

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA



REGISTER 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, 2020



NCOSA
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

The Honorable Roy Cooper, Governor
The General Assembly of North Carolina
The Honorable Dale R. Folwell, State Treasurer
Department of State Treasurer

We have completed a financial audit of the Register of Deeds' Supplemental Pension Fund schedule of employer allocations and the schedule of pension amounts by employer as of and for the year ended June 30, 2020, 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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INDEPENDENT AUDITOR'S REPORT

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Office of the State Auditor



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INDEPENDENT AUDITOR'S REPORT

The Honorable Dale R. Folwell, State Treasurer
Management of the Department of State Treasurer
Raleigh, North Carolina

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Register of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2020, and the related notes. We have also audited the total for all entities of the columns titled net pension asset, 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 Register of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2020, 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 Department of State Treasurer's (Department) 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 Department'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 in the first paragraph present fairly, in all material respects, the employer allocations and net pension asset, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for the Register of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2020, 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* as of and for the year ended June 30, 2020, and our report thereon, dated December 4, 2020, 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 March 30, 2021 on our consideration of the Department'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 Department's internal control over financial reporting and compliance.

Restriction on Use

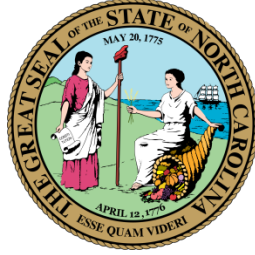
Our report is intended solely for the information and use of the Register of Deeds' Supplemental Pension Fund Management, the Register of Deeds' Supplemental Pension Fund employers, their auditors, and the North Carolina Office of the State Controller and is not intended to be and should not be used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



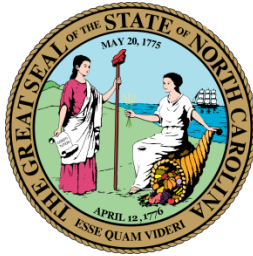
Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

March 30, 2021



SCHEDULES



SCHEDULE 1

SCHEDULE OF EMPLOYER ALLOCATIONS

Registers of Deeds' Supplemental Pension Fund
Schedule of Employer Allocations
As of and For the Year Ended June 30, 2020

Schedule 1

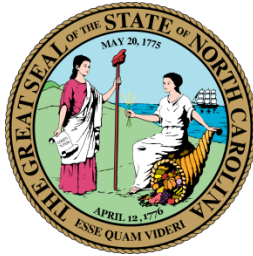
Employer	Fiscal Year Contributions	Fiscal Year Contributions Allocation
ALAMANCE	\$ 14,565	1.52113%
ALEXANDER	2,576	0.26904%
ALLEGHANY	1,462	0.15268%
ANSON	1,517	0.15845%
ASHE	3,168	0.33084%
AVERY	3,350	0.34983%
BEAUFORT	3,871	0.40425%
BERTIE	842	0.08792%
BLADEN	2,054	0.21450%
BRUNSWICK	21,836	2.28053%
BUNCOMBE	29,605	3.09187%
BURKE	6,094	0.63646%
CABARRUS	21,573	2.25299%
CALDWELL	6,336	0.66168%
CAMDEN	1,181	0.12334%
CARTERET	10,007	1.04512%
CASWELL	1,652	0.17257%
CATAWBA	15,058	1.57266%
CHATHAM	8,051	0.84079%
CHEROKEE	3,530	0.36865%
CHOWAN	1,273	0.13300%
CLAY	1,506	0.15725%
CLEVELAND	7,708	0.80504%
COLUMBUS	3,819	0.39889%
CRAVEN	10,069	1.05161%
CUMBERLAND	29,966	3.12959%
CURRITUCK	4,032	0.42106%
DARE	7,367	0.76944%
DAVIDSON	12,653	1.32140%
DAVIE	3,789	0.39573%
DUPLIN	3,407	0.35581%
DURHAM	43,134	4.50477%
EDGECOMBE	2,932	0.30624%
FORSYTH	34,124	3.56379%
FRANKLIN	6,034	0.63013%
GASTON	22,598	2.36007%
GATES	744	0.07769%
GRAHAM	1,886	0.19700%
GRANVILLE	4,438	0.46352%
GREENE	962	0.10042%
GUILFORD	38,776	4.04964%
HALIFAX	3,269	0.34143%
HARNETT	11,687	1.22053%
HAYWOOD	6,906	0.72124%
HENDERSON	12,560	1.31172%
HERTFORD	1,453	0.15170%
HOKE	4,918	0.51359%
HYDE	317	0.03312%
IREDELL	19,883	2.07649%
JACKSON	5,787	0.60440%
JOHNSTON	23,059	2.40821%
JONES	750	0.07837%
LEE	5,107	0.53333%
LENOIR	2,725	0.28455%

