

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

*For Fiscal Year Ended September 30, 2015*



Lee Ann Bunselmeyer  
*Acting City Manager*

Caryn Riggs  
*Assistant Director of Finance*

Prepared By:  
Chris Rodriguez  
*Financial Services Manager*



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November 17, 2015

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 January 15, 2015, 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 are 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. 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 a two year period 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. Each fund is invested separately as long as it maintains a sufficient fund balance. 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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Caryn Riggs  
Assistant Director of Finance

Signature Redacted

Chris Rodriguez  
Financial Services Manager

**CITY OF CORINTH**  
**ANNUAL INVESTMENT REPORT**  
*For Period Ending September 30, 2015*

Security Type	Par Value	Book Value	Market Value	% of Mkt to Book
U. S. Federal Agency-Coupon	\$ 3,350,000	\$ 3,349,046	\$ 3,358,490	100.28%
U.S. Federal Agency -Callable	2,845,000	2,844,950	2,849,959	100.18%
Managed Pools	908,351	908,351	908,351	100.00%
Money Market	3,639,171	3,639,171	3,639,171	100.00%
Bank Cash	2,751,925	2,751,925	2,751,925	100.00%
	<u>\$ 13,494,447</u>	<u>\$ 13,493,443</u>	<u>\$ 13,507,896</u>	<u>100.11%</u>

**PORTFOLIO SUMMARY REPORT**

Beginning Par Value as of 9/30/2014	\$ 15,430,342
Beginning Book Value as of 9/30/2014	\$ 15,431,391
Beginning Market Value as of 9/30/2014	\$ 15,425,483
WAM at Beginning Date (Days)	263
Ending Par Value as of 9/30/2015	\$ 13,494,447
Ending Book Value as of 9/30/2015	\$ 13,493,443
Ending Market Value as of 9/30/2015	\$ 13,507,896
WAM at Ending Date (Days)	217
Change to Market Value <sup>(1)</sup>	\$ (1,917,587)

<sup>(1)</sup> The decrease in the Change to Market Value is due to the budgeted use of fund balance for the Debt Service Funds, budgeted use of General Fund balance for the Public Safety Communications upgrade and the expenditure of funds for the 1.5 MG ground storage tank, Shady Rest Lane and Tower Ridge.

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.

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Caryn Riggs  
Assistant Director of Finance

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Chris Rodriguez  
Financial Services Manager

Signature Redacted

Scott McIntyre, First Southwest Asset Management

## INVESTMENT STRATEGIES COMPLIANCE REPORT

For Period Ending September 30, 2015

### 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 9/30/2014	\$	13,167,444
Beginning Market Value as of 9/30/2014	\$	13,162,703
WAM at Beginning Date (Days)		268
Ending Book Value as of 9/30/2015	\$	12,304,220
Ending Market Value as of 9/30/2015	\$	12,318,327
Unrealized Gain/(Loss)	\$	14,107
Change to Market Value <sup>(1)</sup>	\$	(844,376)
WAM at Ending Date (Days)		230
WAM Policy Benchmark $\leq$		270

<sup>(1)</sup> The decrease in the Change to Market Value for the Operating Funds is due to the budgeted use of fund balance for the Public Safety Communications upgrade and Tower Ridge.

### 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 9/30/2014	\$	322,596
Beginning Market Value as of 9/30/2014	\$	322,191
WAM at Beginning Date (Days)		356
Ending Book Value as of 9/30/2015	\$	198,534
Ending Market Value as of 9/30/2015	\$	198,534
Unrealized Gain/(Loss)	\$	-
Change to Market Value <sup>(2)</sup>	\$	(123,657)
WAM at Ending Date (Days)		1
WAM Policy Benchmark $\leq$		365

<sup>(2)</sup> The Change to Market Value decrease in the reserve fund is due to the budgeted use of fund balance towards the annual debt service payments.

## INVESTMENT STRATEGIES COMPLIANCE REPORT

For Period Ending September 30, 2015

### 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 9/30/2014	\$	1,523,623
Beginning Market Value as of 9/30/2014	\$	1,522,862
WAM at Beginning Date (Days)		191
Ending Book Value as of 9/30/2015	\$	552,319
Ending Market Value as of 9/30/2015	\$	552,319
Unrealized Gain/(Loss)	\$	-
Change to Market Value <sup>(1)</sup>	\$	(970,543)
WAM at Ending Date (Days)		1
WAM Policy Benchmark $\leq$		365

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

### SPECIAL REVENUE FUNDS

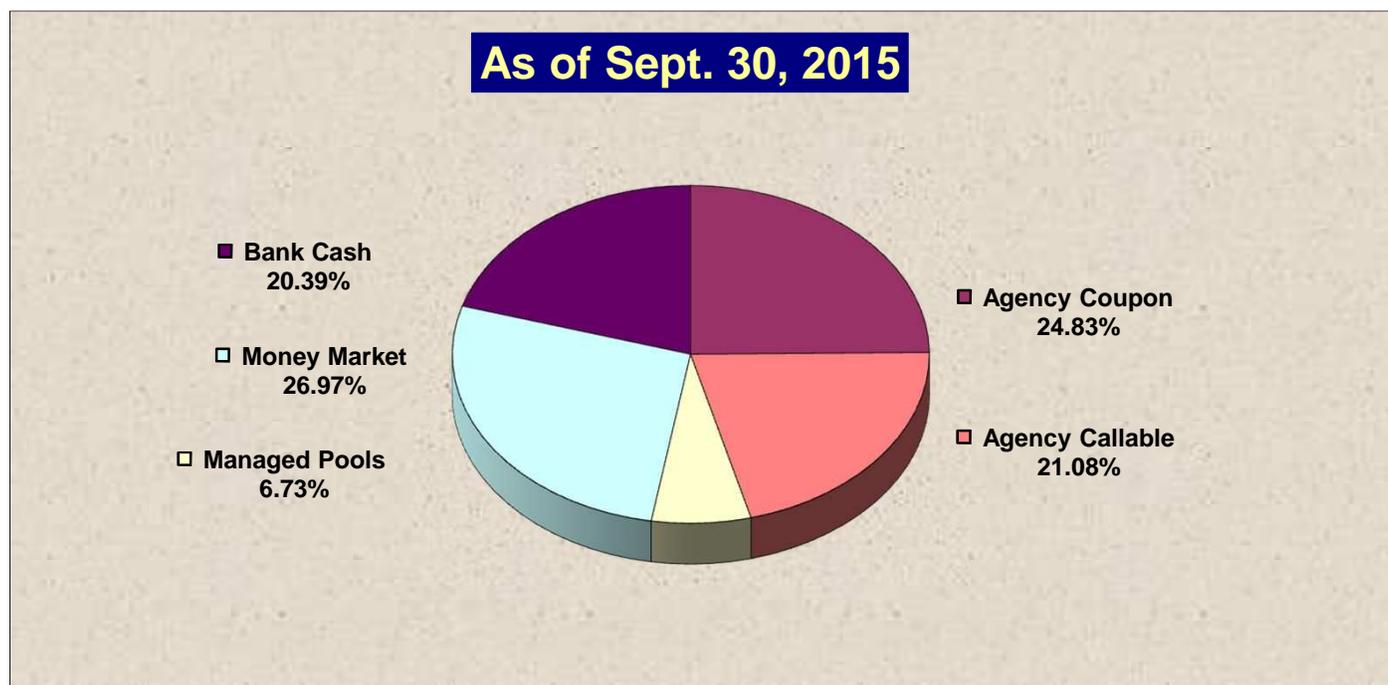
Investment strategies for construction projects or special revenue fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility 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 9/30/2014	\$	417,728
Beginning Market Value as of 9/30/2014	\$	417,727
WAM at Beginning Date (Days)		264
Ending Book Value as of 9/30/2015	\$	438,371
Ending Market Value as of 9/30/2015	\$	438,717
Unrealized Gain/(Loss)	\$	346
Change to Market Value <sup>(2)</sup>	\$	20,990
WAM at Ending Date (Days)		213
WAM Policy Benchmark $\leq$		270

<sup>(2)</sup> No significant change.

**ANNUAL INVESTMENT REPORT**  
**Portfolio Summary By Market Sector**

Market Sector	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
U.S. Federal Agency -Coupon	\$ 2,350,000	\$ 3,350,000	\$ 3,350,000	\$ 3,350,000
U.S. Federal Agency-Callable	2,630,000	4,130,000	2,845,000	2,845,000
Managed Pools	2,320,583	2,821,023	1,408,060	908,351
Money Market	5,987,319	5,991,011	6,210,577	3,639,171
Bank Cash	6,313,322	1,284,474	1,964,569	2,751,925
<b>Total Par Value:</b>	<b>\$ 19,601,224</b>	<b>\$ 17,576,508</b>	<b>\$ 15,778,206</b>	<b>\$ 13,494,447</b>



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.

