



City of Corinth

Annual Investment Report

For the Period Ended September 30, 2014

About This Report

In accordance with Chapter 2256 of the Public Funds Investment Act Section 2256.023(a), the Quarterly Investment Report provides timely and relevant information regarding the City's Investment activities.

This report includes investment information for October 2013 through September 2014 and is presented in two sections.

1. The Investment Committee Report section provides approved minutes from the most recent Investment Committee Meeting.
2. The Annual Investment Report provides a summary of the City's investment portfolio, interest earnings and a brief market outlook. This report is in compliance with the Public Funds Investment Act and the City's approved Investment Policy.

If you would like additional information, feel free to contact the Finance Department at (940) 498-3280.

Section 1

City of Corinth
Annual Investment Report
September 2014

INVESTMENT COMMITTEE

As required by the City Corinth Investment policy, the Investment Committee meets on a quarterly basis to determine general strategies and review the City's investment program. At it's most recent meeting on November 18, 2014, the committee took action on the following items:

- √ Approved the minutes for the Sept. 2, 2014 Investment Committee Meeting.
- √ Unanimously approved the FY 2013-14 Annual Investment Report.

MINUTES
City of Corinth
Investment Committee Meeting

6 After determining that a quorum was present, the Investment Committee convened on Tuesday,
7 Sept 2, at 8:15 a.m. in the Administration Conference Room at City Hall.

9 PRESENT: Council Member Joe Harrison, City Manager Rick Chaffin, Director of Finance &
10 Administrative Services Lee Ann Bunselmeyer, and Financial Services Manager Chris
11 Rodriguez.

13 ABSENT: Mayor Paul Ruggiere

15 I. APPROVE MINUTES FOR THE SEPTEMBER 2, 2014 COMMITTEE MEETING

17 **Action: Councilmember Harrison made a motion to approve the Sept. 2, 2014 minutes as**
18 **written. City Manager Chaffin seconded the motion. The motion passed unanimously.**

20 II. DISCUSS AND APPROVE THE FY2013-14 THIRD QUARTER INVESTMENT
21 REPORT

23 Chris presented the FY2013-14 Third Quarter Investment Report. Chris noted that the decrease
24 in the City's portfolio Change to Market value was due to the fact that the City receives Ad
25 Valorem tax revenues in the first two quarters of the year, which represents 50% of the General
26 Fund revenue. The expenditures remain somewhat constant each quarter, so by the third quarter
27 the expenditures exceed the revenues for the quarter. She noted that the decrease in the Change
28 to Market value for the Operating Funds is due to the receipt of ad valorem tax revenue in the
29 first two quarters of the year and the expenditures remaining somewhat constant for the year.
30 Therefore, the expenditures exceed the revenues by the third quarter. She also noted that the
31 Weighted Average Maturity (WAM) exceeds the benchmark by 40 days, but that by the end of
32 the fiscal year it would be below the benchmark. Chris noted that the decrease in the Change to
33 Market value was due to the use of the fund balance to pay the debt service payments. The
34 2013-14 Budget projects a use of fund balance in the amount of \$421,059. The bank cash for the
35 Debt Service Fund as of June 30, 2014 is \$53,116. She noted that there was no significant
36 change in the Change to Market value for the Special Revenue Funds or the Bond Funds. She
37 also noted that the Average Yield to Maturity for the City's portfolio exceeds the benchmark and
38 that liquidity is 63% at the end of the quarter. She also noted that the Weighted Average
39 Maturity is below the benchmark.

41 The Economic Development Corporation (EDC) portfolio has \$2.4 million in investments and
42 cash and the average yield to maturity is .41%. The liquidity for the portfolio is at 27%.

44 Chris noted that the Street Maintenance Sales Tax portfolio has almost \$150,000 in investments
45 with liquidity of 74%, and that the Crime Control & Prevention District portfolio has no
46 investments at this time.

48 **Action: Councilmember Harrison made a motion to approve the FY2013-14 Third**
49 **Quarter Investment report. City Manager Chaffin seconded the motion and it passed**
50 **unanimously.**

52 III. REVIEW THE ECONOMIC OUTLOOK

53

54 Chris presented the Economic Outlook and noted that there has been no change in the Fed Funds
55 rate and a change is not expected until possibly late 2015.

56

57 IV. REVIEW THE SECOND QUARTER INTEREST INCOME REPORT

58

59 Chris presented the Third Quarter Interest Income Report.

60

61 V. OTHER ITEMS

62

63 The committee's next meeting is scheduled for Tuesday, November 18, 2014 at 8:30 a.m.

64

65 VI. ADJOURN

Section 2

City of Corinth
Annual Investment Report
September 2014

INVESTMENT REPORT



3300 Corinth Parkway • Corinth, TX • 940.498.3280 • Fax 940.498.3232

November 18, 2014

TO: Honorable Mayor and Members of the City Council

The Annual Investment Report is written in accordance with state statutes, specifically the Public Funds Investment Act, section 2256 of the Texas Government Code. This report is presented to comply with the City's investment policy that states "within one hundred (180) days of the end of the fiscal year, the Director of Finance shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the City Manager and City Council."

I. STATUTORY AND POLICY REQUIREMENTS

On December 19, 2013, a resolution was passed to adopt a formal investment policy for the City of Corinth. The Investment Policy is required by state law to be reviewed each year. The policy designates the Director of Finance as being responsible for the City's investment program. The Director of Finance is also responsible for establishing written procedures for the operation of the program. These procedures include the explicit delegation of authority to persons who carry out the daily investment transactions. The Director of Finance has made this delegation of authority to the Financial Services Manager. Investment officials have the authority to invest all funds for the City of Corinth, the Corinth Crime Control and Prevention District and Corinth Economic Development Corporation with the exception of funds contributed to the Texas Municipal Retirement System (TMRS); other funds established by the City for deferred employee compensation; and revenue bond escrow funds. These funds are managed by outside investment managers and administrators and monitored by the Finance Department.

The funds of the City of Corinth, Texas, are invested in compliance with Article. 842(a-1) entitled the "Public Funds Investment Act" of the Texas Government Code. Staff annually reviews the policy guidelines and objectives to ensure compliance with the changes in state law, and with the investment strategies adopted by the City Council as summarized below in order of importance.

1) Safety – Preservation and safety of Principal.

Safety of principal invested is the foremost objective in the investment decisions of the City. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities as defined in this Policy, by qualifying the financial institutions and broker with which the City will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the City's investments.

2) Liquidity.

The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as to provide liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements or to otherwise favorably adjust the City's portfolio.

3) Diversification.

Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure will reduce market cycle risk.

4) Market Rate-of-Return (Yield).

The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate of return throughout budgetary and economic cycles. The City will not attempt to consistently attain an unrealistic above market rate-of-return as this objective will subject the overall portfolio to greater risk. Therefore, the City's rate of return objective is secondary to those of safety and liquidity. Rate of return (yield) is defined as the annual income returned on an investment, expressed as a percentage.

5) Public Trust

The Investment Officer shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.

II. BANK DEPOSITORY

Depository services support the objectives of the City's cash and investment management program. Those objectives are to maximize investment yield after satisfying the goals of safety and liquidity. A depository services contract is required for municipalities and the City of Corinth contracts with NorthStar Bank. The Frost Bank serves as the City's safekeeping institution and acts as a third party custodian.

There are five significant cash management services that are provided to the City. These services are (1) a control concentration/sweep account, (2) the on-line cash management system, (3) positive pay, (4) safekeeping services, and (5) Courier service that includes daily pick-up and delivery of city deposits at various remote locations. These automated services facilitate full utilization of available cash thus maximizing interest income. The NorthStar bank contract was renewed on June 1, 2014 for two years with an additional option for three one-year renewals.

III. INVESTMENT ACCOUNTING METHODOLOGY

The accounts of the City of Corinth are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. Therefore, each fund is invested separately if it maintains sufficient balances. The investment activity of each fund is summarized in the tables presented in this report.

The enclosed Annual Investment Report is in compliance with the investment strategies adopted by the City Council as well as in accordance with the relevant provisions of the Tex. Gov't Code Ch. 2256. The objectives adopted by the City Council will continue to drive the investment program in the next fiscal year in order to achieve optimum protection of public funds.

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Lee Ann Bunselmeyer
Director of Finance &
Administrative Services

Signature Redacted

Chris Rodriguez
Financial Services Manager

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2014



APPENDIX A

**Investment Report
For Month Ending September 30, 2014**

CITY OF CORINTH
ANNUAL INVESTMENT REPORT
For Period Ending September 30, 2014

Security Type	Par Value	Book Value	Market Value	% of Mkt to Book
U. S. Federal Agency-Coupon	\$ 2,587,000	\$ 2,587,715	\$ 2,587,446	99.99%
U.S. Federal Agency -Callable	3,615,000	3,615,334	3,609,696	99.84%
Managed Pools	1,320,402	1,320,402	1,320,402	100.00%
Money Market	5,782,145	5,782,145	5,782,145	100.00%
Bank Cash	2,125,795	2,125,795	2,125,795	100.00%
	<u>\$ 15,430,342</u>	<u>\$ 15,431,391</u>	<u>\$ 15,425,483</u>	<u>99.96%</u>

PORTFOLIO SUMMARY REPORT

Beginning Par Value as of 9/30/2013	\$ 16,761,873
Beginning Book Value as of 9/30/2013	\$ 16,787,957
Beginning Market Value as of 9/30/2013	\$ 16,783,999
WAM at Beginning Date (Days)	247
Ending Par Value as of 9/30/2014	\$ 15,430,342
Ending Book Value as of 9/30/2014	\$ 15,431,391
Ending Market Value as of 9/30/2014	\$ 15,425,483
WAM at Ending Date (Days)	263
Change to Market Value ⁽¹⁾	\$ (1,358,516)

⁽¹⁾ The decrease in the Change in Market Value is due to the budgeted use of fund balance for the Debt Service Funds, a budget amendment for Tower Ridge in the Special Revenue Fund, and budgeted use of fund balance for capital projects for the General Fund.

This report is prepared in accordance with Chapter 2256 of the Public Funds Investment Act ("PFIA") Section 2256.023(a) which states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period."

The investment portfolio complied with the PFIA and the City's approved Investment Policy and Strategy throughout the period.

Signature Redacted

Lee Ann Bunselmeyer
 Director of Finance

Signature Redacted

Chris Rodriguez
 Financial Services Manager

Signature Redacted

Scott McIntyre, First Southwest Asset Management

INVESTMENT STRATEGIES COMPLIANCE REPORT

For Period Ending September 30, 2014

OPERATING FUNDS

The investment strategy for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to structure a portfolio, which will minimize volatility during economic cycles. This may be accomplished by purchasing high quality, short-term securities, which will compliment each other in a laddered maturity structure. A dollar-weighted average maturity of 270 days or less will be maintained and calculated by using the stated final maturity date of each security.

