

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2017



Bob Hart
City Manager

Lee Ann Bunselmeyer
*Director of Finance &
Administrative Services*

Prepared By:
Chris Rodriguez
Financial Services Manager



December 13, 2017

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 9, 2017, 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 (purchased in October 2017 by Independent 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. There is one remaining renewal on the current bank contract.

III. INVESTMENT ACCOUNTING METHODOLOGY

The accounts of the City of Corinth are maintained on a funds basis 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 compliant 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 to achieve optimum protection of public funds.

Lee Ann Bunselmeyer
Director of Finance & Admin Services

Chris Rodriguez
Financial Services Manager

CITY OF CORINTH
ANNUAL INVESTMENT REPORT
For Period Ending September 30, 2017

Security Type	Par Value	Book Value	Market Value	% of Mkt to Book
U. S. Federal Agency-Coupon	\$ 6,592,000	\$ 6,600,058	\$ 6,586,541	99.80%
U.S. Federal Agency -Callable	8,650,000	8,649,836	8,619,709	99.65%
Managed Pools	3,708,072	3,708,072	3,708,072	100.00%
Money Market	289,209	289,209	289,209	100.00%
Bank Cash	9,043,310	9,043,310	9,043,310	100.00%
	<u>\$ 28,282,591</u>	<u>\$ 28,290,486</u>	<u>\$ 28,246,842</u>	<u>99.85%</u>

PORTFOLIO SUMMARY REPORT

Beginning Par Value as of 9/30/2016	\$ 24,023,945
Beginning Book Value as of 9/30/2016	\$ 24,028,014
Beginning Market Value as of 9/30/2016	\$ 24,021,666
WAM at Beginning Date (Days)	241
Ending Par Value as of 9/30/2017	\$ 28,282,591
Ending Book Value as of 9/30/2017	\$ 28,290,486
Ending Market Value as of 9/30/2017	\$ 28,246,842
WAM at Ending Date (Days)	191

Change to Market Value ⁽¹⁾ \$ 4,225,176

⁽¹⁾ The net increase in the Market Value is due to the receipt of \$5 million in bond proceeds for the 2017 Certificates of Obligation that were issued in August 2017 and capital expenditures for the new Public Safety Facility.

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.

Lee Ann Bunselmeyer
 Director of Finance & Administrative Services

Chris Rodriguez
 Financial Services Manager

Scott McIntyre
 First Southwest Asset Management

INVESTMENT STRATEGIES COMPLIANCE REPORT
For Period Ending September 30, 2017

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 9/30/2016	\$	10,736,163
Beginning Market Value as of 9/30/2016	\$	10,736,152
WAM at Beginning Date (Days)		142
Ending Book Value as of 9/30/2017	\$	11,769,102
Ending Market Value as of 9/30/2017	\$	11,751,393
Unrealized Gain/(Loss)	\$	(17,709)
Change to Market Value ⁽¹⁾	\$	1,015,241
WAM at Ending Date (Days)		176
WAM Policy Benchmark ≤		270

⁽¹⁾ The net increase in the Market Value for the Operating Funds is due to an increase in the collection of Developmental Fees and the posting of fourth quarter revenues (fire services, sales tax).

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 9/30/2016	\$	274,178
Beginning Market Value as of 9/30/2016	\$	274,178
WAM at Beginning Date (Days)		1
Ending Book Value as of 9/30/2017	\$	289,209
Ending Market Value as of 9/30/2017	\$	289,209
Unrealized Gain/(Loss)	\$	-
Change to Market Value ⁽²⁾	\$	15,031
WAM at Ending Date (Days)		1
WAM Policy Benchmark ≤		365

⁽²⁾ No significant change.

INVESTMENT STRATEGIES COMPLIANCE REPORT
For Period Ending September 30, 2017

BOND/CAPITAL PROJECT 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 9/30/2016	\$	12,679,241
Beginning Market Value as of 9/30/2016	\$	12,672,955
WAM at Beginning Date (Days)		336
Ending Book Value as of 9/30/2017	\$	14,548,186
Ending Market Value as of 9/30/2017	\$	14,522,401
Unrealized Gain/(Loss)	\$	(25,785)
Change to Market Value ⁽¹⁾	\$	1,849,446
WAM at Ending Date (Days)		219
WAM Policy Benchmark \leq		365

⁽¹⁾ The net increase in the Market Value is due to the receipt of \$5 million in bond proceeds and capital expenditures for the new Public Safety Facility. The current bank account balance for the bond funds is \$3,549,549.

SPECIAL REVENUE FUNDS

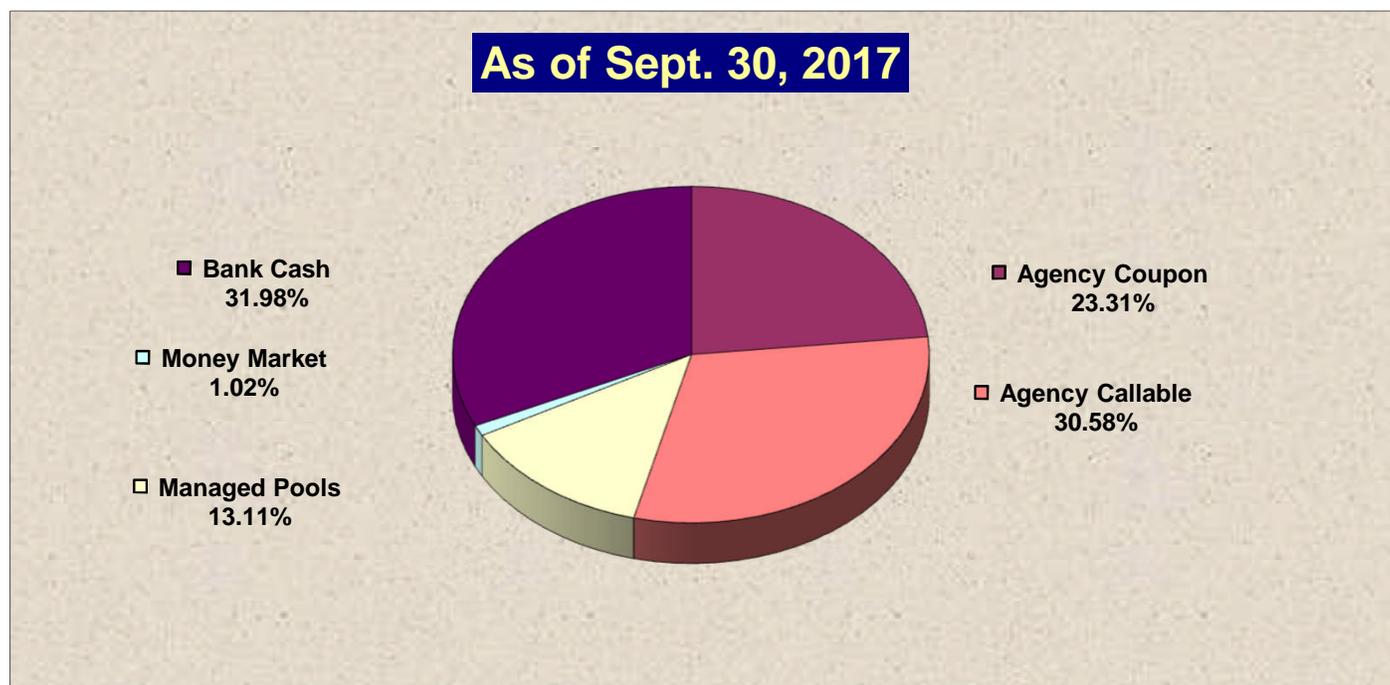
Investment strategies for construction projects or special revenue fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility 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 9/30/2016	\$	338,432
Beginning Market Value as of 9/30/2016	\$	338,382
WAM at Beginning Date (Days)		43
Ending Book Value as of 9/30/2017	\$	1,683,988
Ending Market Value as of 9/30/2017	\$	1,683,838
Unrealized Gain/(Loss)	\$	(150)
Change to Market Value ⁽²⁾	\$	1,345,456
WAM at Ending Date (Days)		159
WAM Policy Benchmark \leq		270

⁽²⁾ The net increase in the Market Value is due to the receipt of Water, Wastewater and Roadway impact fee revenue related to increased building permits and development.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Market Sector

Market Sector	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
U.S. Federal Agency -Coupon	\$ 4,025,000	\$ 7,092,000	\$ 7,092,000	\$ 6,592,000
U.S. Federal Agency-Callable	7,500,000	8,000,000	8,500,000	8,650,000
Managed Pools	5,929,213	5,937,636	4,698,068	3,708,072
Money Market	2,560,606	288,705	288,957	289,209
Bank Cash	7,084,881	7,275,886	6,264,088	9,043,310
Total Par Value:	\$ 27,099,700	\$ 28,594,227	\$ 26,843,113	\$ 28,282,591



