



Cash and Investments – Current Issues In North Carolina



*North Carolina Department of State Treasurer
Staff of State and Local Government Finance Division*

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October 27, 2016



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Agenda

- **Banking – Collateralization**
 - Pooling Bank Memo & list (handout #1)
- **Custody & Safekeeping**
- **Current Cash & Investment Issues**
- **Local Government Reporting Requirements**
 - DST Website
 - LGC 203 – sample reports
 - LGC203 EZ (handout #2)
 - Standard LGC 203 (handout #3)
 - COLL 91- Annual Notification of Accounts by Public Depositor (handout #4)
- **Comparative portfolios, statistics**



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Banking & Collateralization in NC

- **NC Banking**
 - Banking Commission
 - State Treasurer – Banking Operations
- **Collateralization – required by law**
 - Dedicated method – finance officer monitors collateral
 - FDIC coverage is per Bank
 - Recognizes one Official custodian
 - Pooling method – State Treasurer monitors collateral



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Banking & Collateralization

- Know your bank and their history
- Watch the [Pooling Bank List](#) – DST website
- Dedicated banks – make sure your agreements are in order & that you monitor your collateral
 - [COLL-94A – Security agreement; COLL-94B Escrow agreement](#)
 - [“Collateral & Public Deposits in NC”](#)

These documents located at www.nctreasurer.com

Variation: FDIC pass-through protection

[G.S. 159-30(b1) for CDARs & ICS – G.S. 159-31(a) for Finistar]

- CDARs, Insured Cash Sweep, Finistar



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Banking & Collateralization

Issue - As of LGC-203 report date there is **insufficient collateralization** (Market Value) or no collateralization for deposit accounts in NON-pooling Banks that are required to collateralize the Units public funds by use of the dedicated method.



- *“Appropriate forms that were needed for the Bank to collateralize the deposits had not been filed”*



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Banking – Official Depository

- G.S. 159-31(a)
 - The governing board of each local government and public authority shall designate as its official depositories one or more banks, savings and loan associations, or trust companies **in this State...**
- An acceptable “official depository” must:
 - have a presence in the state,
 - be open for business to the general public,
 - agree to meet NC collateral requirements.

Use of Credit Union's as a NC Local Government or Public Authority Depository is not specified in the NC Statutes



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Custody and Safekeeping

G.S. 159-30 (d) “.... Securities and deposit certificates shall be in the custody of the finance officer who shall be responsible for their safekeeping and for keeping accurate investment accounts and records.”

- Custody has to do with the physical safety of the securities. In the “book-entry” system there are no physical documents so investment securities must be held by custodians in Third Party safekeeping or trust accounts in the name of the Unit of Government.

Best Practice: Signed Third Party safekeeping contract directly between the Unit and the custodian.



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Custody and Safekeeping

- [AG Advisory Memo #2013-03](#)
- Investments can be held in “safekeeping” accounts or trust accounts in the following
 - Commercial banks in North Carolina
 - Trust accounts in banks authorized to do trust work in North Carolina
- Commercial Bank or Trust Department’s Safekeeping responsibilities
 - Separation and identification are federal banking regulatory requirements
 - Hold assets separate and apart from bank assets
 - Readily identifiable and account for as local government assets
 - Securities in the name of unit is the best practice
 - Unit should maintain documentation of activity

Bank’s investment or operating arm cannot provide custody



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Role of Custodian & Custodial risk

What services does your custodian provide?

- If custodian is buying / selling securities for you they become the “counterparty” under the definitions of GASB Statements 3 and 40
 - If they both provide and safe keep the security investment you have a Category C investment – least favorable
 - “Third party” custodial agreements are the strongest and most secure custody arrangements: the broker and the custodian are separate – most favorable
 - GFOA best practice and a Category A investment under GASB



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Investment Managers – NC SLGFD Position

Use of outside investment managers requires special legislation

- State Treasurer has authority in G.S. 147-69.3
- Comparable language does not exist in G.S.159
- Those with authority to use outside managers have gone to the general assembly for special legislation
- Therefore, outside managers are not allowed under G.S. 159 and their use requires special action by the legislature



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Certificates of Deposit – CD's

GS 159-30(b) Moneys may be **deposited** at interest in any bank, savings and loan association, or trust company in this State in the form of **certificates of deposit** or such other forms of time deposit as the Commission may approve.....

- ❖ The only CDs that are allowed under the law are those where **the Unit of Government deposits** the funds in a bank “in this State” subject to collateral
- ❖ Brokers sometimes offer an investment product called “brokered CDs” typically from out of state banks
Brokered CD investments are not authorized under G.S. 159-30



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Money market accounts

- Money Market Deposit Account versus Money Market Mutual Fund
 - “Money market” has different meanings and you must determine how it is used
 - NC statutes allow MMDAs
(*Money Market Deposit Accounts*)
 - Verify with bank that account is FDIC insured and collateralized



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Money Market Demand Account versus Money Market Mutual Fund

	Money Market Deposit Account	Money Market Mutual Fund
Liquid	Yes	Yes
Competitive Interest Rate	Yes	Yes
Limited Withdrawals	Yes	No
Annual Fee	No	Yes
FDIC Insured	Yes	No
Statutorily Allowable	Yes	No – except for NCCMT

Commingled Investment Pools



159-30(c)(9) & (10)

- Commingled investment pool established and administered by the State Treasurer
 - Short Term Investment Fund (STIF) G.S. 147-69.
 - Boards of Education & **select** local government units
 - OPEB Trust Funds – State Treasurer
 - **17 participants** as of 7.30.2016
 Interested Units can contact NPPI@nctreasurer.com. Someone will get back to you. There is a minimum investment amount.
 - Hospital Investment Fund – State Treasurer
- Commingled investment pools **established by interlocal agreement** are no longer used since establishment of NCCMT

Endowments

NC Local Governments & Public Authorities are legally bound by §159-30 regarding authority to invest

- Carefully read & understand the endowment documents
 - Unit has complete discretion to invest?
 - If Unit changes investment type will they lose endowment?
 - Consult Units attorney

Exception – Public Schools



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Public Schools - Endowment funds

Unique Investment authority: Session Law 2011-284

- Section 77 re-writes §115C-490
Creation of endowment funds; administration
 - Any local board of education is hereby authorized and empowered upon the passage of a resolution to create and establish a permanent endowment fund which shall be financed by gifts, donations, devises, or other forms of voluntary contributions.
 - Any endowment fund established under the provisions of this Article shall be administered by the members of such board of education ...known as "The Board of Trustees of the Endowment Fund.... The board of trustees so established shall determine its own organization and methods of procedure."



