



STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

GREGORY C. GASKINS
DEPUTY TREASURER

Memorandum # 2019-04

TO: Finance Officers of Counties, Municipalities, Boards of Education, Hospitals and Public Authorities (does not apply to Charter Schools nor ABC Boards)

FROM: Sharon Edmundson, MPA, CPA, Director of Fiscal Management Section

SUBJECT: Instructions for the LGC-203EZ, the Standard LGC-203 form and the COLL-91

DATE: December 31, 2018

The LGC-203 form reporting the unit's deposits and investments is required to be filed semi-annually, pursuant to G.S. 159-33 and G.S.115C-446. The LGC-203 report is administered by the State and Local Government Finance Division; completed LGC-203 report forms should be emailed by January 25, 2019 to lqc0203@nctreasurer.com.

Please Note - ABC Boards' 203 reports are administered by the ABC Commission and can be found on the ABC Commission website <http://abc.nc.gov/Documents/Index/17>. ABC Board 203 reports are to be sent directly to the ABC Commission and not to the Department of State Treasurer.

LGC-203 Semi-Annual Report Instructions

Please always use the most recent version of the LGC-203 report forms, (Rev. 12-18 for the December 31, 2018 report) on our website <https://www.nctreasurer.com/slq/lfm/forms-instructions/Pages/Cash-and-Investments.aspx>. The LGC-203 report forms are updated each reporting cycle due to changes in the pooling bank population, units of government and statutory requirements. **Macros updated for use in automated processing for the Rev.12-18 LGC-203 report do not function on previous report versions.** Please contact LGC staff listed at the end of this memo if you need the prior report cycle forms.

There are two versions of the LGC 203 report - please choose the report that best suits your unit's circumstances:

1. **LGC203 EZ (Rev. 12-18) - One-page form** can only be used by units of government that have 100% of their deposits/investments in any or all of the following types of accounts:
 - Pooling banks
 - CDARS or ICS deposits
 - NC Capital Management Trust (NCCMT) Government or Term Portfolio

** If your unit has funds in a bank that utilizes the dedicated collateralization process or if your unit has investments other than investment accounts with NCCMT, you cannot use the LGC203 EZ form.

2. **Standard LGC 203 (Rev. 12-18) – Multi-page form must** be used by
 - a. Public schools
 - b. Public housing authorities and
 - c. All local government units who have any investments other than those listed on the EZ form Section IV **or** have funds on deposit in financial institutions who are not Pooling Banks (e.g. the bank is using the dedicated method of collateralization).

Preparing and Submitting LGC-203 Report Forms:

Once you determine which report is the best choice for your unit of government:

1. Click on the form link for that form.
 - If you are prompted for a username or password, click cancel.
2. Choose "Open with Microsoft Excel."
3. After the file opens, go to "File" and "Save As" so that you can save the file directly on your computer. Do not start completing the form until you have saved it or your data will be lost.
4. While on the light gray cell, select the "Name of Unit" from the drop-down list on the far right of that cell. Please do not try to type the unit's name into the gray cell – use the drop down list.
 - If you cannot find your unit's name on the drop down list, please contact Becky Dzingeski at (919) 814-4287
5. If you use ICS or CDARs deposits, please list the amounts in the areas marked under the dedicated section on Page 1 of the report form.
6. Selecting the unit's pooling banks – while on the light gray cell under the "Pooling Method Financial Institutions" section, click on the drop down arrow to the far right in that grey cell. If you cannot find your bank in the drop-down list, it may not be a pooling bank.
7. If your unit has deposits in banks that use the dedicated method of collateralization you must use the LGC-203 Standard form. For specific guidance on Standard Forms, please see below.
8. Once you have completed entering your unit's data on the 203 report form that you previously saved to your own system, save it one last time.
9. Email the Excel version of this form and any other required attachments to lqc0203@nctreasurer.com. Please do not convert the LGC-203 form to pdf.
10. Enter the name of the unit in the subject line of your email; this will allow staff to perform searches if needed.
11. Units that do not have Excel, please scroll to the bottom of this memo for further instructions.
12. If you have any questions regarding preparing or filing this report please see the contacts listed at the end of this Memo.

STANDARD FORMS

Dedicated Method Deposits reminders:

- Complete the "securities pledged as collateral" and escrow agent section in "Section VII" (light yellow cells) on Page 2.
- Attach a **collateral confirmation statement** from your depository that shows the market value of the pledged collateral as of the LGC-203 report date of December 31, 2018. Units may either send the COLL-98 (previously INV-98) or a statement from the bank. The statement should always indicate the name of the unit, the name of the bank, the as of date (June 30 or December 31) and the **Market Value** of pledged securities.