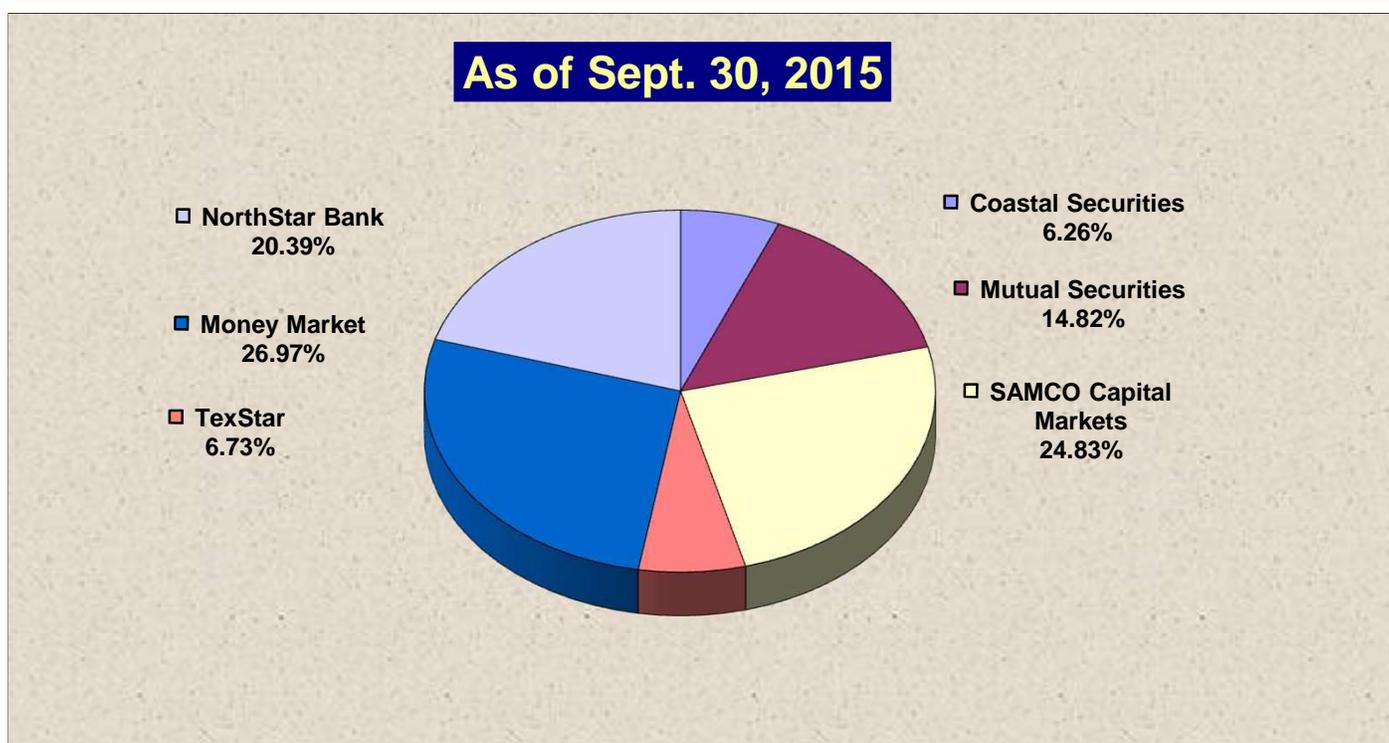
Performance Indicators	Policy Benchmark	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Average Yield to Maturity		0.302%	0.470%	0.443%	0.491%
$\geq$ Policy Benchmark-(Six Month T-Bill)		0.096%	0.105%	0.078%	0.173%
Callable Securities $\leq$	30.00%	13.42%	23.50%	18.03%	21.08%
Investment By Type $\leq$					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	25.40%	42.55%	39.27%	45.91%
Certificates of Deposit	100.00%	0.00%	0.00%	0.00%	0.00%
Managed Pools	50.00%	11.84%	16.05%	8.92%	6.73%
Money Market	100.00%	30.55%	34.09%	39.36%	26.97%
Cash	100.00%	32.21%	7.31%	12.45%	20.39%

**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, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
<b>Broker/Dealer</b>				
Coastal Securities	\$ 1,130,000	\$ 2,130,000	\$ 845,000	\$ 845,000
Mutual Securities	1,500,000	2,000,000	2,000,000	2,000,000
SAMCO Capital Markets	<b>2,350,000</b>	<b>3,350,000</b>	<b>3,350,000</b>	<b>3,350,000</b>
Total Broker/Dealer	<u>\$ 4,980,000</u>	<u>\$ 7,480,000</u>	<u>\$ 6,195,000</u>	<u>\$ 6,195,000</u>
<b>Managed Pools/ Depository Bank</b>				
TexPool	\$ 413,259	\$ 413,307	\$ -	\$ -
TexStar	1,907,324	2,407,716	1,408,060	908,352
Money Market	5,987,319	5,991,011	6,210,577	3,639,171
NorthStar Bank	6,313,322	1,284,474	1,964,569	2,751,925
Total Managed Pools/Depository Bank	<u>\$ 14,621,224</u>	<u>\$ 10,096,508</u>	<u>\$ 9,583,206</u>	<u>\$ 7,299,447</u>
Total Par Value:	<u><u>\$ 19,601,224</u></u>	<u><u>\$ 17,576,508</u></u>	<u><u>\$ 15,778,206</u></u>	<u><u>\$ 13,494,447</u></u>

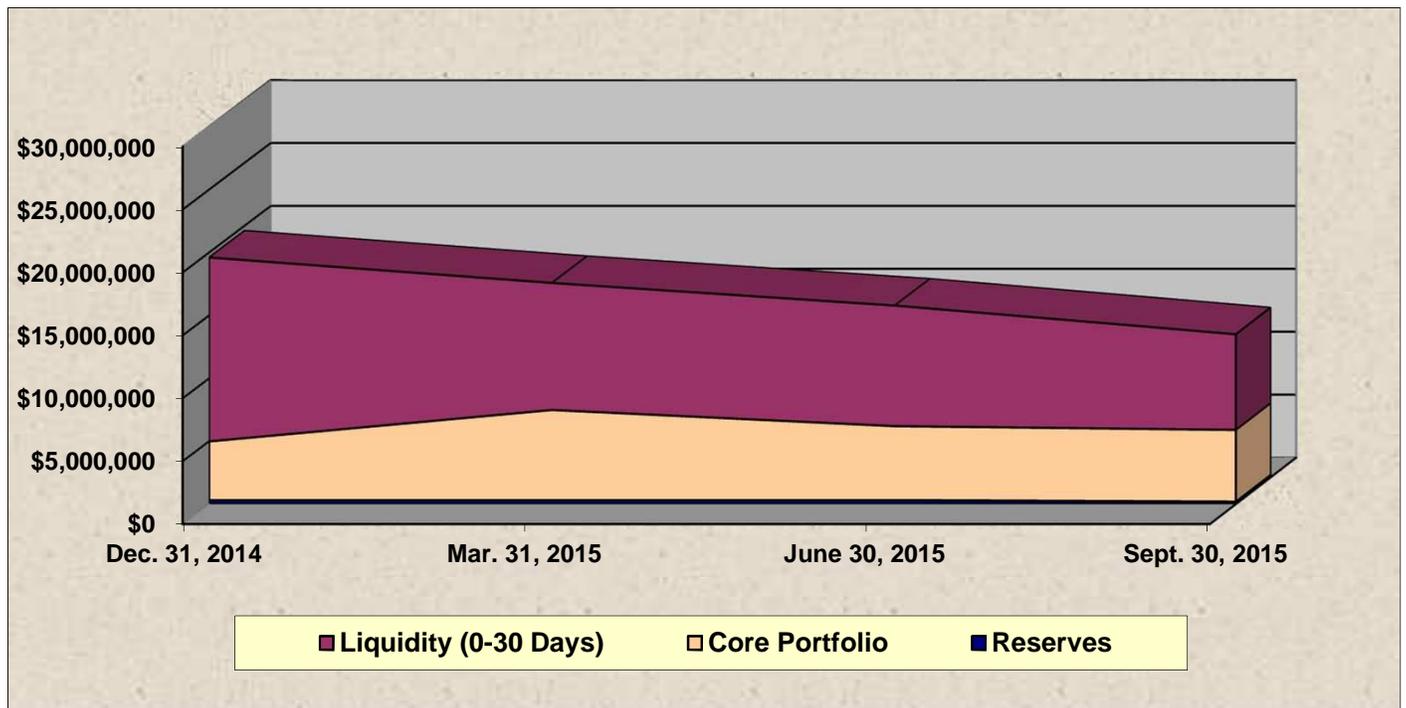


To guard against default possibilities, and to promote diversification of bidders, business with any one issuer, or investment broker, is limited to forty (40%) percent of the total portfolio at any point in time. As shown in the table below, the portfolio adhered to this provision throughout the quarter.

