)	
585	-	500	1,085	(763)	(398)	(1,161)	
675	-	702	1,377	(880)	(421)	(1,301)	
1,348	-	2,659	4,007	(1,758)	(1,296)	(3,054)	
1,008	-	389	1,397	(1,315)	1,525	210	
1,629	-	-	1,629	(2,125)	2,456	331	
461	-	324	785	(601)	(67)	(668)	
994	-	2,609	3,603	(1,297)	(2,170)	(3,467)	
8,066	-	8,247	16,313	(10,523)	(6,833)	(17,356)	
13,290	-	55,983	69,273	(17,339)	(28,127)	(45,466)	
3,209	-	16,359	19,568	(4,186)	(9,616)	(13,802)	
8,702	-	19,319	28,021	(11,354)	(7,404)	(18,758)	
2,769	-	6,775	9,544	(3,613)	(2,479)	(6,092)	
366	-	-	366	(477)	1,218	741	
4,191	-	-	4,191	(5,467)	2,531	(2,936)	
648	-	1,594	2,242	(845)	(1,254)	(2,099)	
6,367	-	8,773	15,140	(8,307)	(4,719)	(13,026)	
3,227	-	4,164	7,391	(4,210)	(2,726)	(6,936)	
1,458	-	3,632	5,090	(1,902)	(1,341)	(3,243)	
618	-	768	1,386	(806)	(341)	(1,147)	
610	-	486	1,096	(796)	684	(112)	
2,574	-	7,196	9,770	(3,359)	(4,174)	(7,533)	
1,734	-	10,408	12,142	(2,263)	(8,177)	(10,440)	
4,269	-	552	4,821	(5,570)	712	(4,858)	
13,269	-	1,132	14,401	(17,312)	3,238	(14,074)	
1,624	-	-	1,624	(2,119)	2,186	67	
3,501	-	-	3,501	(4,568)	3,352	(1,216)	
4,957	-	-	4,957	(6,467)	27,850	21,383	
1,614	-	3,981	5,595	(2,105)	(2,118)	(4,223)	
1,597	-	2,389	3,986	(2,083)	(1,923)	(4,006)	
11,573	-	28,215	39,788	(15,100)	(16,607)	(31,707)	
1,365	-	2,224	3,589	(1,780)	(1,439)	(3,219)	
15,086	-	15,003	30,089	(19,682)	(9,001)	(28,683)	
2,023	-	2,358	4,381	(2,639)	(1,700)	(4,339)	
5,152	-	1,792	6,944	(6,721)	4,179	(2,542)	
362	-	370	732	(472)	82	(390)	
242	-	26	268	(316)	274	(42)	
1,761	-	2,627	4,388	(2,298)	(2,115)	(4,413)	
438	-	1,759	2,197	(572)	(1,085)	(1,657)	
16,765	-	10,419	27,184	(21,873)	(5,039)	(26,912)	
1,686	-	3,790	5,476	(2,200)	(2,535)	(4,735)	
4,786	-	4,449	9,235	(6,245)	2,002	(4,243)	
2,905	-	7,823	10,728	(3,791)	(3,063)	(6,854)	
5,241	-	12,450	17,691	(6,838)	(7,638)	(14,476)	
715	-	690	1,405	(933)	(145)	(1,078)	
1,826	-	-	1,826	(2,382)	2,694	312	
178	-	1,042	1,220	(233)	(214)	(447)	
7,477	-	11,880	19,357	(9,755)	(3,755)	(13,510)	
1,830	-	2,669	4,499	(2,387)	(1,306)	(3,693)	
7,289	-	7,645	14,934	(9,510)	(4,317)	(13,827)	
411	-	2,206	2,617	(536)	(1,309)	(1,845)	
2,151	-	2,407	4,558	(2,806)	(1,858)	(4,664)	
1,324	-	2,918	4,242	(1,727)	(402)	(2,129)	
3,233	-	5,963	9,196	(4,218)	(2,991)	(7,209)	
1,628	-	5,778	7,406	(2,124)	770	(1,354)	
1,876	-	9,805	11,681	(2,448)	(7,287)	(9,735)	
709	-	1,466	2,175	(925)	(997)	(1,922)	
1,459	-	800	2,259	(1,903)	(338)	(2,241)	
33,942	-	18,436	52,378	(44,284)	45,936	1,652	
605	-	-	605	(790)	822	32	
956	-	1,703	2,659	(1,247)	(1,179)	(2,426)	
4,989	-	6,502	11,491	(6,509)	(3,413)	(9,922)	
3,206	-	-	3,206	(4,183)	1,507	(2,676)	
9,983	-	16,168	26,151	(13,025)	(1,095)	(14,120)	
655	-	1,349	2,004	(854)	(846)	(1,700)	
8,768	-	818	9,586	(11,440)	11,395	(45)	
4,197	-	5,734	9,931	(5,476)	941	(4,535)	
536	-	970	1,506	(699)	(210)	(909)	
1,582	-	125	1,707	(2,064)	693	(1,371)	
2,710	-	6,303	9,013	(3,536)	(3,233)	(6,769)	
515	-	-	515	(672)	476	(196)	
1,361	-	1,726	3,087	(1,776)	(89)	(1,865)	
5,601	-	4,416	10,017	(7,308)	(2,284)	(9,592)	
924	-	4,165	5,089	(1,205)	(2,312)	(3,517)	
5,074	-	26,118	31,192	(6,620)	(13,310)	(19,930)	
1,111	-	2,976	4,087	(1,449)	(1,924)	(3,373)	
2,994	-	5,346	8,340	(3,906)	(3,320)	(7,226)	