Beginning Book Value as of 9/30/2013	\$	13,470,872
Beginning Market Value as of 9/30/2013	\$	13,467,795
WAM at Beginning Date (Days)		245
Ending Book Value as of 9/30/2014	\$	13,167,444
Ending Market Value as of 9/30/2014	\$	13,162,703
Unrealized Gain/(Loss)	\$	(4,741)
Change to Market Value ⁽¹⁾	\$	(305,092)
WAM at Ending Date (Days)		268
WAM Policy Benchmark ≤		270

⁽¹⁾ The decrease in the Change to Market Value for the Operating Funds is due to the budgeted use of fund balance for Public Safety Communications update, and the Lake Sharon Extension project.

DEBT SERVICE RESERVE FUND

Investment strategies for debt service reserve and contingency funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate fund from securities with a low degree of volatility. Securities should be of high quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities. Volatility shall be further controlled through the purchase of securities carrying the highest coupon available, within the desired maturity and quality range, without paying a premium, if at all possible. Such securities will tend to hold their value during economic cycles. A dollar weighted average maturity of 365 days or less will be maintained and calculated by using the stated final maturity date of each security.

Beginning Book Value as of 9/30/2013	\$	730,860
Beginning Market Value as of 9/30/2013	\$	729,648
WAM at Beginning Date (Days)		353
Ending Book Value as of 9/30/2014	\$	322,596
Ending Market Value as of 9/30/2014	\$	322,191
Unrealized Gain/(Loss)	\$	(405)
Change to Market Value ⁽²⁾	\$	(407,457)
WAM at Ending Date (Days)		356
WAM Policy Benchmark ≤		365

⁽²⁾ The Change to Market Value decrease in the reserve fund is due to budgeting the use of fund balance in making the annual debt service payments

INVESTMENT STRATEGIES COMPLIANCE REPORT

For Period Ending September 30, 2014

BOND FUNDS

Investment strategies for bond funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date. A dollar weighted average maturity of 365 days or less will be maintained and calculated by using the stated final maturity of each security.

Beginning Book Value as of 9/30/2013	\$	1,923,556
Beginning Market Value as of 9/30/2013	\$	1,923,836
WAM at Beginning Date (Days)		267
Ending Book Value as of 9/30/2014	\$	1,523,623
Ending Market Value as of 9/30/2014	\$	1,522,862
Unrealized Gain/(Loss)	\$	(761)
Change to Market Value ⁽¹⁾	\$	(400,974)
WAM at Ending Date (Days)		191
WAM Policy Benchmark \leq		365

⁽¹⁾ The Change in Market Value decrease in the bond funds is due to the capital project expenditures for the 1.5 MG Ground Storage Tank project and the Shady Rest Lane project.

SPECIAL REVENUE FUNDS

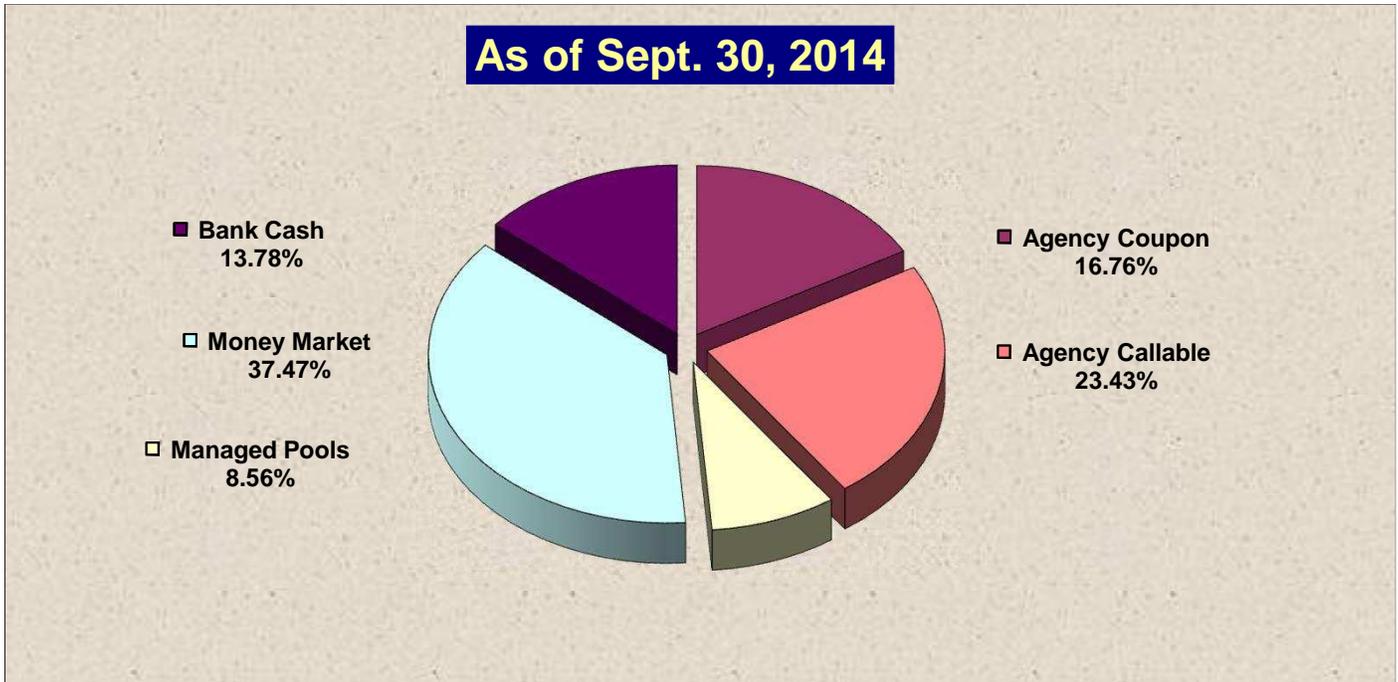
Investment strategies for construction projects or special revenue fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date. A dollar weighted average maturity of 270 days or less will be maintained and calculated by using the stated final maturity of each security.

Beginning Book Value as of 9/30/2013	\$	662,669
Beginning Market Value as of 9/30/2013	\$	662,720
WAM at Beginning Date (Days)		121
Ending Book Value as of 9/30/2014	\$	417,728
Ending Market Value as of 9/30/2014	\$	417,727
Unrealized Gain/(Loss)	\$	(1)
Change to Market Value ⁽²⁾	\$	(244,993)
WAM at Ending Date (Days)		264
WAM Policy Benchmark \leq		270

⁽²⁾ The decrease in the Change to Market Value is due to the budget amendment of \$250,000 for the Tower Ridge project.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Market Sector

Market Sector	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
U.S. Federal Agency -Coupon	\$ 1,337,000	\$ 3,177,000	\$ 2,877,000	\$ 2,587,000
U.S. Federal Agency-Callable	3,500,000	4,750,000	3,750,000	3,615,000
Managed Pools	3,875,642	4,434,763	3,435,059	1,320,402
Money Market	5,759,289	5,866,623	5,873,464	5,782,145
Bank Cash	2,584,271	1,781,333	2,041,448	2,125,795
Total Par Value:	\$ 17,056,202	\$ 20,009,719	\$ 17,976,971	\$ 15,430,342



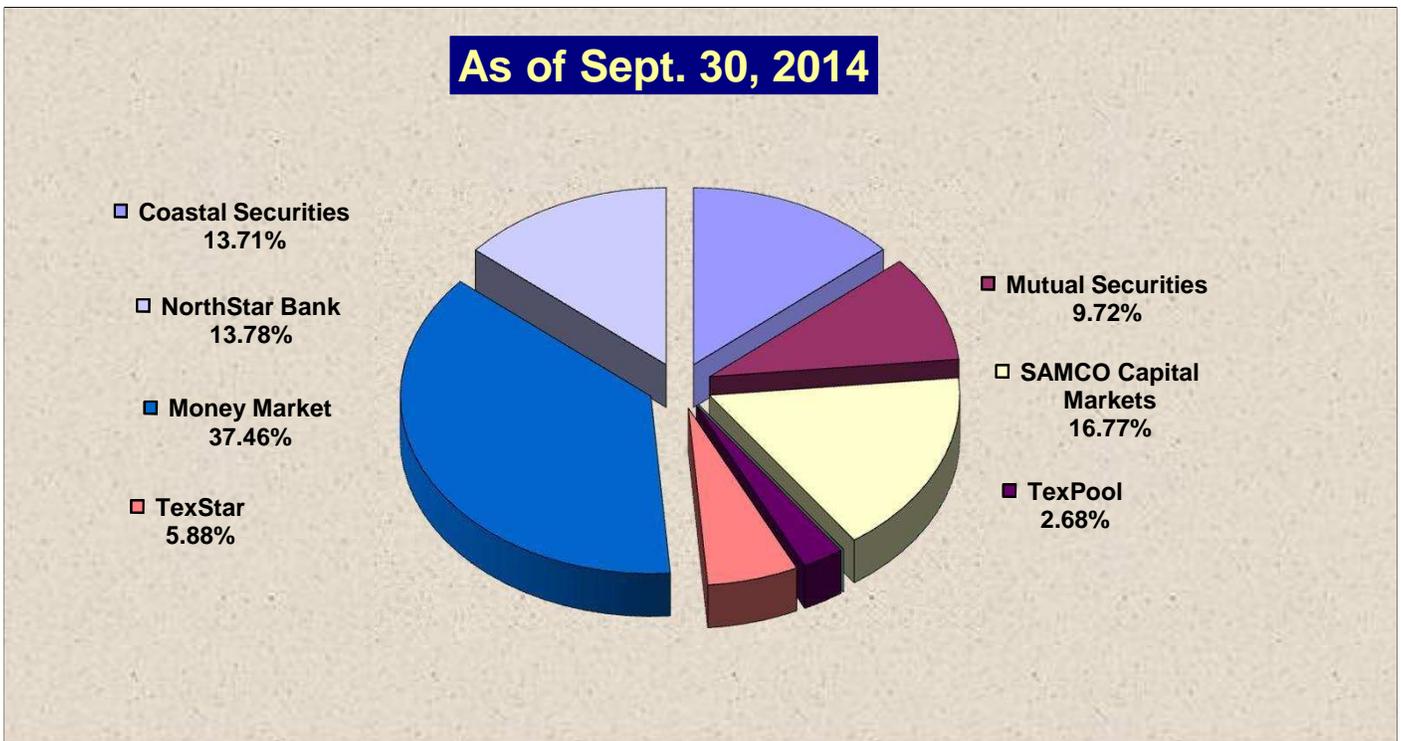
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income from the volatility of interest rates and to protect the portfolio from the risk of principal loss in any one market.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Average Yield to Maturity		0.387%	0.466%	0.362%	0.400%
\geq Policy Benchmark-(Six Month T-Bill)		0.089%	0.068%	0.056%	0.040%
Callable Securities \leq	30.00%	20.52%	23.74%	20.86%	23.43%
Investment By Type \leq					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	28.36%	39.62%	36.86%	40.19%
Certificates of Deposit	100.00%	0.00%	0.00%	0.00%	0.00%
Managed Pools	50.00%	22.72%	22.16%	19.11%	8.56%
Money Market	100.00%	33.77%	29.32%	32.67%	37.47%
Cash	100.00%	15.15%	8.90%	11.36%	13.78%

