



*Dale R. Folwell, CPA*

STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
AND THE LOCAL GOVERNMENT COMMISSION

GREGORY C. GASKINS  
DEPUTY TREASURER  
SHARON EDMUNDSON  
DEPUTY TREASURER

**MEMORANDUM #2021-03**

TO: Finance Officers of Local Governments, Boards of Education, Public Authorities  
and Certified Public Accountants  
FROM: Sharon Edmundson, MPA, CPA, Deputy Treasurer  
SUBJECT: Collateralization of Public Deposits and Pooling Bank List as of June 30, 2020  
DATE: September 2, 2020

On page three of this memo you will find the most current (as of June 30, 2020) Pooling Bank list of the financial institutions using the pooling method of collateralization of public funds. The State Treasurer Financial Operations Division monitors compliance with collateralization requirements for these institutions. The list is updated every quarter and can be found on the DST website [here](#). Any depository (and their branches) not included on this list is considered to be using the dedicated method of collateralization for which the finance officer has the responsibility of monitoring the pledged collateral covering the uninsured deposits.

**IMPORTANT**

Please review the list carefully to determine the method currently being utilized by each of your official depositories.

When a financial institution utilizes the dedicated method of collateralization, the finance officer should determine that the market values of the pledged securities are at least 100% of the amount required to be collateralized at all times throughout the year and that the securities are eligible for pledging as specified by the [North Carolina Administrative Code, Title 20, Chapter 7](#). It is imperative that the market values of the pledged securities are checked not only at the time of the deposit of public funds, but on a continuing basis when funds exceed the federal deposit insurance limit. Continual checking of the unit's pledged collateral is essential due to the volatility of the pledged securities' market value and the fluctuation of the unit's bank balances. Any time that the deposits are under collateralized, the unit is not in compliance with the requirements of NC G.S. 159-31.

For eligible mortgage-backed securities that are pledged as collateral, the calculation of market values is more difficult due to their declining principal balances. The calculation of the market values of such securities should be based on the outstanding principal value, not the original face value. Therefore, it is important to require the depository to provide a) the original face value b) the current outstanding principal and c) the current market value.

There are mandatory procedures concerning collateralization that must be followed when banking with dedicated method financial institutions. Please note that some of the forms have been re-named. They are as follows:

1. There must be a signed Escrow Agent Agreement ([COLL-94B](#)) with a third-party escrow agent for each dedicated method depository that holds uninsured deposits. However, if the escrow agent is the Federal Reserve Bank, an escrow agreement is not required since it is governed by federal regulations. The escrow agreement (federal regulations in the case of the Federal Reserve Bank) must require timely confirmations of pledged collateral.

2. A file of all Request for Pledge and/or Release Form (COLL-95) per depository must be maintained by the finance officer. There should be no releases or substitutions of collateral securities resulting in a decrease of the market value of pledged securities without the approval of the finance officer.
3. The depository is required to report to each public depositor the total par and market values of securities pledged at the end of each calendar quarter. Annually, as of June 30, the depository is to file with each public depositor an Annual/Quarterly/Monthly Report on Collateral (COLL-98). This report is a detailed listing of collateral securities pledged at each escrow bank for that public depositor. This report may be requested by the public depositor to be filed more frequently.

Without exception, if governmental units utilizing the dedicated method of collateralization do not adhere to these procedures, public funds may not be properly collateralized and consequently may be at risk.

For additional detailed information regarding “Collateralization of Public Deposits in North Carolina” including collateral forms and a link to the 20 NCAC 07N.C. Administrative Code with guidance on collateralization of public deposits in North Carolina, click on [Collateralization of Public Deposits](#) which will take you to the NC State Treasurer’s website.

If you have any questions on collateral requirements for your governmental unit or need assistance, please call or email Becky Dzingeleski at (919) 814-4287 - [Becky.Dzingeleski@nctreasurer.com](mailto:Becky.Dzingeleski@nctreasurer.com) or Kathy Howell at (919) 814-4216 - [Katherine.Howell@nctreasurr.com](mailto:Katherine.Howell@nctreasurr.com)

PLEASE NOTE: THIS WILL BE THE LAST PUBLICATION IN MEMO FORM OF THE POOLING BANK LIST AND THE COLLATERALIZATION REQUIREMENTS FOR LOCAL GOVERNMENTS. THE POOLING BANK LIST IS UPDATED QUARTERLY AND CAN BE ACCESSED [HERE](#). THE COLLATERALIZATION REQUIREMENTS WILL RESIDE ON THE SLGFD WEBSITE UNDER CASH AND INVESTMENTS INFORMATION.

<b>POOLING METHOD FINANCIAL INSTITUTIONS</b>			
<a href="https://files.nc.gov/nc treasurer/documents/files/poolingbanklist.pdf">https://files.nc.gov/nc treasurer/documents/files/poolingbanklist.pdf</a>			
<b>Name of Institution</b>	<b>Home Office</b>	<b>Name of Institution</b>	<b>Home Office</b>
American National Bank & Trust	Danville, VA	M & F Bank (Mechanics and Farmers Bank)	Durham
Aquesta Bank	Cornelius	North State Bank	Raleigh
Atlantic Union Bank	Richmond, VA.	Park National Bank	Newark, OH
Bank of America, N.A.	Charlotte	Peoples Bank	Newton
Bank of Tennessee	Kingsport, TN	Pinnacle Bank	Nashville, TN
Bank of the OZK	Little Rock, AR	PNC Bank	Pittsburgh, PA
Benchmark Community Bank	Kenbridge, VA	Providence Bank	Rocky Mount
Blueharbor Bank	Mooresville	Regions Bank	Birmingham, AL
Branch Banking & Trust	Winston-Salem	Roxboro Savings Bank	Roxboro
Carter Bank & Trust	Martinsville, VA	Select Bank & Trust	Dunn
Chase Bank	Columbus, OH	Skyline National Bank	Independence, VA
Coastal Bank & Trust	Jacksonville, NC	South State Bank	Columbia, SC
Dogwood State Bank	Raleigh	Southern Bank & Trust	Mount Olive
F & M Bank (Farmers & Merchants Bank)	Salisbury	Southern First Bank	Greenville, SC
Fidelity Bank	Fuquay-Varina	SunTrust Bank	Atlanta, GA
Fifth Third Bank	Cincinnati, OH	Surrey Bank	Mount Airy
First Bank	Southern Pines	TD Bank, NA	Cherry Hill, NJ
First Carolina Bank	Rocky Mount	Touchstone Bank	Prince George, VA
First Citizens Bank & Trust	Raleigh	Towne Bank	Suffolk, VA
First Community Bank	Bluefield, VA	Union Bank	Oxford
First Horizon Bank	Memphis, TN	United Bank	Charleston, W. VA
First National Bank	Hermitage, PA	United Community Bank	Blairsville, GA
Home Trust Bank	Asheville	US Bank	Minneapolis, MN
KS Bank	Smithfield	Uwharrie Bank	Albemarle
Life Store Bank	West Jefferson	Wake Forest Federal S & L	Wake Forest
Lumbee Guaranty Bank	Pembroke	Wells Fargo Bank, N.A.	Charlotte