

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2018



Bob Hart
City Manager

Lee Ann Bunselmeyer
*Director of Finance,
Communication &
Strategic Services*

Prepared By:
Chris Rodriguez
Assistant Finance Director



December 13, 2018

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 February 15, 2018, 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. 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 Independent Bank. Frost Bank serves as the City's safekeeping institution and acts as a third-party custodian.

There are four 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, and (4) safekeeping services. These automated services facilitate full utilization of available cash thus maximizing interest income. The Independent Bank contract was renewed on June 1, 2014 for a two-year period with an additional option for three one-year renewals. This is the final year 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, Communication
& Strategic Services

Chris Rodriguez
Assistant Finance Director

CITY OF CORINTH
ANNUAL INVESTMENT REPORT
For Period Ending September 30, 2018

Security Type	Par Value	Book Value	Market Value	% of Mkt to Book
U. S. Federal Agency-Coupon	\$ 7,169,910	\$ 7,167,908	\$ 7,110,156	99.19%
U.S. Federal Agency -Callable	5,900,000	5,899,131	5,859,390	99.33%
Managed Pools	2,106,147	2,106,147	2,106,147	100.00%
Money Market	291,914	291,914	291,914	100.00%
Bank Cash	7,919,114	7,919,114	7,919,114	100.00%
	<u>\$ 23,387,085</u>	<u>\$ 23,384,213</u>	<u>\$ 23,286,721</u>	<u>99.58%</u>

PORTFOLIO SUMMARY REPORT

Beginning Par Value as of 9/30/2017	\$ 28,282,591
Beginning Book Value as of 9/30/2017	\$ 28,290,486
Beginning Market Value as of 9/30/2017	\$ 28,246,842
WAM at Beginning Date (Days)	191
Ending Par Value as of 9/30/2018	\$ 23,387,085
Ending Book Value as of 9/30/2018	\$ 23,384,213
Ending Market Value as of 9/30/2018	\$ 23,286,721
WAM at Ending Date (Days)	183
Change to Market Value ⁽¹⁾	\$ (4,960,121)

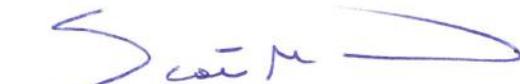
⁽¹⁾ The net decrease in the Market Value is due to the capital expenditures for the new Public Safety Facility and the Lake Sharon Road extension.

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 & Strategic Services

Chris Rodriguez
Assistant Finance Director



Scott McIntyre
First Southwest Asset Management

INVESTMENT STRATEGIES COMPLIANCE REPORT

For Period Ending September 30, 2018

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 9/30/2017	\$	11,769,102
Beginning Market Value as of 9/30/2017	\$	11,751,393
WAM at Beginning Date (Days)		176
Ending Book Value as of 9/30/2018	\$	12,694,000
Ending Market Value as of 9/30/2018	\$	12,640,309
Unrealized Gain/(Loss)	\$	(53,691)
Change to Market Value ⁽¹⁾	\$	888,916
WAM at Ending Date (Days)		164
WAM Policy Benchmark \leq		270

⁽¹⁾ The net increase in the Market Value for the Operating Funds is due to savings in the General Fund expenditures and postponing the hiring of three additional firefighters.

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 9/30/2017	\$	289,209
Beginning Market Value as of 9/30/2017	\$	289,209
WAM at Beginning Date (Days)		1
Ending Book Value as of 9/30/2018	\$	291,914
Ending Market Value as of 9/30/2018	\$	291,914
Unrealized Gain/(Loss)	\$	-
Change to Market Value ⁽²⁾	\$	2,705
WAM at Ending Date (Days)		1
WAM Policy Benchmark \leq		365

⁽²⁾ No significant change.

INVESTMENT STRATEGIES COMPLIANCE REPORT

For Period Ending September 30, 2018

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 9/30/2017	\$	14,548,186
Beginning Market Value as of 9/30/2017	\$	14,522,401
WAM at Beginning Date (Days)		219
Ending Book Value as of 9/30/2018	\$	8,648,992
Ending Market Value as of 9/30/2018	\$	8,606,576
Unrealized Gain/(Loss)	\$	(42,416)
Change to Market Value ⁽¹⁾	\$	(5,915,825)
WAM at Ending Date (Days)		255
WAM Policy Benchmark \leq		365

⁽¹⁾ The net decrease in the Market Value is due to the capital expenditures for the new Public Safety Facility and the Lake Sharon Road extension. The current bank account balance for the bond funds is \$2,795,853.

SPECIAL REVENUE FUNDS

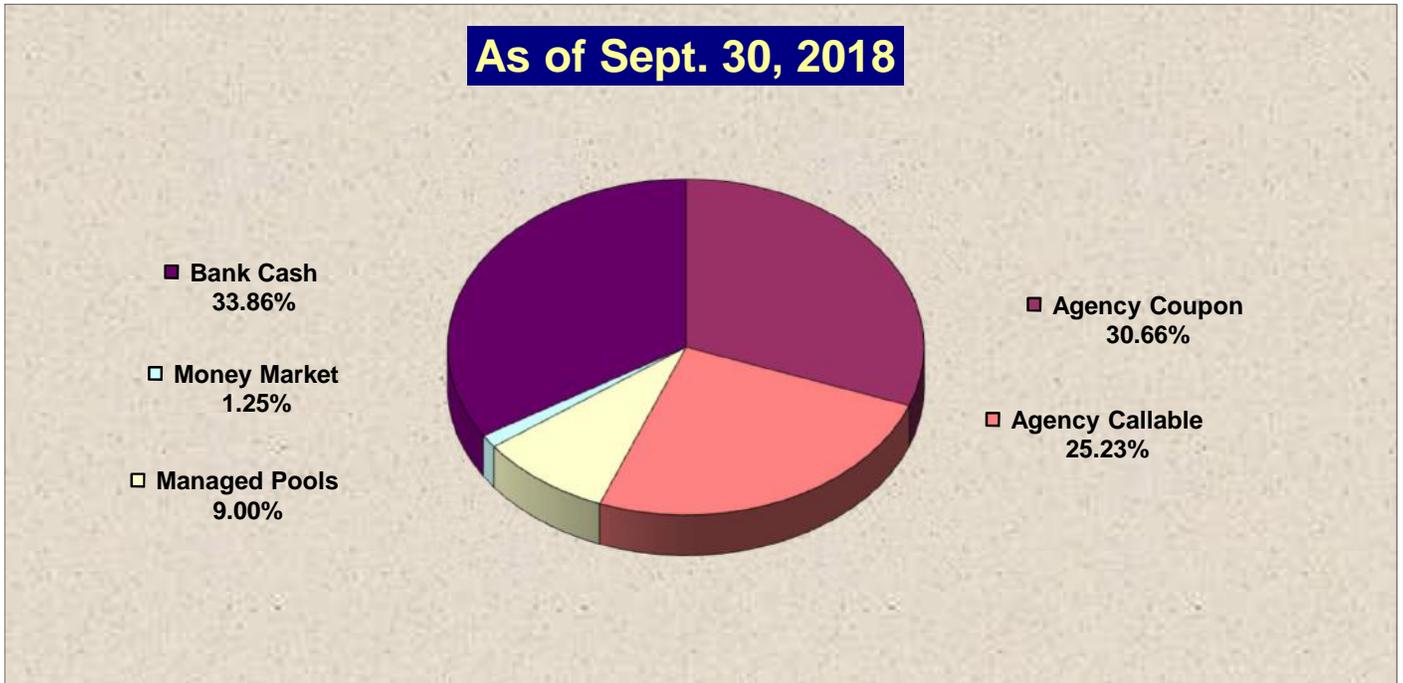
Investment strategies for construction projects or special revenue fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility 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 9/30/2017	\$	1,683,988
Beginning Market Value as of 9/30/2017	\$	1,683,838
WAM at Beginning Date (Days)		159
Ending Book Value as of 9/30/2018	\$	1,749,308
Ending Market Value as of 9/30/2018	\$	1,747,922
Unrealized Gain/(Loss)	\$	(1,386)
Change to Market Value ⁽²⁾	\$	64,084
WAM at Ending Date (Days)		96
WAM Policy Benchmark \leq		270

⁽²⁾ No significant change.