Note: The portfolio is below the benchmark for callable securities for the year. The Average Yield to Maturity exceeds the Policy Benchmark for all four quarters of the year.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Broker/Dealer

Dealers/Brokers	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Broker/Dealer				
Coastal Securities	\$ 1,500,000	\$ 3,250,000	\$ 2,250,000	\$ 2,115,000
Mutual Securities	2,000,000	1,500,000	1,500,000	1,500,000
SAMCO Capital Markets	1,337,000	3,177,000	2,877,000	2,587,000
Total Broker/Dealer	\$ 4,837,000	\$ 7,927,000	\$ 6,627,000	\$ 6,202,000
Managed Pools/ Depository Bank				
TexPool	\$ 413,132	\$ 413,161	\$ 413,191	\$ 413,226
TexStar	3,462,510	4,021,601	3,021,869	907,176
Money Market	5,759,289	5,866,623	5,873,464	5,782,145
NorthStar Bank	2,584,271	1,781,333	2,041,448	2,125,795
Total Managed Pools/Depository Bank	\$ 12,219,202	\$ 12,082,719	\$ 11,349,972	\$ 9,228,342
Total Par Value:	\$ 17,056,202	\$ 20,009,719	\$ 17,976,972	\$ 15,430,342

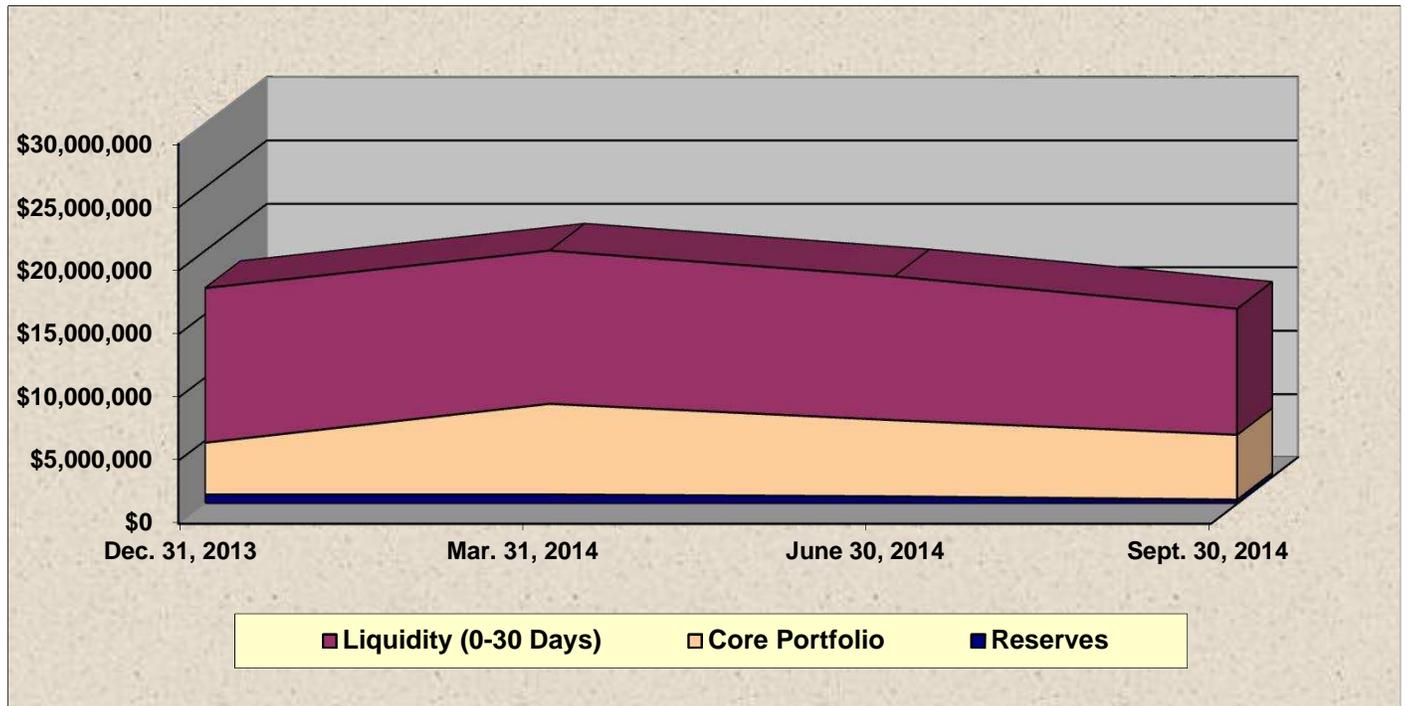


To guard against default possibilities, and to promote diversification of bidders, business with any one issuer, or investment broker, is limited to forty (40%) percent of the total portfolio at any point in time. As shown in the table below, the portfolio adhered to this provision throughout the quarter.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Highest Broker Percent ≤	40.00%	11.73%	16.24%	16.00%	16.77%

ANNUAL INVESTMENT REPORT
Portfolio Summary By Maturity

Maturity Time Frame	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
0-30 Days	\$ 12,219,202	\$ 12,082,719	\$ 11,349,971	\$ 9,965,342
31-90 Days	-	300,000	-	-
91-180 Days	300,000	-	287,000	-
181-270 Days	-	287,000	-	-
271-360 Days	287,000	-	-	-
361-450 Days	-	-	-	300,000
451-540 Days	-	-	350,000	1,300,000
541 Days & Over	4,250,000	7,340,000	5,990,000	3,865,000
	<u>\$ 17,056,202</u>	<u>\$ 20,009,719</u>	<u>\$ 17,976,971</u>	<u>\$ 15,430,342</u>



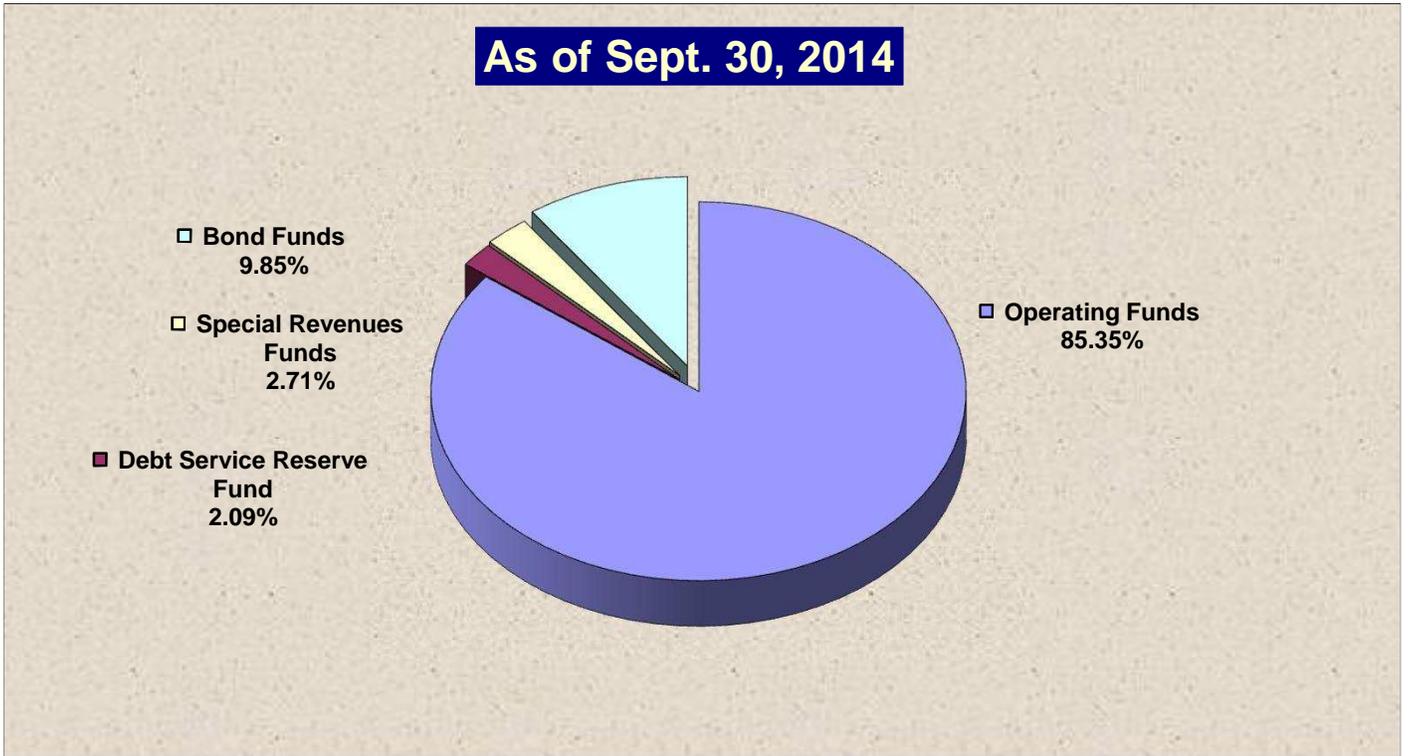
The risk of market price volatility is minimized through maturity diversification. The maturities on our investments are staggered over a series of three-month increments to provide cash flow based on the anticipated needs of the City. Liquidity is achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. Short-term investment pools and money market funds provide daily liquidity and are utilized as a competitive yield alternative to fixed maturity investments.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Weighted Avg. Maturity ≤	365 Days	194	320	285	263
Maturities ≤30 days ≥	5.00%	71.64%	60.38%	63.14%	64.58%

Note: The portfolio is within the benchmark limits for the Weighted Average Maturity and liquidity is at 64.5% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Fund Type

Fund Type	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Operating Funds	\$ 14,496,719	\$ 17,573,174	\$ 15,688,738	\$ 13,169,623
Debt Service Reserve Fund	731,455	731,999	582,327	322,485
Special Revenues Funds	461,862	337,215	337,491	417,641
Bond Funds	1,366,165	1,367,331	1,368,415	1,520,593
	<u>\$ 17,056,201</u>	<u>\$ 20,009,719</u>	<u>\$ 17,976,971</u>	<u>\$ 15,430,342</u>



