

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR
BETH A. WOOD, CPA



REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

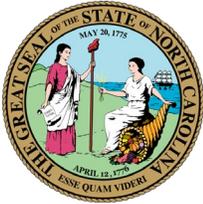
RALEIGH, NORTH CAROLINA

FINANCIAL AUDIT OF THE SCHEDULE OF EMPLOYER ALLOCATIONS
AND THE SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
FOR THE YEAR ENDED JUNE 30, 2021



NCOSA
The Taxpayers' Watchdog

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

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Raleigh, NC 27699-0600
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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, 2021, 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

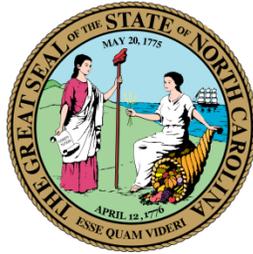


**Beth A. Wood, CPA
State Auditor**

TABLE OF CONTENTS

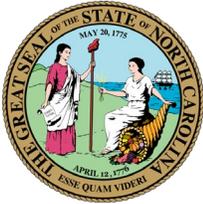
	PAGE
INDEPENDENT AUDITOR’S REPORT	1
ELEMENTS OF THE FINANCIAL STATEMENTS	
EMPLOYER ALLOCATION SCHEDULES	
1 SCHEDULE OF EMPLOYER ALLOCATIONS	4
2 SCHEDULE OF PENSION AMOUNTS BY EMPLOYER	6
NOTES TO THE SCHEDULES	10
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF ELEMENTS OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16
ORDERING INFORMATION	18

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



INDEPENDENT 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

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

Report on the Schedules

Opinion

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, 2021, 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 employer 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, 2021, and the related notes (hereafter referred to as "the schedules").

In our opinion, the accompanying schedules 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 employer 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, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Department of State Treasurer (Department) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with GAAS and GAGAS, the pension plans included in the State's *Annual Comprehensive Financial Report* as of and for the year ended June 30, 2021, and our report thereon, dated December 8, 2021, 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 28, 2022 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

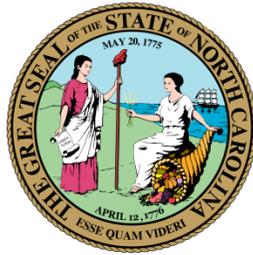
Our report is intended solely for the information and use of the Register of Deeds' Supplemental Pension Fund Management, the Register of Deeds' Supplemental Pension Fund employers, their auditors, and the North Carolina Office of the State Controller and is not intended to be and should not be used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



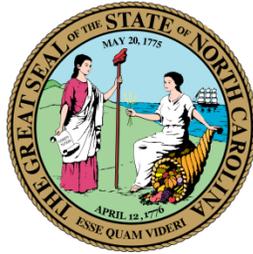
Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

March 28, 2022



SCHEDULES



SCHEDULE OF EMPLOYER ALLOCATIONS

**Registers of Deeds' Supplemental Pension Fund
Schedule of Employer Allocations
As of and For the Year Ended June 30, 2021**