ANNUAL INVESTMENT REPORT
Portfolio Summary By Market Sector

Market Sector	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
U.S. Federal Agency -Coupon	\$ 7,292,000	\$ 8,819,910	\$ 7,669,910	\$ 7,169,910
U.S. Federal Agency-Callable	6,150,000	5,650,000	5,900,000	5,900,000
Managed Pools	3,718,347	3,580,895	2,095,889	2,106,147
Money Market	289,739	290,455	291,079	291,914
Bank Cash	12,535,526	7,729,768	7,399,923	7,919,114
Total Par Value:	\$ 29,985,612	\$ 26,071,027	\$ 23,356,801	\$ 23,387,085



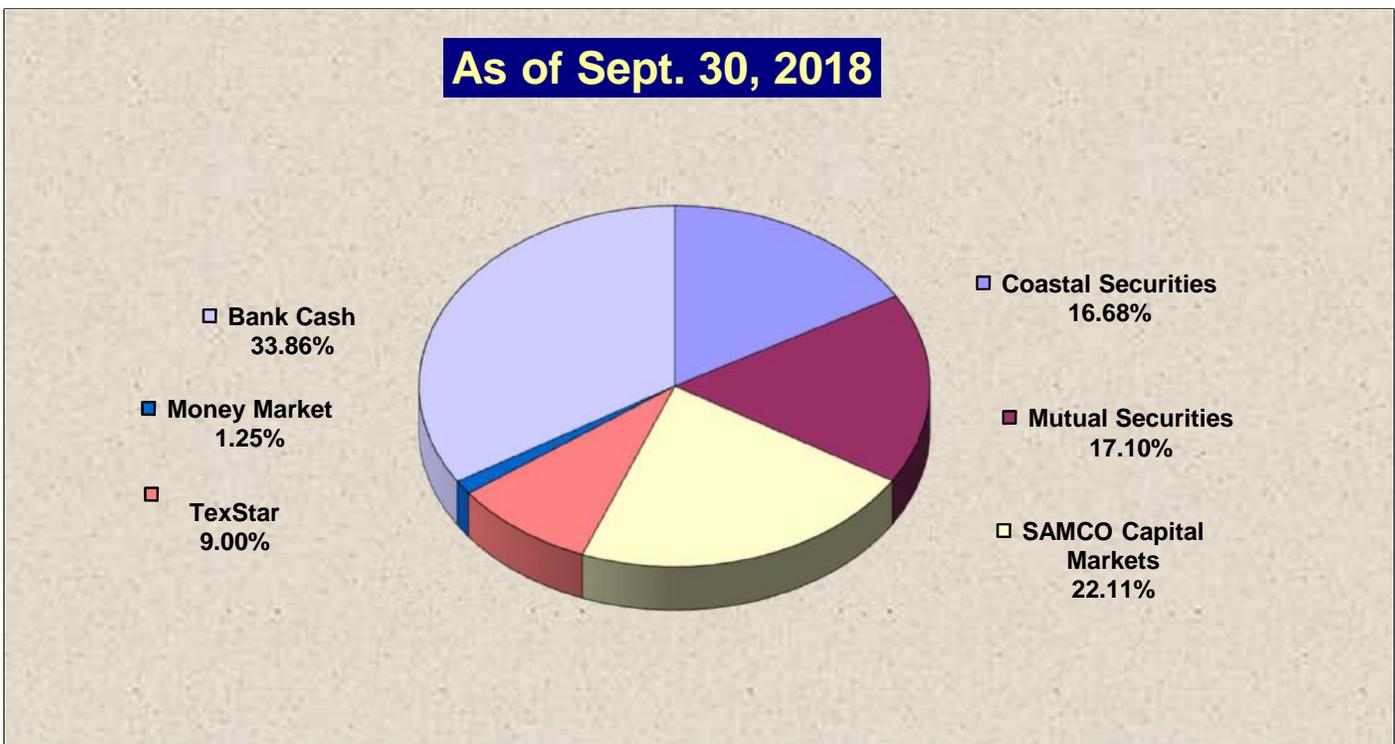
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Average Yield to Maturity		1.115%	1.355%	1.390%	1.380%
≥ Policy Benchmark-(Six Month T-Bill)		1.484%	1.905%	2.099%	2.330%
Callable Securities ≤	30.00%	20.51%	21.67%	25.26%	25.23%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	44.82%	55.50%	58.10%	55.89%
Certificates of Deposit	100.00%	0.00%	0.00%	0.00%	0.00%
Managed Pools	50.00%	12.40%	13.74%	8.97%	9.00%
Money Market	100.00%	0.97%	1.11%	1.25%	1.25%
Bank Cash	100.00%	41.81%	29.65%	31.68%	33.86%

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, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Broker/Dealer				
Coastal Securities	\$ 4,950,000	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000
Mutual Securities	1,000,000	4,000,000	4,000,000	4,000,000
SAMCO Capital Markets	7,492,000	6,569,910	5,669,910	5,169,910
Total Broker/Dealer	\$ 13,442,000	\$ 14,469,910	\$ 13,569,910	\$ 13,069,910
Managed Pools/ Depository Bank				
TexStar	\$ 3,718,347	\$ 3,580,895	\$ 2,095,889	\$ 2,106,147
Money Market	289,739	290,455	291,079	291,914
Bank Cash	12,535,526	7,729,768	7,399,923	7,919,114
Total Managed Pools/Depository Bank	\$ 16,543,612	\$ 11,601,117	\$ 9,786,891	\$ 10,317,175
Total Par Value:	<u>\$ 29,985,612</u>	<u>\$ 26,071,027</u>	<u>\$ 23,356,801</u>	<u>\$ 23,387,085</u>