Performance Indicators	Policy Benchmark	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Highest Broker Percent ≤	40.00%	11.99%	19.06%	21.23%	24.83%

**ANNUAL INVESTMENT REPORT**  
**Portfolio Summary By Maturity**

Maturity Time Frame	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
0-30 Days	\$ 14,621,224	\$ 10,096,508	\$ 9,583,206	\$ 7,599,447
31-90 Days	-	-	-	-
91-180 Days	-	-	300,000	1,300,000
181-270 Days	-	300,000	1,300,000	-
271-360 Days	300,000	1,300,000	-	-
361-450 Days	1,300,000	-	-	500,000
451-540 Days	-	-	500,000	2,095,000
541 Days & Over	3,380,000	5,880,000	4,095,000	2,000,000
	<u>\$ 19,601,224</u>	<u>\$ 17,576,508</u>	<u>\$ 15,778,206</u>	<u>\$ 13,494,447</u>



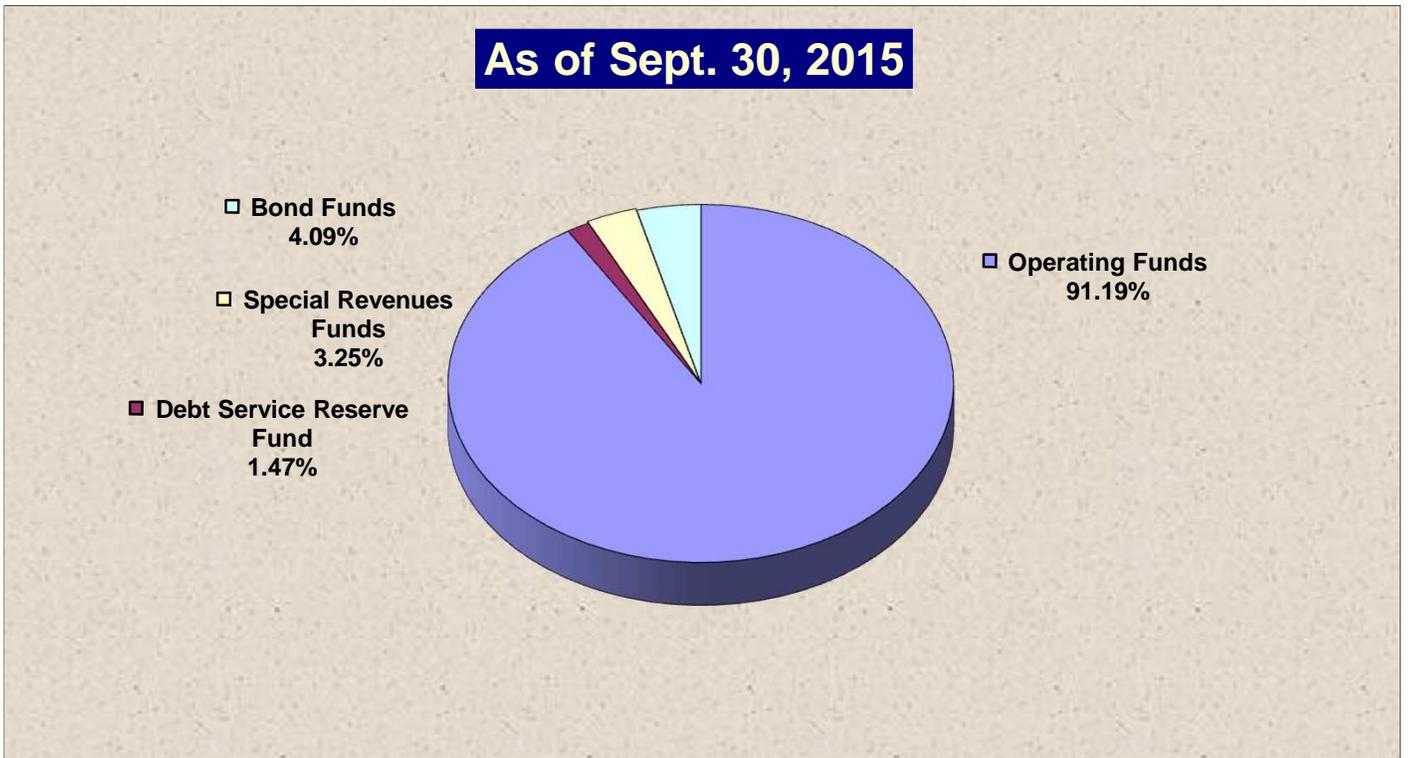
The risk of market price volatility is minimized through maturity diversification. The maturities on our investments are staggered over a series of three-month increments to provide cash flow based on the anticipated needs of the City. Liquidity is achieved by matching investment maturities with forecasted 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, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Weighted Avg. Maturity ≤	365 Days	160	303	222	217
Maturities ≤30 days ≥	5.00%	74.59%	57.44%	60.74%	56.32%

**Note:** The portfolio is within the benchmark limits for the Weighted Average Maturity and liquidity is at 56% at the end of the fiscal year.

**ANNUAL INVESTMENT REPORT**  
**Portfolio Summary By Fund Type**

<b>Fund Type</b>	<b>Dec. 31, 2014</b>	<b>Mar. 31, 2015</b>	<b>June 30, 2015</b>	<b>Sept. 30, 2015</b>
Operating Funds	\$ 18,406,271	\$ 15,981,049	\$ 14,664,977	\$ 12,305,558
Debt Service Reserve Fund	322,602	322,718	323,366	198,534
Special Revenues Funds	237,767	237,852	237,938	438,037
Bond Funds	634,584	1,034,889	551,925	552,319
	<u>\$ 19,601,224</u>	<u>\$ 17,576,508</u>	<u>\$ 15,778,206</u>	<u>\$ 13,494,447</u>



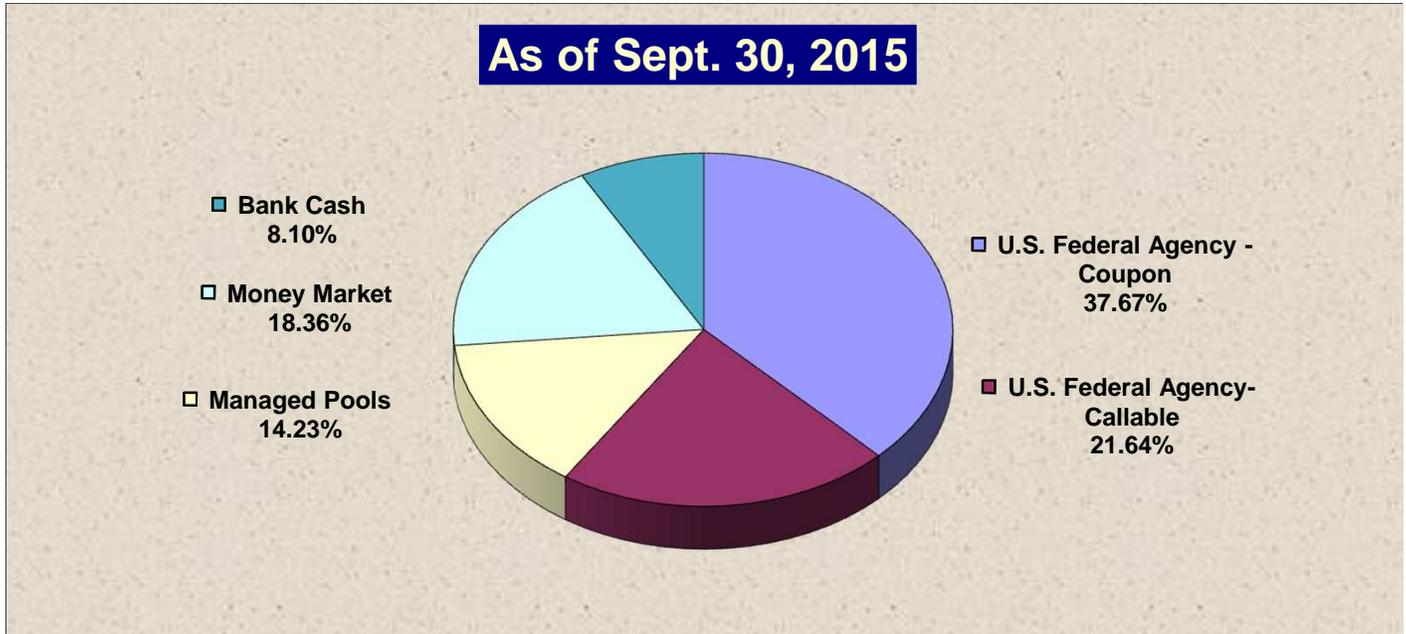
As shown in the graph above, the investments in the portfolio are distributed by fund type. Preservation and safety of principal of these investments is the most important strategy. All investments shall be high quality securities with no perceived default risk. Market fluctuations will occur; however,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

<b>Performance Indicators</b>	<b>Policy</b>				
	<b>Benchmark</b>	<b>Dec. 31, 2014</b>	<b>Mar. 31, 2015</b>	<b>June 30, 2015</b>	<b>Sept. 30, 2015</b>
WAM by Fund ≤					
Operating Funds	270 Days	160	323	238	230
Debt Service Reserve Funds	365 Days	318	280	1	1
Special Revenue Funds	270 Days	138	100	62	213
Bond Funds	365 Days	84	46	1	1

**Note:** The Weighted Average Maturity for all Funds are below the policy benchmark as of September 30, 2015.

**ANNUAL INVESTMENT REPORT**  
Economic Development Corporation

Market Sector	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
U.S. Federal Agency -Coupon	\$ 1,140,000	\$ 1,140,000	\$ 1,140,000	\$ 1,140,000
U.S. Federal Agency-Callable	370,000	370,000	655,000	655,000
Managed Pools	310,694	310,730	310,773	430,830
Money Market	690,259	690,712	555,311	555,708
Bank Cash	113,244	187,956	204,946	245,221
<b>Total Par Value:</b>	<b>\$ 2,624,197</b>	<b>\$ 2,699,398</b>	<b>\$ 2,866,030</b>	<b>\$ 3,026,759</b>



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.