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Public Schools - Endowment funds

- Section 78 re-writes §115C-491

Board of Trustees public corporations; powers & authority generally; investments

...Board of trustees created and organized under this Article shall be a body politic, public corporation and instrumentality of government and as such may sue and be sued in matters relating to the endowment fund and shall have the power and authority to **acquire, hold, purchase and invest in**

- all forms of property, both real and personal, including, but not by way of limitation, all types of **stocks, bonds, securities, mortgages and all types, kinds and subjects of investments of any nature and description.**
- may receive pledges, gifts, donations, devises and bequests, devises, and may **in its discretion** retain such in the form in which they are made, and may use the same as a **permanent endowment fund.**
- The board of trustees shall be **responsible for the prudent investment** of any funds or moneys monies belonging to the endowment fund in the exercise of all forms of property, both real and personal



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Investing Bond Proceeds

- **Must follow G.S. 159-30 – no exceptions**
 - Even units with expanded investment authority from special legislation must use G.S.159-30 for bond proceeds
 - Be wary of financial advisors or banks with creative proposals – call us if something needs clarification or investigation



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Investing Bond Proceeds

- Use of Mutual Funds for Bond proceeds
 - NCCMT clearly permitted by Statute, recertified in 2016
 - Other mutual fund investments would require bond counsel's approval with the proper criteria - G.S. 159-30(c)(13)
 - Proceeds must be for projects subject to arbitrage
 - vendor must provide arbitrage tracking
 - Investments in the fund must have highest ratings
 - Mixed legal opinions on the use of mutual funds other than NCCMT – consult legal counsel



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INVESTMENT ISSUES -

NC ST HSG FIN AGY HOMEOWNERSHIP – not a municipal corporation, local government agency, or an obligations of the State of NC - G.S.159-30(c)(3)

NORTH CAROLINA CAPITAL FACILITIES FINANCE AGENCY - Educational Facilities Revenue and Revenue Refunding Bonds –NCCFFA is conduit issuer that permits an entity (University) to borrow on a tax-exempt basis. Bonds are not an obligation of the State of NC but are an obligation of the University.

UNIVERSITY REVENUE BONDS must be evaluated on a case by case basis. Revenue Bonds are most often backed by Dorm fee revenue & normally are not obligations of the State of NC - G.S.159-30(c)(3)



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INVESTMENT ISSUES -

NC MED CARE COMMISSION BONDS

MCC Is an agency of the State of NC, their bonds are not obligations of the State of NC as required under §159-30 (c)(3).

CERTIFICATES OF PARTICIPATION (COPs)

of NC local governments are not “bonds and notes” as required by the statutes. Not issued by the local government or public authority but by a nonprofit corporation.



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Summary

- Status of collateral method chosen by banks can change due to mergers
 - ❖ Pooling Method vs. Dedicated Method
- Collateralization - “Dedicated Method” can be complicated. Refer to [Collateralization Of Public Deposits In North Carolina](#) – examine agreements with Dedicated method Depositories
- Official Custodian – examine custodial agreements
 - ❖ Signers on an account does not automatically make them official custodians to the FDIC



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Summary

- “*Brokered CD’s*” are generally not allowable for most NC Local Government Investments
- “*Money market*” deposit accounts are allowed - investments in mutual funds are limited by law. Ask for more details on the “*Money market*” account being offered – deposit or investment?
- Public Schools have special authority to invest *endowments*, all other Local Governments do not have this same authority
- Not all Bond investments are allowable, read the offering documents



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Deposit and Investment Local
Government Reporting Requirements

ANNOUNCEMENTS / REMINDERS

“LGC-203 report forms are now available”

How does the LGC make announcements or send reminders?



LGC_News listserve

Best way to stay informed is through LGC_News listserv. Register multiple people on your staff in case you are out of the office.



Provide a business card or send an email request, to get registered.



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LGC-203

Report of Deposits and Investments

- Required by [G.S. 159-33](#) Local Governments / Public Authorities
- Required by [G.S. 115C-446](#) for Public Schools

**Not required for Charter Schools

NC General Statutes are available without charge at the web site of the North Carolina General Assembly at www.ncga.state.nc.us.

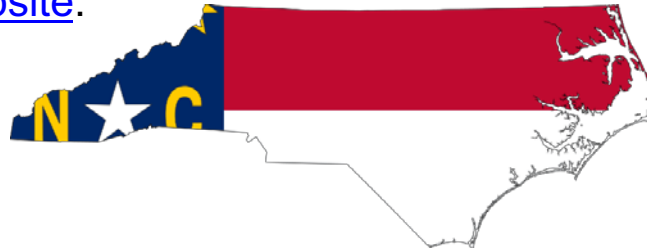


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LGC-203 – Report of Deposits and Investments

ABC Board's

Required by [§ 18B-702 \(t\)](#) for ABC Boards – ABC Board 203 report forms are reviewed by and accessed at the [NC ABC Commission Website](#).



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LGC 203 Reports

G.S. § 159-33. Semiannual reports on status of deposits and investments.

- Each officer having custody of any funds of any local government or public authority shall report to the secretary of the Local Government Commission on January 1 and July 1 of each year (or such other **dates as he may prescribe**) the amounts of funds then in his custody, the amounts of deposits of such funds in depositories, and a list of all investment securities and time deposits held by the local government or public authority.....



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LGC 203 Reports

(Semi-annual Report on Deposits & Investments)

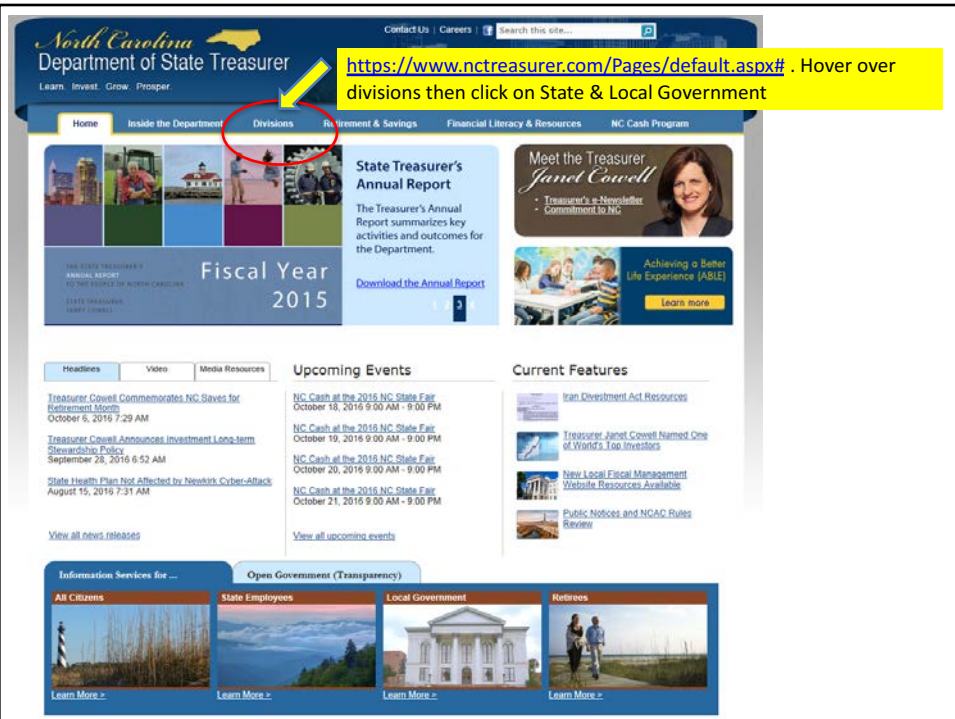
LGC-203 Report forms, instructions & Memos will be found on the [NC State Treasurer's Website](http://www.ncstate.com/treasurer)

Please use most current updated report form every reporting cycle

** Forms must be saved to your own system first, opened from your own system then completed. Cannot prepare them from the DST website – Yet.