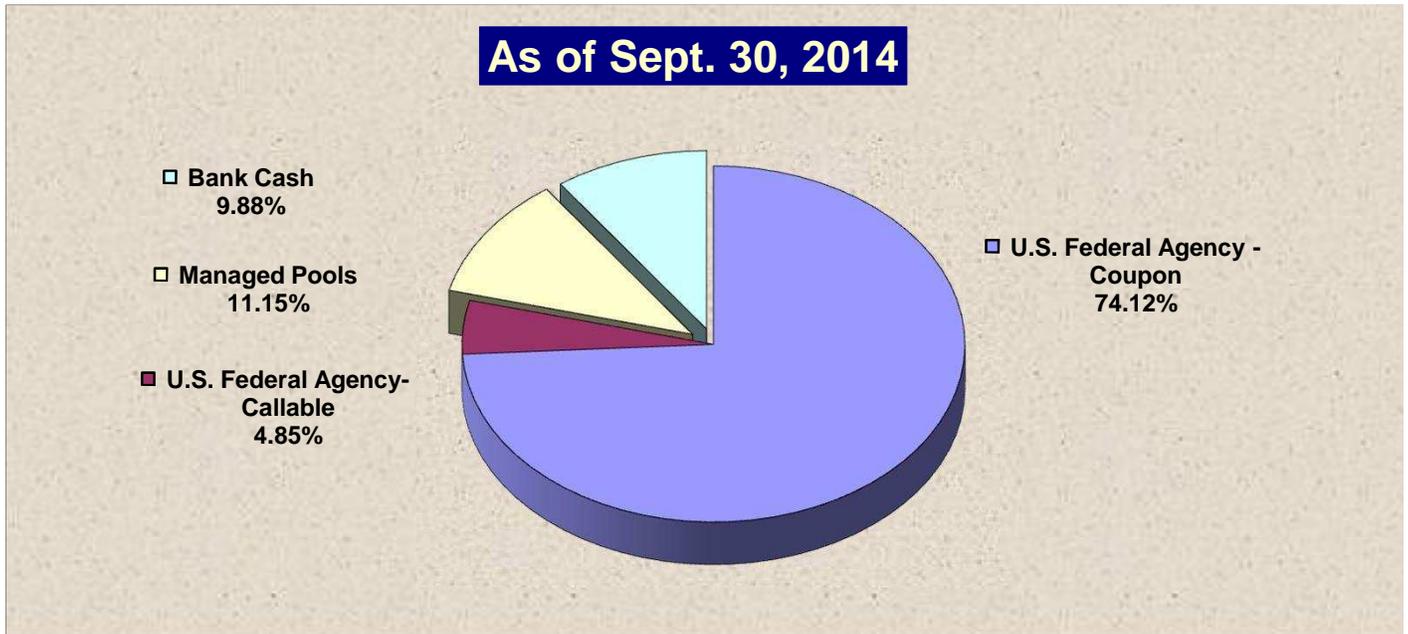
As shown in the graph above, the investments in the portfolio are distributed by fund type. Preservation and safety of principal of these investments is the most important strategy. All investments shall be high quality securities with no perceived default risk. Market fluctuations will occur; however, by managing the weighted-average days to maturity (WAM) for each fund type, losses are minimized.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
WAM by Fund ≤					
Operating Funds	270 Days	205	347	310	268
Debt Service Reserve Funds	365 Days	313	276	299	356
Special Revenue Funds	270 Days	151	179	152	264
Bond Funds	365 Days	26	23	20	191

Note: The Weighted Average Maturity for all Funds are below the policy benchmark.

ANNUAL INVESTMENT REPORT
Economic Development Corporation

Market Sector	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
U.S. Federal Agency -Coupon	\$ 1,625,000	\$ 1,875,000	\$ 1,775,000	\$ 2,065,000
U.S. Federal Agency-Callable	-	-	-	135,000
Managed Pools	310,599	310,621	310,643	310,669
Bank Cash	261,724	253,799	354,111	275,172
Total Par Value:	\$ 2,197,323	\$ 2,439,420	\$ 2,439,754	\$ 2,785,841



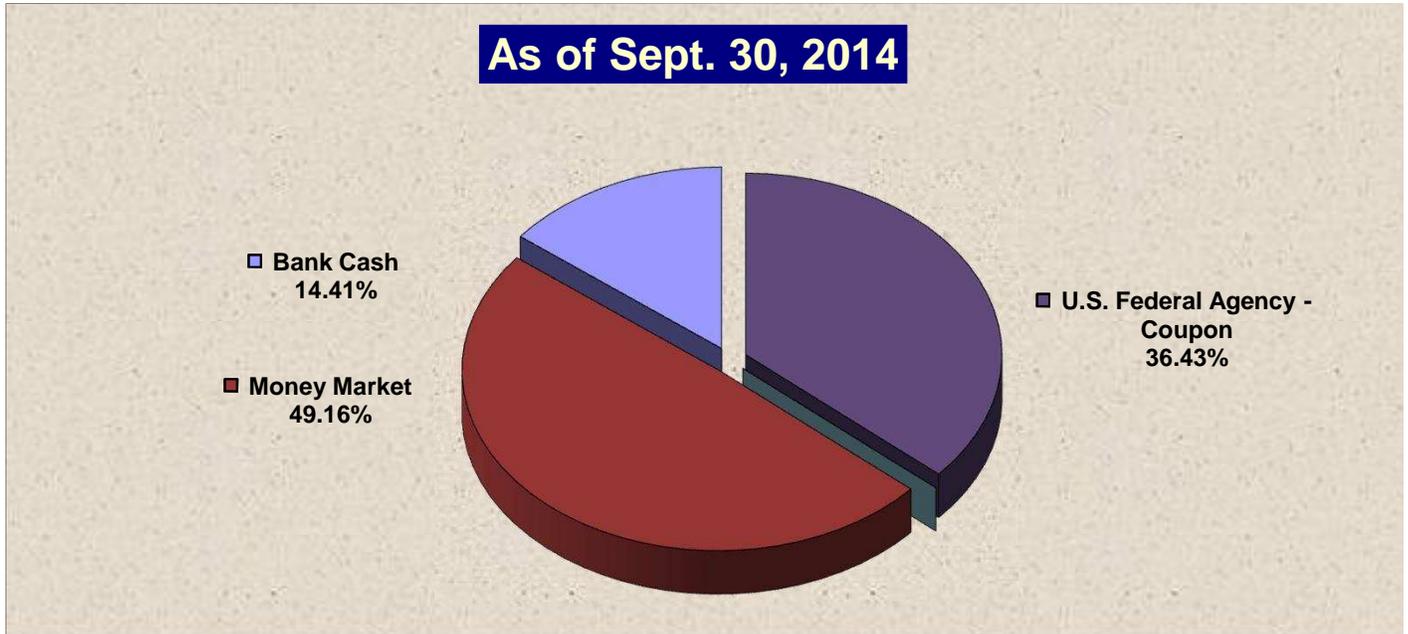
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income from the volatility of interest rates and to protect the portfolio from the risk of principal loss in any one market.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Average Yield to Maturity		0.480%	0.417%	0.414%	0.457%
≥ Policy Benchmark-(Six Month T-Bill)		0.089%	0.068%	0.056%	0.040%
Callable Securities ≤	30.00%	0.00%	0.00%	0.00%	4.85%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	73.95%	76.87%	72.76%	78.97%
Managed Pools	100.00%	14.14%	12.73%	12.73%	11.15%
Cash	100.00%	11.91%	10.40%	14.51%	9.88%
Weighted Avg. Maturity ≤	270 Days	247	236	167	252
Maturities ≤30 days ≥	5.00%	26.05%	23.14%	27.25%	21.03%

Note: The portfolio exceeds the policy benchmark for the Average Yield to Maturity for all four quarters of the fiscal year. The liquidity for the portfolio is 21% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Street Maintenance Sales Tax

Market Sector	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
U.S. Federal Agency -Coupon	\$ 350,000	\$ 150,000	\$ 150,000	\$ 150,000
U.S. Federal Agency-Callable	-	-	-	-
Managed Pools	558,753	-	-	-
Money Market	207,032	107,210	107,335	202,424
Bank Cash	116,896	249,711	324,483	59,319
Total Par Value:	\$ 1,232,681	\$ 506,921	\$ 581,818	\$ 411,743



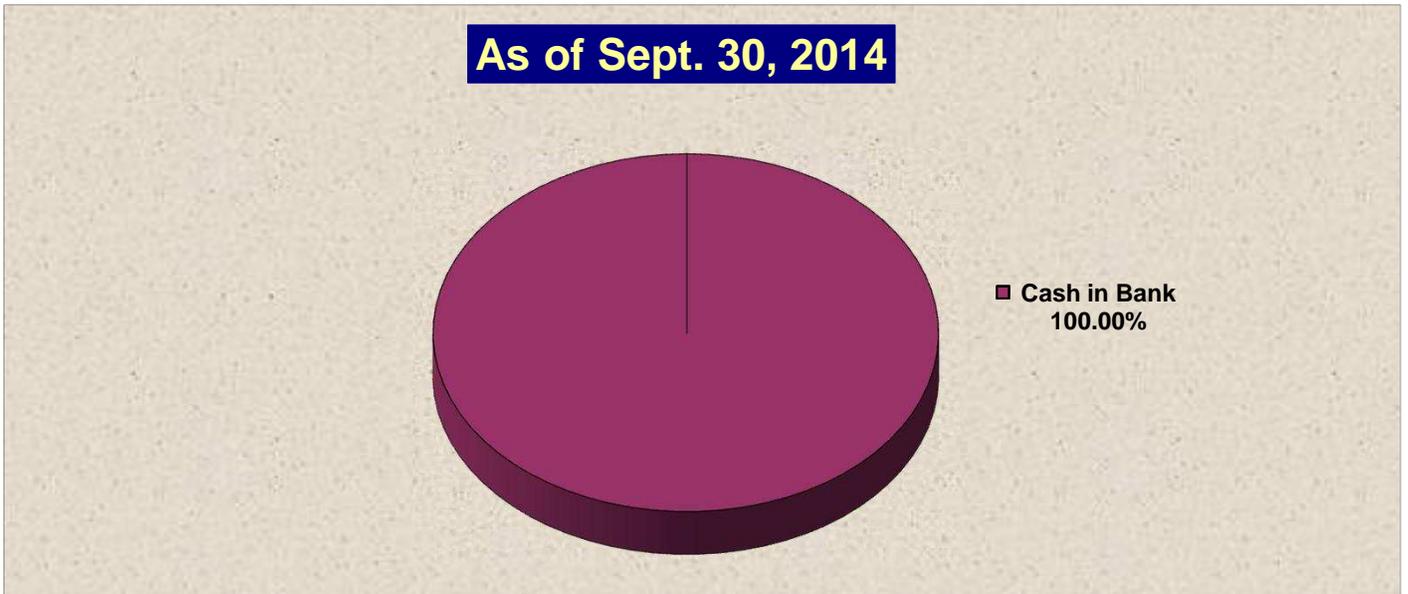
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income from the volatility of interest rates and to protect the portfolio from the risk of principal loss in any one market.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Average Yield to Maturity		0.267%	0.482%	0.226%	0.300%
≥ Policy Benchmark-(Six Month T-Bill)		0.089%	0.068%	0.056%	0.040%
Callable Securities ≤	30.00%	0.00%	0.00%	0.00%	0.00%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	28.39%	29.59%	25.78%	36.43%
Managed Pools	100.00%	45.33%	0.00%	0.00%	0.00%
Money Market	100.00%	16.80%	21.15%	18.45%	49.16%
Cash	100.00%	9.48%	49.26%	55.77%	14.41%
Weighted Avg. Maturity ≤	270 Days	208	179	133	153
Maturities ≤30 days ≥	5.00%	71.61%	70.41%	74.22%	63.57%