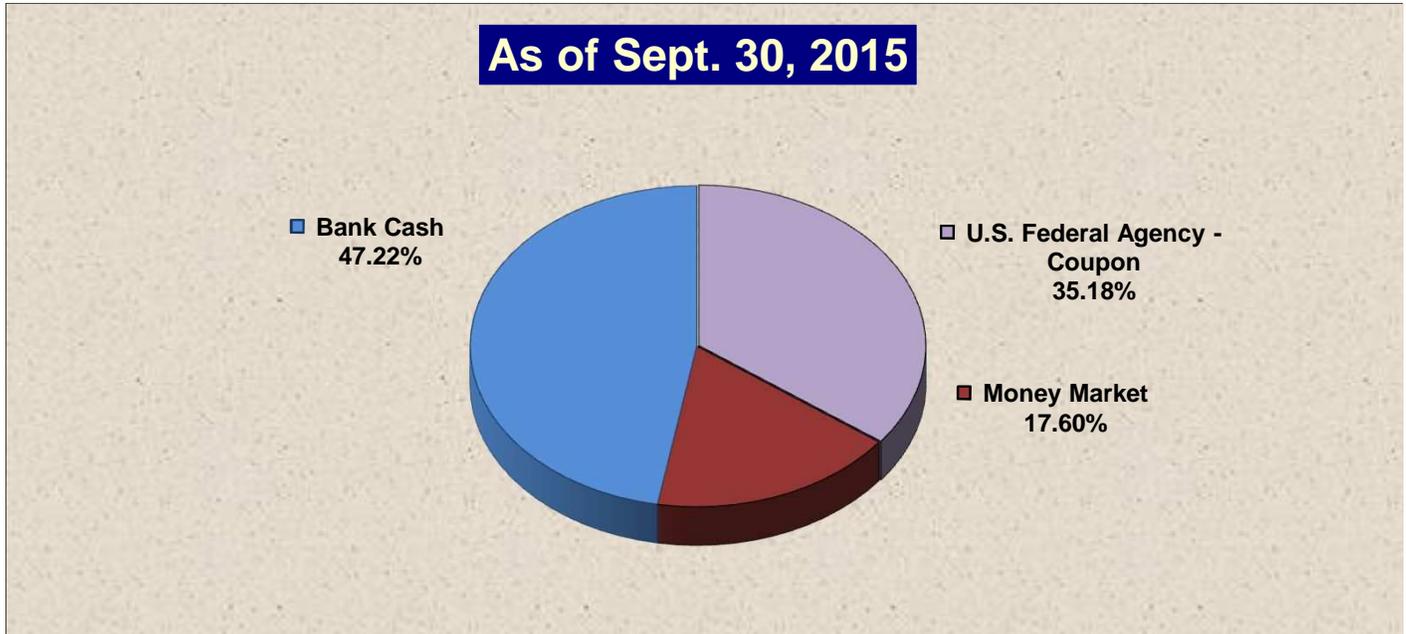
Performance Indicators	Policy Benchmark	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Average Yield to Maturity		0.398%	0.394%	0.449%	0.435%
≥ Policy Benchmark-(Six Month T-Bill)		0.096%	0.105%	0.078%	0.173%
Callable Securities ≤	30.00%	14.10%	13.71%	22.85%	21.64%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	57.54%	55.94%	62.63%	59.31%
Managed Pools	100.00%	11.84%	11.51%	10.84%	14.23%
Money Market	100.00%	26.30%	25.59%	19.38%	18.36%
Cash	100.00%	4.32%	6.96%	7.15%	8.10%
Weighted Avg. Maturity ≤	270 Days	289	231	227	160
Maturities ≤30 days ≥	5.00%	42.46%	44.06%	37.37%	40.70%

**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 41% at the end of the fiscal year.

## ANNUAL INVESTMENT REPORT

### Street Maintenance Sales Tax

Market Sector	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
U.S. Federal Agency -Coupon	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
U.S. Federal Agency-Callable	-	-	-	-
Managed Pools	-	-	-	-
Money Market	-	-	-	75,038
Bank Cash	130,125	187,933	262,533	201,319
<b>Total Par Value:</b>	<b>\$ 280,125</b>	<b>\$ 337,933</b>	<b>\$ 412,533</b>	<b>\$ 426,357</b>



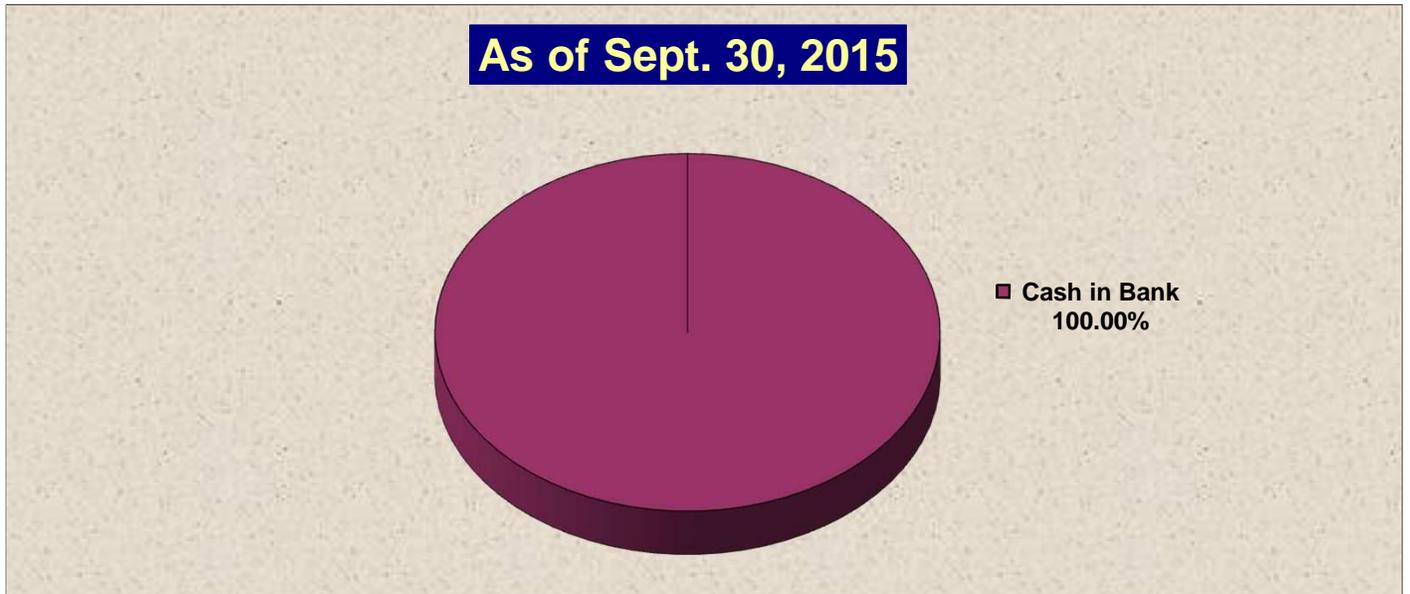
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Average Yield to Maturity		0.292%	0.264%	0.240%	0.290%
≥ Policy Benchmark-(Six Month T-Bill)		0.096%	0.105%	0.078%	0.173%
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%	53.55%	44.39%	36.36%	35.18%
Managed Pools	100.00%	0.00%	0.00%	0.00%	0.00%
Money Market	100.00%	0.00%	0.00%	0.00%	17.60%
Cash	100.00%	46.45%	55.61%	63.64%	47.22%
Weighted Avg. Maturity ≤	270 Days	176	106	54	20
Maturities ≤30 days ≥	5.00%	46.45%	55.61%	63.64%	64.82%

**Note:** The portfolio is within the policy benchmark for the Average Yield to Maturity for the fiscal year. The liquidity for the portfolio is 65% at the end of the fiscal year.

**ANNUAL INVESTMENT REPORT**  
**Crime Control & Prevention District**

Market Sector	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
U.S. Federal Agency -Coupon Cash in Bank	\$ - 137,952	\$ - 151,899	\$ - 161,430	\$ - 173,691
Total Par Value:	\$ 137,952	\$ 151,899	\$ 161,430	\$ 173,691



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.