Registers of Deeds' Supplemental Pension Fund
Schedule of Employer Allocations
As of and For the Year Ended June 30, 2020

Schedule 1

Employer	Fiscal Year Contributions	Fiscal Year Contributions Allocation
LINCOLN	9,191	0.95985%
MACON	3,740	0.39059%
MADISON	2,710	0.28307%
MARTIN	1,421	0.14841%
MCDOWELL	3,542	0.36995%
MECKLENBURG	76,034	7.94083%
MITCHELL	1,270	0.13259%
MONTGOMERY	2,320	0.24226%
MOORE	12,440	1.29924%
NASH	7,738	0.80814%
NEW HANOVER	26,572	2.77506%
NORTHAMPTON	1,225	0.12795%
ONslow	21,681	2.26435%
ORANGE	10,366	1.08257%
PAMLICO	1,282	0.13393%
PASQUOTANK	3,606	0.37665%
PENDER	7,521	0.78551%
PERQUIMANS	1,244	0.12988%
PERSON	3,022	0.31557%
PITT	13,559	1.41611%
POLK	2,155	0.22509%
RANDOLPH	10,704	1.11785%
RICHMOND	2,433	0.25414%
ROBESON	5,850	0.61093%
ROCKINGHAM	7,512	0.78457%
ROWAN	12,463	1.30156%
RUTHERFORD	6,099	0.63701%
SAMPSON	3,703	0.38674%
SCOTLAND	2,583	0.26980%
STANLY	6,032	0.62995%
STOKES	3,332	0.34803%
SURRY	6,269	0.65469%
SWAIN	1,169	0.12212%
TRANSYLVANIA	3,702	0.38667%
TYRRELL	293	0.03061%
UNION	26,932	2.81272%
VANCE	3,196	0.33375%
WAKE	112,557	11.75511%
WARREN	1,341	0.14003%
WASHINGTON	751	0.07839%
WATAUGA	5,956	0.62201%
WAYNE	8,639	0.90223%
WILKES	4,876	0.50927%
WILSON	6,009	0.62758%
YADKIN	2,833	0.29585%
YANCEY	1,673	0.17472%
Total	\$ 957,512	100.00000%

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



SCHEDULE 2

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

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Registers of Deeds' Supplemental Pension Fund
Schedule of Pension Amounts by Employer
As of and For the Year Ended June 30, 2020