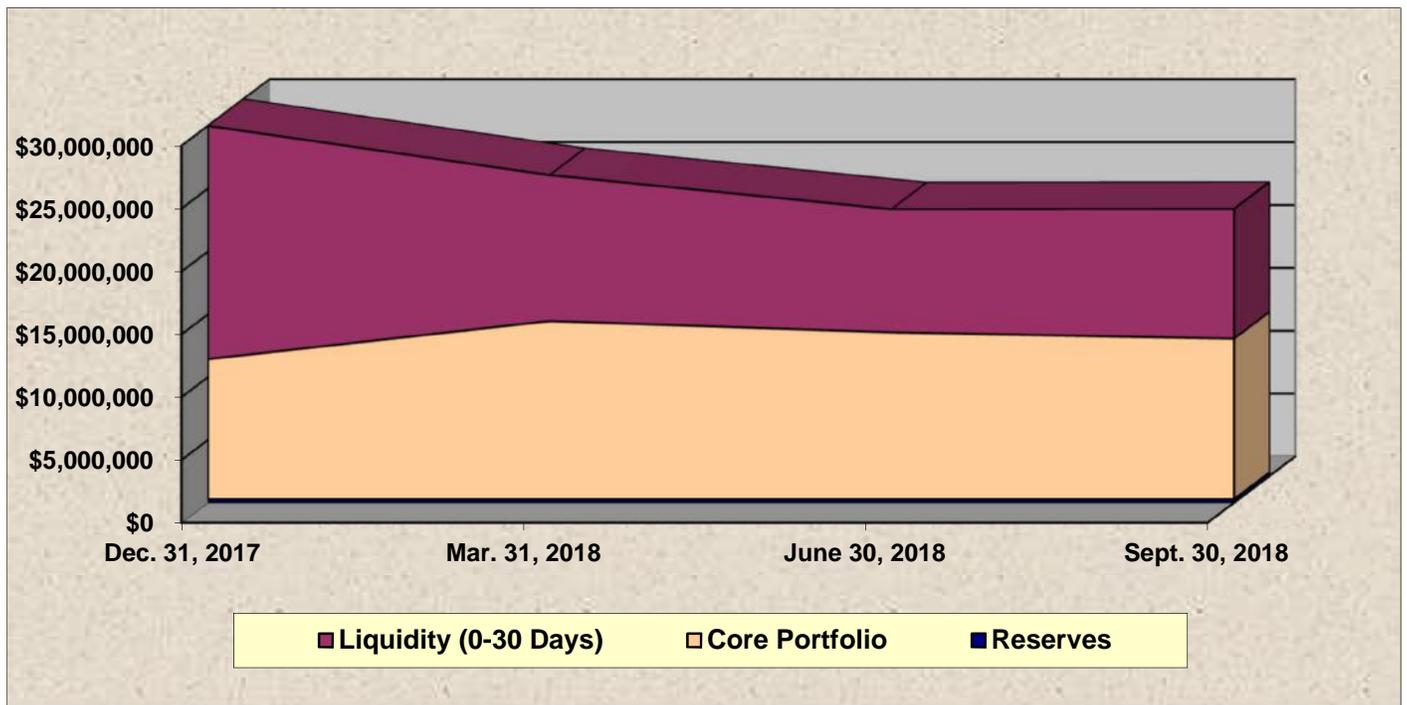


To guard against default possibilities, and to promote diversification of bidders, business with any one issuer, or investment broker, is limited to forty (40%) percent of the total portfolio at any point in time. As shown in the table below, the portfolio adhered to this provision throughout the quarter.

Performance Indicators	Policy Benchmark	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Highest Broker Percent ≤	40.00%	24.99%	25.20%	24.28%	22.11%

ANNUAL INVESTMENT REPORT
Portfolio Summary By Maturity

Maturity Time Frame	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
0-30 Days	\$ 18,548,612	\$ 11,601,117	\$ 9,786,891	\$ 10,317,175
31-90 Days	170,000	-	500,000	2,467,000
91-180 Days	1,000,000	500,000	2,467,000	4,150,000
181-270 Days	500,000	3,617,000	4,150,000	-
271-360 Days	3,617,000	4,150,000	-	750,000
361-450 Days	4,150,000	-	750,000	-
451-540 Days	-	500,000	4,000,000	4,000,000
541 Days & Over	2,000,000	5,702,910	1,702,910	1,702,910
	<u>\$ 29,985,612</u>	<u>\$ 26,071,027</u>	<u>\$ 23,356,801</u>	<u>\$ 23,387,085</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.

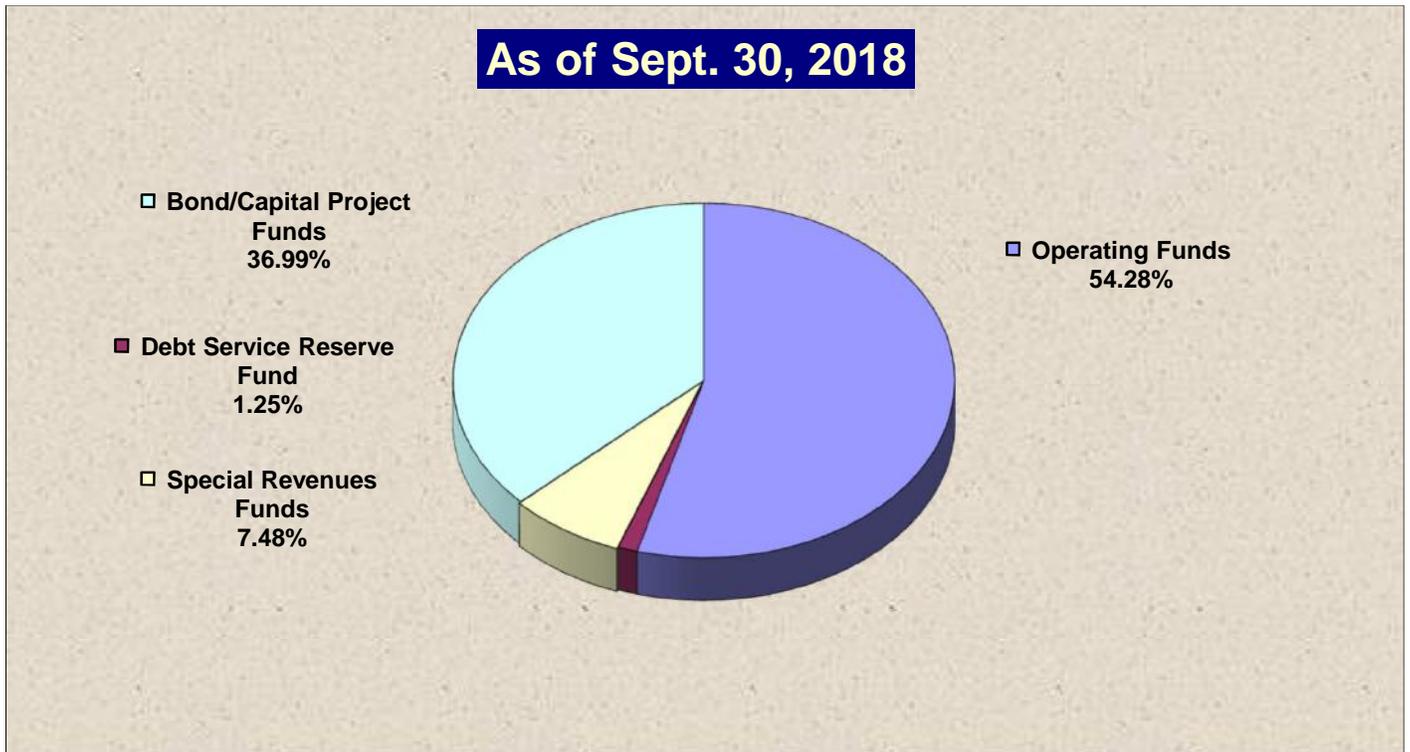
Performance Indicators	Policy Benchmark	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Weighted Avg. Maturity ≤	365 Days	162	264	237	183
Maturities ≤30 days ≥	5.00%	61.86%	44.50%	41.90%	44.11%

Note: The portfolio is within the benchmark limits for the Weighted Average Maturity and liquidity is at 44% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT

Portfolio Summary By Fund Type

Fund Type	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Operating Funds	\$ 20,522,631	\$ 15,244,932	\$ 18,112,018	\$ 12,695,541
Debt Service Reserve Fund	289,739	290,232	291,079	291,914
Special Revenues Funds	170,000	1,209,715	350,000	1,749,237
Bond/Capital Project Funds	9,003,241	9,326,149	4,603,704	8,650,393
	\$ 29,985,612	\$ 26,071,027	\$ 23,356,801	\$ 23,387,085