June 30th - report due by **July 25th**

Dec 31st - report due by **January 25th**



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Home > State and Local Government

Click on Local Fiscal Management

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Local Fiscal Management
Local Debt
State Debt
NC Capital Finance Facilities Agency
Local Government Commission
State Health Plan
Unclaimed Property



State and Local Government

The State and Local Government Finance Division handles the sale and delivery of all State and local debt and monitors the repayment of State and local government debt. Staff counsel and assist local governments in determining the feasibility of projects, the size of the financing and the most expedient form of financing. Additionally, this Division monitors and analyzes the fiscal and accounting practices of all local governments.

The North Carolina State and Local Government Finance Division is divided into three sections:

- The Debt Management Section counsels and assists local governments in determining the feasibility of a project, the size of the financing, and the most expedient form of financing. Upon approval by the Local Government Commission, the Division handles the sale and delivery of the debt and monitors its repayment. Additionally, all State debt is issued and monitored by this Division.
- The Fiscal Management Section monitors and analyzes the fiscal and accounting practices of local governments. Results are compiled and presented for use by local governments as a basis of comparison in determining the effectiveness of their financial management. This section also provides technical assistance to local governments and certified public accountants.
- The Capital Facilities Finance Section conducts the business of the North Carolina Capital Facilities Finance Agency. The Agency provides the benefits of tax-exempt financing to non-profit institutions providing elementary and secondary education, private institutions of higher education and various other entities for special purpose projects serving a public interest.

2016
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View Conference Presentations

Resource and Analysis Tools

Benchmarking Tool for Municipalities and Counties
Analysis by Population for Municipalities and Counties

Recent News

Treasurer Cowell Announces Bond Ratings for First Issuance of Connected NC Bonds
July 15, 2016: State Treasurer Janet Cowell announced today that all three major national bond rating agencies have re-affirmed the State's AAA bond rating...

Deputy Treasurer Melissa Waller Named Woman in Business Winner
April 5, 2016: The Women in Business Awards program recognizes Triangle women who have proven to be dynamic and outstanding leaders with established track records...

Treasurer Cowell Announces North Carolina Kesse Top "AAA" Bond Rating
February 11, 2016: State Treasurer Janet

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LOCAL FISCAL MANAGEMENT

WELCOME TO LOCAL FISCAL MANAGEMENT
Fiscal Management monitors fiscal and accounting standards prescribed for local governments and public authorities by The Local Government Budget and Fiscal Control Act and provides guidance in following generally accepted accounting principles. [Learn More...](#)

Forms and Instructions
Annual Financial Information Report
Annual Audit Forms and Resources
Cash and Investments
Other Post-Employment Benefit Resources

Audit and Accounting Resources
Audit Manual
Single Audit
Audit Fees

Sample Financial Statements
Resources to provide guidance to all units of government and their auditors in the preparation of financial statements incorporating GASB statements and NC State statutes

Financial Analysis Tools and Reports
Tools and resources for municipalities and counties including benchmarking tools, analysis by population, water sewer dashboard, and reports

Policy Manual
Guidelines and resources for local government financial policies including budgeting, cash and investments, purchasing, and risk management

Other Worksheets and Resources

Non-Audit Services
Aids to Financial Statement Preparation
Secondary Market/Contracting Disclosure

Firms Providing Accounting Services
Audit Opinions and Reports
Pension Standards - GASB A7 and GASB 68

Memos
State and Local Government Memos from 1984 - present including Audit and Accounting Resources, GASB, Cash and Investments, and others

Web Links

Current Events

Common Accounting and Reporting Task
This may be helpful to you as you prepare your 2016 financial reports...

Audit Readings for Debt Approval
Units interested in seeking debt approval by the Local Government Commission approval must...

Creating a Compliant PDP Audit Report
Creating a Compliant PDP Audit Report: The quality requirements for the 2015 fiscal year have changed...

Forms and Instructions
Audit and Accounting Resources
Sample Financial Statements
Financial Analysis Tools and Reports
Policy Manual
Memos
Other Worksheets and Resources
Web Links

Contact Us

Main Number
(919) 814-4300

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<https://www.nctreasurer.com/slg/lfm/forms-instructions/Pages/Cash-and-Investments.aspx>

INV 91 is now COLL-91

Position pointer over file name.
Right click then Save the report form to your own System...

LOCAL FISCAL MANAGEMENT

CASH AND INVESTMENTS (FORMS LGC-203 AND INV-91)

All units of Government in North Carolina are required by G.S. 159-33 to submit a semi-annual Cash and Investment Report (LGC-203) to the Local Government Commission. These reports are due January 25 (December 30 report) and July 25 (June 30 report) of each year.

Semi-Annual Cash and Investment Forms (LGC-203)

Resource	Description	Type	Revision Date
Instructions for the LGC-203 Forms	Detailed instructions for completing and submitting the Cash and Investment 203 Forms	PDF	6/30/2016
LGC-203 Standard Form	LGC-203 Standard Form - includes "Form Reminders" tab and all necessary form pages. LGC-203-S for schools, and examples. To be used by all Public Schools, Public Housing Authorities and Units who have additional Investments other than those listed on the EZ form	PDF	6/30/2016
LGC-203 EZ Form	LGC-203 EZ Form - one-page cash & investment reporting form and "Form Reminders" tab to be used by units with deposits in only Pooling Banks, NCCMT, Finistar, CDARs or ICS and no other types of deposits or investments	PDF	6/30/2016

Annual Notification of Public Deposit COLL-91 (previously INV-91)

Resource	Description	Type
COLL-91 (previously INV-91)	The Division of Financial Operations is now administering these forms. Please click on the link to the left for more information.	PDF
Collateralization of Public Deposits in NC	Handbook written to describe how the Collateralization program in NC operates and how both banks and public depositors must comply with the standards	PDF
Pooling Bank List	List of financial institutions using the pooling method for collateral	PDF

Public Deposit Information

Resource	Description	Type	Revision Date
Memo 1113	Information on Public Deposits in North Carolina	PDF	2/17/2009
Memo 2016-21	LGC-203 6/30/2016 Report Form Instructions	PDF	6/30/2016
Memo 2016-22	Collateralization of Public Deposits with Pooling Bank List	PDF	6/30/2016

Handout #1

Other Cash and Investment Resources

- [Policy Manual: Section 30 - Cash and Investments](#)
- [RFP for Procurement of Banking Services](#)
- [RFP Attachment - Cost Form](#)
- [Sample Cash Management and Investment Policy](#)
- [Resolution Adopting Cash Management and Investment Policy](#)
- [Investment Broker-Dealer Questionnaire](#)
- [Resolution Designating an Official Depository - Pooling Method Bank](#)
- [Resolution Designating an Official Depository - Dedicated Method Bank](#)

<https://www.nctreasurer.com/slg/lfm/forms-instructions/Pages/Cash-and-Investments.aspx>

Cash and Investment Memos

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LGC-203 reports - What goes on the form?