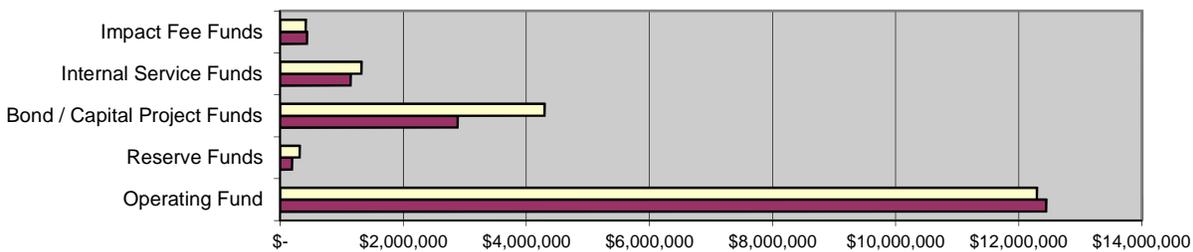
Performance Indicators	Policy Benchmark	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Average Yield to Maturity		0.131%	0.131%	0.131%	0.199%
≥ Policy Benchmark-(Six Month T-Bill)		0.096%	0.105%	0.078%	0.173%
Callable Securities ≤	30.00%	0.00%	0.00%	0.00%	0.00%
Investment By Type ≤					
U.S. 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:** Due to liquidity needs, the fund balance is not invested. All funds are held in the bank account.

**CITY OF CORINTH**  
**INVESTED BALANCE COMPARISON**  
*(For Periods Ending September 30)*

<b>Fund Name</b>	<b>Actual 2014-15</b>	<b>Actual 2013-14</b>	<b>Variance</b>
<b>OPERATING FUNDS</b>			
100 General Fund	\$ 3,345,530	\$ 3,235,681	\$ 109,849
110 Water/Sewer Operations	2,275,941	3,153,980	(878,038)
120 Storm Water Utility Fund	447,819	549,142	(101,323)
130 Economic Development Corporation	3,026,759	2,750,080	\$ 276,679
131 Crime Control & Prevention District	173,691	106,773	66,918
132 Street Maintenance Sales Tax	426,357	373,571	52,786
Northstar Cash	2,751,925	2,125,795	626,130
	<u>\$ 12,448,022</u>	<u>\$ 12,295,022</u>	<u>\$ 153,001</u>
<b>RESERVE FUNDS</b>			
200 Debt Service	\$ 198,534	\$ 322,485	\$ (123,951)
	<u>\$ 198,534</u>	<u>\$ 322,485</u>	<u>\$ (123,951)</u>
<b>BOND / CAPITAL PROJECTS FUNDS</b>			
193 General Fund Capital Expenditure Fund	1,720,846	2,268,887	(548,040)
194 Utility Capital Expenditure Fund	612,226	510,982	101,244
703 Streets - 2007 C.O.	400,699	585,000	(184,301)
704 All Departmental - 2007 C.O.	-	-	-
705 Fire - 2010 C.O.	-	-	-
800 Water - 2007 C.O.	-	614,363	(614,363)
801 Wastewater - 2007 C.O.	-	-	-
802 Drainage - 2007 C.O.	151,620	321,229	(169,610)
	<u>\$ 2,885,391</u>	<u>\$ 4,300,461</u>	<u>\$ (1,415,070)</u>
<b>INTERNAL SERVICE FUNDS</b>			
300 General Fund Vehicle Replacement	-	125,027	(125,027)
301 Fire Vehicle Replacement	75,430	225,049	(149,619)
302 Technology Replacement	-	-	-
310 Utility Vehicle Replacement	300,300	300,042	258
311 Utility Meter Replacement	775,540	675,038	100,502
	<u>\$ 1,151,271</u>	<u>\$ 1,325,157</u>	<u>\$ (173,886)</u>
<b>IMPACT FEE FUNDS</b>			
610 Water/Sewer Impact Fees	200,000	100,000	100,000
611 Wastewater Impact Fees	100,000	-	100,000
620 Storm Drainage Impact Fees	-	-	-
630 Roadway Impact Fees	-	80,000	(80,000)
699 Street Escrow Fund	138,037	237,641	(99,605)
	<u>\$ 438,037</u>	<u>\$ 417,641</u>	<u>\$ 20,395</u>
	<u><u>\$ 17,121,254</u></u>	<u><u>\$ 18,660,765</u></u>	<u><u>\$ (1,539,511)</u></u>

**INVESTED BALANCE COMPARISON**

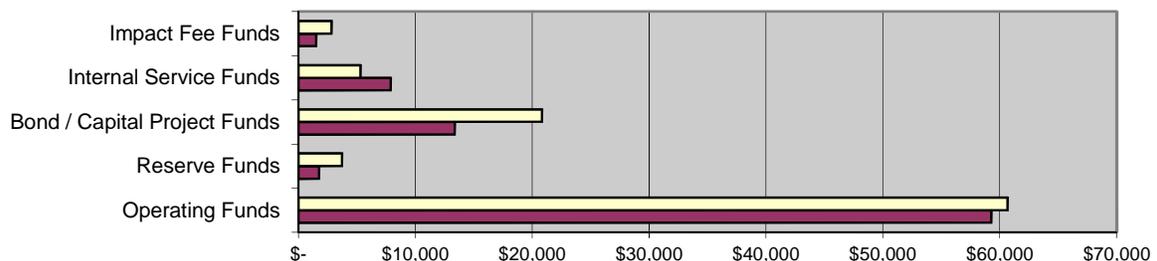


	Operating Fund	Reserve Funds	Bond / Capital Project Funds	Internal Service Funds	Impact Fee Funds
2013-14	12,295,022	322,485	4,300,461	\$1,325,157	\$417,641
2014-15	12,448,022	198,534	2,885,391	\$1,151,271	\$438,037

**CITY OF CORINTH**  
**INTEREST EARNINGS COMPARISON**  
*(For Periods Ending September 30)*

<b>Fund</b>	<b>Name</b>	<b>Actual 2014-15</b>	<b>Actual 2013-14</b>	<b>Variance</b>
<b>OPERATING FUNDS:</b>				
100	General Fund	\$ 39,762	\$ 31,945	\$ 7,818
110	Water/Sewer Operations	6,996	13,874	(6,878)
120	Storm Water Utility Fund	418	1,078	(661)
130	Economic Development Corporation	\$ 11,026	\$ 11,332	\$ (306)
131	Crime Control & Prevention District	149	343	(193)
132	Street Maintenance Sales Tax	932	2,094	(1,162)
		<u>\$ 59,283</u>	<u>\$ 60,666</u>	<u>\$ (1,383)</u>
<b>RESERVE FUNDS:</b>				
200	Debt Service	\$ 1,772	\$ 3,752	\$ (1,980)
		<u>\$ 1,772</u>	<u>\$ 3,752</u>	<u>\$ (1,980)</u>
<b>BOND /CAPITAL PROJECTS FUNDS</b>				
193	General Fund Capital Expenditure Fun	9,058	10,195	(1,137)
194	Utility Capital Expenditure Fund	1,531	2,761	(1,230)
703	Streets - 2007 C.O.	1,422	1,147	275
704	All Departmental - 2007 C.O.	21	91	(70)
705	Fire - 2010 C.O.	44	259	(215)
800	Water - 2007 C.O.	207	3,077	(2,871)
801	Wastewater - 2007 C.O.	14	2,179	(2,164)
802	Drainage - 2007 C.O.	1,103	1,128	(25)
		<u>\$ 13,400</u>	<u>\$ 20,837</u>	<u>\$ (7,437)</u>
<b>INTERNAL SERVICE FUNDS</b>				
300	General Fund Vehicle Replacement	86	607	(520)
301	Fire Vehicle Replacement	513	584	(71)
302	Technology Replacement	21	2	20
310	Utility Vehicle Replacement	1,227	1,235	(8)
311	Utility Meter Replacement	6,063	2,905	3,158
		<u>\$ 7,912</u>	<u>\$ 5,333</u>	<u>\$ 2,579</u>
<b>IMPACT FEE FUNDS</b>				
610	Water/Sewer Impact Fees	\$ 588	\$ 546	\$ 42
611	Wastewater Impact Fees	190	281	(91)
620	Storm Drainage Impact Fees	86	218	(131)
630	Roadway Impact Fees	269	471	(202)
630	Street Escrow	411	1,340	(929)
		<u>\$ 1,545</u>	<u>\$ 2,855</u>	<u>\$ (1,311)</u>
		<u>\$ 83,911</u>	<u>\$ 93,443</u>	<u>\$ (9,532)</u>

**INTEREST EARNINGS COMPARISON**



	Operating Funds	Reserve Funds	Bond / Capital Project Funds	Internal Service Funds	Impact Fee Funds
■2013-14	\$60,666	\$3,752	\$20,837	\$5,333	\$2,855
■2014-15	\$59,283	\$1,772	\$13,400	\$7,912	\$1,545