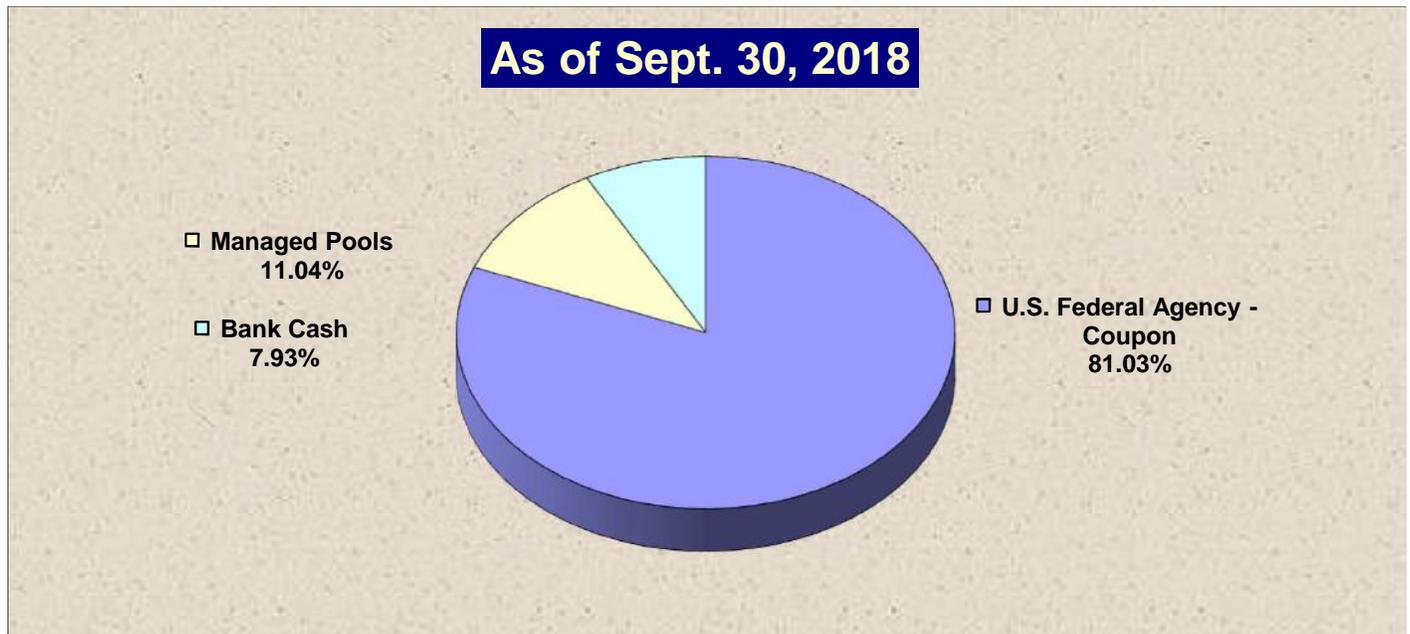
As shown in the graph above, the investments in the portfolio are distributed by fund type. Preservation and safety of principal of these investments is the most important strategy. All investments shall be high quality securities with no perceived default risk. Market fluctuations will occur; however,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

Performance Indicators	Policy Benchmark	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
WAM by Fund ≤					
Operating Funds	270 Days	155	247	212	164
Debt Service Reserve Funds	365 Days	1	1	1	1
Special Revenue Funds	270 Days	67	1	166	96
Bond Funds	365 Days	185	337	353	255

Note: The Weighted Average Maturity is below the policy benchmark for all funds as of September 30, 2018.

ANNUAL INVESTMENT REPORT
Economic Development Corporation

Market Sector	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
U.S. Federal Agency -Coupon	\$ 2,150,000	\$ 2,447,090	\$ 3,097,090	\$ 3,097,090
U.S. Federal Agency-Callable	250,000	750,000	-	-
Managed Pools	785,625	788,316	791,725	421,872
Bank Cash	229,643	121,164	270,936	303,201
Total Par Value:	\$ 3,415,268	\$ 4,106,569	\$ 4,159,751	\$ 3,822,164



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.

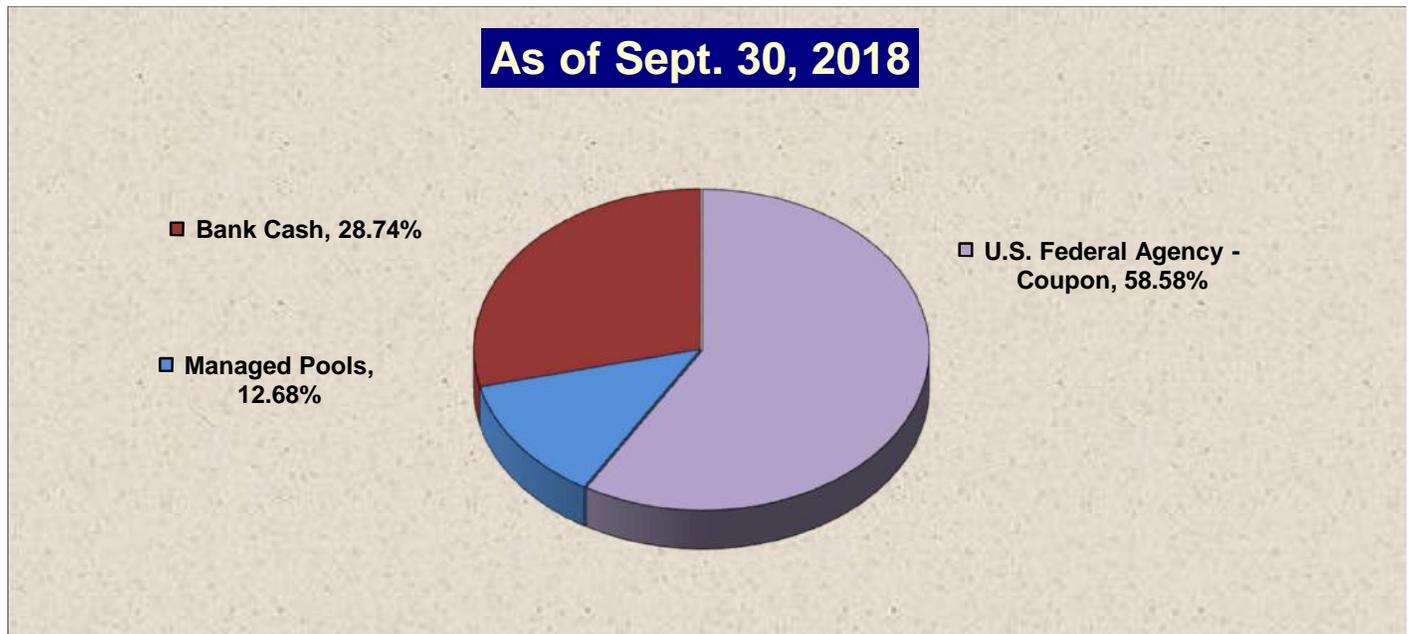
Performance Indicators	Policy Benchmark	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Average Yield to Maturity		1.166%	1.437%	1.520%	1.500%
≥ Policy Benchmark-(Six Month T-Bill)		1.484%	1.905%	2.099%	2.330%
Callable Securities ≤	30.00%	7.32%	18.26%	0.00%	0.00%
Investment By Type ≤					
U.S. Treasuries	100.00%	0.00%	0.00%	0.00%	0.00%
U.S. Agencies	100.00%	70.28%	77.85%	74.46%	81.03%
Managed Pools	100.00%	23.00%	19.20%	19.03%	11.04%
Money Market	100.00%	0.00%	0.00%	0.00%	0.00%
Bank Cash	100.00%	6.72%	2.95%	6.51%	7.93%
Weighted Avg. Maturity ≤	270 Days	220	288	205	149
Maturities ≤30 days ≥	5.00%	29.73%	22.15%	25.55%	18.97%