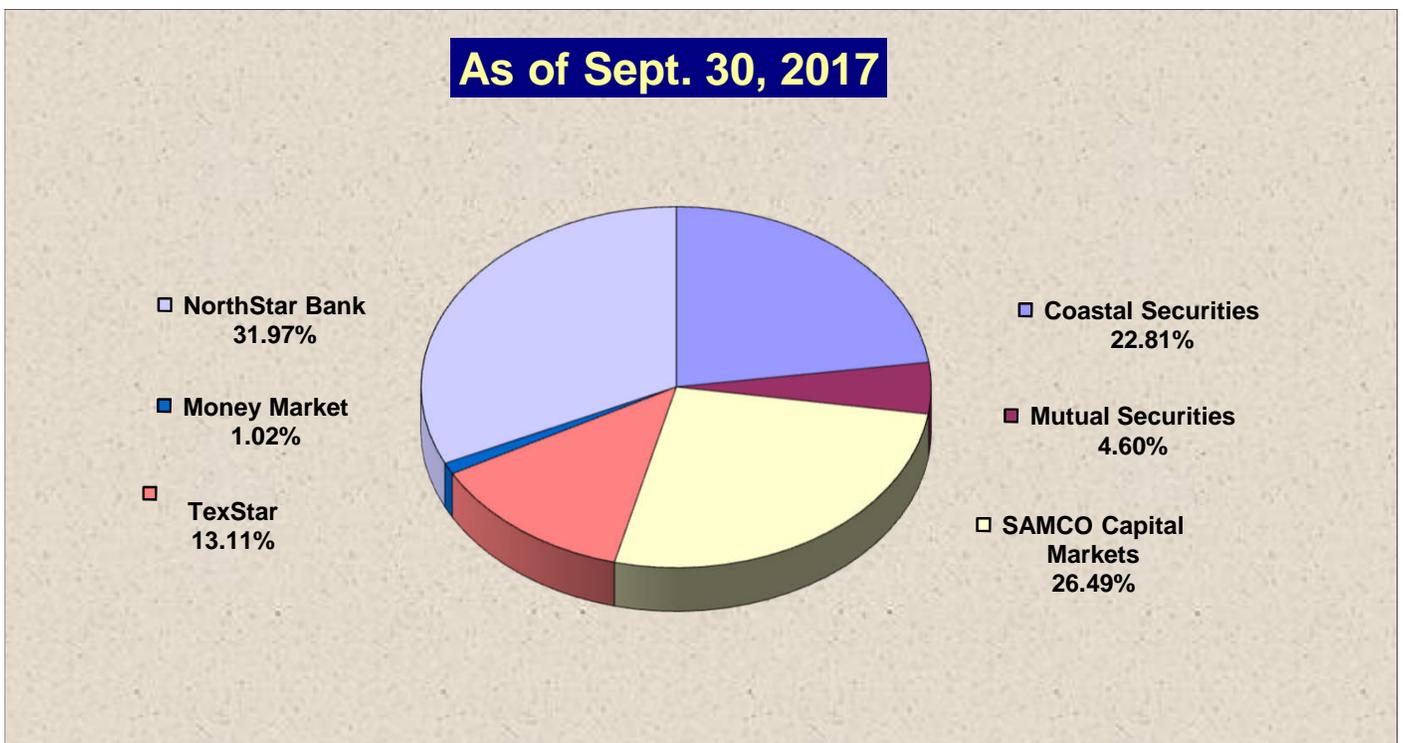
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Average Yield to Maturity		0.688%	0.840%	0.966%	1.073%
≥ Policy Benchmark-(Six Month T-Bill)		0.625%	0.875%	1.047%	1.160%
Callable Securities ≤	30.00%	27.68%	27.98%	31.67%	30.58%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	42.53%	52.77%	58.08%	53.89%
Certificates of Deposit	100.00%	0.00%	0.00%	0.00%	0.00%
Managed Pools	50.00%	21.88%	20.77%	17.50%	13.11%
Money Market	100.00%	9.45%	1.01%	1.08%	1.02%
Cash	100.00%	26.14%	25.45%	23.34%	31.98%

Note: The portfolio is slightly above the benchmark for callable securities for the year. The Average Yield to Maturity is slightly below the Policy Benchmark for September 30th.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Broker/Dealer

Dealers/Brokers	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Broker/Dealer				
Coastal Securities	\$ 3,450,000	\$ 5,950,000	\$ 6,450,000	\$ 6,450,000
Mutual Securities	2,300,000	2,300,000	2,300,000	1,300,000
SAMCO Capital Markets	5,775,000	6,842,000	6,842,000	7,492,000
Total Broker/Dealer	\$ 11,525,000	\$ 15,092,000	\$ 15,592,000	\$ 15,242,000
Managed Pools/ Depository Bank				
TexStar	\$ 5,929,213	\$ 5,937,636	\$ 4,698,068	\$ 3,708,072
Money Market	2,560,606	288,705	288,957	289,209
NorthStar Bank	7,084,881	7,275,886	6,264,088	9,043,310
Total Managed Pools/Depository Bank	\$ 15,574,700	\$ 13,502,227	\$ 11,251,113	\$ 13,040,591
Total Par Value:	\$ 27,099,700	\$ 28,594,227	\$ 26,843,113	\$ 28,282,591

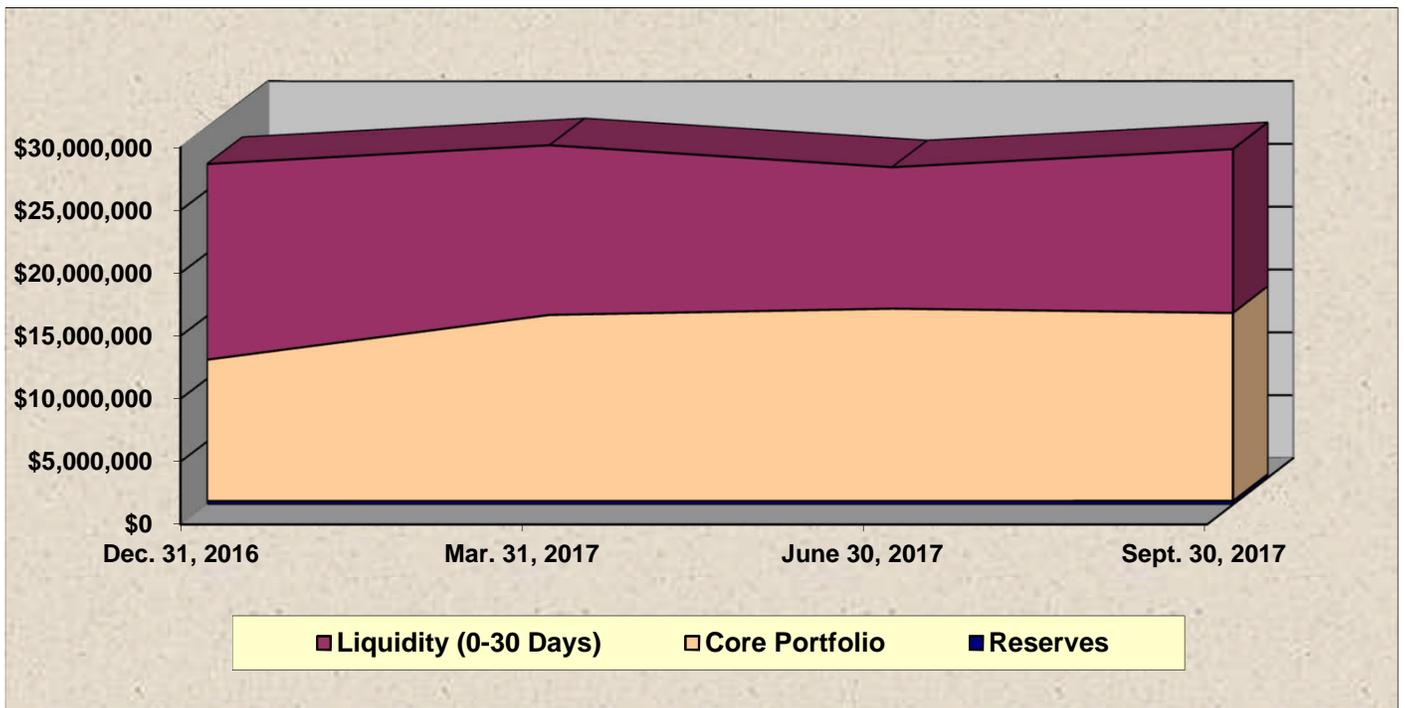


To guard against default possibilities, and to promote diversification of bidders, business with any one issuer, or investment broker, is limited to forty (40%) percent of the total portfolio at any point in time. As shown in the table below, the portfolio adhered to this provision throughout the quarter.