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

*For Fiscal Year Ended September 30, 2015*



**APPENDIX A**

**Investment Report  
For Month Ending September 30, 2015**



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, 2014 - September 30, 2015**

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
<b>Fund: Pooled Cash</b>									
10012	NTHSTR	00	10/01/2014	3,235.18	2,125,794.82	7,382,153.78	6,756,023.83	626,129.95	2,751,924.77
SYS10012		0.198	/ /	0.00	2,125,794.82	7,382,153.78	6,756,023.83	626,129.95	2,751,924.77
<b>Sub Totals For: Fund: Pooled Cash</b>									
				3,235.18	2,125,794.82	7,382,153.78	6,756,023.83	626,129.95	2,751,924.77
				0.00	2,125,794.82	7,382,153.78	6,756,023.83	626,129.95	2,751,924.77
<b>Fund: General Fund</b>									
10513	FHLMC	100	09/01/2014	7,393.75	845,698.30	0.00	0.00	-698.30	845,000.00
3134G4TD0	845,000.00	0.874	01/27/2017	6,695.46	843,163.30	0.00	0.00	3,695.70	846,859.00
10140	TXSTAR	100	10/01/2014	557.26	1.00	2,500,530.17	2,500,000.00	530.17	531.17
SYS10140	531.17	0.099	/ /	530.17	1.00	2,500,530.17	2,500,000.00	530.17	531.17
10327	NTHSTR	100	10/01/2014	3,325.18	640,681.33	1,063,689.83	1,704,371.16	-640,681.33	0.00
SYS10327	0.00	0.250	/ /	3,072.43	640,681.33	1,063,689.83	1,704,371.16	-640,681.33	0.00
10495	FHLB	100	01/07/2014	6,250.00	996,767.48	0.00	0.00	1,442.02	998,209.50
3130A0C65	1,000,000.00	0.771	12/28/2016	6,250.00	997,100.00	0.00	0.00	4,500.00	1,001,600.00
10498	FHLB	100	01/28/2014	743.75	748,840.97	0.00	750,000.00	-748,840.97	0.00
3130A0JT8	0.00	0.000	01/17/2017	2,054.17	747,075.00	0.00	750,000.00	-747,075.00	0.00
10523	FHLB	100	01/02/2015	3,922.92	0.00	500,000.00	0.00	500,000.00	500,000.00
3130A3Q80	500,000.00	1.047	09/29/2017	3,893.75	0.00	500,000.00	0.00	501,850.00	501,850.00
10522	FHLMC	100	01/02/2015	9,340.27	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00
3134G5VA0	1,000,000.00	1.250	12/29/2017	6,145.83	0.00	1,000,000.00	0.00	1,002,400.00	1,002,400.00
<b>Sub Totals For: Fund: General Fund</b>									
				31,533.13	3,231,989.08	5,064,220.00	4,954,371.16	111,751.59	3,343,740.67
				28,641.81	3,228,020.63	5,064,220.00	4,954,371.16	125,219.54	3,353,240.17
<b>Fund: Utility Fund</b>									

Portfolio CITY  
 TC (PRF\_TC) 7.0  
 Report Ver. 7.3.3b

**City of Corinth portfolio  
Texas Compliance Change in Val Report  
October 1, 2014 - September 30, 2015**

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
10450	FFCB	110	05/31/2012	768.78	187,648.87	0.00	187,000.00	-187,648.87	0.00
31331VAJ5	0.00	0.000	11/03/2014	4,324.38	187,729.30	0.00	187,000.00	-187,729.30	0.00
10460	FHLB	110	09/18/2012	528.75	100,457.74	0.00	100,000.00	-100,457.74	0.00
3133XYRX5	0.00	0.000	12/22/2014	1,175.00	100,490.00	0.00	100,000.00	-100,490.00	0.00
10507	FFCB	110	08/01/2014	1,200.00	300,000.00	0.00	0.00	0.00	300,000.00
3133ECE91	300,000.00	0.400	02/01/2016	1,200.00	298,740.00	0.00	0.00	1,350.00	300,090.00
10527	FHLB	110	09/30/2015	2.71	0.00	149,955.90	0.00	150,248.50	150,248.50
3130A3PC2	150,000.00	0.674	12/12/2016	0.00	0.00	149,955.90	0.00	150,472.50	150,472.50
10211	TXSTAR	110	10/01/2014	454.25	509,573.02	600,429.35	500,000.00	100,429.35	610,002.37
SYS10211	610,002.37	0.099	/ /	429.35	509,573.02	600,429.35	500,000.00	100,429.35	610,002.37
10358	NTHSTR	110	10/01/2014	5,066.25	2,057,406.65	105,161.15	946,628.84	-841,467.69	1,215,938.96
SYS10358	1,215,938.96	0.250	/ /	5,161.15	2,057,406.65	105,161.15	946,628.84	-841,467.69	1,215,938.96
10018	TXPOOL	110	10/01/2014	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	10/01/2014	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
<b>Sub Totals For: Fund: Utility Fund</b>									
				8,020.74	3,155,086.28	855,546.40	1,733,628.84	-878,896.45	2,276,189.83
				12,289.88	3,153,938.97	855,546.40	1,733,628.84	-877,435.14	2,276,503.83
<b>Fund: Drainage Fund</b>									
10528	FHLB	120	09/30/2015	2.71	0.00	149,955.90	0.00	150,248.50	150,248.50
3130A3PC2	150,000.00	0.674	12/12/2016	0.00	0.00	149,955.90	0.00	150,472.50	150,472.50
10302	TXSTAR	120	10/01/2014	223.40	397,602.59	216.11	100,000.00	-99,783.89	297,818.70
SYS10302	297,818.70	0.099	/ /	216.11	397,602.59	216.11	100,000.00	-99,783.89	297,818.70
10332	NTHSTR	120	10/01/2014	59.68	151,539.26	60.70	151,599.96	-151,539.26	0.00
SYS10332	0.00	0.250	/ /	60.70	151,539.26	60.70	151,599.96	-151,539.26	0.00

Portfolio CITY

City of Corinth portfolio  
 Texas Compliance Change in Val Report  
 October 1, 2014 - September 30, 2015

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
<b>Sub Totals For: Fund: Drainage Fund</b>									
				285.79	549,141.85	150,232.71	251,599.96	-101,074.65	448,067.20
				276.81	549,141.85	150,232.71	251,599.96	-100,850.65	448,291.20
	FFCB	130	12/31/2013	147.74	925,072.18	0.00	925,000.00	-925,072.18	0.00
31331JQ55	0.00	0.000	10/06/2014	5,318.75	925,092.50	0.00	925,000.00	-925,092.50	0.00
10503	FHLMC	130	07/31/2014	225.00	50,052.45	0.00	0.00	-51.09	50,001.36
3134G3W55	50,000.00	0.431	11/24/2015	183.12	50,171.88	0.00	0.00	-146.88	50,025.00
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	149,370.00	0.00	0.00	675.00	150,045.00
10502	FFCB	130	07/31/2014	400.00	100,000.00	0.00	0.00	0.00	100,000.00
3133ECE91	100,000.00	0.400	02/01/2016	400.00	99,580.00	0.00	0.00	450.00	100,030.00
10504	FFCB	130	07/31/2014	800.00	200,000.00	0.00	0.00	0.00	200,000.00
3133ECE91	200,000.00	0.400	02/01/2016	800.00	199,160.00	0.00	0.00	900.00	200,060.00
10497	FHLB	130	01/28/2014	1,125.00	250,047.91	0.00	0.00	-32.73	250,015.18
313382K85	250,000.00	0.437	03/18/2016	1,125.00	250,150.00	0.00	0.00	-50.00	250,100.00
10508	FHLB	130	08/01/2014	1,755.00	389,721.27	0.00	0.00	190.40	389,911.67
313382K85	390,000.00	0.499	03/18/2016	1,755.00	390,234.00	0.00	0.00	-78.00	390,156.00
10515	FHLMC	130	09/01/2014	1,181.25	135,111.56	0.00	0.00	-111.56	135,000.00
3134G4TD0	135,000.00	0.874	01/27/2017	1,069.70	134,706.56	0.00	0.00	590.44	135,297.00
10519	FHLMC	130	10/31/2014	1,884.90	0.00	235,000.00	0.00	235,000.00	235,000.00
3134G4TD0	235,000.00	0.874	01/27/2017	1,519.35	0.00	235,000.00	0.00	235,517.00	235,517.00
10526	FHLMC	130	06/30/2015	630.37	0.00	285,000.00	0.00	285,000.00	285,000.00
3134G4TD0	285,000.00	0.874	01/27/2017	187.04	0.00	285,000.00	0.00	285,627.00	285,627.00
10007	TXPOOL	130	10/01/2014	172.71	310,669.12	120,161.09	0.00	120,161.09	430,830.21
SYS10007	430,830.21	0.085	/ /	161.09	310,669.12	120,161.09	0.00	120,161.09	430,830.21