Note: The portfolio is within the policy benchmark for the Average Weighted Maturity for the fourth quarter of the fiscal year. The liquidity for the portfolio is 19% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT

Street Maintenance Sales Tax

Market Sector	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
U.S. Federal Agency -Coupon	\$ 400,000	\$ 200,000	\$ 700,000	\$ 700,000
U.S. Federal Agency-Callable	-	500,000	-	-
Managed Pools	-	150,132	150,771	151,509
Bank Cash	563,395	204,933	294,569	343,456
Total Par Value:	\$ 963,395	\$ 1,055,065	\$ 1,145,340	\$ 1,194,966



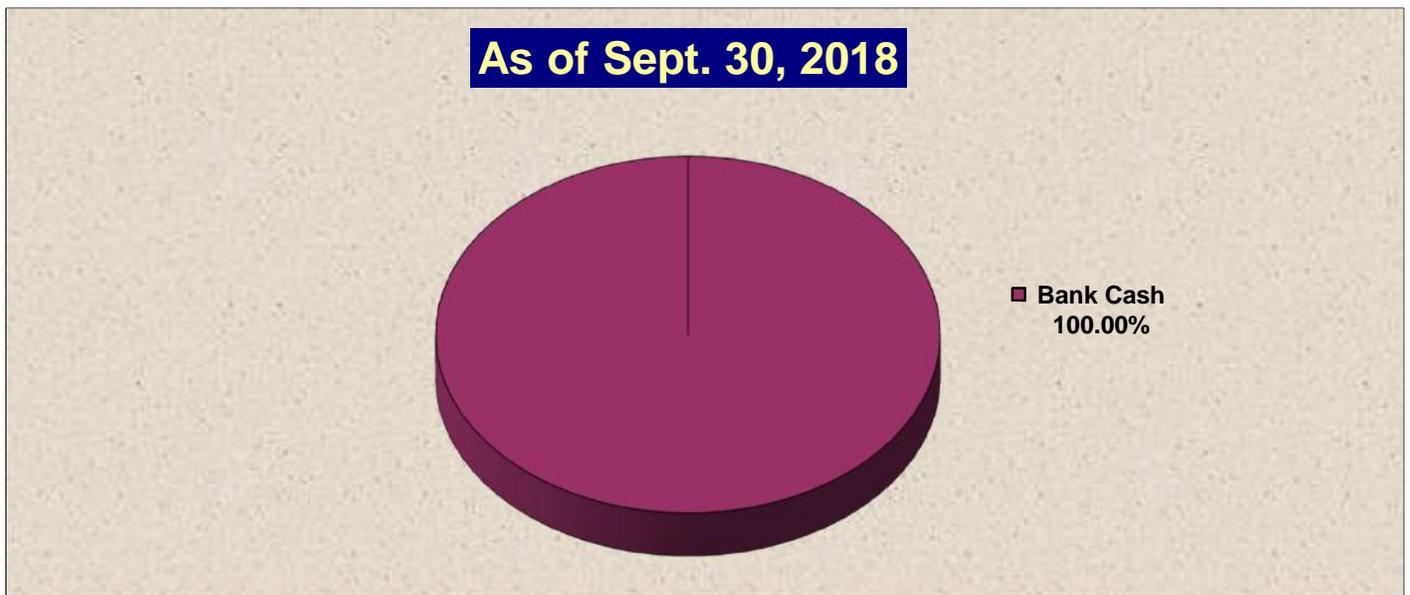
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Average Yield to Maturity		1.008%	1.036%	1.294%	1.304%
≥ <i>Policy Benchmark-(Six Month T-Bill)</i>		1.484%	1.905%	2.099%	2.330%
Callable Securities ≤	30.00%	0.00%	47.39%	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%	41.52%	66.35%	61.12%	58.58%
Managed Pools	100.00%	0.00%	14.23%	13.16%	12.68%
Money Market	100.00%	0.00%	0.00%	0.00%	0.00%
Bank Cash	100.00%	58.48%	19.42%	25.72%	28.74%
Weighted Avg. Maturity ≤	270 Days	101	115	116	57
Maturities ≤ 30 days ≥	5.00%	58.48%	33.65%	38.88%	41.42%

Note: The portfolio is within the policy benchmark for the Weighted Average Maturity for the fiscal year. The liquidity for the portfolio is 41% at the end of the fiscal year.

ANNUAL INVESTMENT REPORT
Crime Control & Prevention District

Market Sector	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
U.S. Federal Agency -Coupon	\$ -	\$ -	\$ -	\$ -
Bank Cash	326,673	361,367	396,998	391,477
Total Par Value:	\$ 326,673	\$ 361,367	\$ 396,998	\$ 391,477



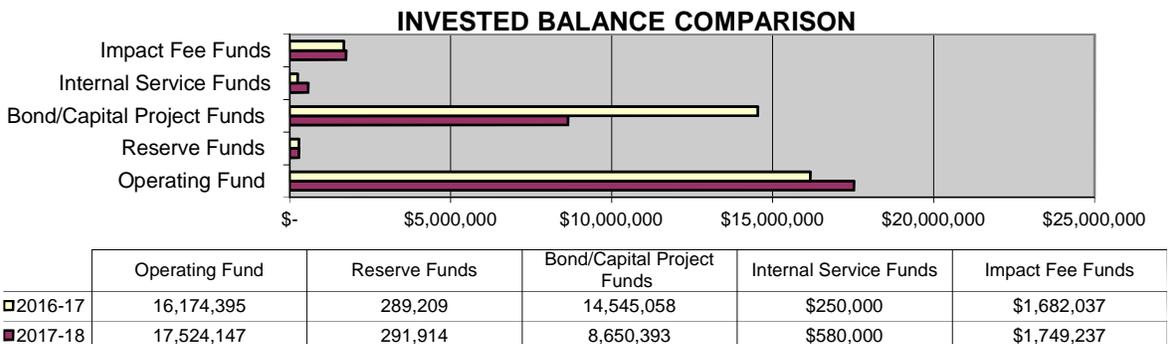
The portfolio is restricted to U.S. Treasuries, U.S. Agencies, bonds issued by Texas public entities and rated AA or better, fully insured/collateralized certificates of deposit, and fully collateralized repurchase agreements. The investments are diversified by security type to protect interest income 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, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018
Average Yield to Maturity		1.000%	1.000%	1.000%	1.000%
≥ Policy Benchmark-(Six Month T-Bill)		1.484%	1.905%	2.099%	2.330%
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%
Bank 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)