As of the report date: June 30 or December 31

- Ending statement balances in total from each depository
 - Finistar – enter both dedicated amounts and pooling amounts separately on the report
 - CDARs
 - Insured Cash Sweeps (ICS)
- Investments Market Value

If the funds are in the name / tax ID of the Local Government they should be on the LGC-203



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LGC-203 reports – Emailing the report

- Completed **Excel workbook** report form is **preferred** or a signed scanned PDF copy of the report form
- Supplemental schedules (Investments)
- Collateral statements (Dedicated method of collateralization)
- Finistar, CDARs, ICS statements as of the LGC-203 report date (June 30 or December 31)



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LGC-203 Reports

Why is it required ? G.S. 159-33

- Two times a year LGC staff reviews LGC-203 report & counsels unit for:
 - Cash balances & adequate collateral
 - Allowable investments and maturities
 - Cross reference of statute violations to note disclosures in the Financial Statements
- Communication if Statutory Violation –
 - Phone Call with email to Unit's finance officer
 - Letters written if appropriate
 - Letters copied to Auditor



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LGC 203 - Basics

Both the EZ & Standard Report form's and related macros for automated processing are updated every reporting cycle with

- Dates, New Units, Pooling Banks, Instructions

Updated LGC-203 report forms, Memos & instructions posted to NC DST Website then **announced through LGC_News listserve**

June 30 report is due July 25

December 31 report is due January 25

Not sending LGC 203 / COLL 91 is a Statutory Violation

Sending LGC-203 / COLL 91 Report late – Not a Statutory Violation



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LGC-203 EZ (Rev. 6-2016) IMPORTANT-Please read the FORM REMINDERS tab

State of North Carolina
LOCAL GOVERNMENT COMMISSION
3200 Atlantic Avenue, Raleigh, North Carolina 27604
REPORT OF DEPOSITS AND INVESTMENTS
(As required by G.S. 159-33)

CASH DEPOSITS & INVESTMENTS
AS OF
June 30 2016

Handout # 2

Name of Unit ** _____
 ** Note - Discretely Presented Component Units must submit separate LGC-203 reports
 Legal Name of Unit: _____

LGC Use Only		
Unit Code	Unit Type	Rec'd Date

CERTIFICATION
 This is to certify that the data contained in this report is accurate to the best of my knowledge and belief.

Name of Official (Type or print your name)	Unit Mailing Address - Street	Telephone Number, including area code	
		Number	Extension
Title (i.e. Finance Officer, Treasurer, etc)	Unit - City, State & Zip Code	Email Address	
Signature of Official (only if mailing or faxing)			

I. Cash on hand
 Petty cash funds and change funds Amount
 Undeposited receipts
Total Cash on Hand \$ _____

II. Dedicated Method Financial Institutions ** If you have additional deposits in Dedicated Banks (non-pooling), you must use the LGC-203 Standard Form

		C.D.s		
		Interest Bearing	Checking Accounts	
FINISTAR (total dedicated amount from statement) attach statement or leave blank if NA				Finistar Dedicated Amounts
CDARS - attach statement or leave blank if NA				
ICS - attach statement or leave blank if NA				
Totals for Finistar, CDARS and ICS	\$ _____	\$ _____	\$ _____	Total Dedicated Deposits
				\$ _____

III. Pooling Method Financial Institutions ** LIST ONLY BANKS INCLUDED ON NC POOLING BANK MEMO

Select Bank Name from Drop Down Menu
 Please do not select the same bank name more than once
 Enter total amount for each bank Account type going across

			Time Deposits			
			Demand Deposits	Regular Savings		
(1)						
(2)						
(3)						
(4)						
(5)						
FINISTAR (total pooling amount from statement) attach statement or leave blank if NA						
Totals for All Pooling Banks	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	Total Pooling Deposits
						\$ _____

IV. Investments - NCCMT Amount

LGC-203 EZ Form

- One Page Form
- Units that have Deposits in Pooling Method Banks, Investments in NC Cash Management Trust Cash or Term Portfolio , Finistar, CDARS and have No other investments
- Ideal for almost all Local Government's who only have deposits accounts and invest in only the NC Cash Management Trust
- Not for use by Board of Education's or Public Housing Authorities

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Standard LGC 203 (Rev. 6-16), page 1

State of North Carolina
LOCAL GOVERNMENT COMMISSION
 3200 Atlantic Avenue, Raleigh, North Carolina 27604
REPORT OF DEPOSITS AND INVESTMENTS
 (As required by G.S. 159-33 and G.S. 115C-446)

IMPORTANT - Please read the form reminders tab and sample 203 for assistance.
 CASH DEPOSITS &
 AS OF
JUNE 30

Handout # 3

Name of Unit: _____ LGC Use Only Unit Code _____ Unit Type _____
 Legal Name of Unit: _____

CERTIFICATION
 This is to certify that the data contained in this report is accurate to the best of my knowledge and belief.

Name of Official (Type or print your name) _____ Unit Mailing Address - Street _____ Telephone Number, including area code _____
 Title (i.e. Finance Officer, Treasurer, etc.) _____ Unit Mailing Address - City, State & Zip Code _____ Number _____ Extension _____
 Email Address _____
 Signature of Official (only if mailing or faxing) _____

I. Cash on hand (see Instruction 2).

	Amount	
Petty cash funds and change funds	_____	Total Cash on Hand \$ _____
Undeposited receipts	_____	

Manual Preparer: ENTER TOTAL CASH ON PAGE 2 SECTION VII B

II. Pooling Method Financial Institutions Manual Preparer: LIST ONLY BANKS INCLUDED ON POOLING BANK MEMO

Select Bank from Drop Down menu
 Do not select the same bank name more than one time
 Enter total amount for each Account type at the bank going across

	Demand Deposits		Time Deposits		Interest Bearing Checking Accounts
		Regular Savings		C.D.s	
(1) _____	_____	_____	_____	_____	_____
(2) _____	_____	_____	_____	_____	_____
(3) _____	_____	_____	_____	_____	_____
(4) _____	_____	_____	_____	_____	_____
(5) _____	_____	_____	_____	_____	_____
FINSTAR (total pooling amount from statement) attach statement or leave blank if NA	_____	_____	_____	_____	_____
Supplemental Pages - TOTALS (Pooling Method)	\$ _____	\$ _____	\$ _____	\$ _____	Grand Total Pooling I \$ _____
Grand Totals for All Pooling Banks	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Manual Preparer: ENTER GRAND TOTAL ON PAGE 2 SECTION VII B

III. Dedicated Method Financial Institution (see Instruction 3 & 5): Note: All Housing Authorities must use the Dedicated Method rules.