Employer	Net Pension Asset	Deferred Outflows of Resources			
		Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportional Share of Contributions	Total Deferred Outflows of Resources
ALAMANCE	\$ (348,613)	\$ -	\$ -	\$ 14,702	\$ 14,702
ALEXANDER	(61,659)	-	-	2,625	2,625
ALLEGHANY	(34,991)	-	-	662	662
ANSON	(36,314)	-	-	2,073	2,073
ASHE	(75,822)	-	-	4,754	4,754
AVERY	(80,174)	-	-	12,291	12,291
BEAUFORT	(92,646)	-	-	5,321	5,321
BERTIE	(20,150)	-	-	3,080	3,080
BLADEN	(49,159)	-	-	4,814	4,814
BRUNSWICK	(522,652)	-	-	55,442	55,442
BUNCOMBE	(708,595)	-	-	27,694	27,694
BURKE	(145,864)	-	-	70,924	70,924
CABARRUS	(516,340)	-	-	20,231	20,231
CALDWELL	(151,644)	-	-	7,204	7,204
CAMDEN	(28,267)	-	-	1,057	1,057
CARTERET	(239,521)	-	-	15,368	15,368
CASWELL	(39,550)	-	-	-	-
CATAWBA	(360,422)	-	-	18,655	18,655
CHATHAM	(192,692)	-	-	14,741	14,741
CHEROKEE	(84,487)	-	-	5,770	5,770
CHOWAN	(30,481)	-	-	2,789	2,789
CLAY	(36,039)	-	-	1,765	1,765
CLEVELAND	(184,499)	-	-	1,436	1,436
COLUMBUS	(91,418)	-	-	5,183	5,183
CRAVEN	(241,008)	-	-	-	-
CUMBERLAND	(717,239)	-	-	12,448	12,448
CURRITUCK	(96,499)	-	-	3,815	3,815
DARE	(176,340)	-	-	13,175	13,175
DAVIDSON	(302,838)	-	-	12,082	12,082
DAVIE	(90,693)	-	-	1,313	1,313
DUPLIN	(81,545)	-	-	3,889	3,889
DURHAM	(1,032,403)	-	-	-	-
EDGECOMBE	(70,184)	-	-	6,144	6,144
FORSYTH	(816,749)	-	-	32,916	32,916
FRANKLIN	(144,413)	-	-	5,668	5,668
GASTON	(540,881)	-	-	1,197,369	1,197,369
GATES	(17,805)	-	-	1,463	1,463
GRAHAM	(45,148)	-	-	-	-
GRANVILLE	(106,230)	-	-	6,742	6,742
GREENE	(23,014)	-	-	1,181	1,181
GUILFORD	(928,096)	-	-	21,304	21,304
HALIFAX	(78,249)	-	-	7,267	7,267
HARNETT	(279,721)	-	-	13,847	13,847
HAYWOOD	(165,294)	-	-	8,427	8,427
HENDERSON	(300,620)	-	-	16,849	16,849
HERTFORD	(34,767)	-	-	2,036	2,036
HOKE	(117,705)	-	-	10,551	10,551
HYDE	(7,590)	-	-	1,296	1,296
IREDELL	(475,890)	-	-	20,654	20,654
JACKSON	(138,516)	-	-	4,847	4,847
JOHNSTON	(551,914)	-	-	11,813	11,813
JONES	(17,961)	-	-	1,029	1,029
LEE	(122,229)	-	-	5,532	5,532
LENOIR	(65,213)	-	-	7,260	7,260
LINCOLN	(219,978)	-	-	13,136	13,136
MACON	(89,515)	-	-	9,551	9,551
MADISON	(64,874)	-	-	32,514	32,514
MARTIN	(34,013)	-	-	2,164	2,164
MCDOWELL	(84,785)	-	-	1,638	1,638
MECKLENBURG	(1,819,879)	-	-	97,284	97,284
MITCHELL	(30,387)	-	-	2,231	2,231
MONTGOMERY	(55,521)	-	-	3,800	3,800
MOORE	(297,760)	-	-	15,667	15,667
NASH	(185,210)	-	-	8,083	8,083
NEW HANOVER	(635,988)	-	-	31,919	31,919
NORTHAMPTON	(29,324)	-	-	1,593	1,593
ONSLow	(518,944)	-	-	21,554	21,554
ORANGE	(248,103)	-	-	11,135	11,135
PAMLICO	(30,694)	-	-	967	967
PASQUOTANK	(86,321)	-	-	5,295	5,295
PENDER	(180,023)	-	-	9,605	9,605
PERQUIMANS	(29,766)	-	-	1,872	1,872
PERSON	(72,322)	-	-	4,546	4,546
PITT	(324,544)	-	-	13,032	13,032
POLK	(51,586)	-	-	5,180	5,180
RANDOLPH	(256,189)	-	-	13,615	13,615
RICHMOND	(58,244)	-	-	5,939	5,939
ROBESON	(140,013)	-	-	21,843	21,843