Schedule 1

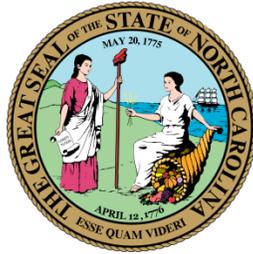
Employer	Fiscal Year Contributions	Fiscal Year Contributions Allocation
ALAMANCE	\$ 17,988	1.49883%
ALEXANDER	3,282	0.27344%
ALLEGHANY	1,861	0.15507%
ANSON	1,659	0.13821%
ASHE	3,898	0.32477%
AVERY	4,066	0.33882%
BEAUFORT	4,538	0.37811%
BERTIE	1,038	0.08651%
BLADEN	2,349	0.19570%
BRUNSWICK	30,527	2.54360%
BUNCOMBE	36,382	3.03146%
BURKE	7,290	0.60743%
CABARRUS	32,483	2.70664%
CALDWELL	7,573	0.63098%
CAMDEN	1,450	0.12086%
CARTERET	14,063	1.17178%
CASWELL	1,680	0.13995%
CATAWBA	18,238	1.51969%
CHATHAM	13,672	1.13922%
CHEROKEE	4,465	0.37204%
CHOWAN	1,807	0.15058%
CLAY	2,065	0.17204%
CLEVELAND	9,023	0.75186%
COLUMBUS	4,307	0.35889%
CRAVEN	12,542	1.04502%
CUMBERLAND	35,644	2.96999%
CURRITUCK	6,261	0.52172%
DARE	11,455	0.95445%
DAVIDSON	19,271	1.60571%
DAVIE	4,380	0.36492%
DUPLIN	4,150	0.34580%
DURHAM	41,476	3.45598%
EDGECOMBE	3,753	0.31274%
FORSYTH	41,743	3.47816%
FRANKLIN	8,022	0.66845%
GASTON	27,574	2.29758%
GATES	848	0.07064%
GRAHAM	2,979	0.24820%
GRANVILLE	5,483	0.45687%
GREENE	1,085	0.09040%
GUILFORD	47,641	3.96968%
HALIFAX	4,037	0.33637%
HARNETT	15,732	1.31084%
HAYWOOD	8,526	0.71043%
HENDERSON	15,265	1.27195%
HERTFORD	1,614	0.13450%
HOKE	6,583	0.54856%
HYDE	271	0.02261%
IREDELL	26,273	2.18918%
JACKSON	6,615	0.55121%
JOHNSTON	31,209	2.60049%
JONES	906	0.07546%
LEE	6,174	0.51442%
LENOIR	3,293	0.27435%

**Registers of Deeds' Supplemental Pension Fund
Schedule of Employer Allocations
As of and For the Year Ended June 30, 2021**

Schedule 1

Employer	Fiscal Year Contributions	Fiscal Year Contributions Allocation
LINCOLN	12,309	1.02566%
MACON	5,145	0.42870%
MADISON	2,658	0.22149%
MARTIN	1,584	0.13198%
MCDOWELL	4,230	0.35243%
MECKLENBURG	91,492	7.62352%
MITCHELL	1,551	0.12925%
MONTGOMERY	2,630	0.21918%
MOORE	17,333	1.44422%
NASH	9,300	0.77494%
NEW HANOVER	34,059	2.83797%
NORTHAMPTON	1,308	0.10902%
ONSLow	26,260	2.18808%
ORANGE	12,400	1.03322%
PAMLICO	1,759	0.14654%
PASQUOTANK	4,400	0.36660%
PENDER	10,556	0.87960%
PERQUIMANS	1,550	0.12918%
PERSON	3,824	0.31867%
PITT	16,968	1.41382%
POLK	2,711	0.22589%
RANDOLPH	12,558	1.04638%
RICHMOND	2,830	0.23578%
ROBESON	7,808	0.65058%
ROCKINGHAM	8,662	0.72174%
ROWAN	15,719	1.30977%
RUTHERFORD	7,451	0.62087%
SAMPSON	4,186	0.34880%
SCOTLAND	2,942	0.24515%
STANLY	7,923	0.66014%
STOKES	4,108	0.34225%
SURRY	6,950	0.57914%
SWAIN	1,457	0.12141%
TRANSYLVANIA	4,901	0.40836%
TYRRELL	303	0.02526%
UNION	36,233	3.01910%
VANCE	3,347	0.27892%
WAKE	143,122	11.92551%
WARREN	1,859	0.15487%
WASHINGTON	891	0.07421%
WATAUGA	8,112	0.67590%
WAYNE	9,821	0.81835%
WILKES	6,172	0.51427%
WILSON	6,790	0.56573%
YADKIN	3,236	0.26966%
YANCEY	2,217	0.18473%
Total	<u>\$ 1,200,134</u>	<u>100.00000%</u>

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



SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

**Registers of Deeds' Supplemental Pension Fund
Schedule of Pension Amounts by Employer
As of and For the Year Ended June 30, 2021**