Portfolio CITY

City of Corinth portfolio  
 Texas Compliance Change in Val Report  
 October 1, 2014 - September 30, 2015

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
10021	NTHSTR	130	10/01/2014	533.30	275,172.34	334,302.51	364,253.80	-29,951.29	245,221.05
SYS10021	245,221.05	0.250	/ /	0.00	275,172.34	334,302.51	364,253.80	-29,951.29	245,221.05
10379	NTHSTR	130	10/01/2014	1,621.60	1.00	691,507.44	135,799.53	555,707.91	555,708.91
SYS10379	555,708.91	0.250	/ /	1,507.44	1.00	691,507.44	135,799.53	555,707.91	555,708.91
<b>Sub Totals For: Fund: Economic Development</b>									
				11,076.87	2,785,847.83	1,665,971.04	1,425,053.33	240,840.55	3,026,688.38
				14,626.49	2,784,307.40	1,665,971.04	1,425,053.33	244,309.77	3,028,617.17
<b>Fund: Crime Control &amp; Prev</b>									
10323	NTHSTR	131	10/01/2014	204.69	157,697.77	52,966.10	36,972.62	15,993.48	173,691.25
SYS10322	173,691.25	0.198	/ /	0.00	157,697.77	52,966.10	36,972.62	15,993.48	173,691.25
<b>Sub Totals For: Fund: Crime Control &amp; Prev</b>									
				204.69	157,697.77	52,966.10	36,972.62	15,993.48	173,691.25
				0.00	157,697.77	52,966.10	36,972.62	15,993.48	173,691.25
<b>Fund: Street Maintenance S</b>									
10486	FHLMC	132	09/30/2013	675.00	150,031.69	0.00	0.00	-27.62	150,004.07
3134G3W55	150,000.00	0.431	11/24/2015	675.00	150,390.00	0.00	0.00	-315.00	150,075.00
10155	TXSTAR	132	10/01/2014	0.00	0.00	0.00	0.00	0.00	0.00
SYS10155	0.00	0.030	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10331	NTHSTR	132	10/01/2014	132.75	202,423.72	75,118.71	202,504.81	-127,386.10	75,037.62
SYS10331	75,037.62	0.250	/ /	118.71	202,423.72	75,118.71	202,504.81	-127,386.10	75,037.62
10401	NTHSTR	132	10/01/2014	224.90	59,319.01	239,529.23	97,528.95	142,000.28	201,319.29
SYS10042	201,319.29	0.198	/ /	0.00	59,319.01	239,529.23	97,528.95	142,000.28	201,319.29
<b>Sub Totals For: Fund: Street Maintenance S</b>									
				1,032.65	411,774.42	314,647.94	300,033.76	14,586.56	426,360.98
				793.71	412,132.73	314,647.94	300,033.76	14,299.18	426,431.91
<b>Fund: General Fund Capital</b>									
10512	FHLMC	193	09/01/2014	4,500.00	1,000,352.78	0.00	0.00	-402.59	999,950.19
3134G33R9	1,000,000.00	0.467	01/15/2016	3,925.00	1,001,475.00	0.00	0.00	-775.00	1,000,700.00

Portfolio CITY

City of Corinth portfolio  
 Texas Compliance Change in Val Report  
 October 1, 2014 - September 30, 2015

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	Market Value	Market Value	Market Value
10500	FHLB	193	03/28/2014	2,187.50	250,000.00	0.00	0.00	0.00	250,000.00
3133782N0	250,000.00	0.874	03/10/2017	2,187.50	249,675.00	0.00	0.00	1,700.00	251,375.00
10464	NTHSTR	193	10/01/2014	1,860.02	1,018,886.58	1,959.75	550,000.00	-548,040.25	470,846.33
SYS10464	470,846.33	0.250	/ /	1,959.75	1,018,886.58	1,959.75	550,000.00	-548,040.25	470,846.33
<b>Sub Totals For: Fund: General Fund Capital</b>									
				8,547.52	2,269,239.36	1,959.75	550,000.00	-548,442.84	1,720,796.52
				8,072.25	2,270,036.58	1,959.75	550,000.00	-547,115.25	1,722,921.33
<b>Fund: Water/Wastewater Cap</b>									
10465	NTHSTR	194	10/01/2014	1,282.81	510,982.03	201,244.30	100,000.00	101,244.30	612,226.33
SYS10465	612,226.33	0.250	/ /	1,244.30	510,982.03	201,244.30	100,000.00	101,244.30	612,226.33
<b>Sub Totals For: Fund: Water/Wastewater Cap</b>									
				1,282.81	510,982.03	201,244.30	100,000.00	101,244.30	612,226.33
				1,244.30	510,982.03	201,244.30	100,000.00	101,244.30	612,226.33
<b>Fund: General Debt Service</b>									
10514	FHLMC	200	09/01/2014	882.66	135,111.56	0.00	135,000.00	-135,111.56	0.00
3134G4TD0	0.00	0.000	01/27/2017	981.10	134,706.56	0.00	135,000.00	-134,706.56	0.00
10328	NTHSTR	200	10/01/2014	548.25	187,484.52	136,049.30	125,000.00	11,049.30	198,533.82
SYS10328	198,533.82	0.250	/ /	547.27	187,484.52	136,049.30	125,000.00	11,049.30	198,533.82
10017	TXSTAR	200	10/01/2014	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
<b>Sub Totals For: Fund: General Debt Service</b>									
				1,430.91	322,596.08	136,049.30	260,000.00	-124,062.26	198,533.82
				1,528.37	322,191.08	136,049.30	260,000.00	-123,657.26	198,533.82
<b>Fund: GF Vehicle &amp; Equip</b>									
10462	NTHSTR	300	10/01/2014	49.24	125,027.40	50.08	125,077.48	-125,027.40	0.00
SYS10462	0.00	0.250	/ /	50.08	125,027.40	50.08	125,077.48	-125,027.40	0.00
<b>Sub Totals For: Fund: GF Vehicle &amp; Equip</b>									
				49.24	125,027.40	50.08	125,077.48	-125,027.40	0.00
				50.08	125,027.40	50.08	125,077.48	-125,027.40	0.00
<b>Fund: Fire Vehicle Replace</b>									

Portfolio CITY

City of Corinth portfolio  
 Texas Compliance Change in Val Report  
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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	Market Value	Market Value	Market Value
10510	NTHSTR	301	10/01/2014	369.97	225,049.32	100,381.02	250,000.00	-149,618.98	75,430.34
SYS10510	75,430.34	0.250	/ /	381.02	225,049.32	100,381.02	250,000.00	-149,618.98	75,430.34
<b>Sub Totals For: Fund: Fire Vehicle Replace</b>									
				369.97	225,049.32	100,381.02	250,000.00	-149,618.98	75,430.34
				381.02	225,049.32	100,381.02	250,000.00	-149,618.98	75,430.34
<b>Fund: Utility Vehicle &amp; Eq</b>									
10487	FHLMC	310	09/30/2013	900.00	200,042.26	0.00	0.00	-36.84	200,005.42
3134G3W55	200,000.00	0.431	11/24/2015	900.00	200,520.00	0.00	0.00	-420.00	200,100.00
10463	NTHSTR	310	10/01/2014	258.17	100,041.78	258.17	0.00	258.17	100,299.95
SYS10462	100,299.95	0.250	/ /	258.17	100,041.78	258.17	0.00	258.17	100,299.95
<b>Sub Totals For: Fund: Utility Vehicle &amp; Eq</b>									
				1,157.53	300,084.04	258.17	0.00	221.33	300,305.37
				1,158.17	300,561.78	258.17	0.00	-161.83	300,399.95
<b>Fund: Utility Meter Replac</b>									
10509	FHLMC	311	08/01/2014	1,487.50	500,012.50	0.00	500,000.00	-500,012.50	0.00
3134G4SV1	0.00	0.000	01/30/2017	2,237.50	499,112.50	0.00	500,000.00	-499,112.50	0.00
10524	FHLB	311	01/02/2015	3,922.92	0.00	500,000.00	0.00	500,000.00	500,000.00
3130A3Q80	500,000.00	1.047	09/29/2017	3,893.75	0.00	500,000.00	0.00	501,850.00	501,850.00
10511	NTHSTR	311	10/01/2014	521.32	175,038.36	100,501.88	0.00	100,501.88	275,540.24
SYS10511	275,540.24	0.250	/ /	501.88	175,038.36	100,501.88	0.00	100,501.88	275,540.24
<b>Sub Totals For: Fund: Utility Meter Replac</b>									
				5,931.74	675,050.86	600,501.88	500,000.00	100,489.38	775,540.24
				6,633.13	674,150.86	600,501.88	500,000.00	103,239.38	777,390.24
<b>Fund: Water Impact Fees</b>									
10485	FHLMC	610	09/30/2013	450.00	100,021.13	0.00	0.00	-18.42	100,002.71
3134G3W55	100,000.00	0.431	11/24/2015	450.00	100,260.00	0.00	0.00	-210.00	100,050.00
10529	FHLB	610	09/30/2015	1.81	0.00	99,970.60	0.00	100,165.67	100,165.67
3130A3PC2	100,000.00	0.674	12/12/2016	0.00	0.00	99,970.60	0.00	100,315.00	100,315.00