Note: The portfolio is within the policy benchmark for the Average Yield to Maturity for the fiscal year. The liquidity for the portfolio is 63.5% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Crime Control & Prevention District

Market Sector	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
U.S. Federal Agency -Coupon Cash in Bank	\$ - 154,971	\$ - 139,017	\$ - 151,379	\$ - 157,698
Total Par Value:	\$ 154,971	\$ 139,017	\$ 151,379	\$ 157,698



The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income from the volatility of interest rates and to protect the portfolio from the risk of principal loss in any one market.

Performance Indicators	Policy Benchmark	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Average Yield to Maturity		0.500%	0.500%	0.124%	0.139%
≥ Policy Benchmark-(Six Month T-Bill)		0.089%	0.068%	0.056%	0.040%
Callable Securities ≤	30.00%	0.00%	0.00%	0.00%	0.00%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	0.00%	0.00%	0.00%	0.00%
Managed Pools	100.00%	0.00%	0.00%	0.00%	0.00%
Cash	100.00%	100.00%	100.00%	100.00%	100.00%
Weighted Avg. Maturity ≤	270 Days	1	1	1	1

Note: There are no investments for this fund at the end of the fiscal year, due to the need for liquidity, the balance is in the bank.



City of Corinth
3300 Corinth Parkway
Corinth, TX 76208
-9404983200

City of Corinth portfolio
Texas Compliance Change in Val Report
Sorted by Fund
October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	YTM	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value			Mat Date	Interest Received	Market Value				Market Value
Fund: Pooled Cash										
10012	NTHSTR	00	0.139	10/01/2013	9,823.94	2,239,929.89	3,376,585.71	3,490,720.78	-114,135.07	2,125,794.82
SYS10012	2,125,794.82			/ /	0.00	2,239,929.89	3,376,585.71	3,490,720.78	-114,135.07	2,125,794.82
Sub Totals For: Fund: Pooled Cash										
					9,823.94	2,239,929.89	3,376,585.71	3,490,720.78	-114,135.07	2,125,794.82
					0.00	2,239,929.89	3,376,585.71	3,490,720.78	-114,135.07	2,125,794.82
Fund: General Fund										
10429	FFCB	100		01/06/2012	2,659.37	930,269.00	0.00	928,969.79	-930,269.00	0.00
31331JQ55	0.00	0.000		10/06/2014	7,830.38	933,787.50	0.00	928,969.79	-933,787.50	0.00
10483	FNMA	100		06/30/2013	737.50	499,805.66	0.00	500,000.00	-499,805.66	0.00
3135G0TZ6	0.00	0.000		01/29/2016	1,125.00	498,650.00	0.00	500,000.00	-498,650.00	0.00
10477	FFCB	100		03/01/2013	333.33	100,000.00	0.00	100,000.00	-100,000.00	0.00
3133ECE91	0.00	0.000		02/01/2016	400.00	99,590.00	0.00	100,000.00	-99,590.00	0.00
10513	FHLMC	100		09/01/2014	616.14	0.00	845,000.00	0.00	845,698.30	845,698.30
3134G4TD0	845,000.00	0.874		01/27/2017	0.00	0.00	845,000.00	0.00	843,163.30	843,163.30
10140	TXSTAR	100		10/01/2013	569.71	655,572.28	1,909,310.53	2,564,882.81	-655,572.28	0.00
SYS10140	0.00	0.035		/ /	542.68	655,572.28	1,909,310.53	2,564,882.81	-655,572.28	0.00
10327	NTHSTR	100		10/01/2013	812.95	0.00	640,681.33	0.00	640,681.33	640,681.33
SYS10327	640,681.33	0.250		/ /	681.33	0.00	640,681.33	0.00	0.00	0.00
10468	FNMA	100		12/24/2012	1,081.25	500,000.00	0.00	500,000.00	-500,000.00	0.00
3135G0ST1	0.00	0.000		12/24/2015	1,687.50	498,050.00	0.00	500,000.00	-498,050.00	0.00
10476	FHLMC	100		02/21/2013	4,125.00	999,605.36	0.00	999,763.41	-999,605.36	0.00
3134G33R9	0.00	0.000		01/15/2016	5,075.00	997,400.00	0.00	999,763.41	-997,400.00	0.00

Portfolio CITY
TC (PRF_TC) 7.0
Report Ver. 7.3.3b

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10495	FHLB	100	01/07/2014	4,583.33	0.00	995,710.00	0.00	996,767.48	996,767.48
3130A0C65	1,000,000.00	0.771	12/28/2016	2,968.75	0.00	995,710.00	0.00	997,100.00	997,100.00
10498	FHLB	100	01/28/2014	4,303.13	0.00	748,500.00	0.00	748,840.97	748,840.97
3130A0JT8	750,000.00	0.918	01/17/2017	2,992.71	0.00	748,500.00	0.00	747,075.00	747,075.00
Sub Totals For: Fund: General Fund									
				19,821.71	3,685,252.30	5,139,201.86	5,593,616.01	-453,264.22	3,231,988.08
				23,303.35	3,683,049.78	5,139,201.86	5,593,616.01	-1,095,711.48	2,587,338.30
Fund: Utility Fund									
10469	FNMA	110	12/31/2012	34.78	159,023.11	0.00	159,000.00	-159,023.11	0.00
31398A4H2	0.00	0.000	10/08/2013	894.38	159,031.80	0.00	159,000.00	-159,031.80	0.00
10450	FFCB	110	05/31/2012	8,648.75	194,948.63	0.00	0.00	-7,299.76	187,648.87
31331VAJ5	187,000.00	0.817	11/03/2014	8,648.76	195,732.90	0.00	0.00	-8,003.60	187,729.30
10460	FHLB	110	09/18/2012	2,350.00	102,492.14	0.00	0.00	-2,034.40	100,457.74
3133XYRX5	100,000.00	0.306	12/22/2014	2,350.00	102,350.00	0.00	0.00	-1,860.00	100,490.00
10507	FFCB	110	08/01/2014	200.00	0.00	300,000.00	0.00	300,000.00	300,000.00
3133ECE91	300,000.00	0.400	02/01/2016	0.00	0.00	300,000.00	0.00	298,740.00	298,740.00
10211	TXSTAR	110	10/01/2013	255.78	309,309.72	1,450,263.49	1,250,000.19	200,263.30	509,573.02
SYS10211	509,573.02	0.031	/ /	263.49	309,309.72	1,450,263.49	1,250,000.19	200,263.30	509,573.02
10358	NTHSTR	110	10/01/2013	9,484.96	2,847,369.97	260,036.68	1,050,000.00	-789,963.32	2,057,406.65
SYS10358	2,057,406.65	0.250	/ /	10,036.68	2,847,369.97	260,036.68	1,050,000.00	-789,963.32	2,057,406.65
10018	TXPOOL	110	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10018	0.00	5.271	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10023	FEDER	110	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10023	0.00	5.190	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10452	FNMA	110	06/29/2012	9,246.87	308,306.17	0.00	300,000.00	-308,306.17	0.00
3136F3ZQ2	0.00	0.000	06/30/2014	12,375.00	308,850.00	0.00	300,000.00	-308,850.00	0.00

Portfolio CITY

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
Sub Totals For: Fund: Utility Fund									
				30,221.14	3,921,449.74	2,010,300.17	2,759,000.19	-766,363.46	3,155,086.28
				34,568.31	3,922,644.39	2,010,300.17	2,759,000.19	-768,705.42	3,153,938.97
Fund: Drainage Fund									
10302	TXSTAR	120	10/01/2013	156.03	497,438.65	163.94	100,000.00	-99,836.06	397,602.59
SYS10302	397,602.59	0.031	/ /	163.94	497,438.65	163.94	100,000.00	-99,836.06	397,602.59
10332	NTHSTR	120	10/01/2013	648.89	300,791.09	50,748.17	200,000.00	-149,251.83	151,539.26
SYS10332	151,539.26	0.250	/ /	748.17	300,791.09	50,748.17	200,000.00	-149,251.83	151,539.26
Sub Totals For: Fund: Drainage Fund									
				804.92	798,229.74	50,912.11	300,000.00	-249,087.89	549,141.85
				912.11	798,229.74	50,912.11	300,000.00	-249,087.89	549,141.85
Fund: Economic Development									
10480	FNMA	130	04/30/2013	43.75	200,166.57	0.00	200,000.00	-200,166.57	0.00
31398A4H2	0.00	0.000	10/08/2013	987.50	200,177.50	0.00	200,000.00	-200,177.50	0.00
10481	FHLB	130	04/30/2013	1,335.00	450,000.00	0.00	450,000.00	-450,000.00	0.00
313372VR2	0.00	0.000	12/30/2013	2,700.00	451,170.00	0.00	450,000.00	-451,170.00	0.00
10451	FHLB	130	06/19/2012	3,412.50	103,115.41	0.00	100,000.00	-103,115.41	0.00
3133XHBL5	0.00	0.000	06/13/2014	4,875.00	103,300.00	0.00	100,000.00	-103,300.00	0.00
10493	FFCB	130	12/31/2013	7,978.13	0.00	928,969.79	0.00	925,072.18	925,072.18
31331JQ55	925,000.00	0.585	10/06/2014	2,807.12	0.00	928,969.79	0.00	925,092.50	925,092.50
10430	FHLB	130	01/06/2012	833.34	100,432.58	0.00	100,096.38	-100,432.58	0.00
313374BM1	0.00	0.000	10/27/2014	1,255.56	100,690.00	0.00	100,096.38	-100,690.00	0.00
10461	FHLB	130	09/18/2012	6,854.16	358,722.48	0.00	352,788.82	-358,722.48	0.00
3133XYRX5	0.00	0.000	12/22/2014	9,116.04	358,225.00	0.00	352,788.82	-358,225.00	0.00
10503	FHLMC	130	07/31/2014	37.50	0.00	50,012.10	0.00	50,052.45	50,052.45
3134G3W55	50,000.00	0.431	1/24/2015	0.00	0.00	50,012.10	0.00	50,171.88	50,171.88
10474	FFCB	130	02/01/2013	600.00	150,000.00	0.00	0.00	0.00	150,000.00
3133ECE91	150,000.00	0.400	02/01/2016	600.00	149,385.00	0.00	0.00	-15.00	149,370.00