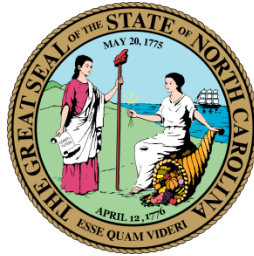
Deferred Inflows of Resources						Pension Expense			
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportional Share of Contributions	Total Deferred 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	
\$ 7,104	\$ 29,829	\$ -	\$ 12,336	\$ 49,269	\$ (8,214)	\$ (543)	\$ (8,757)		
1,256	5,276	-	1,395	7,927	(1,453)	29	(1,424)		
713	2,994	-	1,199	4,906	(824)	(503)	(1,327)		
740	3,107	-	859	4,706	(856)	248	(608)		
1,545	6,488	-	4,150	12,183	(1,787)	33	(1,754)		
1,634	6,860	-	7,892	16,386	(1,889)	(6,571)	(8,460)		
1,888	7,927	-	-	9,815	(2,183)	2,389	206		
411	1,724	-	-	2,135	(475)	1,954	1,479		
1,002	4,206	-	2,265	7,473	(1,158)	1,716	558		
10,650	44,721	-	43,157	98,528	(12,315)	(17,116)	(29,431)		
14,439	60,632	-	25,185	100,256	(16,696)	25,483	8,787		
2,972	12,481	-	-	15,453	(3,437)	21,241	17,804		
10,521	44,181	-	22,968	77,670	(12,166)	6,342	(5,824)		
3,090	12,976	-	6,233	22,299	(3,573)	(686)	(4,259)		
576	2,419	-	2,801	5,796	(666)	(1,275)	(1,941)		
4,881	20,495	-	17,407	42,783	(5,644)	(10,175)	(15,819)		
806	3,384	-	5,842	10,032	(932)	426	(506)		
7,344	30,840	-	18,605	56,789	(8,492)	1,923	(6,569)		
3,926	16,488	-	14,553	34,967	(4,540)	(46)	(4,586)		
1,722	7,229	-	3,555	12,506	(1,991)	(1,582)	(3,573)		
621	2,608	-	-	3,229	(718)	920	202		
734	3,084	-	1,180	4,998	(849)	(839)	(1,688)		
3,760	15,787	-	1,006	20,553	(4,347)	(7,133)	(11,480)		
1,863	7,822	-	761	10,446	(2,154)	498	(1,656)		
4,911	20,622	-	19,662	45,195	(5,679)	12,304	6,625		
14,615	61,371	-	38,249	114,235	(16,900)	9,818	(7,082)		
1,966	8,257	-	7,355	17,578	(2,274)	(2,412)	(4,686)		
3,593	15,089	-	6,903	25,585	(4,155)	6,317	2,162		
6,171	25,913	-	15,572	47,656	(7,136)	15,296	8,160		
1,848	7,760	-	3,900	13,508	(2,137)	2,073	(64)		
1,662	6,977	-	1,834	10,473	(1,921)	1,768	(153)		
21,037	88,339	-	159,440	268,816	(24,326)	(75,920)	(100,246)		
1,430	6,005	-	-	7,435	(1,654)	(198)	(1,852)		
16,643	69,886	-	15,633	102,162	(19,244)	21,771	2,527		
2,943	12,357	-	8,166	23,466	(3,403)	(882)	(4,285)		
11,022	46,281	-	1,068,540	1,125,843	(12,744)	69,255	56,511		