Employer	Net Pension Asset	Deferred Outflows of Resources			Total 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	
ALAMANCE	\$ (287,970)	\$ 3,073	\$ 20,999	\$ 10,397	\$ 34,469
ALEXANDER	(52,536)	561	3,831	1,312	5,704
ALLEGHANY	(29,794)	318	2,173	330	2,821
ANSON	(26,554)	283	1,936	3,802	6,021
ASHE	(62,398)	666	4,550	3,205	8,421
AVERY	(65,097)	695	4,747	7,650	13,092
BEAUFORT	(72,646)	775	5,297	6,231	12,303
BERTIE	(16,621)	177	1,212	1,733	3,122
BLADEN	(37,600)	401	2,742	4,974	8,117
BRUNSWICK	(488,702)	5,214	35,636	27,720	68,570
BUNCOMBE	(582,434)	6,214	42,471	22,099	70,784
BURKE	(116,706)	1,245	8,510	39,426	49,181
CABARRUS	(520,027)	5,549	37,920	10,116	53,585
CALDWELL	(121,230)	1,294	8,840	7,795	17,929
CAMDEN	(23,221)	248	1,693	867	2,808
CARTERET	(225,134)	2,402	16,417	7,684	26,503
CASWELL	(26,889)	287	1,961	4,456	6,704
CATAWBA	(291,978)	3,115	21,291	16,562	40,968
CHATHAM	(218,878)	2,335	15,960	7,370	25,665
CHEROKEE	(71,480)	763	5,212	2,885	8,860
CHOWAN	(28,931)	309	2,110	1,395	3,814
CLAY	(33,054)	353	2,410	882	3,645
CLEVELAND	(144,455)	1,541	10,534	7,982	20,057
COLUMBUS	(68,954)	736	5,028	8,056	13,820
CRAVEN	(200,780)	2,142	14,641	900	17,683
CUMBERLAND	(570,624)	6,088	41,610	28,025	75,723
CURRITUCK	(100,238)	1,070	7,309	1,908	10,287
DARE	(183,378)	1,957	13,372	6,588	21,917
DAVIDSON	(308,505)	3,292	22,496	6,040	31,828
DAVIE	(70,112)	748	5,113	4,865	10,726
DUPLIN	(66,439)	709	4,845	3,312	8,866
DURHAM	(663,997)	7,085	48,418	143,265	198,768
EDGECOMBE	(60,087)	641	4,381	3,071	8,093
FORSYTH	(668,259)	7,130	48,729	28,155	84,014
FRANKLIN	(128,429)	1,370	9,365	2,833	13,568
GASTON	(441,434)	4,710	32,189	607,220	644,119
GATES	(13,572)	145	990	1,695	2,830
GRAHAM	(47,687)	509	3,477	-	3,986
GRANVILLE	(87,778)	937	6,401	4,280	11,618
GREENE	(17,369)	185	1,267	1,959	3,411
GUILFORD	(762,695)	8,138	55,615	21,575	85,328
HALIFAX	(64,627)	690	4,713	4,326	9,729
HARNETT	(251,852)	2,687	18,365	6,923	27,975
HAYWOOD	(136,495)	1,456	9,953	5,690	17,099
HENDERSON	(244,380)	2,607	17,820	13,856	34,283
HERTFORD	(25,841)	276	1,884	3,368	5,528
Hoke	(105,395)	1,125	7,685	5,275	14,085
HYDE	(4,344)	46	317	2,083	2,446
IREDELL	(420,607)	4,488	30,670	10,326	45,484
JACKSON	(105,904)	1,130	7,722	9,689	18,541
JOHNSTON	(499,632)	5,331	36,433	5,906	47,670
JONES	(14,498)	155	1,057	912	2,124
LEE	(98,836)	1,055	7,207	5,349	13,611
LENOIR	(52,711)	562	3,844	5,022	9,428
LINCOLN	(197,060)	2,103	14,369	6,568	23,040
MACON	(82,366)	879	6,006	4,776	11,661
MADISON	(42,555)	454	3,103	24,668	28,225
MARTIN	(25,357)	271	1,849	3,327	5,447
MCDOWELL	(67,712)	722	4,938	3,211	8,871
MECKLENBURG	(1,464,707)	15,628	106,806	91,985	214,419
MITCHELL	(24,833)	265	1,811	1,571	3,647
MONTGOMERY	(42,111)	449	3,071	5,052	8,572
MOORE	(277,478)	2,961	20,234	7,834	31,029
NASH	(148,889)	1,589	10,857	8,576	21,022
NEW HANOVER	(545,259)	5,818	39,760	15,959	61,537
NORTHAMPTON	(20,946)	223	1,527	3,383	5,133
ONSLow	(420,396)	4,486	30,655	21,196	56,337
ORANGE	(198,513)	2,118	14,475	12,309	28,902
PAMLICO	(28,155)	300	2,053	484	2,837
PASQUOTANK	(70,435)	752	5,136	4,021	9,909
PENDER	(168,998)	1,803	12,323	4,803	18,929
PERQUIMANS	(24,819)	265	1,810	1,031	3,106
PERSON	(61,226)	653	4,465	2,272	7,390
PITT	(271,637)	2,898	19,808	6,829	29,535
POLK	(43,400)	463	3,165	2,590	6,218
RANDOLPH	(201,041)	2,145	14,660	16,570	33,375
RICHMOND	(45,300)	483	3,303	5,477	9,263
ROBESON	(124,996)	1,334	9,115	10,922	21,371