Portfolio CITY

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2013 - September 30, 2014

Inv #	Cusip	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
		Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10502		FFCB	130	07/31/2014	66.67	0.00	100,000.00	0.00	100,000.00	100,000.00
3133ECE91		100,000.00	0.400	02/01/2016	0.00	0.00	100,000.00	0.00	99,580.00	99,580.00
10504		FFCB	130	07/31/2014	133.33	0.00	200,000.00	0.00	200,000.00	200,000.00
3133ECE91		200,000.00	0.400	02/01/2016	0.00	0.00	200,000.00	0.00	199,160.00	199,160.00
10497		FHLB	130	01/28/2014	759.38	0.00	250,070.00	0.00	250,047.91	250,047.91
313382K85		250,000.00	0.437	03/18/2016	718.75	0.00	250,070.00	0.00	250,150.00	250,150.00
10508		FHLB	130	08/01/2014	292.50	0.00	389,689.54	0.00	389,721.27	389,721.27
313382K85		390,000.00	0.499	03/18/2016	229.12	0.00	389,689.54	0.00	390,234.00	390,234.00
10515		FHLMC	130	09/01/2014	98.44	0.00	135,000.00	0.00	135,111.56	135,111.56
3134G4TD0		135,000.00	0.874	01/27/2017	0.00	0.00	135,000.00	0.00	134,706.56	134,706.56
10007		TXPOOL	130	10/01/2013	105.15	469,723.30	116.00	159,170.18	-159,054.18	310,669.12
SYS10007		310,669.12	0.033	/ /	116.00	469,723.30	116.00	159,170.18	-159,054.18	310,669.12
10021		NTHSTR	130	10/01/2013	1,354.17	195,501.76	365,670.69	286,000.11	79,670.58	275,172.34
SYS10021		275,172.34	0.350	/ /	0.00	195,501.76	365,670.69	286,000.11	79,670.58	275,172.34
10379		NTHSTR	130	10/01/2013	41.99	100,042.67	0.00	100,042.67	-100,042.67	0.00
SYS10379		0.00	0.510	/ /	0.00	100,042.67	0.00	100,042.67	-100,042.67	0.00
10443		FHLB	130	04/11/2012	17.99	185,001.71	0.00	185,000.00	-185,001.71	0.00
313378YL9		0.00	0.000	10/11/2013	323.75	185,018.50	0.00	185,000.00	-185,018.50	0.00
Sub Totals For: Fund: Economic Development										
					23,964.00	2,312,706.48	2,419,528.12	1,933,098.16	473,140.35	2,785,846.83
					23,728.84	2,313,233.73	2,419,528.12	1,933,098.16	471,072.67	2,784,306.40
Fund: Crime Control & Prev										
10323		NTHSTR	131	10/01/2013	577.84	136,646.96	47,576.40	26,525.59	21,050.81	157,697.77
SYS10322		157,697.77	0.139	/ /	0.00	136,646.96	47,576.40	26,525.59	21,050.81	157,697.77
Sub Totals For: Fund: Crime Control & Prev										
					577.84	136,646.96	47,576.40	26,525.59	21,050.81	157,697.77
					0.00	136,646.96	47,576.40	26,525.59	21,050.81	157,697.77

Fund: Street Maintenance S

Portfolio CITY

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10486	FHLMC	132	09/30/2013	675.00	150,295.56	0.00	0.00	-263.87	150,031.69
3134G3W55	150,000.00	0.431	11/24/2015	438.75	150,311.25	0.00	0.00	78.75	150,390.00
10475	FFCB	132	02/01/2013	400.00	200,000.00	0.00	200,000.00	-200,000.00	0.00
3133ECE91	0.00	0.000	02/01/2016	533.33	199,180.00	0.00	200,000.00	-199,180.00	0.00
10155	TXSTAR	132	10/01/2013	72.34	558,703.20	64.65	558,767.85	-558,703.20	0.00
SYS10155	0.00	0.030	/ /	64.65	558,703.20	64.65	558,767.85	-558,703.20	0.00
10331	NTHSTR	132	10/01/2013	609.75	206,765.91	95,657.81	100,000.00	-4,342.19	202,423.72
SYS10331	202,423.72	0.250	/ /	657.81	206,765.91	95,657.81	100,000.00	-4,342.19	202,423.72
10401	NTHSTR	132	10/01/2013	629.98	82,415.79	428,962.16	452,058.94	-23,096.78	59,319.01
SYS10042	59,319.01	0.139	/ /	0.00	82,415.79	428,962.16	452,058.94	-23,096.78	59,319.01
Sub Totals For: Fund: Street Maintenance S									
				2,387.07	1,198,180.46	524,684.62	1,310,826.79	-786,406.04	411,774.42
				1,694.54	1,197,376.15	524,684.62	1,310,826.79	-785,243.42	412,132.73
Fund: General Fund Capital									
10489	FFCB	193	09/30/2013	1,584.44	500,530.28	0.00	500,000.00	-500,530.28	0.00
3133ECBM5	0.00	0.000	01/07/2016	1,590.83	499,480.28	0.00	500,000.00	-499,480.28	0.00
10512	FHLMC	193	09/01/2014	375.00	0.00	999,763.41	0.00	1,000,352.78	1,000,352.78
3134G33R9	1,000,000.00	0.467	01/15/2016	0.00	0.00	999,763.41	0.00	1,001,475.00	1,001,475.00
10500	FHLB	193	03/28/2014	1,111.97	0.00	250,000.00	0.00	250,000.00	250,000.00
3133782N0	250,000.00	0.874	03/10/2017	984.37	0.00	250,000.00	0.00	249,675.00	249,675.00
10464	NTHSTR	193	10/01/2013	5,153.25	1,150,198.19	608,688.39	740,000.00	-131,311.61	1,018,886.58
SYS10464	1,018,886.58	0.250	/ /	5,442.62	1,150,198.19	608,688.39	740,000.00	-131,311.61	1,018,886.58
Sub Totals For: Fund: General Fund Capital									
				8,224.66	1,650,728.47	1,858,451.80	1,240,000.00	618,510.89	2,269,239.36
				8,017.82	1,649,678.47	1,858,451.80	1,240,000.00	620,358.11	2,270,036.58
Fund: Water/Wastewater Cap									
10465	NTHSTR	194	10/01/2013	1,574.94	359,356.26	151,625.77	0.00	151,625.77	510,982.03
SYS10465	510,982.03	0.250	/ /	1,625.77	359,356.26	151,625.77	0.00	151,625.77	510,982.03

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City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Market Value				Market Value
Sub Totals For: Fund: Water/Wastewater Cap									
				1,574.94	359,356.26	151,625.77	0.00	151,625.77	510,982.03
				1,625.77	359,356.26	151,625.77	0.00	151,625.77	510,982.03
Fund: General Debt Service									
10444	FHLB	200	04/11/2012	19.44	200,001.85	0.00	200,000.00	-200,001.85	0.00
313378YL9	0.00	0.000	10/11/2013	350.00	200,020.00	0.00	200,000.00	-200,020.00	0.00
10478	FFCB	200	03/01/2013	1,000.00	300,000.00	0.00	300,000.00	-300,000.00	0.00
3133ECE91	0.00	0.000	02/01/2016	1,200.00	298,770.00	0.00	300,000.00	-298,770.00	0.00
10514	FHLMC	200	09/01/2014	98.44	0.00	135,000.00	0.00	135,111.56	135,111.56
3134G4TD0	135,000.00	0.874	01/27/2017	0.00	0.00	135,000.00	0.00	134,706.56	134,706.56
10328	NTHSTR	200	10/01/2013	1,435.61	230,857.94	201,626.58	245,000.00	-43,373.42	187,484.52
SYS10328	187,484.52	0.250	/ /	1,583.91	230,857.94	201,626.58	245,000.00	-43,373.42	187,484.52
10017	TXSTAR	200	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10017	0.00	5.288	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: General Debt Service									
				2,553.49	730,859.79	336,626.58	745,000.00	-408,263.71	322,596.08
				3,133.91	729,647.94	336,626.58	745,000.00	-407,456.86	322,191.08
Fund: GF Vehicle & Equip									
10445	FHLB	300	04/11/2012	11.18	115,001.06	0.00	115,000.00	-115,001.06	0.00
313378YL9	0.00	0.000	10/11/2013	201.25	115,011.50	0.00	115,000.00	-115,011.50	0.00
10462	NTHSTR	300	10/01/2013	78.99	0.00	125,027.40	0.00	125,027.40	125,027.40
SYS10462	125,027.40	0.250	/ /	27.40	0.00	125,027.40	0.00	0.00	0.00
Sub Totals For: Fund: GF Vehicle & Equip									
				90.17	115,001.06	125,027.40	115,000.00	10,026.34	125,027.40
				228.65	115,011.50	125,027.40	115,000.00	-115,011.50	0.00
Fund: Fire Vehicle Replace									
10510	NTHSTR	301	09/01/2014	46.23	0.00	450,049.32	0.00	225,049.32	225,049.32
SYS10510	225,049.32	0.250	/ /	49.32	0.00	450,049.32	0.00	225,049.32	225,049.32