363	1,524	-	387	2,274	(420)	347	(73)		
920	3,863	-	14,705	19,488	(1,064)	(7,845)	(8,909)		
2,165	9,090	-	7,758	19,013	(2,503)	125	(2,378)		
469	1,969	-	467	2,905	(542)	1,006	464		
18,912	79,413	-	-	98,325	(21,868)	20,956	(912)		
1,594	6,695	-	-	8,289	(1,844)	4,521	2,677		
5,700	23,935	-	20,707	50,342	(6,591)	153	(6,438)		
3,368	14,144	-	4,170	21,682	(3,895)	1,669	(2,226)		
6,126	25,723	-	12,467	44,316	(7,083)	4,615	(2,468)		
708	2,975	-	-	3,683	(819)	1,477	658		
2,398	10,071	-	13,008	25,477	(2,773)	(6,602)	(9,375)		
155	649	-	-	804	(179)	907	728		
9,697	40,720	-	32,833	83,250	(11,213)	(5,816)	(17,029)		
2,823	11,852	-	5,004	19,679	(3,264)	4,361	1,097		
11,246	47,225	-	43,235	101,706	(13,004)	(18,040)	(31,044)		
366	1,537	-	964	2,867	(423)	133	(290)		
2,491	10,459	-	3,849	16,799	(2,880)	1,069	(1,811)		
1,329	5,580	-	-	6,909	(1,537)	2,868	1,331		
4,482	18,823	-	17,909	41,214	(5,183)	(4,191)	(9,374)		
1,824	7,659	-	6,794	16,277	(2,109)	689	(1,420)		
1,322	5,551	-	-	6,873	(1,529)	15,330	13,801		
693	2,910	-	-	3,603	(801)	1,650	849		
1,728	7,255	-	2,588	11,571	(1,998)	2,415	417		
37,084	155,720	-	158,369	351,173	(42,880)	7,678	(35,202)		
619	2,600	-	-	3,219	(716)	604	(112)		
1,131	4,751	-	3,615	9,497	(1,308)	(665)	(1,973)		
6,067	25,478	-	20,693	52,238	(7,016)	(46,016)	(53,032)		
3,774	15,848	-	5,017	24,639	(4,364)	187	(4,177)		
12,960	54,419	-	60,145	127,524	(14,985)	(5,735)	(20,720)		
598	2,509	-	-	3,107	(691)	2,019	1,328		
10,575	44,404	-	29,029	84,008	(12,227)	(7,185)	(19,412)		
5,056	21,229	-	8,916	35,201	(5,846)	1,017	(4,829)		
625	2,626	-	1,122	4,373	(723)	364	(359)		
1,759	7,386	-	3,673	12,818	(2,034)	817	(1,217)		
3,668	15,404	-	20,749	39,821	(4,242)	(3,848)	(8,090)		
607	2,547	-	1,494	4,648	(701)	(476)	(1,177)		
1,474	6,188	-	1,619	9,281	(1,704)	1,101	(603)		
6,613	27,770	-	14,027	48,410	(7,647)	419	(7,228)		
1,051	4,414	-	788	6,253	(1,215)	(572)	(1,787)		
5,220	21,921	-	10,437	37,578	(6,036)	3,522	(2,514)		
1,187	4,984	-	1,275	7,446	(1,372)	395	(977)		
2,853	11,980	-	-	14,833	(3,299)	9,786	6,487		