Performance Indicators	Policy Benchmark	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Highest Broker Percent ≤	40.00%	21.31%	23.93%	25.49%	26.49%

ANNUAL INVESTMENT REPORT
Portfolio Summary By Maturity

Maturity Time Frame	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
0-30 Days	\$ 15,574,700	\$ 13,502,227	\$ 11,251,114	\$ 13,040,591
31-90 Days	250,000	-	1,000,000	3,300,000
91-180 Days	-	-	3,300,000	2,005,000
181-270 Days	-	1,300,000	2,675,000	170,000
271-360 Days	1,300,000	5,675,000	-	1,500,000
361-450 Days	4,005,000	-	1,000,000	2,047,000
451-540 Days	-	1,000,000	2,047,000	4,720,000
541 Days & Over	5,970,000	7,117,000	5,570,000	1,500,000
	<u>\$ 27,099,700</u>	<u>\$ 28,594,227</u>	<u>\$ 26,843,114</u>	<u>\$ 28,282,591</u>



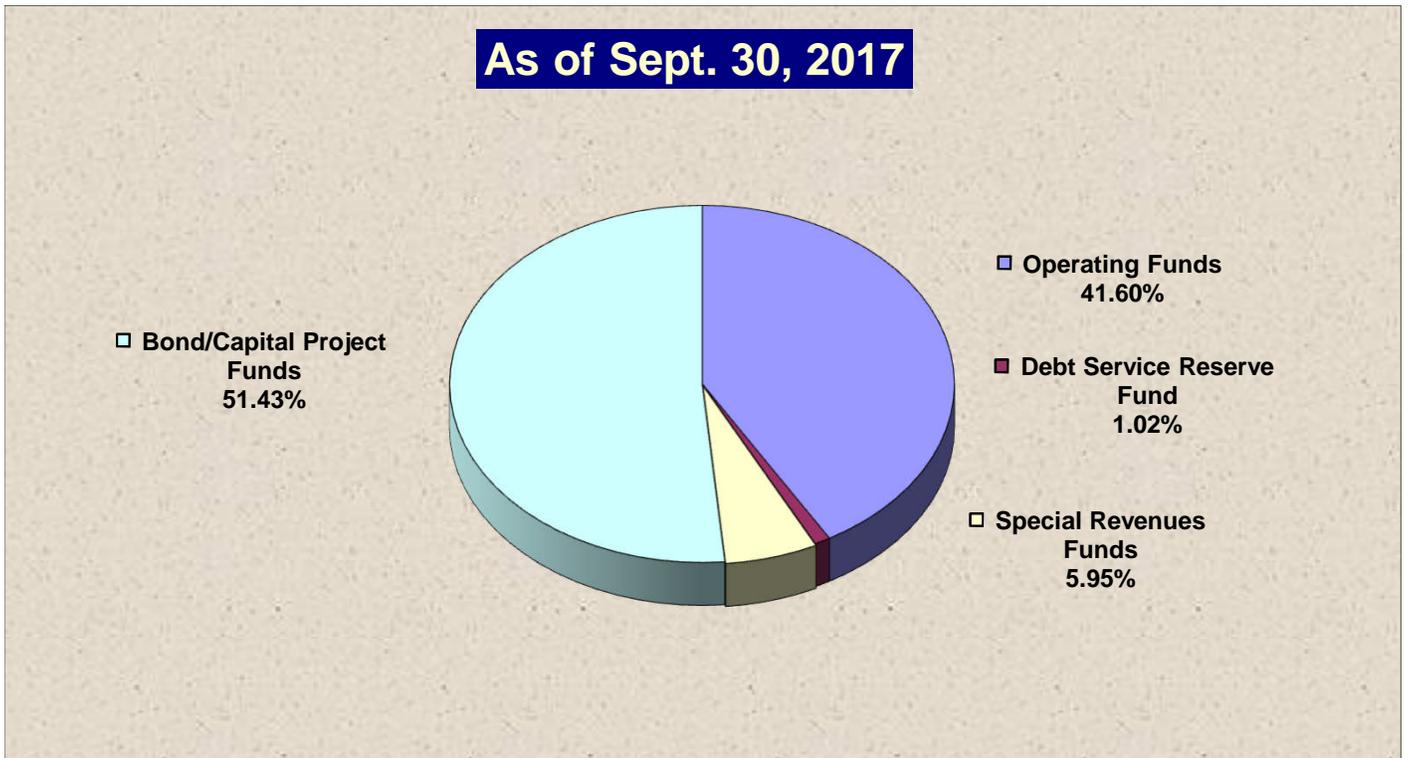
The risk of market price volatility is minimized through maturity diversification. The maturities on our investments are staggered over a series of three-month increments to provide cash flow based on the anticipated needs of the City. Liquidity is achieved by matching investment maturities with forecasted 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, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Weighted Avg. Maturity ≤	365 Days	226	252	234	191
Maturities ≤30 days ≥	5.00%	57.47%	47.22%	41.91%	46.11%

Note: The portfolio is within the benchmark limits for the Weighted Average Maturity and liquidity is at 46% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Fund Type

Fund Type	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Operating Funds	\$ 14,001,514	\$ 16,576,329	\$ 15,816,301	\$ 11,766,287
Debt Service Reserve Fund	274,481	288,705	288,957	289,209
Special Revenues Funds	138,596	-	-	1,682,037
Bond/Capital Project Funds	12,685,109	11,729,193	10,737,856	14,545,058
	<u>\$ 27,099,700</u>	<u>\$ 28,594,227</u>	<u>\$ 26,843,114</u>	<u>\$ 28,282,591</u>



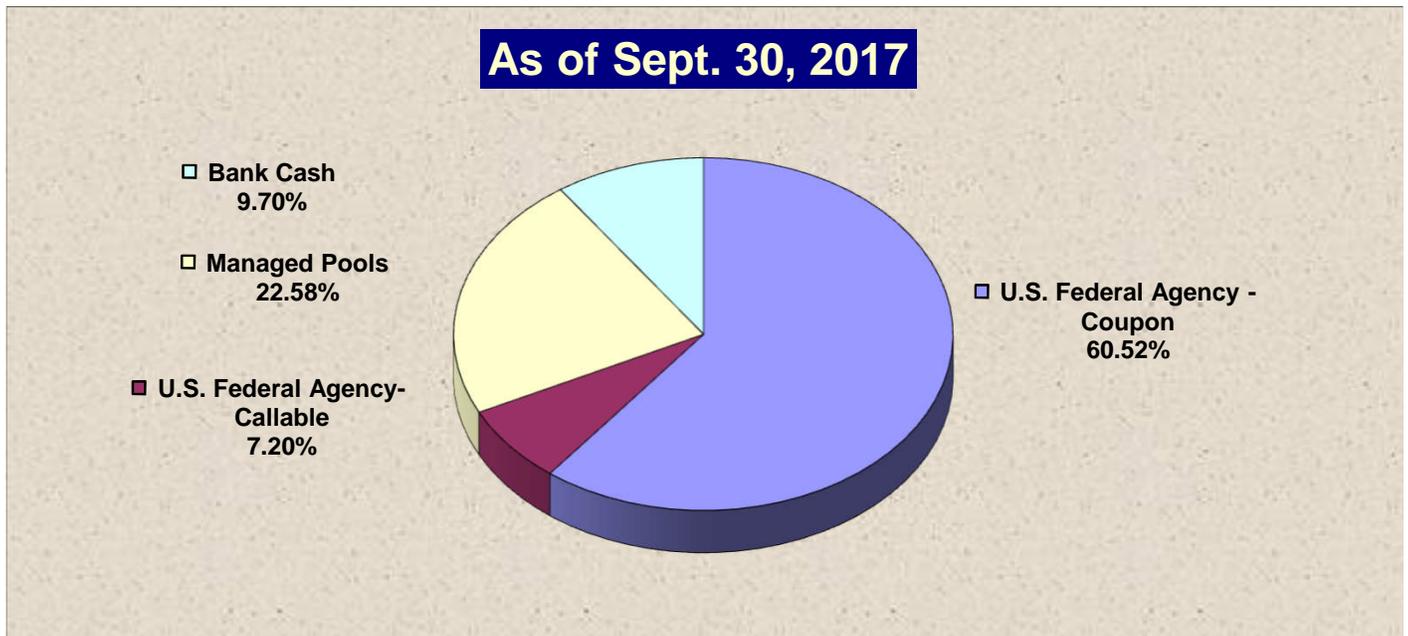
As shown in the graph above, the investments in the portfolio are distributed by fund type. Preservation and safety of principal of these investments is the most important strategy. All investments shall be high quality securities with no perceived default risk. Market fluctuations will occur; however,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

Performance Indicators	Policy	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
	Benchmark				
WAM by Fund ≤					
Operating Funds	270 Days	179	239	217	176
Debt Service Reserve Funds	365 Days	1	1	1	1
Special Revenue Funds	270 Days	1	0	0	159
Bond Funds	365 Days	286	276	267	219

Note: The Weighted Average Maturity for all Funds are below the policy benchmark as of September 30, 2017.