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	
\$ 3,492	\$ 884	\$ -	\$ 6,168	\$ 10,544	\$ 17,431	\$ 2,707	\$ 20,138	
637	161	-	1,298	2,096	3,180	315	3,495	
361	91	-	926	1,378	1,803	(431)	1,372	
322	82	-	430	834	1,607	1,990	3,597	
757	192	-	2,075	3,024	3,777	717	4,494	
789	200	-	3,946	4,935	3,940	2,951	6,891	
881	223	-	-	1,104	4,397	4,447	8,844	
202	51	-	-	253	1,006	1,636	2,642	
456	115	-	1,132	1,703	2,276	2,559	4,835	
5,927	1,501	-	57,513	64,941	29,582	(11,824)	17,758	
7,063	1,789	-	12,593	21,445	35,256	5,381	40,637	
1,415	358	-	-	1,773	7,064	37,446	44,510	
6,306	1,597	-	73,453	81,356	31,478	(32,353)	(875)	
1,470	372	-	3,117	4,959	7,338	2,583	9,921	
282	71	-	1,400	1,753	1,406	(704)	702	
2,730	691	-	26,005	29,426	13,628	(9,671)	3,957	
326	83	-	2,921	3,330	1,628	(693)	935	
3,541	897	-	9,303	13,741	17,674	3,644	21,318	
2,654	672	-	48,041	51,367	13,249	(20,289)	(7,040)	
867	220	-	2,240	3,327	4,327	875	5,202	
351	89	-	2,401	2,841	1,751	193	1,944	
401	102	-	2,610	3,113	2,001	(717)	1,284	
1,752	444	-	503	2,699	8,744	3,847	12,591	
836	212	-	380	1,428	4,174	4,943	9,117	
2,435	617	-	9,831	12,883	12,154	(9,381)	2,773	
6,920	1,752	-	19,125	27,797	34,541	(1,999)	32,542	
1,216	308	-	17,427	18,951	6,068	(8,646)	(2,578)	
2,224	563	-	28,725	31,512	11,100	(9,500)	1,600	
3,741	947	-	46,623	51,311	18,674	(21,163)	(2,489)	
850	215	-	1,950	3,015	4,244	811	5,055	
806	204	-	917	1,927	4,022	1,712	5,734	
8,052	2,039	-	79,720	89,811	40,193	(8,088)	32,105	
729	185	-	888	1,802	3,637	2,629	6,266	
8,104	2,052	-	7,816	17,972	40,451	14,489	54,940	
1,557	394	-	9,318	11,269	7,774	(3,865)	3,909	
5,353	1,356	-	534,269	540,978	26,721	68,682	95,403	
165	42	-	194	401	822	1,019	1,841	
578	146	-	14,346	15,070	2,887	(10,850)	(7,963)	
1,065	270	-	3,879	5,214	5,313	(54)	5,259	
211	53	-	234	498	1,051	1,042	2,093	
9,249	2,342	-	-	11,591	46,167	16,113	62,280	
784	198	-	-	982	3,912	3,979	7,891	
3,054	773	-	22,691	26,518	15,245	(9,597)	5,648	
1,655	419	-	2,085	4,159	8,262	2,867	11,129	
2,964	750	-	6,233	9,947	14,793	4,907	19,700	
313	79	-	-	392	1,564	2,193	3,757	
1,278	324	-	11,280	12,882	6,380	(3,616)	2,764	
53	13	-	-	66	263	1,366	1,629	
5,101	1,292	-	31,810	38,203	25,460	(13,785)	11,675	
1,284	325	-	2,502	4,111	6,411	3,554	9,965	
6,059	1,534	-	47,883	55,476	30,244	(28,842)	1,402	
176	45	-	482	703	878	231	1,109	
1,199	304	-	1,924	3,427	5,983	2,132	8,115	
639	162	-	-	801	3,191	4,327	7,518	
2,390	605	-	17,944	20,939	11,928	(6,882)	5,046	
999	253	-	8,602	9,854	4,986	(1,225)	3,761	
516	131	-	-	647	2,576	20,464	23,040	
308	78	-	-	386	1,535	2,204	3,739	
821	208	-	1,294	2,323	4,099	722	4,821	
17,763	4,498	-	79,185	101,446	88,662	(8,869)	79,793	
301	76	-	-	377	1,503	1,344	2,847	
511	129	-	1,807	2,447	2,549	1,669	4,218	
3,365	852	-	30,149	34,366	16,796	(12,416)	4,380	
1,806	457	-	2,509	4,772	9,013	3,802	12,815	
6,612	1,674	-	38,667	46,953	33,006	(18,409)	14,597	
254	64	-	-	318	1,268	2,089	3,357	
5,098	1,291	-	14,515	20,904	25,447	1,472	26,919	
2,407	610	-	4,458	7,475	12,016	4,480	16,496	
341	86	-	2,283	2,710	1,704	(939)	765	
854	216	-	1,836	2,906	4,264	1,497	5,761	
2,049	519	-	23,227	25,795	10,230	(11,999)	(1,769)	
301	76	-	747	1,124	1,502	237	1,739	
743	188	-	1,234	2,165	3,706	1,253	4,959	
3,294	834	-	7,014	11,142	16,443	(340)	16,103	
526	133	-	503	1,162	2,627	2,142	4,769	
2,438	617	-	5,218	8,273	12,169	6,471	18,640	
549	139	-	637	1,325	2,742	3,586	6,328	
1,516	384	-	5,416	7,316	7,566	8,213	15,779	