Manual Preparer: fill out Section VII on Pg.2 for each Dedicated Bank
 List the Bank Name and location
 Do not enter the same bank name more than once
 Enter total amount for each Account type at the bank going across

	Demand Deposits		Time Deposits		Interest Bearing Checking Accounts
		Regular Savings		C.D.s	
(1) _____	_____	_____	_____	_____	_____

Standard LGC 203 (Rev. 6-16), Page 2

REPORT OF DEPOSITS AND INVESTMENTS

V. Investments (see Instruction 7): Send your own supplemental report that includes details and market value totals for each type below. (send with LGC-203)

INVESTMENT TOTALS
 Totals agree to Supplementary Pages or supplemental report provided by Unit

	Name of Custodian or Safekeeper	Type of Security	Purchase Amount Total	* Market Value Total
Government Securities	_____	_____	_____	\$ _____
Government Agencies	_____	_____	_____	\$ _____
Commercial Paper	_____	_____	_____	\$ _____
Bankers' Acceptance	_____	_____	_____	\$ _____
Other Investments	_____	_____	_____	\$ _____
Repurchase Agreements (see Instruction 8):	_____	_____	_____	\$ _____
Grand Total of Sect. V Investments (See Instruction 9)				\$ _____

VI. Summary (see Instruction 11): Please recheck totals.

(1) Cash on hand (ENTER TOTAL FROM PAGE 1 SECTION I)	\$ _____
(2) Total cash on deposit for Pooling Method (from SECTION II)	\$ _____
(3) Total cash on deposit for Dedicated Method (from SECTION III)	\$ _____
(4) Total cash (Lines 1, 2 & 3 totaled)	\$ _____
(5) Investments - Pg. 1 (total Section IV)	\$ _____
(6) Investments - Pg. 2 (total Section V)	\$ _____
(7) Total cash and investments (total lines 4, 5 & 6 combined)	\$ _____
(8) Less: Unexpended bond and/or note proceeds	\$ _____
(9) Net cash and investments (see 7 minus 8)	\$ _____

VII. Deposits in Dedicated Method Financial Institutions: (See Instruction 12)

Name of financial institution (1)	(a)		(b)		(a)-(b)	Securities with This
	Deposit Amount	FDIC Insured Amount	Uninsured Amount	Amount		
Total Demand deposits: Sec. III - A	\$ _____	\$ 250,000	\$ _____	\$ _____		U.S. Treas. & agencies
Time deposits: regular savings & CD's combined: Sec. III - B	\$ _____					State of N.C. /county/municipal
NOW, SUPERNOW, and Money Market						Other
Interest Bearing checking accounts: Sec. III - C						
						Market Value of Total

REQUIRED for banks list

Standard LGC-203

Multiple Page Form to be used by

1. Local Governments who have Investments in items other than and/or in addition to or the NC Cash Management Trust
 - Includes Units with either small or large Investment Portfolio's
2. Local Governments who have Depositories that are not Pooling Banks (*Dedicated Banks*)
3. Public Housing Authorities – dedicated method of collateralization required by HUD
4. NC Public Schools – supplemental pages

** Charter Schools not required to complete LGC-203 report



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Standard LGC-203 form requirements

Other Investments – 203 report reflects totals

Units are **required** to send additional documentation with supporting detail

Excel workbook listing or Statements of the Portfolio details of "Other Investments" for our detail review

- Specific name of each Investment
 - Example: Agency, Security, Commercial Paper
- Purchase date, maturity date
- Purchase Value / Market Value at Report date
- Yield
- Rating at time of purchase (commercial paper)



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Government Security G.S. 159-30 (c)(1)-

Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.

Description of Security	Issuer	Purchase amount	Market Value	Purchase Date	Maturity Date	Yield
T-Note 1-10/31/2016	Treasury	\$15,106	\$15,114	11/10/2011	10/31/2016	0.854
T-Note 1.5-1/31/2019	Treasury	\$19,986	\$20,183	2/26/2014	1/31/2019	1.515

** Custodian can be listed on the LGC-203 report itself



Government Agency 159-30 (c)(2)

Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the United States Postal Service.

Custodian	Name of Specific Agency	Purchase amount	Maturity Value	Purchase Date	Maturity Date	Yield
WELLS FARGO	FEDERAL FARM CREDIT BANK	2,053,357.61	2,175,042.00	01/31/08	12/15/17	4.625%
BANK OF NEW YORK	FHLMC	1,703,000.00	1,873,657.63	01/30/08	11/17/17	5.125%



Commercial Paper G.S.159 (c)(6)

Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation.

Custodian	Name of CP – CP Rating at Purchase	Purchase amount	Maturity Value	Purchase Date	Maturity Date	Yield
WELLS FARGO	BARCLAYS US - A1 / F1	2,992,378.33	3,000,000.00	10/17/14	07/13/15	0.310%
WELLS FARGO	CREDIT AGRICOLE - A1 / F1	1,996,882.78	2,000,000.00	01/14/15	07/14/15	0.310%
WELLS FARGO	DCAT LLC - A1 / P1	4,996,930.56	5,000,000.00	04/21/15	07/15/15	0.260%



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LGC 203 Reports

- **Email** completed form to special address
 - lgc0203@nctreasurer.com
 - Zero, two, zero, three
- Remember to attach supporting documents to your emailed document
 - e.g. collateral reports, Finistar, CDARS, ICS statements
 - All supplemental reports as of report date

Letters and/or emails will be sent by our office -

- When reports are late
- For items that raise questions
- For items that may be compliance violations



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Statutory Violations of NC §159-30

What if I have a Deposit or Investment statutory violation?



** Confirmed investment violations are required to be reported to the Unit's Auditor and may be disclosed in the unit's financial statement.



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LGC 203 Reports

G.S. § 159-33. Semiannual reports on status of deposits and investments.

- If the secretary finds at any time that any funds of any unit or authority are not properly deposited or secured, or are invested in securities not eligible for investment, he **shall notify the officer or depository in charge of the funds of the failure to comply with law or applicable regulations of the Commission.** Upon such notification, the officer or depository **shall comply with the law or regulations within 30 days, except as to the sale of securities not eligible for investment which shall be sold within nine months at a price to be approved by the secretary. The Commission may extend the time for sale of ineligible securities, but no one extension may cover a period of more than one year.** (1931, c. 60, s. 33; 1971, c. 780, s. 1; 1979, c. 637, s. 2.)