ANNUAL INVESTMENT REPORT
Economic Development Corporation

Market Sector	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
U.S. Federal Agency -Coupon	\$ 1,765,000	\$ 1,765,000	\$ 1,480,000	\$ 2,100,000
U.S. Federal Agency-Callable	750,000	750,000	750,000	250,000
Managed Pools	354,785	355,328	781,515	783,477
Bank Cash	189,436	296,220	286,473	336,545
Total Par Value:	<u>\$ 3,059,221</u>	<u>\$ 3,166,548</u>	<u>\$ 3,297,988</u>	<u>\$ 3,470,022</u>



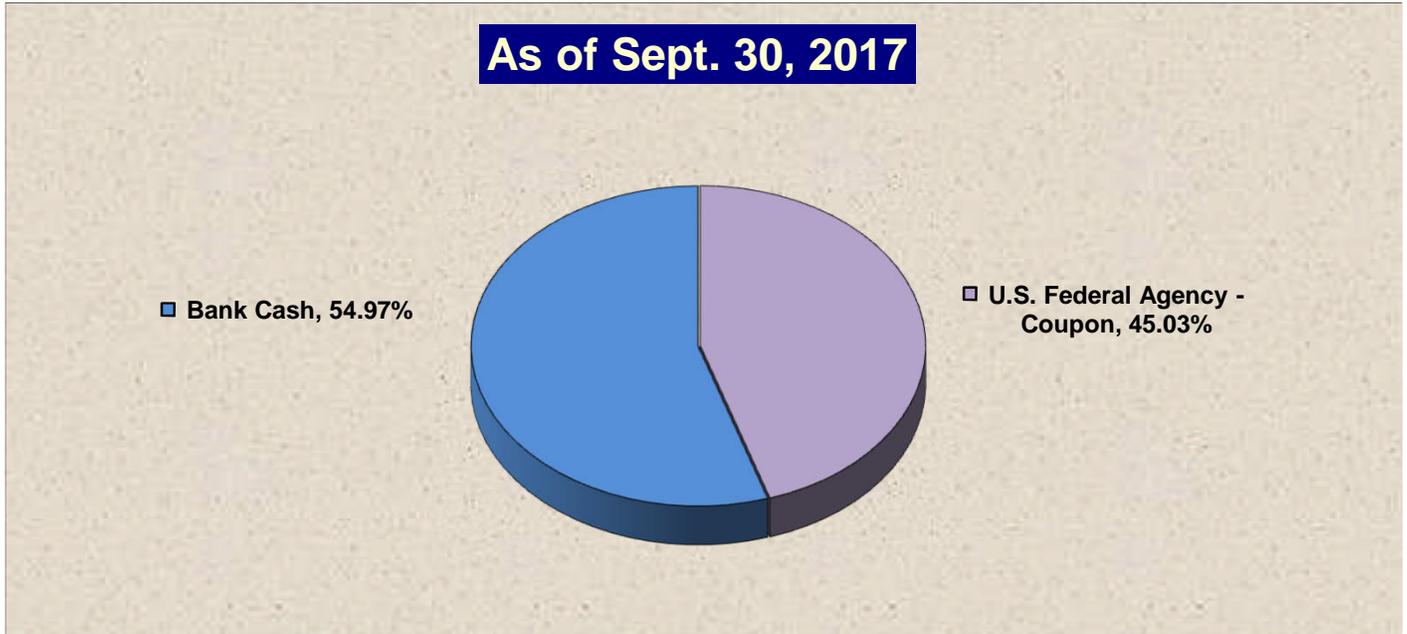
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Average Yield to Maturity		0.889%	0.893%	1.001%	1.094%
≥ Policy Benchmark-(Six Month T-Bill)		0.625%	0.875%	1.047%	1.160%
Callable Securities ≤	30.00%	24.52%	23.69%	22.74%	7.20%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	82.21%	79.42%	67.61%	67.72%
Managed Pools	100.00%	11.60%	11.22%	23.70%	22.58%
Money Market	100.00%	0.00%	0.00%	0.00%	0.00%
Cash	100.00%	6.19%	9.35%	8.69%	9.70%
Weighted Avg. Maturity ≤	270 Days	301	220	214	230
Maturities ≤30 days ≥	5.00%	17.79%	20.58%	32.38%	32.28%

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 32% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Street Maintenance Sales Tax

Market Sector	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
U.S. Federal Agency -Coupon	\$ 200,000	\$ 200,000	\$ 400,000	\$ 400,000
Money Market	225,920	-	-	-
Bank Cash	267,430	599,681	483,682	488,347
Total Par Value:	<u>\$ 693,350</u>	<u>\$ 799,681</u>	<u>\$ 883,682</u>	<u>\$ 888,347</u>



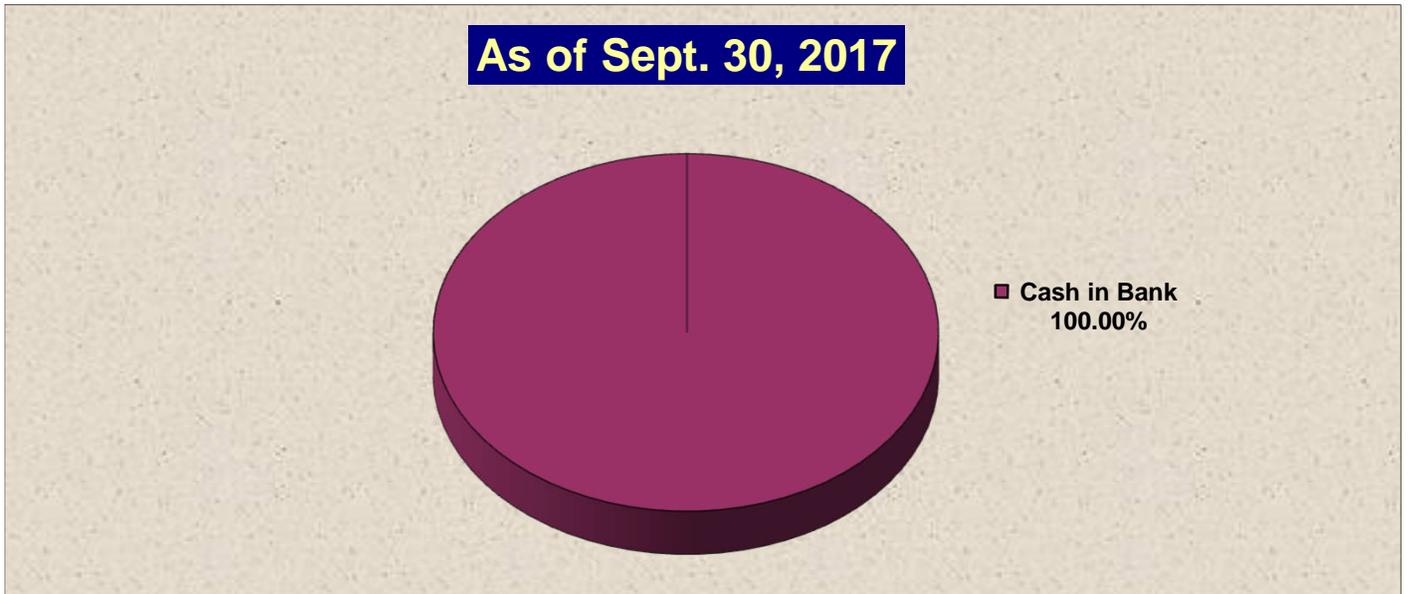
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Average Yield to Maturity		0.551%	0.679%	0.949%	1.060%
≥ Policy Benchmark-(Six Month T-Bill)		0.625%	0.875%	1.047%	1.160%
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%	28.85%	25.01%	45.27%	45.03%
Managed Pools	100.00%	0.00%	0.00%	0.00%	0.00%
Money Market	100.00%	32.58%	0.00%	0.00%	0.00%
Cash	100.00%	38.57%	74.99%	54.73%	54.97%
Weighted Avg. Maturity ≤	270 Days	110	73	194	151
Maturities ≤30 days ≥	5.00%	71.15%	74.99%	54.73%	54.97%

Note: The portfolio is within the policy benchmark for the Average Yield to Maturity for the fiscal year. The liquidity for the portfolio is 55% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Crime Control & Prevention District

Market Sector	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
U.S. Federal Agency -Coupon Cash in Bank	\$ - 233,323	\$ - 218,735	\$ - 251,742	\$ - 299,739
Total Par Value:	\$ 233,323	\$ 218,735	\$ 251,742	\$ 299,739