Register of Deeds' Supplemental Pension Fund  
Schedule of Pension Amounts by Employer  
June 30, 2015

Deferred Outflows Of Resources							
Employer	Net Pension Liability	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 Proportional Share Of Contributions	Total Deferred Outflows of Resources	
Rockingham	(189,077)	930	9,375	-	-	10,305	
Rowan	(292,131)	1,437	14,484	-	598	16,519	
Rutherford	(151,961)	748	7,534	-	-	8,282	
Sampson	(112,554)	554	5,581	-	425	6,560	
Scotland	(65,914)	324	3,268	-	-	3,592	
Stanly	(135,524)	667	6,720	-	-	7,387	
Stokes	(89,472)	440	4,437	-	-	4,877	
Surry	(163,852)	806	8,124	-	-	8,930	
Swain	(65,450)	322	3,245	-	14,515	18,082	
Transylvania	(95,952)	472	4,757	-	-	5,229	
Tyrrell	(7,837)	39	388	-	1,319	1,746	
Union	(606,651)	2,984	30,079	-	5,780	38,843	
Vance	(85,850)	422	4,257	-	1,647	6,326	
Wake	(2,582,946)	12,706	128,066	-	53,652	194,424	
Warren	(32,629)	161	1,618	-	2,492	4,271	
Washington	(28,562)	141	1,416	-	-	1,557	
Watauga	(152,784)	752	7,575	-	2,490	10,817	
Wayne	(221,553)	1,090	10,985	-	942	13,017	
Wilkes	(147,252)	724	7,301	-	-	8,025	
Wilson	(110,556)	544	5,482	-	2,030	8,056	
Yadkin	(71,721)	353	3,556	-	887	4,796	
Yancey	(39,968)	197	1,982	-	1,473	3,652	
<b>Total for All Employers</b>	<b>\$ (23,173,995)</b>	<b>\$ 114,002</b>	<b>\$ 1,149,002</b>	<b>\$ -</b>	<b>\$ 639,796</b>	<b>\$ 1,902,800</b>	

Deferred Inflows Of Resources				Pension Expense			
Differences Between Expected And Actual Experience	Changes Of Assumptions	Changes In Proportion And Differences Between Employer Contributions And Proportional Share Of Contributions	Total Deferred Inflows of Resources	Proportional Share Of Pension Expense	Net Amortization Of Deferred Amounts From Changes In Proportion And Differences Between Employer Contributions And Proportional Share Of Contributions	Total Employer Pension Expense	
3,133	-	4,809	7,942	(4,088)	(3,456)	(7,544)	
4,841	-	4,666	9,507	(6,316)	(3,616)	(9,932)	
2,518	-	4,353	6,871	(3,285)	(2,307)	(5,592)	
1,865	-	2,449	4,314	(2,433)	(1,848)	(4,281)	
1,092	-	1,454	2,546	(1,425)	(1,113)	(2,538)	
2,246	-	6,780	9,026	(2,930)	(3,711)	(6,641)	
1,483	-	4,227	5,710	(1,934)	(2,208)	(4,142)	
2,715	-	2,825	5,540	(3,542)	(2,315)	(5,857)	
1,085	-	34	1,119	(1,415)	12,080	10,665	
1,590	-	1,289	2,879	(2,074)	(647)	(2,721)	
130	-	474	604	(169)	204	35	
10,052	-	17,247	27,299	(13,115)	(3,022)	(16,137)	
1,423	-	2,449	3,872	(1,856)	(1,292)	(3,148)	
42,800	-	98,920	141,720	(55,841)	(254)	(56,095)	
541	-	-	541	(705)	1,273	568	
473	-	5,846	6,319	(617)	(3,371)	(3,988)	
2,532	-	4,622	7,154	(3,303)	(26)	(3,329)	
3,671	-	2,951	6,622	(4,790)	(2,031)	(6,821)	
2,440	-	4,938	7,378	(3,183)	(3,615)	(6,798)	
1,832	-	1,270	3,102	(2,390)	(135)	(2,525)	
1,188	-	1,733	2,921	(1,551)	(1,041)	(2,592)	
662	-	1,642	2,304	(864)	(698)	(1,562)	
<b>\$ 384,004</b>	<b>\$ -</b>	<b>\$ 639,805</b>	<b>\$ 1,023,809</b>	<b>\$ (500,998)</b>	<b>\$ (9)</b>	<b>\$ (501,007)</b>	