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Handout # 4

COLL-91 Form
 (September 2016)
 NC Department of State Treasurer
 Banking Operations Section
 stbu.collateral@nc.treasurer.com

Annual Notification of Accounts by Public Depositor

➔ Public Depositor: _____
 Second Quarter Ending: June 30, _____

Note: This form is to be completed annually as of the last day of the quarter ending June 30 and received by the North Carolina Department of State Treasurer no later than July 31 of the current year.

Type of Public Depositor:

<input type="checkbox"/> Local ADC Boards	<input type="checkbox"/> Library	<input type="checkbox"/> State Treasurer
<input type="checkbox"/> Boards	<input type="checkbox"/> Local Governmental Unit	<input type="checkbox"/> University
<input type="checkbox"/> Board of Education	<input type="checkbox"/> Local School	
<input type="checkbox"/> Community College	<input type="checkbox"/> School System	
<input type="checkbox"/> Hospital (Public & Regional)	<input type="checkbox"/> State Agency	<input type="checkbox"/> Other _____

➔ Bank Name: _____

Account Type (Select Demand or Time)	Full Account Number	Account Type (Select Demand or Time)	Full Account Number

Certification by Public Depositor: We, the public depositor, certify that the information contained in this form is true and correct to best of my knowledge and belief. Additionally, we certify that the moneys deposited in the accounts listed above are public funds subject to the requirements of 20 NCAC 07, the rules pertaining to the collateralization of public deposits. Therefore, all amounts above any insurance coverage are to be collateralized according to the rules. The above list includes all accounts with public funds maintained at the above financial institution as of this report date.

Authorized Signature: _____
 Printed Name: _____
 Title: _____
 Phone: _____
 Email: _____
 Date: _____

COLL-91 – Notification of Public Deposit

Why? Required by Administrative Code [20 NCAC 07.0103](#)

20 NCAC 07.0103 Notification By Depositor

(b) As of June 30 of each year, or when requested by the State Treasurer, the public depositor shall provide the depository Form INV-91 "Notification of Public Deposit", listing the current account names and numbers of all public deposit accounts, and shall provide a duplicate copy to the State Treasurer. Form INV-91 shall be certified by the public depositor that the statements are correct.

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COLL-91 Reports

(Notification of Public Deposits)

[COLL-91 Notification of Public Deposit report form and Instructions](#) Department of State Treasurer website . New report form and instructions beginning with the June 2016 report cycle. Reports now emailed directly to **NCDST Financial Operations** and not to SLGFD.

New Email for COLL-91:
sbu.collateral@nctreasurer.com



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COLL-91 Notification of Public Deposit

Notifies depository of collateralization requirement –

- System of checks and balances to ensure the bank and the Unit agree as to public deposits.
 - Alerts the Bank of discrepancies between the Unit's account listing and the Bank's
 - Account not coded as public funds will not be covered by additional collateralization required

COLL-91 forms are reviewed and the accounts matched by the NC Department of State Treasurer's Banking Operations Section to the collateral reports filed by the Depositories

Both the LGC-203 and the COLL 91 reports are required for all local governments & public authorities, except Charter Schools



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COLL-91 – Notification of Public Deposit

- All public depositors must file the form COLL-91 form annually, for the quarter ending June 30th
 - Due annually: July 25
- Depositories (the banks) providing the Dedicated Method of collateralization should request the COLL-91 form from their Public Depositors
- Prepared in triplicate, signed
 - original should be mailed to the branch office of the Depository
 - a copy emailed directly to DST financial operations sbu.collateral@nctreasurer.com - **(NEW)**
 - a copy for your records



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LGC-203 & COLL-91

Questions or assistance needed?

LGC-203 – DST SLGFD

Becky Dzingeleski 919-814-4287

Becky.Dzingeleski@nctreasurer.com

COLL-91- DST Financial Operations Division

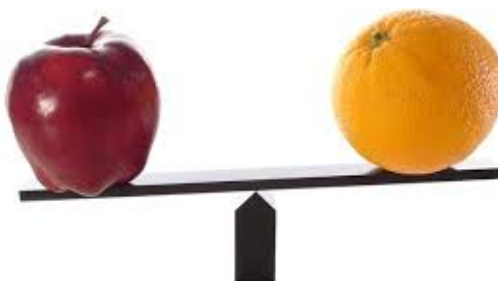
Cherin Bland 919-814-3889

Cherin.Bland@nctreasurer.com



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Portfolios Counties & Municipalities in North Carolina



Units Investing in the following -

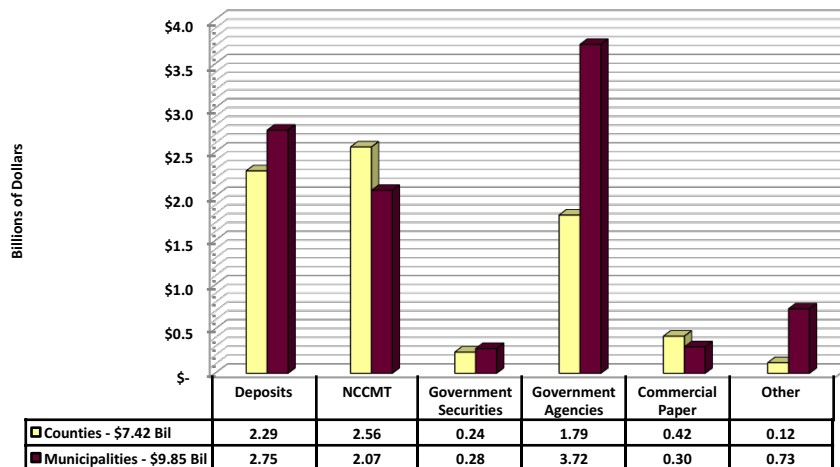
Of 553 Municipalities at June 30, 2016		Of 100 Counties at June 30, 2016	
Government Securities	17	Government Securities	12
Government Agencies	27	Government Agencies	30
Commercial Paper	18	Commercial Paper	29
“Other”: Bond Proceeds or expanded Investment authority	22	“Other”: Bond Proceeds or expanded Investment authority	17
NCCMT Cash Portfolio	333	NCCMT Cash Portfolio	96
NCCMT Term Portfolio	104	NCCMT Term Portfolio	48