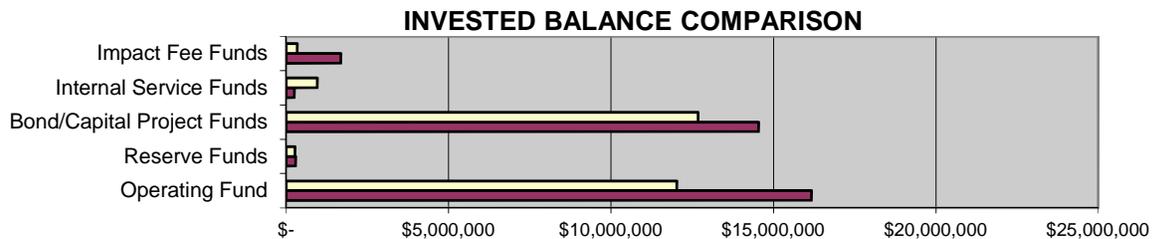
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017
Average Yield to Maturity		0.510%	0.665%	0.890%	1.093%
≥ Policy Benchmark-(Six Month T-Bill)		0.625%	0.875%	1.047%	1.160%
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)

Fund Name	Actual 2016-17	Actual 2015-16	Variance
OPERATING FUNDS			
100 General Fund	\$ 4,922,000	\$ 2,978,413	\$ 1,943,587
110 Water/Sewer Operations	1,811,724	1,684,515	127,209
120 Storm Water Utility Fund	800,839	698,732	102,107
130 Economic Development Corporation	3,470,022	3,113,689	356,333
131 Crime Control & Prevention District	299,739	173,691	126,048
132 Street Maintenance Sales Tax	888,347	626,989	261,358
Independent Bank Cash	3,981,724	2,751,925	1,229,799
	<u>\$ 16,174,396</u>	<u>\$ 12,027,954</u>	<u>\$ 4,146,442</u>
RESERVE FUNDS			
200 Debt Service	\$ 289,209	\$ 274,178	\$ 15,032
	<u>\$ 289,209</u>	<u>\$ 274,178</u>	<u>\$ 15,032</u>
BOND / CAPITAL PROJECTS FUNDS			
193 General Fund Capital Expenditure Fund	\$ 1,455,000	\$ 1,777,420	\$ (322,420)
194 Utility Capital Expenditure Fund	-	339,612	(339,612)
706 GF Capital Projects - 2016 C.O.	7,539,655	10,561,519	(3,021,863)
709 GF Capital Projects - 2017 C.O.	2,000,853	-	2,000,853
Independent Bank Cash	3,549,549	-	3,549,549
	<u>\$ 14,545,058</u>	<u>\$ 12,678,551</u>	<u>\$ 1,866,507</u>
INTERNAL SERVICE FUNDS			
300 General Fund Vehicle Replacement	-	-	-
301 Fire Vehicle Replacement	-	75,652	(75,652)
302 Technology Replacement	-	-	-
310 Utility Vehicle Replacement	250,000	100,595	149,405
311 Utility Meter Replacement	-	776,350	(776,350)
	<u>\$ 250,000</u>	<u>\$ 952,597</u>	<u>\$ (702,597)</u>
IMPACT FEE FUNDS			
610 Water/Sewer Impact Fees	170,000	100,000	70,000
611 Wastewater Impact Fees	-	100,000	(100,000)
620 Storm Drainage Impact Fees	-	-	-
630 Roadway Impact Fees	-	-	-
699 Street Escrow Fund	-	138,442	(138,442)
Independent Bank Cash	1,512,037	-	1,512,037
	<u>\$ 1,682,037</u>	<u>\$ 338,442</u>	<u>\$ 1,343,595</u>
	<u><u>\$ 32,940,700</u></u>	<u><u>\$ 26,271,721</u></u>	<u><u>\$ 6,668,978</u></u>

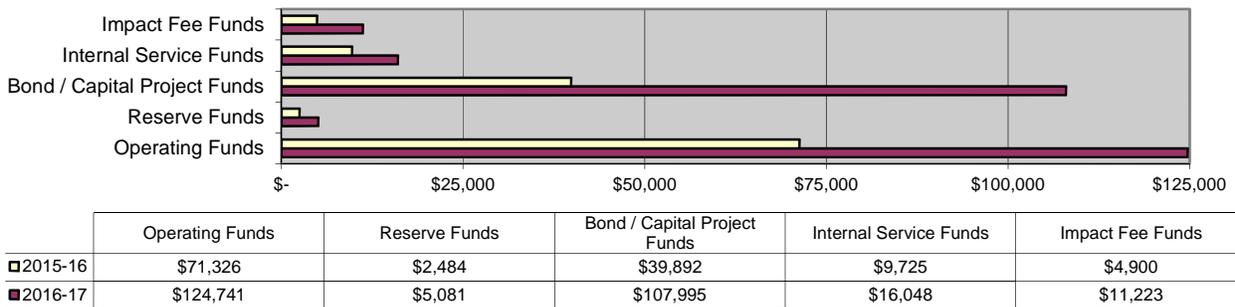


	Operating Fund	Reserve Funds	Bond/Capital Project Funds	Internal Service Funds	Impact Fee Funds
2015-16	12,027,954	274,178	12,678,551	\$952,597	\$338,442
2016-17	16,174,396	289,209	14,545,058	\$250,000	\$1,682,037

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

Fund Name	Actual 2016-17	Actual 2015-16	Variance
OPERATING FUNDS:			
100 General Fund	65,390	40,124	25,266
110 Water/Sewer Operations	14,632	7,363	7,269
120 Storm Water Utility Fund	6,400	2,720	3,680
130 Economic Development Corporation	29,498	18,128	11,370
131 Crime Control & Prevention District	2,033	689	1,344
132 Street Maintenance Sales Tax	6,788	2,302	4,486
	\$ 124,741	\$ 71,326	\$ 53,415
RESERVE FUNDS:			
200 Debt Service	\$ 5,081	\$ 2,484	\$ 2,597
	\$ 5,081	\$ 2,484	\$ 2,597
BOND /CAPITAL PROJECTS FUNDS			
193 General Fund Capital Expenditure Fund	17,620	11,774	5,846
194 Utility Capital Expenditure Fund	3,468	3,040	428
703 Streets - 2007 C.O.	878	350	528
704 All Departmental - 2007 C.O.	-	14	(14)
705 Fire - 2010 C.O.	-	85	(85)
706 GF Capital Projects - 2016 C.O.	82,653	23,820	58,834
709 GF Capital Projects - 2017 C.O.	3,376	-	3,376
800 Water - 2007 C.O.	-	56	(56)
801 Wastewater - 2007 C.O.	-	51	(51)
802 Drainage - 2007 C.O.	-	702	(702)
	\$ 107,995	\$ 39,892	\$ 68,103
INTERNAL SERVICE FUNDS			
300 General Fund Vehicle Replacement	944	189	756
301 Fire Vehicle Replacement	2,863	559	2,304
302 Technology Replacement	306	113	193
310 Utility Vehicle Replacement	3,965	1,962	2,003
311 Utility Meter Replacement	7,970	6,902	1,068
	\$ 16,048	\$ 9,725	\$ 6,324
IMPACT FEE FUNDS			
610 Water/Sewer Impact Fees	3,571	1,702	1,869
611 Wastewater Impact Fees	2,920	1,470	1,450
620 Storm Drainage Impact Fees	766	340	426
630 Roadway Impact Fees	2,762	935	1,826
630 Street Escrow	1,205	453	752
	\$ 11,223	\$ 4,900	\$ 6,323
	\$ 265,088	\$ 128,327	\$ 136,761

INTEREST EARNINGS COMPARISON



City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2017



APPENDIX A

**Investment Report
For Month Ending September 30, 2017**



City of Corinth portfolio
Texas Compliance Change in Val Report
Sorted by Fund
October 1, 2016 - September 30, 2017

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

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
Fund: Pooled Cash									
10012	NTHSTR	00	10/01/2016	49,334.08	4,418,517.05	10,399,033.09	5,774,240.10	4,624,792.99	9,043,310.04
SYS10012	9,043,310.04	1.092	/ /	0.00	4,418,517.05	10,399,033.09	5,774,240.10	4,624,792.99	9,043,310.04
Sub Totals For: Fund: Pooled Cash				49,334.08	4,418,517.05	10,399,033.09	5,774,240.10	4,624,792.99	9,043,310.04
				0.00	4,418,517.05	10,399,033.09	5,774,240.10	4,624,792.99	9,043,310.04
Fund: Pooled Cash- Crime C									
10323	NTHSTR	00A	10/01/2016	1,733.77	202,786.16	143,859.67	46,906.54	96,953.13	299,739.29
SYS10322	299,739.29	1.092	/ /	0.00	202,786.16	143,859.67	46,906.54	96,953.13	299,739.29
Sub Totals For: Fund: Pooled Cash- Crime C				1,733.77	202,786.16	143,859.67	46,906.54	96,953.13	299,739.29
				0.00	202,786.16	143,859.67	46,906.54	96,953.13	299,739.29
Fund: Pooled Cash-Eco Dev									
10021	NTHSTR	00B	10/01/2016	1,360.17	194,258.06	361,056.15	218,768.83	142,287.32	336,545.38
SYS10021	336,545.38	0.890	/ /	0.00	194,258.06	361,056.15	218,768.83	142,287.32	336,545.38
Sub Totals For: Fund: Pooled Cash-Eco Dev				1,360.17	194,258.06	361,056.15	218,768.83	142,287.32	336,545.38
				0.00	194,258.06	361,056.15	218,768.83	142,287.32	336,545.38
Fund: Pooled Cash - Street									
10401	NTHSTR	00C	10/01/2016	3,038.14	213,122.43	507,488.81	232,264.54	275,224.27	488,346.70
SYS10042	488,346.70	1.092	/ /	0.00	213,122.43	507,488.81	232,264.54	275,224.27	488,346.70
Sub Totals For: Fund: Pooled Cash - Street				3,038.14	213,122.43	507,488.81	232,264.54	275,224.27	488,346.70
				0.00	213,122.43	507,488.81	232,264.54	275,224.27	488,346.70

