

NORTH CAROLINA GENERAL ASSEMBLY  
1979 SESSION

CHAPTER 637  
HOUSE BILL 1124

AN ACT TO AMEND THE LAWS GOVERNING STATE AND LOCAL GOVERNMENT  
BANK DEPOSITS WITH RESPECT TO SECURITY OF PUBLIC DEPOSITS.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 159-31(b) is amended by rewriting the first sentence to read:

"(b) The amount of funds on deposit in an official depository or deposited at interest pursuant to G.S. 159-30(b) shall be secured by deposit insurance, surety bonds, or investment securities of such nature, in a sufficient amount to protect the local government or public authority on account of deposit of funds made therein, and in such manner, as may be prescribed by rule or regulation of the Local Government Commission."

**Sec. 2.** G.S. 159-33 is rewritten to read:

**§ 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. In like manner, each bank or trust company acting as the official depository of any unit of local government or public authority may be required to report to the secretary a description of the surety bonds or investment securities securing such public deposits. 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."

**Sec. 3.** G.S. 147-79 is rewritten to read:

**§ 147-79. Deposits to be secured; reports of depositories.** — (a) The amount of funds deposited by the State Treasurer in an official depository shall be adequately secured by deposit insurance, surety bonds, or investment securities of such nature, in such amounts, and in such manner, as may be prescribed by rule or regulation of the State Treasurer with the approval of the Governor and Council of State. No security is required for the protection of funds remitted to and received by a bank or trust company designated by the State Treasurer under G.S. 142-1 and acting as paying agent for the payment of the principal of or interest on bonds or notes of the State.

(b) Each official depository having deposits required to be secured by subsection (a) of this section may be required to report to the State Treasurer on January 1 and July 1 of each year (or such other dates as he may prescribe) a list of all surety bonds or investment securities securing such deposits. If the State Treasurer finds at any time that any funds of the State are not properly secured, he shall so notify the depository. Upon such notification, the depository shall comply with the applicable law or regulations forthwith.

(c) Violation of the provisions of this section shall be a misdemeanor punishable by fine or imprisonment, or both, in the discretion of the court."

**Sec. 4.** G.S. 147-78, as the same appears in the 1979 Replacement Volume 3C of the General Statutes, is amended by placing a period after the words "the State" in line 4 and striking out the remainder of the sentence, and further by striking out the word and punctuation "; bond" in the caption.

**Sec. 5.** This act shall become effective July 1, 1979.

In the General Assembly read three times and ratified, this the 24th day of May, 1979.