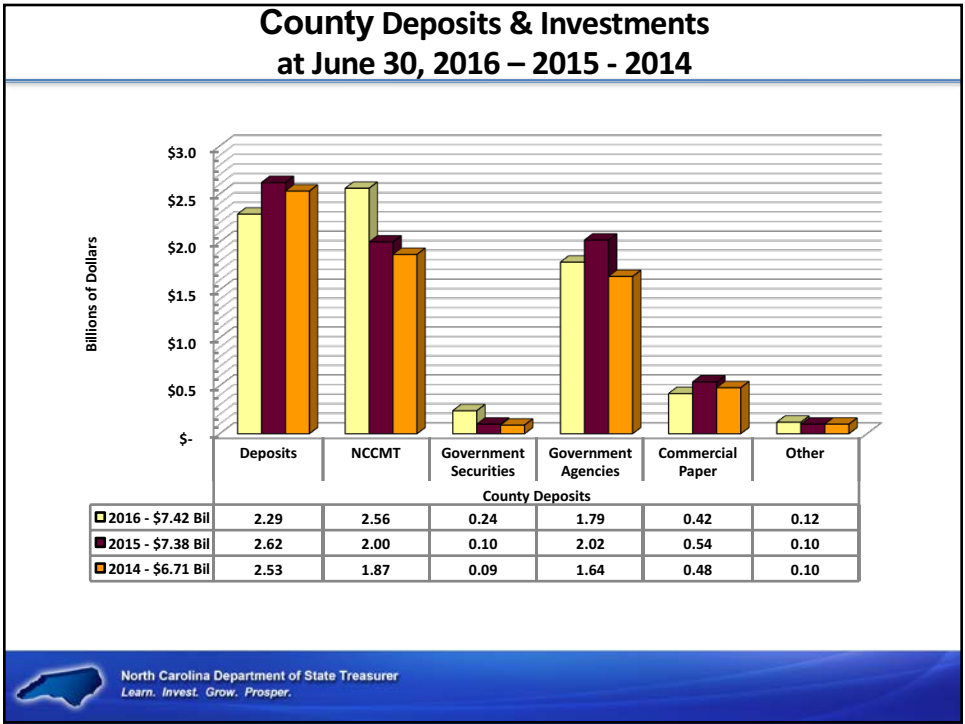
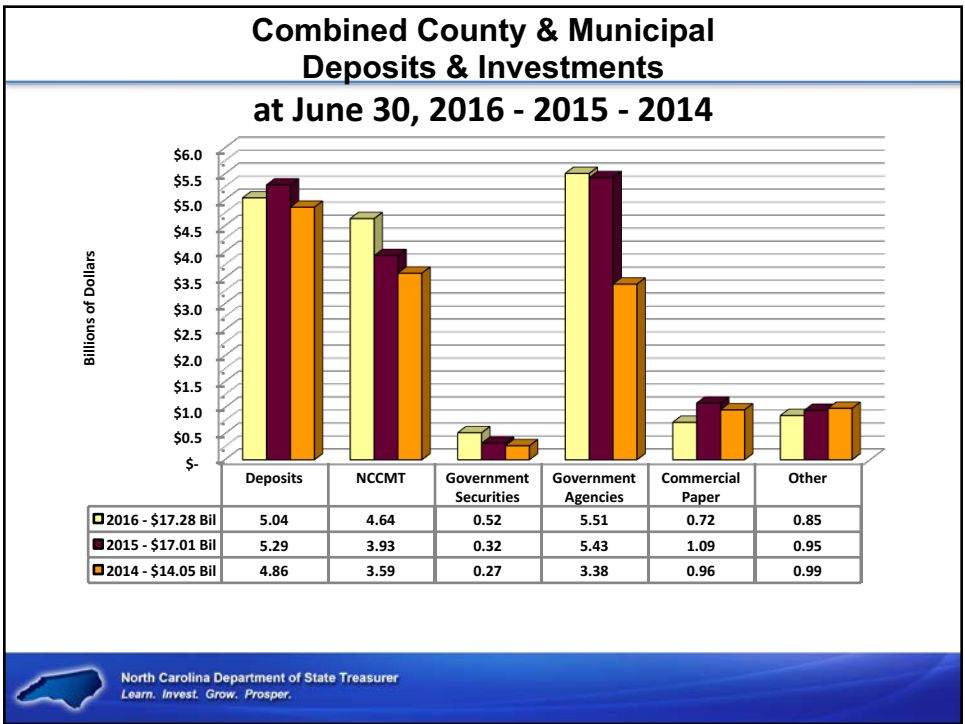
June 2016 County & Muni Statistical Reports

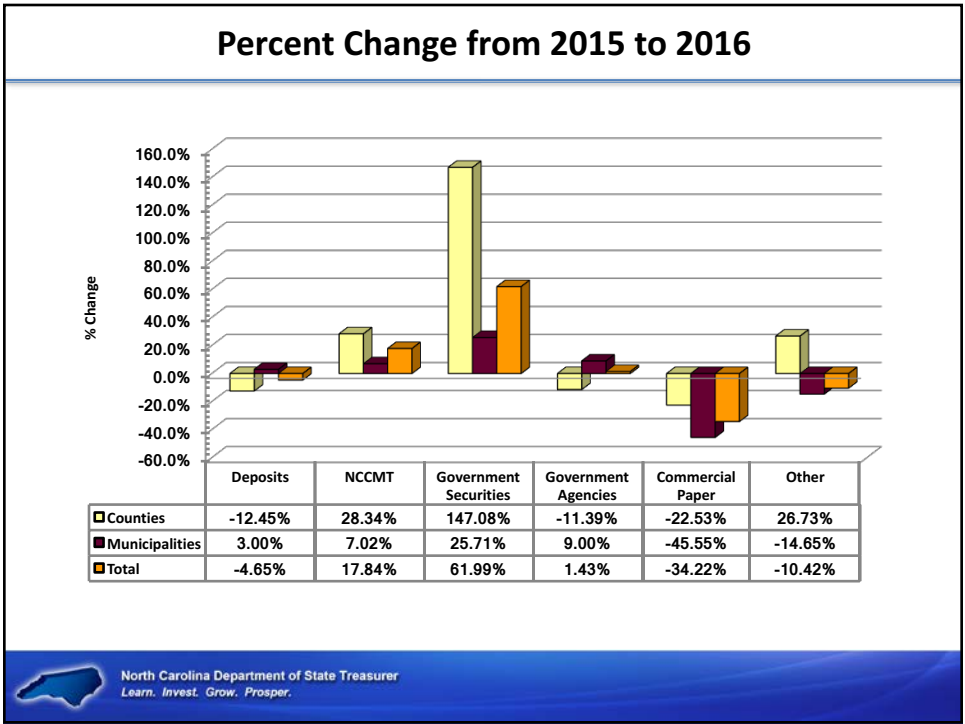
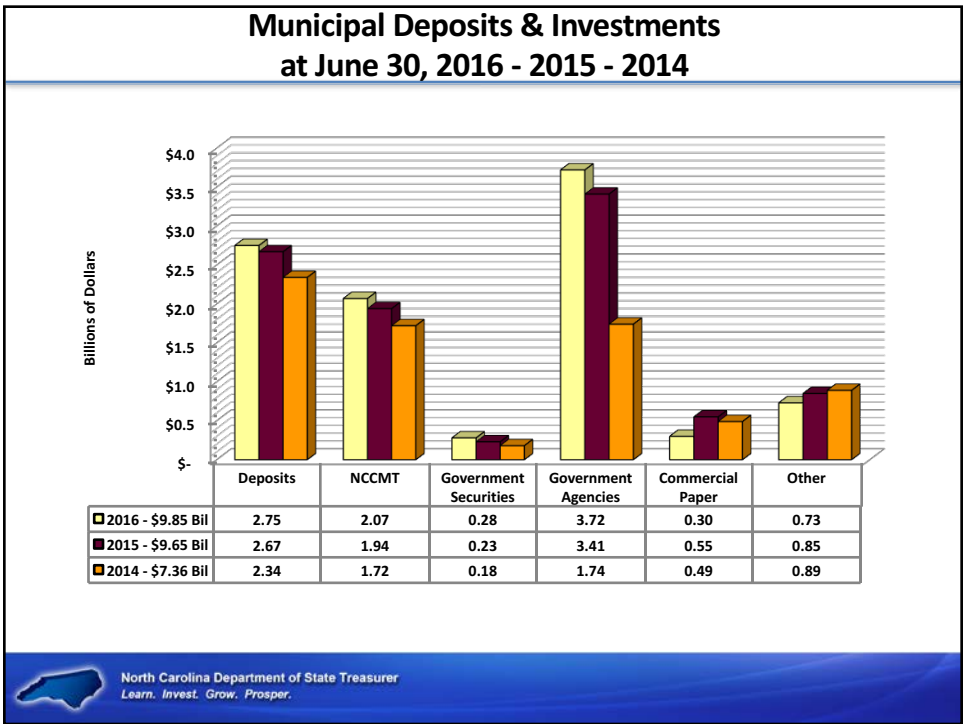
County & Municipal Portfolios Over the last three years