Fund: General Fund

Portfolio CITY

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10553	FHLMC	100	06/28/2016	5,977.77	1,000,000.00	0.00	1,000,000.00	-1,000,000.00	0.00
3134G9WU7	0.00	0.000	12/28/2017	8,044.44	999,700.00	0.00	1,000,000.00	-999,700.00	0.00
10580	FHLMC	100	06/30/2017	556.11	0.00	275,000.00	0.00	275,012.22	275,012.22
3134G9WU7	275,000.00	0.799	12/28/2017	0.00	0.00	275,000.00	0.00	274,819.72	274,819.72
10590	FNMA	100	09/30/2017	5.00	0.00	149,621.19	0.00	149,791.94	149,791.94
3136G3AG0	150,000.00	1.381	02/26/2019	0.00	0.00	149,621.19	0.00	149,315.00	149,315.00
10592	FFCB	100	09/30/2017	19.10	0.00	500,000.00	0.00	500,343.75	500,343.75
3133EHYJ6	500,000.00	1.374	09/12/2019	0.00	0.00	500,000.00	0.00	498,643.75	498,643.75
10140	TXSTAR	100	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10140	0.00	0.366	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10327	NTHSTR	100	10/01/2016	204.41	328,412.58	80,176.46	408,589.04	-328,412.58	0.00
SYS10327	0.00	0.450	/ /	176.46	328,412.58	80,176.46	408,589.04	-328,412.58	0.00
10495	FHLB	100	01/07/2014	1,510.42	999,651.51	0.00	1,000,000.00	-999,651.51	0.00
3130A0C65	0.00	0.000	12/28/2016	3,125.00	1,000,700.00	0.00	1,000,000.00	-1,000,700.00	0.00
10523	FHLB	100	01/02/2015	5,220.83	500,000.00	0.00	500,000.00	-500,000.00	0.00
3130A3Q80	0.00	0.000	09/29/2017	5,250.00	500,200.00	0.00	500,000.00	-500,200.00	0.00
10574	FNMA	100	03/20/2017	974.90	0.00	146,942.67	0.00	146,960.92	146,960.92
3136G2H91	147,000.00	1.273	11/20/2018	306.25	0.00	146,942.67	0.00	146,661.90	146,661.90
10563	FHLB	100	12/19/2016	4,504.17	0.00	498,590.00	0.00	499,159.66	499,159.66
313382CU5	500,000.00	1.297	11/27/2018	2,523.61	0.00	498,590.00	0.00	498,150.00	498,150.00
10565	FHLB	100	12/20/2016	4,090.11	0.00	400,100.00	0.00	400,060.64	400,060.64
3130AAHG6	400,000.00	1.297	12/14/2018	2,532.67	0.00	400,100.00	0.00	399,440.00	399,440.00
10564	FFCB	100	12/20/2016	9,756.94	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00
3133EGW35	1,000,000.00	1.250	12/20/2018	6,250.00	0.00	1,000,000.00	0.00	996,000.00	996,000.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10556	FNMA	100	08/05/2016	1,605.00	150,987.29	0.00	0.00	-537.64	150,449.65
3136G16Y0	150,000.00	0.824	12/26/2018	1,431.12	150,638.88	0.00	0.00	-1,343.88	149,295.00
10567	FFCB	100	01/03/2017	4,764.44	0.00	499,850.00	0.00	499,905.83	499,905.83
3133EG2S3	500,000.00	1.295	01/03/2019	3,200.00	0.00	499,850.00	0.00	498,750.00	498,750.00
10569	FHLB	100	01/17/2017	4,409.72	0.00	500,000.00	0.00	500,000.00	500,000.00
3130AAMC9	500,000.00	1.250	01/17/2019	3,125.00	0.00	500,000.00	0.00	498,850.00	498,850.00
10570	FFCB	100	02/01/2017	4,333.33	0.00	500,000.00	0.00	500,000.00	500,000.00
3133EG5Q4	500,000.00	1.300	02/01/2019	3,250.00	0.00	500,000.00	0.00	498,750.00	498,750.00
10572	FHLMC	100	02/14/2017	2,128.13	0.00	300,000.00	0.00	300,000.00	300,000.00
3134GAX90	300,000.00	1.125	02/14/2020	1,687.50	0.00	300,000.00	0.00	299,880.00	299,880.00
Sub Totals For: Fund: General Fund				50,060.38	2,979,051.38	4,850,280.32	2,908,589.04	1,942,633.23	4,921,684.61
				40,902.05	2,979,651.46	4,850,280.32	2,908,589.04	1,928,903.91	4,908,555.37
Fund: Utility Fund									
10527	FHLB	110	09/30/2015	192.29	149,992.75	0.00	150,000.00	-149,992.75	0.00
3130A3PC2	0.00	0.000	12/12/2016	487.50	149,955.00	0.00	150,000.00	-149,955.00	0.00
10533	FFCB	110	01/27/2016	2,625.00	300,000.00	0.00	0.00	0.00	300,000.00
3133EFWC7	300,000.00	0.875	11/27/2017	2,625.00	300,240.00	0.00	0.00	-390.00	299,850.00
10581	FHLMC	110	06/30/2017	758.33	0.00	375,000.00	0.00	375,016.67	375,016.67
3134G9WU7	375,000.00	0.799	12/28/2017	0.00	0.00	375,000.00	0.00	374,754.17	374,754.17
10557	FNMA	110	08/05/2016	2,889.00	271,777.13	0.00	0.00	-967.76	270,809.37
3136G16Y0	270,000.00	0.824	12/26/2018	2,576.02	271,149.98	0.00	0.00	-2,418.98	268,731.00
10211	TXSTAR	110	10/01/2016	4,623.74	612,405.98	4,318.36	0.00	4,318.36	616,724.34
SYS10211	616,724.34	1.038	/ /	4,318.36	612,405.98	4,318.36	0.00	4,318.36	616,724.34
10358	NTHSTR	110	10/01/2016	1,023.85	352,109.43	266,037.68	618,147.11	-352,109.43	0.00
SYS10358	0.00	0.450	/ /	1,037.68	352,109.43	266,037.68	618,147.11	-352,109.43	0.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10018	TXPOOL	110	10/01/2016	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	10/01/2016	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
10588	FHLB	110	09/01/2017	416.67	0.00	252,000.00	0.00	251,839.14	251,839.14
313375K48	250,000.00	2.153	09/14/2018	180.56	0.00	252,000.00	0.00	251,500.00	251,500.00
Sub Totals For: Fund: Utility Fund				12,528.88	1,686,285.29	897,356.04	768,147.11	128,104.23	1,814,389.52
				11,225.12	1,685,860.39	897,356.04	768,147.11	125,699.12	1,811,559.51
Fund: Drainage Fund									
10528	FHLB	120	09/30/2015	192.29	149,992.75	0.00	150,000.00	-149,992.75	0.00
3130A3PC2	0.00	0.000	12/12/2016	487.50	149,955.00	0.00	150,000.00	-149,955.00	0.00
10582	FHLMC	120	06/30/2017	707.77	0.00	350,000.00	0.00	350,015.56	350,015.56
3134G9WU7	350,000.00	0.799	12/28/2017	0.00	0.00	350,000.00	0.00	349,770.56	349,770.56
10558	FNMA	120	08/05/2016	1,605.00	150,987.29	0.00	0.00	-537.64	150,449.65
3136G16Y0	150,000.00	0.824	12/26/2018	1,431.12	150,638.88	0.00	0.00	-1,343.88	149,295.00
10302	TXSTAR	120	10/01/2016	2,255.47	298,732.47	2,106.51	0.00	2,106.51	300,838.98
SYS10302	300,838.98	1.038	/ /	2,106.51	298,732.47	2,106.51	0.00	2,106.51	300,838.98
10332	NTHSTR	120	10/01/2016	183.89	100,000.00	184.93	100,184.93	-100,000.00	0.00
SYS10332	0.00	0.450	/ /	184.93	100,000.00	184.93	100,184.93	-100,000.00	0.00
Sub Totals For: Fund: Drainage Fund				4,944.42	699,712.51	352,291.44	250,184.93	101,591.68	801,304.19
				4,210.06	699,326.35	352,291.44	250,184.93	100,578.19	799,904.54
Fund: Economic Development									
10593	FAMC	130	09/30/2017	12.50	0.00	500,000.00	0.00	500,737.50	500,737.50
3132X0NNS6	500,000.00	0.898	02/01/2018	0.00	0.00	500,000.00	0.00	500,137.50	500,137.50