Portfolio CITY

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
Sub Totals For: Fund: Fire Vehicle Replace									
				46.23	0.00	450,049.32	0.00	225,049.32	225,049.32
				49.32	0.00	450,049.32	0.00	225,049.32	225,049.32
Fund: Utility Vehicle & Eq									
10487	FHLMC	310	09/30/2013	900.00	200,394.09	0.00	0.00	-351.83	200,042.26
3134G3W55	200,000.00	0.431	11/24/2015	585.00	200,415.00	0.00	0.00	105.00	200,520.00
10463	NTHSTR	310	10/01/2013	62.33	0.00	100,041.78	0.00	100,041.78	100,041.78
SYS10462	100,041.78	0.250	/ /	41.78	0.00	100,041.78	0.00	0.00	0.00
Sub Totals For: Fund: Utility Vehicle & Eq									
				962.33	200,394.09	100,041.78	0.00	99,689.95	300,084.04
				626.78	200,415.00	100,041.78	0.00	105.00	200,520.00
Fund: Utility Meter Replac									
10488	FFCB	311	09/30/2013	1,584.44	500,530.28	0.00	500,000.00	-500,530.28	0.00
3133ECBM5	0.00	0.000	01/07/2016	1,590.83	499,480.28	0.00	500,000.00	-499,480.28	0.00
10509	FHLMC	311	08/01/2014	750.00	0.00	500,000.00	0.00	500,012.50	500,012.50
3134G4SV1	500,000.00	0.899	01/30/2017	0.00	0.00	500,000.00	0.00	499,112.50	499,112.50
10511	NTHSTR	311	09/01/2014	35.96	0.00	350,038.36	0.00	175,038.36	175,038.36
SYS10511	175,038.36	0.250	/ /	38.36	0.00	350,038.36	0.00	175,038.36	175,038.36
Sub Totals For: Fund: Utility Meter Replac									
				2,370.40	500,530.28	850,038.36	500,000.00	174,520.58	675,050.86
				1,629.19	499,480.28	850,038.36	500,000.00	174,670.58	674,150.86
Fund: Water Impact Fees									
10485	FHLMC	610	09/30/2013	450.00	100,197.05	0.00	0.00	-175.92	100,021.13
3134G3W55	100,000.00	0.431	11/24/2015	292.50	100,207.50	0.00	0.00	52.50	100,260.00
10052	TXSTAR	610	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10013	0.00	0.209	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Water Impact Fees									
				450.00	100,197.05	0.00	0.00	-175.92	100,021.13
				292.50	100,207.50	0.00	0.00	52.50	100,260.00
Fund: Wastewater Impact Fe									

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10315	TXSTAR	611	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10315	0.00	0.209	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Wastewater Impact Fe									
Fund: Roadway Impact Fees									
10484	FNMA	630	09/30/2013	43.75	201,075.00	0.00	200,000.00	-201,075.00	0.00
31398A4H2	0.00	0.000	10/08/2013	50.00	201,115.00	0.00	200,000.00	-201,115.00	0.00
10516	FHLMC	630	09/01/2014	58.33	0.00	80,000.00	0.00	80,066.11	80,066.11
3134G4TD0	80,000.00	0.874	01/27/2017	0.00	0.00	80,000.00	0.00	79,826.11	79,826.11
10301	TXSTAR	630	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10301	0.00	0.209	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Roadway Impact Fees									
Fund: Street Escrow									
10329	NTHSTR	699	10/01/2013	1,136.15	361,397.14	1,244.02	125,000.00	-123,755.98	237,641.16
SYS10329	237,641.16	0.250	/ /	1,244.02	361,397.14	1,244.02	125,000.00	-123,755.98	237,641.16
10019	TXPOOL	699	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10019	0.00	4.928	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Street Escrow									
Fund: Street 2007 CO									
10506	FHLB	703	08/01/2014	1,370.84	0.00	352,788.82	0.00	352,493.13	352,493.13
3133XYRX5	350,000.00	0.312	12/22/2014	0.00	0.00	352,788.82	0.00	352,606.04	352,606.04
10517	FHLMC	703	09/01/2014	171.36	0.00	235,000.00	0.00	235,194.20	235,194.20
3134G4TD0	235,000.00	0.874	01/27/2017	0.00	0.00	235,000.00	0.00	234,489.20	234,489.20

Portfolio CITY

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10064	TXPOOL	703	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10009	0.00	0.131	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10138	TXSTAR	703	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10138	0.00	0.132	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10330	NTHSTR	703	10/01/2013	70.88	0.00	100,019.86	100,019.86	0.00	0.00
SYS10330	0.00	0.250	/ /	19.86	0.00	100,019.86	100,019.86	0.00	0.00
Sub Totals For: Fund: Street 2007 CO					1,613.08	687,808.68	100,019.86	587,687.33	587,687.33
Fund: Tech 2007 CO									
10380	NTHSTR	704	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10380	0.00	0.613	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10065	TXPOOL	704	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS100099	0.00	2.246	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10139	TXSTAR	704	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10139	0.00	0.145	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Tech 2007 CO					0.00	0.00	0.00	0.00	0.00
Fund: Fire 2010 CO									
10490	FHLMC	705	09/30/2013	187.50	50,098.52	0.00	50,012.10	-50,098.52	0.00
3134G3W55	0.00	0.000	11/24/2015	188.13	50,103.75	0.00	50,012.10	-50,103.75	0.00
10370	NTHSTR	705	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10370	0.00	0.510	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Fire 2010 CO					187.50	50,098.52	50,012.10	-50,098.52	0.00
Fund: Water 2007 CO					188.13	50,103.75	50,012.10	-50,103.75	0.00

Portfolio CITY

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10482	FNMA	800	06/30/2013	187.50	499,805.66	0.00	499,812.62	-499,805.66	0.00
3135G0TZ6	0.00	0.000	01/29/2016	575.00	498,650.00	0.00	499,812.62	-498,650.00	0.00
10066	TXPOOL	800	10/01/2013	46.05	0.00	413,225.65	0.00	413,225.65	413,225.65
SYS10009	413,225.65	0.033	/ /	11.30	0.00	413,225.65	0.00	0.00	0.00
10135	TXSTAR	800	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10135	0.00	0.103	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10333	NTHSTR	800	10/01/2013	1,945.03	201,275.63	503,107.79	503,245.77	-137.98	201,137.65
SYS10333	201,137.65	0.250	/ /	2,014.22	201,275.63	503,107.79	503,245.77	-137.98	201,137.65
Sub Totals For: Fund: Water 2007 CO									
				2,178.58	701,081.29	916,333.44	1,003,058.39	-86,717.99	614,363.30
				2,600.52	699,925.63	916,333.44	1,003,058.39	-498,787.98	201,137.65
Fund: Wastewater 2007 CO									
10395	FHLB	801	03/15/2011	531.67	550,000.00	0.00	550,000.00	-550,000.00	0.00
313372VR2	0.00	0.000	12/30/2013	2,200.00	551,430.00	0.00	550,000.00	-551,430.00	0.00
10067	TXPOOL	801	10/01/2013	121.37	413,086.51	127.84	413,214.35	-413,086.51	0.00
SYS10009	0.00	0.035	/ /	127.84	413,086.51	127.84	413,214.35	-413,086.51	0.00
10136	TXSTAR	801	10/01/2013	0.01	8,694.11	0.01	8,693.83	-8,693.82	0.29
SYS10136	0.29	0.031	/ /	0.01	8,694.11	0.01	8,693.83	-8,693.82	0.29
10334	NTHSTR	801	10/01/2013	1,018.51	50,021.33	301,052.38	351,073.71	-50,021.33	0.00
SYS10334	0.00	0.250	/ /	1,052.38	50,021.33	301,052.38	351,073.71	-50,021.33	0.00
Sub Totals For: Fund: Wastewater 2007 CO									
				1,671.56	1,021,801.95	301,180.23	1,322,981.89	-1,021,801.66	0.29
				3,380.23	1,023,231.95	301,180.23	1,322,981.89	-1,023,231.66	0.29
Fund: Drainage 2007 CO									
10505	FHLB	802	08/01/2014	166.66	0.00	100,096.38	0.00	100,284.70	100,284.70
313374BM1	100,000.00	0.594	10/27/2014	0.00	0.00	100,096.38	0.00	100,325.56	100,325.56
10518	FHLMC	802	09/01/2014	51.04	0.00	70,000.00	0.00	70,057.85	70,057.85
3134G4TD0	70,000.00	0.874	01/27/2017	0.00	0.00	70,000.00	0.00	69,847.85	69,847.85

Portfolio CITY

City of Corinth portfolio
 Texas Compliance Change in Val Report
 October 1, 2013 - September 30, 2014

Inv #	Issuer	Fund	Purch Date	Interest Accrued	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10137	TXSTAR	802	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10137	0.00	0.090	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10458	NTHSTR	802	10/01/2013	620.77	150,574.36	654.98	0.00	654.98	151,229.34
SYS10458	151,229.34	0.250	/ /	654.98	150,574.36	654.98	0.00	654.98	151,229.34
10068	TXPOOL	802	10/01/2013	0.00	0.00	0.00	0.00	0.00	0.00
SYS10009	0.00	2.972	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Drainage 2007 CO									
				838.47	150,574.36	170,751.36	0.00	170,997.53	321,571.89
				654.98	150,574.36	170,751.36	0.00	170,828.39	321,402.75
Report Grand Totals:									
				111,600.26	20,435,490.83	19,597,967.73	20,814,859.76	-1,648,780.48	18,786,710.35
				107,948.83	20,431,255.42	19,597,967.73	20,814,859.76	-2,930,611.51	17,500,643.91

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2014



APPENDIX B

First Southwest Portfolio Assessment



CITY OF CORINTH
ANNUAL INVESTMENT REVIEW
For Year Ending: September 30, 2014

Fund Groups Included: Consolidated, Economic Development, Street Maintenance Tax, and Crime Control and Prevention

Documents Necessary for Completion of Review:

- ✓ Annual Investment Report (Qtr)
- ✓ Quarterly Investment Reports
- ✓ Sympro Portfolio Management Reports
- ✓ Collateral Confirmation Reports

Policy Requirements:

- ✓ Unless matched to a specific cash flow, the City may not invest in a security maturing more than three (3) years from the date of purchase.
- ✓ The entire City portfolio, or single pooled fund group if utilized, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred and sixty-five (365) days.
- ✓ Portfolio Limitations: U.S. Treasuries-100%; U.S. Agencies-100%; Investment Pools (per pool)-50%; Repurchase Agreements-25%; CD's-50%, Money Market Funds (per fund)-50%; Local Government Obligations-10%; Treasury and Agency Callables 30%.
- ✓ All deposits (including CD's and Repurchase Agreements) shall be secured by pledged collateral with market value no less than 102% of the principal plus accrued interest less an amount insured by FDIC.
- ✓ Collateral will be reviewed monthly to ensure the market value of the securities pledged exceeds investments.
- ✓ The City may not invest in any single money market fund, a dollar amount that exceeds 10% of the total assets of that fund.
- ✓ Business with any single security type or any one financial institution may not exceed 40%.