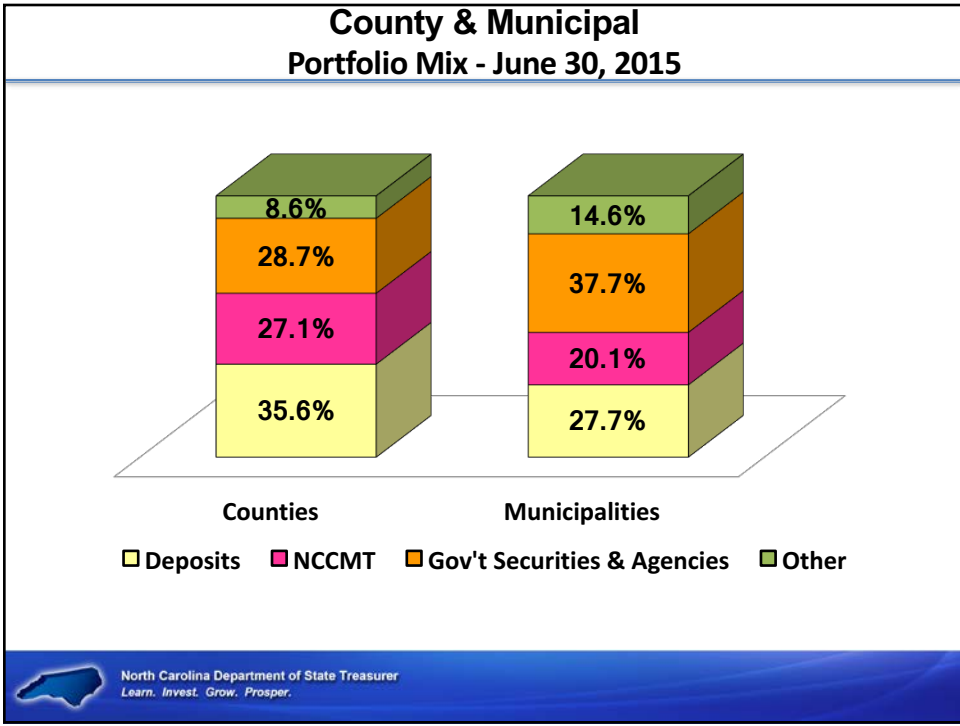
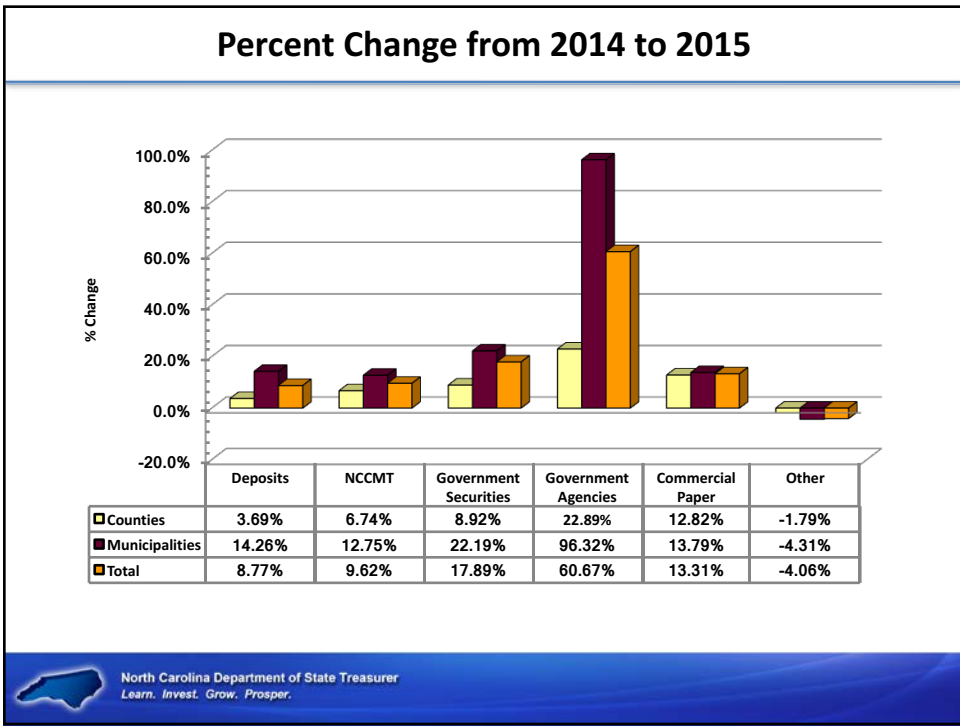
- ❖ What they are investing in – combined & separately
- ❖ Comparisons over time
- ❖ Diversity of the portfolio mix
- ❖ What the June 30, 2016 LGC-203 reports showed for Counties & Municipalities in North Carolina

County & Municipal Combined portfolio's at June 30, 2016









ALL NC Local Government & Public Authorities Investments

- NC Capital Management Trust CASH Portfolio
583 of 1153 – 51%
- NC Capital Management Trust TERM Portfolio
178 of 1153 – 15%
- Government Securities – **42 of 1153 – 3.6%**
- Government Agencies - **74 of 1153 – 6.4%**
- Commercial Paper - **50 of 1153 – 4.3%**
- Other – **57 of 1153 - 5%**



Thank you!

Together, we can build and maintain a fiscally strong and prosperous North Carolina.

www.NCTreasurer.com