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10566	FHLB	130	12/20/2016	3,578.85	0.00	350,087.50	0.00	350,053.06	350,053.06
3130AAHG6	350,000.00	1.297	12/14/2018	2,216.08	0.00	350,087.50	0.00	349,510.00	349,510.00
10007	TXPOOL	130	10/01/2016	5,018.08	953,467.85	429,684.99	599,676.04	-169,991.05	783,476.80
SYS10007	783,476.80	1.015	/ /	4,684.99	953,467.85	429,684.99	599,676.04	-169,991.05	783,476.80
10379	NTHSTR	130	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10379	0.00	0.250	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10542	FAMC	130	03/08/2016	16,489.69	598,411.44	0.00	585,000.00	-598,411.44	0.00
30769QAA8	0.00	0.000	04/19/2017	29,981.26	599,157.00	0.00	585,000.00	-599,157.00	0.00
10541	FHLMC	130	02/25/2016	3,600.00	500,000.00	0.00	500,000.00	-500,000.00	0.00
3134G8L49	0.00	0.000	08/25/2017	4,000.00	499,200.00	0.00	500,000.00	-499,200.00	0.00
10543	FHLB	130	03/11/2016	5,275.67	381,802.31	0.00	380,000.00	-381,802.31	0.00
313378PK1	0.00	0.000	09/28/2017	5,320.00	382,090.00	0.00	380,000.00	-382,090.00	0.00
10534	FFCB	130	01/27/2016	3,937.50	450,000.00	0.00	0.00	0.00	450,000.00
3133EFWC7	450,000.00	0.875	11/27/2017	3,937.50	450,360.00	0.00	0.00	-585.00	449,775.00
10583	FHLB	130	08/15/2017	734.73	0.00	499,125.00	0.00	500,312.54	500,312.54
313381EC5	500,000.00	1.285	12/06/2018	0.00	0.00	499,125.00	0.00	500,252.08	500,252.08
10578	FFCB	130	04/17/2017	1,804.00	0.00	300,000.00	0.00	300,000.00	300,000.00
3133EHFK4	300,000.00	1.320	04/17/2019	0.00	0.00	300,000.00	0.00	299,190.00	299,190.00
10562	FNMA	130	12/08/2016	2,584.10	0.00	248,750.00	0.00	249,125.64	249,125.64
3136G2XJ1	250,000.00	1.459	08/23/2019	2,248.96	0.00	248,750.00	0.00	248,300.00	248,300.00
Sub Totals For: Fund: Economic Development				43,035.12	2,883,681.60	2,327,647.49	2,064,676.04	250,023.94	3,133,705.54
				52,388.79	2,884,274.85	2,327,647.49	2,064,676.04	246,366.53	3,130,641.38
Fund: Street Maintenance S									
10551	FHLB	132	06/16/2016	1,440.00	200,000.00	0.00	0.00	0.00	200,000.00
3130A8HM8	200,000.00	0.720	01/16/2018	1,440.00	199,720.00	0.00	0.00	100.00	199,820.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10579	FFCB	132	04/17/2017	1,202.67	0.00	200,000.00	0.00	200,000.00	200,000.00
3133EHFK4	200,000.00	1.320	04/17/2019	0.00	0.00	200,000.00	0.00	199,460.00	199,460.00
10155	TXSTAR	132	10/01/2016	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	10/01/2016	414.99	225,669.59	417.34	226,086.93	-225,669.59	0.00
SYS10331	0.00	0.450	/ /	417.34	225,669.59	417.34	226,086.93	-225,669.59	0.00
Sub Totals For: Fund: Street Maintenance S				3,057.66	425,669.59	200,417.34	226,086.93	-25,669.59	400,000.00
				1,857.34	425,389.59	200,417.34	226,086.93	-26,109.59	399,280.00
Fund: General Fund Capital									
10500	FHLB	193	03/28/2014	966.15	250,000.00	0.00	250,000.00	-250,000.00	0.00
3133782N0	0.00	0.000	03/10/2017	1,093.75	250,400.00	0.00	250,000.00	-250,400.00	0.00
10589	FHLB	193	09/01/2017	416.67	0.00	252,000.00	0.00	251,839.14	251,839.14
313375K48	250,000.00	2.153	09/14/2018	180.56	0.00	252,000.00	0.00	251,500.00	251,500.00
10464	NTHSTR	193	10/01/2016	964.80	572,420.49	999.37	573,419.86	-572,420.49	0.00
SYS10464	0.00	0.450	/ /	999.37	572,420.49	999.37	573,419.86	-572,420.49	0.00
10535	FAMC	193	01/11/2016	5,596.50	455,690.22	0.00	0.00	-543.72	455,146.50
31315P5L9	455,000.00	1.108	01/08/2018	5,596.50	456,274.00	0.00	0.00	-1,319.50	454,954.50
10559	FHLMC	193	08/25/2016	5,000.00	500,000.00	0.00	0.00	0.00	500,000.00
3134G96J1	500,000.00	1.000	02/25/2019	5,000.00	499,200.00	0.00	0.00	-2,850.00	496,350.00
10576	FNMA	193	04/06/2017	2,005.20	0.00	250,000.00	0.00	250,000.00	250,000.00
3135G0S46	250,000.00	1.644	01/27/2020	1,271.87	0.00	250,000.00	0.00	249,650.00	249,650.00
Sub Totals For: Fund: General Fund Capital				14,949.32	1,778,110.71	502,999.37	823,419.86	-321,125.07	1,456,985.64
				14,142.05	1,778,294.49	502,999.37	823,419.86	-325,839.99	1,452,454.50

Fund: Water/Wastewater Cap

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10465	NTHSTR	194	10/01/2016	624.51	339,611.67	628.04	340,239.71	-339,611.67	0.00
SYS10465	0.00	0.450	/ /	628.04	339,611.67	628.04	340,239.71	-339,611.67	0.00
Sub Totals For: Fund: Water/Wastewater Cap				624.51	339,611.67	628.04	340,239.71	-339,611.67	0.00
				628.04	339,611.67	628.04	340,239.71	-339,611.67	0.00
Fund: General Debt Service									
10328	NTHSTR	200	10/01/2016	1,214.37	274,177.57	301,232.23	286,200.69	15,031.54	289,209.11
SYS10328	289,209.11	0.350	/ /	1,232.23	274,177.57	301,232.23	286,200.69	15,031.54	289,209.11
10017	TXSTAR	200	10/01/2016	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				1,214.37	274,177.57	301,232.23	286,200.69	15,031.54	289,209.11
				1,232.23	274,177.57	301,232.23	286,200.69	15,031.54	289,209.11
Fund: GF Vehicle & Equip									
10462	NTHSTR	300	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10462	0.00	0.250	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: GF Vehicle & Equip				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: Fire Vehicle Replace									
10510	NTHSTR	301	10/01/2016	139.11	75,651.99	139.90	75,791.89	-75,651.99	0.00
SYS10510	0.00	0.450	/ /	139.90	75,651.99	139.90	75,791.89	-75,651.99	0.00
Sub Totals For: Fund: Fire Vehicle Replace				139.11	75,651.99	139.90	75,791.89	-75,651.99	0.00
				139.90	75,651.99	139.90	75,791.89	-75,651.99	0.00
Fund: Utility Vehicle & Eq									
10577	FNMA	310	04/06/2017	2,005.20	0.00	250,000.00	0.00	250,000.00	250,000.00
3135G0S46	250,000.00	1.649	01/27/2020	1,271.87	0.00	250,000.00	0.00	249,650.00	249,650.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10463	NTHSTR	310	10/01/2016	184.98	100,594.68	186.03	100,780.71	-100,594.68	0.00
SYS10462	0.00	0.450	/ /	186.03	100,594.68	186.03	100,780.71	-100,594.68	0.00
Sub Totals For: Fund: Utility Vehicle & Eq				2,190.18	100,594.68	250,186.03	100,780.71	149,405.32	250,000.00
				1,457.90	100,594.68	250,186.03	100,780.71	149,055.32	249,650.00
Fund: Utility Meter Replac									
10524	FHLB	311	01/02/2015	5,220.83	500,000.00	0.00	500,000.00	-500,000.00	0.00
3130A3Q80	0.00	0.000	09/29/2017	5,250.00	500,200.00	0.00	500,000.00	-500,200.00	0.00
10511	NTHSTR	311	10/01/2016	508.19	276,349.92	511.06	276,860.98	-276,349.92	0.00
SYS10511	0.00	0.450	/ /	511.06	276,349.92	511.06	276,860.98	-276,349.92	0.00
Sub Totals For: Fund: Utility Meter Replac				5,729.02	776,349.92	511.06	776,860.98	-776,349.92	0.00
				5,761.06	776,549.92	511.06	776,860.98	-776,549.92	0.00
Fund: Water Impact Fees									
10529	FHLB	610	09/30/2015	128.19	99,995.17	0.00	100,000.00	-99,995.17	0.00
3130A3PC2	0.00	0.000	12/12/2016	325.00	99,970.00	0.00	100,000.00	-99,970.00	0.00
10591	FHLB	610	09/30/2017	15.35	0.00	171,638.84	0.00	171,950.82	171,950.82
313372SN5	170,000.00	1.055	03/09/2018	0.00	0.00	171,638.84	0.00	171,801.29	171,801.29
10052	TXSTAR	610	10/01/2016	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				143.54	99,995.17	171,638.84	100,000.00	71,955.65	171,950.82
				325.00	99,970.00	171,638.84	100,000.00	71,831.29	171,801.29
Fund: Wastewater Impact Fe									
10530	FHLB	611	09/30/2015	128.19	99,995.17	0.00	100,000.00	-99,995.17	0.00
3130A3PC2	0.00	0.000	12/12/2016	325.00	99,970.00	0.00	100,000.00	-99,970.00	0.00
10315	TXSTAR	611	10/01/2016	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