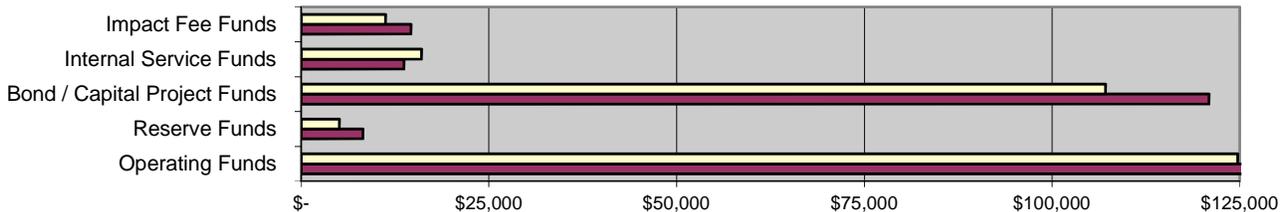
Fund Name	Actual 2017-18	Actual 2016-17	Variance
OPERATING FUNDS			
100 General Fund	\$ 4,902,875	\$ 4,922,000	\$ (19,125)
110 Water/Sewer Operations	2,689,684	1,811,724	877,960
120 Storm Water Utility Fund	648,958	800,839	(151,881)
130 Economic Development Corporation	3,822,164	3,470,022	352,142
131 Crime Control & Prevention District	391,477	299,739	91,738
132 Street Maintenance Sales Tax	1,194,966	888,347	306,619
Independent Bank Cash	3,874,024	3,981,724	(107,700)
	<u>\$ 17,524,147</u>	<u>\$ 16,174,395</u>	<u>\$ 1,349,752</u>
RESERVE FUNDS			
200 Debt Service	\$ 291,914	\$ 289,209	\$ 2,705
	<u>\$ 291,914</u>	<u>\$ 289,209</u>	<u>\$ 2,705</u>
BOND / CAPITAL PROJECTS FUNDS			
193 General Fund Capital Expenditure Fund	\$ 1,432,910	\$ 1,455,000	\$ (22,090)
194 Utility Capital Expenditure Fund	650,000	-	650,000
706 GF Capital Projects - 2016 C.O.	1,200,000	7,539,655	(6,339,655)
709 GF Capital Projects - 2017 C.O.	921,630	2,000,853	(1,079,223)
803 Water - 2016 C.O.	1,150,000	-	1,150,000
804 Water - 2017 C.O.	250,000	-	250,000
805 Wastewater - 2017 C.O.	250,000	-	250,000
Independent Bank Cash	2,795,853	3,549,549	(753,696)
	<u>\$ 8,650,393</u>	<u>\$ 14,545,058</u>	<u>\$ (5,894,665)</u>
INTERNAL SERVICE FUNDS			
300 General Fund Vehicle Replacement	-	-	-
301 Fire Vehicle Replacement	330,000	-	330,000
302 Technology Replacement	-	-	-
310 Utility Vehicle Replacement	250,000	250,000	-
311 Utility Meter Replacement	-	-	-
	<u>\$ 580,000</u>	<u>\$ 250,000</u>	<u>\$ 330,000</u>
IMPACT FEE FUNDS			
610 Water/Sewer Impact Fees	-	170,000	(170,000)
611 Wastewater Impact Fees	500,000	-	500,000
620 Storm Drainage Impact Fees	-	-	-
630 Roadway Impact Fees	-	-	-
699 Street Escrow Fund	-	-	-
Independent Bank Cash	1,249,237	1,512,037	(262,800)
	<u>\$ 1,749,237</u>	<u>\$ 1,682,037</u>	<u>\$ 67,200</u>
	<u><u>\$ 28,795,691</u></u>	<u><u>\$ 32,940,699</u></u>	<u><u>\$ (4,145,008)</u></u>



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

Fund	Name	Actual 2017-18	Actual 2016-17	Variance
OPERATING FUNDS:				
100	General Fund	123,265	65,390	57,875
110	Water/Sewer Operations	26,917	14,632	12,286
120	Storm Water Utility Fund	11,142	6,400	4,742
130	Economic Development Corporation	48,456	29,498	18,957
131	Crime Control & Prevention District	3,340	2,034	1,306
132	Street Maintenance Sales Tax	11,953	6,788	5,165
		\$ 225,073	\$ 124,742	\$ 100,331
RESERVE FUNDS:				
200	Debt Service	\$ 8,215	\$ 5,081	\$ 3,134
		\$ 8,215	\$ 5,081	\$ 3,134
BOND /CAPITAL PROJECTS FUNDS				
193	General Fund Capital Expenditure Fund	21,153	17,620	3,533
194	Utility Capital Expenditure Fund	5,545	3,468	2,077
706	GF Capital Projects - 2016 C.O.	32,536	82,653	(50,117)
709	GF Capital Projects - 2017 C.O.	28,772	3,376	25,396
803	Water - 2016 C.O.	20,762	-	20,762
804	Water - 2017 C.O.	6,250	-	6,250
805	Wastewater - 2017 C.O.	5,897	-	5,897
		\$ 120,915	\$ 107,117	\$ 13,798
INTERNAL SERVICE FUNDS				
300	General Fund Vehicle Replacement	1,490	944	546
301	Fire Vehicle Replacement	4,411	2,863	1,548
302	Technology Replacement	1,063	306	757
310	Utility Vehicle Replacement	5,667	3,965	1,701
311	Utility Meter Replacement	1,087	7,970	(6,883)
		\$ 13,718	\$ 16,048	\$ (2,330)
IMPACT FEE FUNDS				
610	Water/Sewer Impact Fees	3,538	3,571	(33)
611	Wastewater Impact Fees	7,016	2,920	4,097
620	Storm Drainage Impact Fees	842	766	75
630	Roadway Impact Fees	1,838	2,762	(923)
630	Street Escrow	1,411	1,205	206
		\$ 14,646	\$ 11,223	\$ 3,422
		\$ 382,567	\$ 264,211	\$ 118,355

INTEREST EARNINGS COMPARISON



	Operating Funds	Reserve Funds	Bond / Capital Project Funds	Internal Service Funds	Impact Fee Funds
2016-17	\$124,742	\$5,081	\$107,117	\$16,048	\$11,223
2017-18	\$225,073	\$8,215	\$120,915	\$13,718	\$14,646

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2018



APPENDIX A

First Southwest Portfolio Assessment

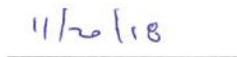
City of Corinth, Texas
Portfolio Assessment
Quarter Ending September 30, 2018

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

- The Fed was unusually active during the recently completed fiscal year, raising the overnight rate target by 25 bps in December 2017, March 2018, June 2018 and September 2018. The September increase was the eighth tightening move since the Fed began “normalizing” policy *from zero* in December 2015. The significance of this aggressive Fed action is that fixed income investors are experiencing *unrealized* losses, and in most 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 183 days, the City’s overall portfolio is well positioned to minimize unrealized losses and benefit from future rate increases.
- The City’s consolidated portfolio yield was 1.38% at quarter end. This is 31 basis points above the average yield at the end of the last fiscal year, but approximately 75 basis points below the six month trailing average of the six-month Treasury bill. The most obvious reason for the shortfall is that 34% of available funds are held at the depository bank earning 1.0%. Adjusting the cash rate to match the month-end TexPool 7-day average rate of 2.07% would boost the overall portfolio yield to 1.76%.
- The Economic Development Corp, Street Maintenance Tax and Crime Control and Prevention portfolios are also held back by the same low 1.0% earnings rate.
- There was no undue credit risk assumed; no direct exposure to foreign markets, leverage or speculation in any of the portfolios.
- Bank deposits are adequately secured through a Federal Home Loan Bank (FHLB) standby letter of credit in the amount of \$10 million effective 8/16/2018.
- The portfolio strategy and investment management appear prudent, and investment reporting appears accurate.
- Coastal Securities was acquired by FTN Financial meaning a change is required in approved brokers.



Scott D. McIntyre, CFA
Managing Director



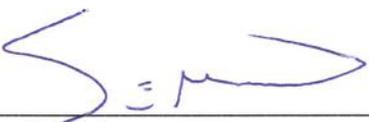
Date



City of Corinth, Texas
Portfolio Exceptions
Quarter Ending September 30, 2018
Fund Groups Included: Consolidated, 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.