Section IV. Investments – Recently added to the Standard report form are the

- **LEOSSA Irrevocable Trust - Funds with State Treasurer (AGPIP)**
- **LEOSSA Irrevocable Trust - Other (Please provide a copy of portfolio listing)**

Special Investments:

- Under "Section V. Investments" on Pg. 2 of the *Standard* LGC-203 report form, list the unit's investments in government securities, government agencies, and/or commercial paper, obligations of the State of NC and bonds and notes of any North Carolina local government or public authority, other investments and repurchase agreements.

- Enter the “market value” totals as of the report date (December 31, 2018) for each type of investment category.
- Attach a separate schedule including the following items for each investment category:
 - Name of custodian
 - Type and name of investment
 - Purchase amount for each investment
 - Market value as of the report date
 - Purchase date and maturity date
 - Rating at time of purchase (commercial paper only)
 - Other special features.

Special Instructions for Specific Unit Types:

Discretely Presented Component Units (DPCU)

- Are required to submit a separate LGC-203 report if they are:
 - Legally separate NC local governments
 - Public authorities that are **statutorily required** to report under the Local Government Budget and Fiscal Control Act and are affiliated with the primary government ex: Tourism Development Authorities
- The primary government should not combine the cash and investment data for the above DPCUs on the primary government LGC-203 report.
- If you have a question about your specific unit or circumstances, please call us.

Boards of Education

- Are required to use the Standard LGC 203 (Rev. 12-18)
- Must complete LGC203-S tabs (**purple tabs**). These tabs are the Report of Deposits and Investments for the Individual Schools.
- Funds held by the administrative unit for the individual schools are to be listed on the LGC203-S tabs (**purple tabs**).
- Detailed instructions for schools are on the **LGC203-S PG1** tab.

Note: any account balances for the individual schools which exceed the FDIC limit of \$250,000 and are deposited in Dedicated Method institutions must be collateralized and monitored by the finance officer of the school system.

Housing Authorities

- Are required to use the Standard LGC 203 (Rev. 12-18)
- With the LGC-203 report, submit collateral confirmations from custodians indicating **market value** of collateral pledged as of the report date (June 30 or December 31) to secure deposits under the dedicated method of collateralization.
- HUD requires all housing authorities to use the dedicated method of collateralization for public deposits regardless of the bank’s participation in the collateral pool.
- There must be an escrow agreement for each financial institution holding a housing authority’s deposits if the total account balance is likely to exceed the \$250,000 FDIC insurance limits at any time during the fiscal year.
 - This is to protect the uninsured deposits of the authority by providing that the pledged assets transferred by the financial institution to the escrow agent (in the name of the housing authority) would be available to fully cover any uninsured deposits (up to the amount of collateral) in the case of failure by the financial institution.

- Must complete all questions in Section VII (light yellow cells), including the market value (as of December 31, 2018) of the collateral securities being held by the escrow agent pursuant to the required escrow agreement.
- The housing authority's finance officer is legally required to regularly review the market value of the pledged collateral that is being held by the escrow agent for adequacy and to require additional collateral transfers by the financial institution when account balances exceed the FDIC insurance limits (\$250,000) and/or the market value of the pledged collateral falls below the needed amounts.
- For custodial arrangements where the Federal Reserve Bank branches are holding the collateral securities, please indicate the location of the Federal Reserve Branch that is holding the collateral securities under section VII and complete the remaining information requested in Section VII.

The appropriate collateralization forms as well as the **Collateralization of Public Deposits in NC**, revised April 2013 (a handbook of complete Collateralization regulations, procedures, and the respective N.C. Administrative Code) can be found on the NC Department of State Treasurer website: <https://www.nctreasurer.com/fod/Pages/Collateralization.aspx>.

Units That Do Not Have Access to Excel or Email

- Units that do not have Microsoft Excel can request a hard copy of the LGC 203 Form by contacting Lorna Hodge at Lorna.Hodge@nctreasurer.com or by phone at 919-814-4299.
- If emailing the report in Excel format is not possible, you must mail a printed and **signed** form to the following address. **Printed and PDF forms require a physical signature.**

NC Department of State Treasurer
State & Local Government Fiscal Division
3200 Atlantic Avenue – Longleaf Building
Raleigh, NC 27604

Questions regarding **sending** your LGC-203 report –
please call or email Lorna Hodge (919)814-4299 Lorna.Hodge@nctreasurer.com

Questions regarding **preparation** of your unit's LGC-203 report –
please call or email Becky Dzingeleski at 919-814-4287 Becky.Dzingeleski@nctreasurer.com