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
Sub Totals For: Fund: Wastewater Impact Fe				128.19	99,995.17	0.00	100,000.00	-99,995.17	0.00
				325.00	99,970.00	0.00	100,000.00	-99,970.00	0.00
Fund: Roadway Impact Fees									
10301	TXSTAR	630	10/01/2016	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				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: Street Escrow									
10329	NTHSTR	699	10/01/2016	254.57	138,442.13	256.02	138,698.15	-138,442.13	0.00
SYS10329	0.00	0.450	/ /	256.02	138,442.13	256.02	138,698.15	-138,442.13	0.00
10019	TXPOOL	699	10/01/2016	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				254.57	138,442.13	256.02	138,698.15	-138,442.13	0.00
				256.02	138,442.13	256.02	138,698.15	-138,442.13	0.00
Fund: Street 2007 CO									
10064	TXPOOL	703	10/01/2016	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	10/01/2016	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	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10330	0.00	0.250	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Street 2007 CO				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: Tech 2007 CO									

**City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017**

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10380	NTHSTR	704	10/01/2016	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	10/01/2016	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	10/01/2016	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	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: Fire 2010 CO									
10370	NTHSTR	705	10/01/2016	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				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: 2016 CO General Capi									
10555	FHLMC	706	06/28/2016	16,000.00	2,000,000.00	0.00	0.00	0.00	2,000,000.00
3134G9WU7	2,000,000.00	0.800	12/28/2017	16,000.00	1,999,400.00	0.00	0.00	-800.00	1,998,600.00
10552	FHLB	706	06/16/2016	3,960.00	550,000.00	0.00	0.00	0.00	550,000.00
3130A8HM8	550,000.00	0.720	01/16/2018	3,960.00	549,230.00	0.00	0.00	275.00	549,505.00
10554	FHLMC	706	06/30/2016	8,000.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00
3134G9G76	1,000,000.00	0.800	06/29/2018	7,977.78	997,800.00	0.00	0.00	-2,700.00	995,100.00
10560	FHLMC	706	08/25/2016	10,000.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00
3134G96J1	1,000,000.00	1.000	02/25/2019	10,000.00	998,400.00	0.00	0.00	-5,700.00	992,700.00
10561	FHLB	706	08/30/2016	9,972.53	1,000,000.00	0.00	0.00	0.00	1,000,000.00
3130A8YM9	1,000,000.00	1.006	02/28/2019	9,944.44	998,700.00	0.00	0.00	-5,500.00	993,200.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10573	FHLMC	706	02/14/2017	1,418.75	0.00	200,000.00	0.00	200,000.00	200,000.00
3134GAX90	200,000.00	2.029	02/14/2020	1,125.00	0.00	200,000.00	0.00	199,920.00	199,920.00
10549	TXSTAR	706	10/01/2016	28,690.39	5,011,518.72	28,136.73	3,250,000.00	-3,221,863.27	1,789,655.45
SYS10549	1,789,655.45	1.038	/ /	28,136.73	5,011,518.72	28,136.73	3,250,000.00	-3,221,863.27	1,789,655.45
Sub Totals For: Fund: 2016 CO General Capi				78,041.67	10,561,518.72	228,136.73	3,250,000.00	-3,021,863.27	7,539,655.45
				77,143.95	10,555,048.72	228,136.73	3,250,000.00	-3,036,368.27	7,518,680.45
Fund: 2017 CO General Capi									
10585	FHLB	709	08/31/2017	729.17	0.00	999,841.78	0.00	1,001,142.75	1,001,142.75
3130AAKJ6	1,000,000.00	0.918	01/09/2018	0.00	0.00	999,841.78	0.00	1,000,863.89	1,000,863.89
10586	TXSTAR	709	09/30/2017	28.47	0.00	2,000,853.46	0.00	1,000,853.46	1,000,853.46
SYS10586	1,000,853.46	1.038	/ /	853.46	0.00	2,000,853.46	0.00	1,000,853.46	1,000,853.46
Sub Totals For: Fund: 2017 CO General Capi				757.64	0.00	3,000,695.24	0.00	2,001,996.21	2,001,996.21
				853.46	0.00	3,000,695.24	0.00	2,001,717.35	2,001,717.35
Fund: Water 2007 CO									
10066	TXPOOL	800	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10009	0.00	0.050	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10135	TXSTAR	800	10/01/2016	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	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10333	0.00	0.250	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Water 2007 CO				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: Wastewater 2007 CO									
10067	TXPOOL	801	10/01/2016	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

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2016 - September 30, 2017

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value				Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value	Purchases/ Additions	Redemptions	Change in Value	Ending Market Value
10136	TXSTAR	801	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10136	0.00	0.031	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10334	NTHSTR	801	10/01/2016	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
Sub Totals For: Fund: Wastewater 2007 CO				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Fund: Drainage 2007 CO									
10137	TXSTAR	802	10/01/2016	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	10/01/2016	0.00	0.00	0.00	0.00	0.00	0.00
SYS10458	0.00	0.250	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10068	TXPOOL	802	10/01/2016	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				0.00	0.00	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00	0.00	0.00
Report Grand Totals:				273,264.74	27,947,531.80	24,495,853.81	18,481,856.05	5,001,290.70	32,948,822.50
				212,847.97	27,941,497.51	24,495,853.81	18,481,856.05	4,959,897.40	32,901,394.91

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2017



APPENDIX B

First Southwest Portfolio Assessment



City of Corinth, Texas
Portfolio Exceptions
Quarter Ending September 30, 2017

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:

The allocation to callable agencies slightly exceeded policy guidelines on the June 30 and September 30, 2017 reporting periods. *When market interest rates are moving higher, call options are typically not exercised. As long as this doesn't create a cashflow deficiency, the fractionally higher percentage of callables bonds shouldn't be an issue for the City.*

There were no other exceptions noted.

Scott D. McIntyre, CFA
Managing Director
FirstSouthwest Asset Management, LLC

11/14/17

Date

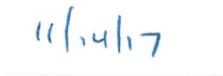
City of Corinth, Texas
Portfolio Assessment
Quarter Ending September 30, 2017

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

- The Fed was very active during the recently completed fiscal year, raising the overnight rate target by 25 bps in December 2016, March 2017 and again in June 2017. The June increase was the fifth tightening move since the Fed began “normalizing” policy in December 2015. The significance of this action is that fixed income investors can expect to see unrealized losses, and in many cases a portfolio yield below established benchmarks. This will continue to be the case as long as the Fed is tightening policy. The shorter the weighted average maturity (WAM), the smaller the unrealized loss is likely to be. This is a long way of saying that, at 191 days the overall portfolio is well positioned to minimize unrealized losses and benefit from future rate increases.
- The City’s overall portfolio yield was 1.07% at quarter end. This is 45 basis points above the average yield at the end of the last fiscal year and essentially equal to the six-month Treasury bill yield over the previous two quarters.
- There are no apparent credit risks being assumed; no direct exposure to foreign markets; no leveraging or speculation.
- Bank deposits are adequately secured through a Federal Home Loan Bank (FHLB) standby letter of credit in the amount of \$15 million maturing 8/6/2018.
- Coastal Securities was acquired by FTN Financial meaning a change is required in approved brokers.
- Portfolio strategy and investment management are prudent.
- Investment reporting is accurate.



Scott D. McIntyre, CFA
Managing Director



Date

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2017



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.