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

11/20/18

Date

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2018



APPENDIX B

**Investment Report
For Month Ending September 30, 2018**



**City of Corinth portfolio
Texas Compliance Change in Val Report
Sorted by Fund
October 1, 2017 - September 30, 2018**

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	10/01/2017	83,466.89	9,043,310.04	9,633,609.67	10,757,805.64	-1,124,195.97	7,919,114.07
SYS10012	7,919,114.07	1.000	/ /	0.00	9,043,310.04	9,633,609.67	10,757,805.64	-1,124,195.97	7,919,114.07
Sub Totals For: Fund: Pooled Cash				83,466.89	9,043,310.04	9,633,609.67	10,757,805.64	-1,124,195.97	7,919,114.07
				0.00	9,043,310.04	9,633,609.67	10,757,805.64	-1,124,195.97	7,919,114.07
Fund: Pooled Cash- Crime C									
10323	NTHSTR	00A	10/01/2017	3,558.35	299,739.29	107,700.78	15,963.14	91,737.64	391,476.93
SYS10322	391,476.93	1.000	/ /	0.00	299,739.29	107,700.78	15,963.14	91,737.64	391,476.93
Sub Totals For: Fund: Pooled Cash- Crime C				3,558.35	299,739.29	107,700.78	15,963.14	91,737.64	391,476.93
				0.00	299,739.29	107,700.78	15,963.14	91,737.64	391,476.93
Fund: Pooled Cash-Eco Dev									
10021	NTHSTR	00B	10/01/2017	516.27	336,545.38	536,629.13	569,973.07	-33,343.94	303,201.44
SYS10021	303,201.44	0.100	/ /	0.00	336,545.38	536,629.13	569,973.07	-33,343.94	303,201.44
Sub Totals For: Fund: Pooled Cash-Eco Dev				516.27	336,545.38	536,629.13	569,973.07	-33,343.94	303,201.44
				0.00	336,545.38	536,629.13	569,973.07	-33,343.94	303,201.44
Fund: Pooled Cash - Street									
10401	NTHSTR	00C	10/01/2017	3,504.85	488,346.70	368,148.49	513,038.71	-144,890.22	343,456.48
SYS10042	343,456.48	1.000	/ /	0.00	488,346.70	368,148.49	513,038.71	-144,890.22	343,456.48
Sub Totals For: Fund: Pooled Cash - Street				3,504.85	488,346.70	368,148.49	513,038.71	-144,890.22	343,456.48
				0.00	488,346.70	368,148.49	513,038.71	-144,890.22	343,456.48

Fund: General Fund

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10580	FHLMC	100	06/30/2017	531.67	275,012.22	0.00	275,000.00	-275,012.22	0.00
3134G9WU7	0.00	0.000	12/28/2017	1,087.78	274,819.72	0.00	275,000.00	-274,819.72	0.00
10590	FNMA	100	09/30/2017	1,795.00	149,791.94	0.00	149,890.70	-149,791.94	0.00
3136G3AG0	0.00	0.000	02/26/2019	1,800.00	149,315.00	0.00	149,890.70	-149,315.00	0.00
10592	FFCB	100	09/30/2017	6,855.90	500,343.75	0.00	500,000.00	-500,343.75	0.00
3133EHYJ6	0.00	0.000	09/12/2019	6,875.00	498,643.75	0.00	500,000.00	-498,643.75	0.00
10607	FFCB	100	02/28/2018	7,348.50	0.00	598,153.18	0.00	598,536.58	598,536.58
3133EH5G4	600,000.00	2.181	01/04/2021	4,347.00	0.00	598,153.18	0.00	587,700.00	587,700.00
10140	TXSTAR	100	10/01/2017	6,674.42	0.00	505,875.27	0.00	505,875.27	505,875.27
SYS10140	505,875.27	1.999	/ /	5,875.27	0.00	505,875.27	0.00	0.00	0.00
10327	NTHSTR	100	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10327	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10574	FNMA	100	03/20/2017	1,837.50	146,960.92	0.00	0.00	34.40	146,995.32
3136G2H91	147,000.00	1.273	11/20/2018	1,837.50	146,661.90	0.00	0.00	132.30	146,794.20
10563	FHLB	100	12/19/2016	4,296.52	499,159.66	0.00	499,703.05	-499,159.66	0.00
313382CU5	0.00	0.000	11/27/2018	6,277.08	498,150.00	0.00	499,703.05	-498,150.00	0.00
10565	FHLB	100	12/20/2016	3,915.45	400,060.64	0.00	400,022.97	-400,060.64	0.00
3130AAHG6	0.00	0.000	12/14/2018	5,472.89	399,440.00	0.00	400,022.97	-399,440.00	0.00
10564	FFCB	100	12/20/2016	8,333.34	1,000,000.00	0.00	1,000,000.00	-1,000,000.00	0.00
3133EGW35	0.00	0.000	12/20/2018	11,840.28	996,000.00	0.00	1,000,000.00	-996,000.00	0.00
10556	FNMA	100	08/05/2016	1,605.00	150,449.65	0.00	0.00	-363.76	150,085.89
3136G16Y0	150,000.00	0.824	12/26/2018	1,605.00	149,295.00	0.00	0.00	285.00	149,580.00
10567	FFCB	100	01/03/2017	5,866.67	499,905.83	0.00	499,974.58	-499,905.83	0.00
3133EG2S3	0.00	0.000	01/03/2019	7,431.11	498,750.00	0.00	499,974.58	-498,750.00	0.00