# 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 pension 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, 2015, there were 99 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 eligibility to receive benefits under the RODSPF is based on at least 10 years of service as a register of deeds. An individual's benefit amount in a given year is limited to the lesser of the following:
- 1) the member's years of service multiplied by the value of one share of accumulated contributions available for benefits for that year, as specified in G.S. 161-50.3; and
  - 2) when the benefit amount is combined with the individual's maximum retirement allowance upon retirement under the Local Governmental Employees' Retirement System or equivalent locally sponsored retirement plan, the benefit amount is limited to the lesser of the following:
    - a. Seventy-five percent (75%) of a member's annual compensation, computed on the latest monthly rate (including any and all supplements); or
    - b. One thousand five hundred dollars (\$1,500).

Because of the statutory limits noted above, not all contributions available for benefits are distributed.

- C. Contributions** - Contribution provisions are established by *North Carolina General Statute 161-50* and may be amended only by the North Carolina General Assembly. 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.

**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 two schedules (a Schedule of Employer Allocations for the fiscal year ended June 30, 2015 and a Schedule of Pension Amounts by Employer for the fiscal year ended June 30, 2015, collectively 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, 2015, 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	\$ 23,820
Plan Fiduciary Net Position	<u>(46,994)</u>
Net Pension Asset	<u>\$ (23,174)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	197.29%

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. Schedule of Employer Allocations** - The Schedule 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, 2015 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule 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 Schedule 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.

- E. Deferred Outflows of Resources and Deferred Inflows of Resources** The recognition period for amortizing the deferred outflow and deferred inflow of resources is set forth by GASB 68, paragraph 71. Depending on the specific deferral the period is defined as either a fixed five year period or the Average Expected Remaining Service Life (AERSL) of all members in the plan. The following table presents a summary of changes in the deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015 (dollars in thousands).

## NOTES TO THE FINANCIAL STATEMENTS

	<u>Year of Deferral</u>	<u>Amortization Period</u>	<u>Beginning of Year Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year Balance</u>
<b>Deferred Outflows of Resources:</b>						
Difference between expected and actual experience	2014	3.20	\$ 208	\$ -	\$ 94	\$ 114
Net Difference between projected and actual earnings on pension plan investments	2014 - 2015	5.00	(122)	1,551	280	1,149
Total			<u>\$ 86</u>	<u>\$ 1,551</u>	<u>\$ 374</u>	<u>\$ 1,263</u>
<b>Deferred Inflows of Resources:</b>						
Difference between expected and actual experience	2015	3.20	\$ -	\$ 558	\$ 174	\$ 384
Total			<u>\$ -</u>	<u>\$ 558</u>	<u>\$ 174</u>	<u>\$ 384</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense are shown in the following table (dollars in thousands).

Year Ended June 30:	
2016	\$ 200,000
2017	126,000
2018	246,000
2019	307,000
Total	<u>\$ 879,000</u>

### NOTE 3 - ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by actuarial valuations as of December 31, 2014. The total pension liability was then rolled forward to June 30, 2015 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 liability 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, 2014 valuations were based on the results of an actuarial experience study for LGERS for the period January 1, 2005 through December 31, 2009. Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

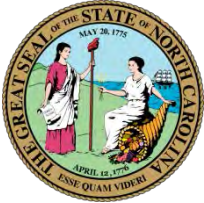
The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**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, 2015. The additional financial and actuarial information is available at [http://www.osc.nc.gov/financial/15\\_cafr/index.html](http://www.osc.nc.gov/financial/15_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**



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**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**

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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 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 the total pension expense included in the accompanying Schedule of Pension Amounts by Employer as of and for the years ended June 30, 2015, and the related notes (hereafter referred to as "the Schedules") and have issued our report thereon dated April 14, 2016.

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

April 14, 2016

# ORDERING INFORMATION

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