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City of Corinth portfolio  
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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
10052	TXSTAR	610	10/01/2014	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
<b>Sub Totals For: Fund: Water Impact Fees</b>									
				451.81	100,021.13	99,970.60	0.00	100,147.25	200,168.38
				450.00	100,260.00	99,970.60	0.00	100,105.00	200,365.00
<b>Fund: Wastewater Impact Fe</b>									
10530	FHLB	611	09/30/2015	1.81	0.00	99,970.60	0.00	100,165.67	100,165.67
3130A3PC2	100,000.00	0.674	12/12/2016	0.00	0.00	99,970.60	0.00	100,315.00	100,315.00
10315	TXSTAR	611	10/01/2014	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
<b>Sub Totals For: Fund: Wastewater Impact Fe</b>									
				1.81	0.00	99,970.60	0.00	100,165.67	100,165.67
				0.00	0.00	99,970.60	0.00	100,315.00	100,315.00
<b>Fund: Roadway Impact Fees</b>									
10516	FHLMC	630	09/01/2014	175.00	80,066.11	0.00	80,000.00	-80,066.11	0.00
3134G4TD0	0.00	0.000	01/27/2017	233.33	79,826.11	0.00	80,000.00	-79,826.11	0.00
10301	TXSTAR	630	10/01/2014	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
<b>Sub Totals For: Fund: Roadway Impact Fees</b>									
				175.00	80,066.11	0.00	80,000.00	-80,066.11	0.00
				233.33	79,826.11	0.00	80,000.00	-79,826.11	0.00
<b>Fund: Street Escrow</b>									
10329	NTHSTR	699	10/01/2014	373.27	237,641.16	395.36	100,000.00	-99,604.64	138,036.52
SYS10329	138,036.52	0.250	/ /	395.36	237,641.16	395.36	100,000.00	-99,604.64	138,036.52
10019	TXPOOL	699	10/01/2014	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
<b>Sub Totals For: Fund: Street Escrow</b>									
				373.27	237,641.16	395.36	100,000.00	-99,604.64	138,036.52
				395.36	237,641.16	395.36	100,000.00	-99,604.64	138,036.52

Fund: Street 2007 CO

Portfolio CITY

City of Corinth portfolio  
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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
10506	FHLB	703	08/01/2014	1,850.62	352,493.13	0.00	350,000.00	-352,493.13	0.00
3133XYRX5	0.00	0.000	12/22/2014	3,221.46	352,606.04	0.00	350,000.00	-352,606.04	0.00
10517	FHLMC	703	09/01/2014	171.35	235,194.20	0.00	235,000.00	-235,194.20	0.00
3134G4TD0	0.00	0.000	01/27/2017	342.71	234,489.20	0.00	235,000.00	-234,489.20	0.00
10064	TXPOOL	703	10/01/2014	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	10/01/2014	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	10/01/2014	781.08	1.00	400,698.77	0.00	400,698.77	400,699.77
SYS10330	400,699.77	0.250	/ /	698.77	1.00	400,698.77	0.00	400,698.77	400,699.77
<b>Sub Totals For: Fund: Street 2007 CO</b>									
				2,803.05	587,688.33	400,698.77	585,000.00	-186,988.56	400,699.77
				4,262.94	587,096.24	400,698.77	585,000.00	-186,396.47	400,699.77
<b>Fund: Tech 2007 CO</b>									
10380	NTHSTR	704	10/01/2014	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	10/01/2014	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	10/01/2014	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
<b>Sub Totals For: Fund: Tech 2007 CO</b>									
				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
<b>Fund: Fire 2010 CO</b>									
10370	NTHSTR	705	10/01/2014	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
<b>Sub Totals For: Fund: Fire 2010 CO</b>									
				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00

Portfolio CITY

City of Corinth portfolio  
Texas Compliance Change in Val Report  
October 1, 2014 - September 30, 2015

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
<b>Fund: Water 2007 CO</b>									
10066	TXPOOL	800	10/01/2014	80.54	413,225.65	85.57	413,311.22	-413,225.65	0.00
SYS10009	0.00	0.050	/ /	85.57	413,225.65	85.57	413,311.22	-413,225.65	0.00
10135	TXSTAR	800	10/01/2014	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	10/01/2014	0.00	201,137.65	0.00	201,137.65	-201,137.65	0.00
SYS10333	0.00	0.250	/ /	0.00	201,137.65	0.00	201,137.65	-201,137.65	0.00
<b>Sub Totals For: Fund: Water 2007 CO</b>									
				80.54	614,363.30	85.57	614,448.87	-614,363.30	0.00
				85.57	614,363.30	85.57	614,448.87	-614,363.30	0.00
<b>Fund: Wastewater 2007 CO</b>									
10067	TXPOOL	801	10/01/2014	0.00	0.00	0.00	0.00	0.00	0.00
SYS10009	0.00	0.035	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10136	TXSTAR	801	10/01/2014	0.00	0.29	0.00	0.00	0.00	0.29
SYS10136	0.29	0.031	/ /	0.00	0.29	0.00	0.00	0.00	0.29
10334	NTHSTR	801	10/01/2014	0.00	0.00	0.00	0.00	0.00	0.00
SYS10334	0.00	0.250	/ /	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub Totals For: Fund: Wastewater 2007 CO</b>									
				0.00	0.29	0.00	0.00	0.00	0.29
				0.00	0.29	0.00	0.00	0.00	0.29
<b>Fund: Drainage 2007 CO</b>									
10505	FHLB	802	08/01/2014	72.22	100,284.70	0.00	100,000.00	-100,284.70	0.00
313374BM1	0.00	0.000	10/27/2014	244.44	100,325.56	0.00	100,000.00	-100,325.56	0.00
10518	FHLMC	802	09/01/2014	457.67	70,057.85	0.00	70,000.00	-70,057.85	0.00
3134G4TD0	0.00	0.000	01/27/2017	508.71	69,847.85	0.00	70,000.00	-69,847.85	0.00
10137	TXSTAR	802	10/01/2014	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

Portfolio CITY

City of Corinth portfolio  
 Texas Compliance Change in Val Report  
 October 1, 2014 - September 30, 2015

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
10458	NTHSTR	802	10/01/2014	389.31	151,229.34	390.27	0.00	390.27	151,619.61
SYS10458	151,619.61	0.250	/ /	390.27	151,229.34	390.27	0.00	390.27	151,619.61
10068	TXPOOL	802	10/01/2014	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
<b>Sub Totals For: Fund: Drainage 2007 CO</b>									
				919.20	321,571.89	390.27	170,000.00	-169,952.28	151,619.61
				1,143.42	321,402.75	390.27	170,000.00	-169,783.14	151,619.61
<b>Report Grand Totals:</b>									
				78,963.45	18,786,713.35	17,127,693.64	18,792,209.85	-1,666,527.41	17,120,185.94
				82,266.64	18,779,623.07	17,127,693.64	18,792,209.85	-1,642,984.57	17,136,638.50

Portfolio CITY

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

*For Fiscal Year Ended September 30, 2015*



**APPENDIX B**

**First Southwest Portfolio Assessment**



**City of Corinth, Texas**  
**Portfolio Exceptions**  
**Quarter Ending September 30, 2015**

*Fund Groups Included: Consolidated, Operating, Eco Development, Crime Control and Street Maintenance Tax.*

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

*There were no exceptions noted.*

Signature Redacted

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

11/6/15  
\_\_\_\_\_  
Date



**City of Corinth, Texas**  
**Portfolio Assessment**  
Quarter Ending September 30, 2015

*Fund Groups Included: Consolidated, Operating, Eco Development, Crime Control and Street Maintenance Tax.*

- The Fed is generally expected to begin raising the overnight target rate as soon as December 2015. As the bond market prepares for the first tightening move by the Fed in nearly a decade, market yields will likely move higher. The weighted-average maturity of the City's overall portfolio is approximately seven (7) months. This defensive positioning suggests that the portfolio will benefit more significantly as interest rates climb than if the average maturity were longer.
- The City continues to gain advantage from a generous depository bank rate, as well as from active investing. As a result, all portfolios are performing above market levels. The equivalent interest rate on seven-month government agency security as of quarter end was 0.20%. By comparison, the City's overall portfolio yield was 0.49%.
- There are no apparent credit risks being assumed; no direct exposure to foreign markets; no leveraging or speculation.
- Bank deposits are secured through a Federal Home Loan Bank standby letter of credit in the amount of \$9 million.

Signature Redacted

Scott D. McIntyre, CFA  
Senior Vice President

11/6/15

Date

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

*For Fiscal Year Ended September 30, 2015*



**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 or 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 Corinth. 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.