Report Mechanics:

- ✓ Par, Cost, Book, and Market Value = amounts on the Sympro Portfolio Report.
- ✓ Security prices checked and reasonable.

- ✓ Percentage of Market Value to Book Value looks reasonable.
- ✓ Summary totals agree to totals of Reconciliation.
- ✓ WAM looks reasonable according to Sales & Purchases, Fund Type, & Policy.
- ✓ Change to Market Value and WAM agree to Quarterly reconciliation change to value + Sales and Purchases Change.
- ✓ Review and question any major changes in Change to Market Value or WAM on Book and Market Report.
- ✓ Check ending totals and WAM to Sympro Report.
- ✓ Review Purchases and Sales for compliance with Policy.
- ✓ All securities are recorded in proper categories.
- ✓ Randomly agree beginning book/market to ending prior quarter.
- ✓ Review concentration of broker transactions.
- ✓ Sign Page 1 and return the original to Lee Ann Bunselmeyer.

Signature Redacted

Scott McIntyre, CFA
Senior Vice President



City of Corinth, Texas
Portfolio Assessment
Quarter Ending September 30, 2014

After careful review of the City portfolios, the following observations were made:

- Consolidated Portfolio
 - Yield-to-Maturity is 0.40%
 - WAM is 263 days
 - Percentage Liquid - 60%
 - Percent Callable - 23.4%

City investment portfolios are benefiting from *an exceptional depository bank rate*, as well as active investing. As a result, all portfolios are performing above market levels. The Fed is not expected to raise short-term rates until mid- to late-2015.

- Operating Funds
 - Yield-to-Maturity is 0.40%
 - WAM is 268 days
 - Percentage Liquid - 61%
 - Percent Callable - 23.5%
- Eco Development
 - Yield-to-Maturity is 0.46%
 - WAM is 252 days
 - Percentage Liquid - 21%
 - Percent Callable - 5%
- Crime Control
 - Yield-to-Maturity is 0.14%
 - WAM is 1 day
 - Percentage Liquid - 100%
 - Percent Callable - 0%
- Street Maintenance Tax
 - Yield-to-Maturity is 0.30%
 - WAM is 153 days
 - Percentage Liquid - 64%
 - Percent Callable - 0%

Signature Redacted

Scott D. McIntyre, CFA
Senior Vice President

10/27/14

Date



City of Corinth, Texas
Portfolio Exceptions
Quarter Ending September 30, 2014

Fund Groups Included: Consolidated, Eco Development, and Crime Control

The following exception(s) were noted during our review of the above-captioned investment report:

There were no exceptions noted.



Scott D. McIntyre, CFA
Senior Vice President
FirstSouthwest Asset Management, Inc.

10/27/14

Date

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2014



APPENDIX C

Glossary

Glossary

Accrued Interest - In the sale of a new issue of municipal bonds, the dollar amount, based on the stated rate or rates of interest, which has accrued on the bonds from the dated date, or other stated date, up to but not including the date of delivery. When a bond is purchased in the secondary market, the dollar amount, based upon the stated rate of interest, which has accrued on the bond from the most recent interest payment date, up to but not including the date of settlement. Accrued interest is paid to the seller by the purchaser and is usually calculated on a 360-day-year basis (assumes each month has 30 days).

Agencies – Federal agency securities.

Arbitrage – Generally, transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a difference in prices in the two markets. With respect to the issuance of municipal bonds, arbitrage usually refers to the difference between the interest paid on the bonds issued and the interest earned by investing the bond proceeds in other securities. Arbitrage profits are permitted on bond proceeds for various temporary periods after issuance of municipal bonds. Internal Revenue Service regulations govern arbitrage of municipal bond proceeds.

Asked – The price at which securities are offered.

Bankers' Acceptance (BA) – A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Bearer Bond – Bond which is presumed to be owned by the person who holds it. The Tax Equity and Fiscal Responsibility Act of 1982 requires the issuance of municipal bonds in fully registered form, with minor exceptions.

Bid – The price offered by a buyer of securities. (When you are selling securities, you ask for a bid).

Book Value – The original acquisition cost of an investment plus or minus the accrued amortization or accretion.

Broker – A broker brings buyers and sellers together for a commission.

Callable Bond – a bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price – The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk – The risk to a bondholder that a bond may be redeemed prior to maturity.

Capital Appreciation Bond – Long-term tax exempt security sold at a large discount. Yield is reinvested at a stated rate until maturity at which time the investor receives total payment. Latter represents both principal and interest.

Certificate of Deposit (CD) – A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

Collateral – Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper (tax-exempt) – Short-term, unsecured promissory notes issued in either registered or bearer form, and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30 – 45 days.

Comprehensive Annual Financial Report (CAFR) – The official annual report for the City of Denton. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance related to legal and contractual provision, extensive introductory material, and a detailed Statistical Section.

Coupon – (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Current Yield – The ratio of the annual dollar amount of interest to the purchase price of a bond, stated as a percentage. For example, a \$1,000 bond purchased at par with an 8% coupon pays \$80 per year, or a current yield of 8%. The same bond, if purchased at a discounted price of \$800, would have a current yield of 10%.

Dated Date – The date of a bond issue, printed on each bond, from which interest usually starts to accrue, even though the bonds may actually be delivered at some later date.

Dealer – A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture – A bond secured only by the general credit of the issuer.

Delivery Date – Date on which the bonds are physically delivered in exchange for the payment of the purchase price. The date of issuance is the same date as the delivery date.

Delivery Versus Payment – There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount – The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities – Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

Diversification – Dividing investment funds among a variety of securities offering independent returns.

Federal Credit Agencies – Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S & L's small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC) – A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

Federal Funds Rate – The rate of interest at which federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB) – The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

Federal National Mortgage Association (FNMA) – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC) – Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System – The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

Fiscal Year – A twelve-month period which determines the time frame for financial reporting, budgeting, and accounting. At the end of the fiscal year, financial position and results of operations are determined.

Government National Mortgage Association (GNMA or Ginnie Mae) – Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term “pass throughs” is often used to describe Ginnie Maes.

Interest – Compensation for the use of borrowed money, generally expressed as an annual percentage of the principal amount.

Liquidity – Usually refers to the ability to convert assets (such as investments) into cash.

Market Value – The Current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

Master Repurchase Agreement – A written contract covering all future transactions between the parties to repurchase – reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity – The date upon which the principal of a municipal bond becomes due and payable to the bondholder.

Money Market – The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Note – A written, short-term promise of the issuer to repay a specified principal amount on a certain date, together with interest at a stated rate, or according to a formula for determining that rate, payable from a defined source of anticipated revenue. Notes usually mature in less than five years.

Offer – The price asked by a seller of securities. (When you are buying securities, you ask for an offer.)

Open Market Operations – Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves in the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Original Issue Discount – An amount which represents the difference by which par value exceeds the public offering price of a new issue or part of an issue of municipal bonds. Original issue discount is amortized over the life of the bonds and is generally treated as tax-exempt interest. When the investor sells the bonds before maturity, any profit or loss realized on such sale is figured on the adjusted cost basis for tax purposes. The adjusted cost basis is calculated for each year the bonds are outstanding by adding the accretion value to the original offering price. The accretion value is determined by the rules and regulations of the Internal Revenue Service. Selling the bonds at a price in excess of the adjusted cost basis would result in a taxable gain for the seller, while a selling price below that level would be treated as a loss for income tax purposes.

Par Value – In the case of bonds, the amount of principal which must be paid at maturity. Par value is also referred to as the face amount of a security.

Pooled Fund Group – An internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

Portfolio – Collection of securities held by an investor.

Premium – The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

Primary Dealer – A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) – registered securities broker-dealers, banks, and a few unregulated firms.

Primary Market – The market for new issues of municipal securities.

Principal – The face amount or par value of a bond or issue of bonds payable on stated dates of maturity.

Prudent Person Rule – An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal

list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Qualified Public Depositories – A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Qualified Representative – A Person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

- (a) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;
- (b) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or
- (c) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool.

Rate of Return – The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

Ratings – Evaluations of the credit quality of notes and bonds usually made by independent rating services, although many financial institutions also rate bonds for their own purposes. Ratings generally measure the probability of the timely repayment of principal of and interest on municipal bonds. Ratings are initially made before issuance and are continuously reviewed and may be amended to reflect changes in the issuer's credit position. The information required by the rating agencies varies with each bond issue, but generally includes demographics, debt burden, economic base, finances, and management structure. The information is evaluated and the issue is assigned a letter rating which reflects the creditworthiness of the bonds. The higher the credit rating, the more favorable the effect on the marketability of the bond.

Repurchase Agreement - A simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

Safekeeping – A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market – A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission or SEC – The federal agency responsible for supervising and regulating the securities industry. Generally, municipal securities are exempt from the SEC's registration and reporting requirements. However, the SEC has responsibility for the approval of Municipal Securities Rulemaking Board rules, and has jurisdiction, pursuant to SEC Rule 10b-5, over fraud in the sale of municipal securities.

Security – Generally, evidence of debt or equity in a common enterprise in which a person invests in the expectation of earning income. The term includes notes, stocks, bonds, debentures, mortgages, and other forms of negotiable and non-negotiable evidences of indebtedness or ownership. Unless exempted, as are municipal bonds, securities transactions are subject to federal and state regulation.

Separately Invested Asset – An account or fund of a state agency or local government that is not invested in a pooled fund group.

Treasury Securities – Debt obligations of the United States Government sold by the Treasury Department in the forms of bills, notes, and bonds.

Bills – Short-term obligations which mature in one year or less, and are sold at a discount in lieu of paying periodic interest.

Notes – Interest bearing obligations which mature between one year and 10 years.

Bonds – Interest bearing long-term obligations which generally mature in 10 years or more.

Yield Curve – A graph which plots the yields on securities with equivalent quality but different maturities, at a given point in time. The vertical axis represents the interest rates, while the horizontal axis depicts the years to maturity. The term structure of interest rates, as reflected by the yield curve, will vary according to market conditions, resulting in a variety of yield curve configurations.

Normal or Positive Yield Curve – Indicates that short-term securities have a lower interest rate than long-term securities.

Inverted or Negative Yield Curve – Reflects the situation of short-term rates exceeding long-term rates.

Flat Yield Curve – Reflects the situation when short and long-term rates are the same.

Humpback Yield Curve – An unusual shape, indicating that rates are rising in the early years, peaking in the middle years and declining in later years.

Yield to Maturity – The rate of return to the investor earned from payments of principal and interest, with interest compounded semiannually and assuming that interest paid is reinvested at the same rate. Yield to maturity takes into account the time value of the investment.

Zero Coupon Bond – A bond which pays no interest, but is issued at a deep discount from par, appreciating to its full value at maturity.