Registers of Deeds' Supplemental Pension Fund
Schedule of Pension Amounts by Employer
As of and For the Year Ended June 30, 2020

Employer	Net Pension Asset	Deferred Outflows of Resources			
		Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportional Share of Contributions	Total Deferred Outflows of Resources
ROCKINGHAM	(179,808)	-	-	7,369	7,369
ROWAN	(298,292)	-	-	12,088	12,088
RUTHERFORD	(145,990)	-	-	6,943	6,943
SAMPSON	(88,633)	-	-	9,160	9,160
SCOTLAND	(61,833)	-	-	861	861
STANLY	(144,372)	-	-	5,254	5,254
STOKES	(79,762)	-	-	4,612	4,612
SURRY	(150,042)	-	-	12,889	12,889
SWAIN	(27,987)	-	-	23,299	23,299
TRANSYLVANIA	(88,617)	-	-	1,402	1,402
TYRRELL	(7,015)	-	-	175	175
UNION	(644,619)	-	-	16,917	16,917
VANCE	(76,489)	-	-	8,637	8,637
WAKE	(2,694,036)	-	-	264,351	264,351
WARREN	(32,092)	-	-	470	470
WASHINGTON	(17,965)	-	-	1,163	1,163
WATAUGA	(142,552)	-	-	5,090	5,090
WAYNE	(206,773)	-	-	12,221	12,221
WILKES	(116,714)	-	-	8,931	8,931
WILSON	(143,829)	-	-	2,339	2,339
YADKIN	(67,803)	-	-	2,471	2,471
YANCEY	(40,042)	-	-	2,782	2,782
Total for All Employers	\$ (22,918,001)	\$ -	\$ -	\$ 2,473,085	\$ 2,473,085

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	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 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
3,664	15,385	-	2,137	21,186	(4,237)	5	(4,232)
6,078	25,524	-	7,659	39,261	(7,028)	(749)	(7,777)
2,975	12,492	-	4,061	19,528	(3,440)	2,028	(1,412)
1,806	7,584	-	-	9,390	(2,088)	5,366	3,278
1,260	5,291	-	12	6,563	(1,457)	1,495	38
2,942	12,353	-	7,487	22,782	(3,402)	(398)	(3,800)
1,625	6,825	-	4,149	12,599	(1,879)	1,584	(295)
3,057	12,838	-	3,037	18,932	(3,535)	(4,280)	(7,815)
570	2,395	-	-	2,965	(659)	11,660	11,001
1,806	7,583	-	3,037	12,426	(2,088)	3,531	1,443
143	600	-	67	810	(165)	(32)	(197)
13,135	55,157	-	61,497	129,789	(15,189)	(14,235)	(29,424)
1,559	6,545	-	7,259	15,363	(1,802)	54	(1,748)
54,896	230,518	-	258,403	543,817	(63,478)	(68,378)	(131,856)
654	2,746	-	-	3,400	(756)	603	(153)
366	1,537	-	614	2,517	(423)	3,616	3,193
2,905	12,198	-	7,396	22,499	(3,359)	1,335	(2,024)
4,213	17,693	-	9,470	31,376	(4,872)	3,036	(1,836)
2,378	9,987	-	-	12,365	(2,750)	3,545	795
2,931	12,307	-	26,199	41,437	(3,389)	(10,991)	(14,380)
1,382	5,802	-	2,693	9,877	(1,598)	709	(889)
816	3,426	-	1,522	5,764	(943)	(629)	(1,572)
\$ 467,000	\$ 1,961,001	\$ -	\$ 2,473,115	\$ 4,901,116	\$ (539,997)	\$ 7	\$ (539,990)



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, 2020, there were 98 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 *North Carolina General Statute* 161-50.3; and
- 2) 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); for registers of deeds who began serving after September 10, 2009, this 75% limit is applied to the benefit after combining the benefit with the maximum retirement allowance upon retirement under the Local Governmental Employees' Retirement System or equivalent locally sponsored retirement plan; or
 - b. One thousand five hundred dollars (\$1,500).

Because of the statutory limits noted above, not all contributions available for benefits are distributed. The Plan does not provide for automatic post-retirement benefit increases.

- 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 for the fiscal year ending 2020 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 schedule of pension amounts by employer provide employers with the required information for financial reporting.