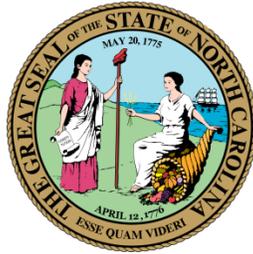
**Registers of Deeds' Supplemental Pension Fund
Schedule of Pension Amounts by Employer
As of and For the Year Ended June 30, 2021**

Deferred Outflows of Resources

Employer	Net Pension Asset	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	(138,668)	1,480	10,112	12,268	23,860
ROWAN	(251,646)	2,685	18,350	6,044	27,079
RUTHERFORD	(119,288)	1,273	8,698	5,676	15,647
SAMPSON	(67,015)	715	4,887	9,764	15,366
SCOTLAND	(47,101)	503	3,435	3,797	7,735
STANLY	(126,833)	1,353	9,249	2,627	13,229
STOKES	(65,756)	702	4,795	3,095	8,592
SURRY	(111,270)	1,187	8,114	16,766	26,067
SWAIN	(23,327)	249	1,701	11,745	13,695
TRANSYLVANIA	(78,458)	837	5,721	701	7,259
TYRRELL	(4,853)	52	354	818	1,224
UNION	(580,060)	6,189	42,298	8,458	56,945
VANCE	(53,589)	572	3,908	11,808	16,288
WAKE	(2,291,248)	24,447	167,076	132,175	323,698
WARREN	(29,755)	317	2,170	234	2,721
WASHINGTON	(14,258)	152	1,040	1,152	2,344
WATAUGA	(129,861)	1,386	9,469	2,545	13,400
WAYNE	(157,230)	1,678	11,465	17,570	30,713
WILKES	(98,807)	1,054	7,205	4,465	12,724
WILSON	(108,694)	1,160	7,926	9,618	18,704
YADKIN	(51,810)	553	3,778	4,813	9,144
YANCEY	(35,492)	379	2,588	1,390	4,357
Total for All Employers	\$ (19,213,002)	\$ 205,003	\$ 1,401,006	\$ 1,682,288	\$ 3,288,297