There are two schedules (a schedule of employer allocations as of and for the fiscal year ended June 30, 2020 and a schedule of pension amounts by employer as of and for the fiscal year ended June 30, 2020, 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, 2020, 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	\$ 31,129
Plan Fiduciary Net Position	(54,047)
Net Pension Liability (Asset)	<u>\$ (22,918)</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	173.62%
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The total pension liability 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* 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 among 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, 2020 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 years for the year ended June 30, 2020, 4 years for the year ended June 30, 2019, and 3 years for the year ended June 30, 2018. 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 inflows of resources (excluding employer specific amounts) for the year ended June 30, 2020 (dollars in thousands):

	Year of Deferral	Amortization Period	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Deferred Inflows of Resources						
Differences Between Expected and Actual Experience	2018	3.00	\$ 375	\$ -	\$ 375	\$ -
Differences Between Expected and Actual Experience	2019	4.00	577	-	193	384
Differences Between Expected and Actual Experience	2020	3.00	-	124	41	83
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2017-2020	5.00	(202)	2,474	311	1,961
Total			<u>\$ 750</u>	<u>\$ 2,598</u>	<u>\$ 920</u>	<u>\$ 2,428</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:

2021	\$ (341)
2022	(708)
2023	(885)
2024	(494)
2025	-
Total	<u>\$ (2,428)</u>

NOTE 3 - ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by actuarial valuations as of December 31, 2019. The total pension liability was then rolled forward to June 30, 2020 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 3.50% to 7.75% which includes 3.50% 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 3.75% which includes an inflation assumption and is net of pension plan investment expense.

Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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 mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2010 through December 31, 2014.

The discount rate used to measure the total pension liability was 3.75%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension asset is a present value calculation of the future net pension payments. These net pension payments assume that the contributions from Plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually 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 - COLLECTIVE PENSION EXPENSE

The components of collective pension expense for the year ended June 30, 2020, to be recognized in 2021, are as follows (dollars in thousands):

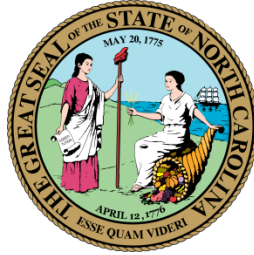
Service Cost	\$	1,125
Interest Cost on Total Pension Liability		1,122
Projected Earnings on Plan Investments		(1,879)
Administrative Expense		12
Recognition (Amortization) of Deferred Inflows and Outflows of Resources:		
Differences Between Expected and Actual Experience		(609)
Difference Between Projected and Actual Earnings on Plan Investments		(311)
Collective Pension Expense	\$	<u>(540)</u>

NOTE 5 - ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

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

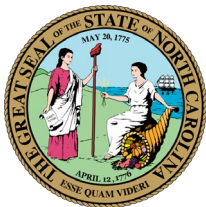
located in the State of North Carolina's *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2020. The additional financial and actuarial information is available at <https://www.osc.nc.gov/public-information/2020-annual-report> or by contacting RODSPF at:

RODSPF
3200 Atlantic Avenue
Raleigh, NC 27604
<https://www.myncretirement.com/governance/valuations-and-comprehensive-annual-financial-reports>



INDEPENDENT AUDITOR'S REPORT

STATE OF NORTH CAROLINA
Office of the State Auditor



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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 ELEMENTS OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Dale R. Folwell, State Treasurer
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 Register of Deeds' Supplemental Pension Fund as of and for the year ended June 30, 2020 and the related notes. We have also audited the total for all entities of the columns titled net pension asset, 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 year ended June 30, 2020, and the related notes (hereafter referred to as "the schedules") and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the schedules, we considered the Department of State Treasurer's (Department) internal control over financial reporting (internal control) as a basis for designing 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 Department'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 Department'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 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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

March 30, 2021

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919-807-7666



This audit required 167 hours at an approximate cost of \$17,368, plus actuarial costs of \$2,200.