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			
1,682	426	-	1,069	3,177	8,394	6,908	15,302			
3,052	773	-	4,951	8,776	15,233	1,654	16,887			
1,447	366	-	2,030	3,843	7,221	2,543	9,764			
813	206	-	-	1,019	4,057	7,170	11,227			
571	145	-	6	722	2,851	2,109	4,960			
1,538	389	-	7,868	9,795	7,677	(3,178)	4,499			
797	202	-	2,075	3,074	3,980	628	4,608			
1,349	342	-	1,519	3,210	6,735	10,087	16,822			
283	72	-	-	355	1,412	11,699	13,111			
951	241	-	4,482	5,674	4,749	(2,299)	2,450			
59	15	-	33	107	294	419	713			
7,035	1,781	-	58,939	67,755	35,112	(36,385)	(1,273)			
650	165	-	3,629	4,444	3,244	4,433	7,677			
27,786	7,036	-	152,478	187,300	138,694	(8,664)	130,030			
361	91	-	2,027	2,479	1,801	(778)	1,023			
173	44	-	307	524	863	561	1,424			
1,575	399	-	11,060	13,034	7,861	(4,834)	3,027			
1,907	483	-	4,735	7,125	9,517	7,104	16,621			
1,198	303	-	683	2,184	5,981	4,124	10,105			
1,318	334	-	13,100	14,752	6,579	(7,705)	(1,126)			
628	159	-	1,346	2,133	3,136	1,676	4,812			
430	109	-	2,128	2,667	2,148	(53)	2,095			
\$ 232,997	\$ 58,999	\$ -	\$ 1,682,317	\$ 1,974,313	\$ 1,162,998	\$ 4	\$ 1,163,002			



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, 2021, there were 103 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 ended 2021 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, 2021 and a schedule of pension amounts by employer as of and for the fiscal year ended June 30, 2021, 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, 2021, 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	\$	33,990
Plan Fiduciary Net Position		<u>(53,203)</u>
Net Pension (Asset)	\$	<u>(19,213)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		156.53%

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 *Annual Comprehensive 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 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, 2021 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, 2021, 3 years for the year ended June 30, 2020, and 4 years for the year ended June 30, 2019. 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, 2021 (dollars in thousands):

	<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>
Deferred Outflows of Resources						
Differences between expected and actual Experience	2021	3.00	\$ -	\$ 308	\$ 103	\$ 205
Changes in Assumptions	2021	3.00	-	2,101	700	1,401
Total			<u>\$ -</u>	<u>\$ 2,409</u>	<u>\$ 803</u>	<u>\$ 1,606</u>
Deferred Inflows of Resources						
Differences Between Expected and Actual Experience	2019	4.00	\$ 384	\$ -	\$ 193	\$ 191
Differences Between Expected and Actual Experience	2020	3.00	83	-	41	42
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2017-2021	5.00	1,961	342	2,244	59
Total			<u>\$ 2,428</u>	<u>\$ 342</u>	<u>\$ 2,478</u>	<u>\$ 292</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 Ending June 30:	
2022	\$ 544
2023	367
2024	(45)
2025	448
2026	-
Total	<u>\$ 1,314</u>

NOTE 3 - ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by actuarial valuations as of December 31, 2020. The total pension liability was then rolled forward to June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The entry age normal actuarial cost method was utilized. Inflation is assumed to be 2.50% and salary increases range 3.25% to 8.25% which includes 3.25% 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 3.00%

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, 2020 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

The discount rate used to measure the total pension liability was 3.00%. 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

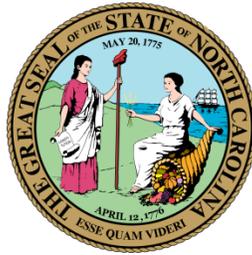
The components of collective pension expense for the year ended June 30, 2021, to be recognized in 2022, are as follows (dollars in thousands):

Service Cost	\$	1,120
Interest Cost on Total Pension Liability		1,134
Projected Earnings on Plan Investments		(2,016)
Administrative Expense		14
Recognition (Amortization) of Deferred Inflows and Outflows of Resources:		
Differences Between Expected and Actual Experience		(131)
Difference Between Projected and Actual Earnings on Plan Investments		342
Changes in Assumptions		700
Collective Pension Expense	\$	<u>1,163</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 *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2021. The additional financial and actuarial information is available at <https://www.osc.nc.gov/public-information/2021-annual-report> or by contacting RODSPF at:

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



INDEPENDENT AUDITOR'S REPORT

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 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, 2021, 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 employer 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, 2021, and the related notes (hereafter referred to as "the schedules"), and have issued our report thereon dated March 28, 2022.

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 28, 2022

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919-807-7666



This audit required 160 hours at an approximate cost of \$16,960, plus actuarial costs of \$2,250.