**City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018**

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
10569	FHLB	100	01/17/2017	5,729.17	500,000.00	0.00	500,000.00	-500,000.00	0.00
3130AAMC9	0.00	0.000	01/17/2019	7,013.89	498,850.00	0.00	500,000.00	-498,850.00	0.00
10570	FFCB	100	02/01/2017	6,481.95	500,000.00	0.00	500,000.00	-500,000.00	0.00
3133EG5Q4	0.00	0.000	02/01/2019	7,565.28	498,750.00	0.00	500,000.00	-498,750.00	0.00
10599	FAMC	100	01/17/2018	14,111.11	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00
3132X0E72	1,000,000.00	2.000	01/17/2020	10,000.00	0.00	1,000,000.00	0.00	991,400.00	991,400.00
10601	FHLB	100	01/29/2018	13,578.89	0.00	998,830.00	0.00	999,223.25	999,223.25
3130ADFP2	1,000,000.00	2.080	01/29/2020	10,100.00	0.00	998,830.00	0.00	990,000.00	990,000.00
10600	FHLB	100	01/30/2018	12,110.66	0.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00
3130ADDH2	1,000,000.00	1.718	01/30/2020	8,125.00	0.00	1,000,000.00	0.00	997,400.00	997,400.00
10572	FHLMC	100	02/14/2017	1,246.87	300,000.00	0.00	300,000.00	-300,000.00	0.00
3134GAX90	0.00	0.000	02/14/2020	1,687.50	299,880.00	0.00	300,000.00	-299,880.00	0.00
10596	FHLB	100	11/29/2017	8,179.17	0.00	499,280.00	0.00	499,482.08	499,482.08
3130ACTL8	500,000.00	1.999	11/25/2020	4,766.67	0.00	499,280.00	0.00	490,100.00	490,100.00
Sub Totals For: Fund: General Fund				110,497.79	4,921,684.61	4,602,138.45	4,624,591.30	-21,486.22	4,900,198.39
				103,707.25	4,908,555.37	4,602,138.45	4,624,591.30	-555,581.17	4,352,974.20
Fund: Utility Fund									
10533	FFCB	110	01/27/2016	408.33	300,000.00	0.00	300,000.00	-300,000.00	0.00
3133EFWC7	0.00	0.000	11/27/2017	1,312.50	299,850.00	0.00	300,000.00	-299,850.00	0.00
10581	FHLMC	110	06/30/2017	725.00	375,016.67	0.00	375,000.00	-375,016.67	0.00
3134G9WU7	0.00	0.000	12/28/2017	1,483.33	374,754.17	0.00	375,000.00	-374,754.17	0.00
10615	FHLB	110	06/30/2018	1,324.55	0.00	400,022.97	0.00	400,243.11	400,243.11
3130AAHG6	400,000.00	1.296	12/14/2018	0.00	0.00	400,022.97	0.00	399,512.89	399,512.89
10612	FFCB	110	05/31/2018	1,416.67	0.00	340,000.00	0.00	340,000.00	340,000.00
3133EGW35	340,000.00	1.249	12/20/2018	224.31	0.00	340,000.00	0.00	339,184.00	339,184.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10557	FNMA	110	08/05/2016	2,889.00	270,809.37	0.00	0.00	-654.77	270,154.60
3136G16Y0	270,000.00	0.824	12/26/2018	2,889.00	268,731.00	0.00	0.00	513.00	269,244.00
10624	FFCB	110	09/30/2018	18.05	0.00	500,000.00	0.00	501,065.28	501,065.28
3133EG5Q4	500,000.00	1.297	02/01/2019	0.00	0.00	500,000.00	0.00	499,015.28	499,015.28
10211	TXSTAR	110	10/01/2017	14,274.07	616,724.34	562,959.51	0.00	562,959.51	1,179,683.85
SYS10211	1,179,683.85	1.999	/ /	12,959.51	616,724.34	562,959.51	0.00	562,959.51	1,179,683.85
10358	NTHSTR	110	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10358	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10018	TXPOOL	110	10/01/2017	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	10/01/2017	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	4,763.89	251,839.14	0.00	250,000.00	-251,839.14	0.00
313375K48	0.00	0.000	09/14/2018	5,000.00	251,500.00	0.00	250,000.00	-251,500.00	0.00
Sub Totals For: Fund: Utility Fund				25,819.56	1,814,389.52	1,802,982.48	925,000.00	876,757.32	2,691,146.84
				23,868.65	1,811,559.51	1,802,982.48	925,000.00	875,080.51	2,686,640.02
Fund: Drainage Fund									
10582	FHLMC	120	06/30/2017	676.67	350,015.56	0.00	350,000.00	-350,015.56	0.00
3134G9WU7	0.00	0.000	12/28/2017	1,384.44	349,770.56	0.00	350,000.00	-349,770.56	0.00
10558	FNMA	120	08/05/2016	1,605.00	150,449.65	0.00	0.00	-363.76	150,085.89
3136G16Y0	150,000.00	0.824	12/26/2018	1,605.00	149,295.00	0.00	0.00	285.00	149,580.00
10610	FNMA	120	04/01/2018	1,587.50	0.00	249,356.41	0.00	249,587.18	249,587.18
3136G2XJ1	250,000.00	1.456	08/23/2019	1,252.36	0.00	249,356.41	0.00	246,825.00	246,825.00
10302	TXSTAR	120	10/01/2017	5,478.13	300,838.98	248,118.81	300,000.00	-51,881.19	248,957.79
SYS10302	248,957.79	1.999	/ /	5,352.66	300,838.98	248,118.81	300,000.00	-51,881.19	248,957.79

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10332	NTHSTR	120	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10332	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Drainage Fund				9,347.30	801,304.19	497,475.22	650,000.00	-152,673.33	648,630.86
				9,594.46	799,904.54	497,475.22	650,000.00	-154,541.75	645,362.79
Fund: Economic Development									
10593	FAMC	130	09/30/2017	1,500.00	500,737.50	0.00	500,000.00	-500,737.50	0.00
3132X0NNS6	0.00	0.000	02/01/2018	1,512.50	500,137.50	0.00	500,000.00	-500,137.50	0.00
10616	FHLB	130	06/30/2018	3,475.69	0.00	1,000,000.00	0.00	1,002,215.28	1,002,215.28
3130ACR89	1,000,000.00	1.371	11/02/2018	0.00	0.00	1,000,000.00	0.00	1,001,515.28	1,001,515.28
10566	FHLB	130	12/20/2016	2,458.07	350,053.06	0.00	350,029.41	-350,053.06	0.00
3130AAHG6	0.00	0.000	12/14/2018	3,820.83	349,510.00	0.00	350,029.41	-349,510.00	0.00
10606	FHLMC	130	02/28/2018	4,881.25	0.00	496,479.89	0.00	497,500.00	497,500.00
3134G35V8	500,000.00	2.003	03/13/2020	4,468.75	0.00	496,479.89	0.00	491,750.00	491,750.00
10007	TXPOOL	130	10/01/2017	10,374.47	783,476.80	10,395.30	372,000.00	-361,604.70	421,872.10
SYS10007	421,872.10	1.995	/ /	10,395.30	783,476.80	10,395.30	372,000.00	-361,604.70	421,872.10
10379	NTHSTR	130	10/01/2017	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
10534	FFCB	130	01/27/2016	612.50	450,000.00	0.00	450,000.00	-450,000.00	0.00
3133EFWC7	0.00	0.000	11/27/2017	1,968.75	449,775.00	0.00	450,000.00	-449,775.00	0.00
10595	FHLB	130	11/06/2017	6,770.83	0.00	500,100.00	0.00	500,009.72	500,009.72
3130ACRE6	500,000.00	1.479	11/06/2018	3,750.00	0.00	500,100.00	0.00	499,650.00	499,650.00
10583	FHLB	130	08/15/2017	5,750.00	500,312.54	0.00	0.00	-433.29	499,879.25
313381EC5	500,000.00	1.285	12/06/2018	4,647.92	500,252.08	0.00	0.00	-1,102.08	499,150.00
10578	FFCB	130	04/17/2017	3,960.00	300,000.00	0.00	0.00	0.00	300,000.00
3133EHFK4	300,000.00	1.320	04/17/2019	3,960.00	299,190.00	0.00	0.00	-1,260.00	297,930.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10562	FNMA	130	12/08/2016	1,587.50	249,125.64	0.00	249,356.41	-249,125.64	0.00
3136G2XJ1	0.00	0.000	08/23/2019	1,922.64	248,300.00	0.00	249,356.41	-248,300.00	0.00
10609	FFCB	130	03/27/2018	3,606.34	0.00	297,000.87	0.00	297,023.65	297,023.65
3133EJHL6	297,090.00	2.390	03/27/2020	3,527.94	0.00	297,000.87	0.00	295,129.21	295,129.21
Sub Totals For: Fund: Economic Development				44,976.65	3,133,705.54	2,303,976.06	1,921,385.82	384,794.46	3,518,500.00
				39,974.63	3,130,641.38	2,303,976.06	1,921,385.82	376,355.21	3,506,996.59
Fund: Street Maintenance S									
10551	FHLB	132	06/16/2016	420.00	200,000.00	0.00	200,000.00	-200,000.00	0.00
3130A8HM8	0.00	0.000	01/16/2018	720.00	199,820.00	0.00	200,000.00	-199,820.00	0.00
10617	FHLB	132	06/30/2018	1,453.48	0.00	499,703.05	0.00	500,413.96	500,413.96
313382CU5	500,000.00	1.294	11/27/2018	0.00	0.00	499,703.05	0.00	499,727.08	499,727.08
10579	FFCB	132	04/17/2017	2,640.00	200,000.00	0.00	0.00	0.00	200,000.00
3133EHFK4	200,000.00	1.320	04/17/2019	2,640.00	199,460.00	0.00	0.00	-840.00	198,620.00
10155	TXSTAR	132	10/01/2017	1,748.60	0.00	151,509.25	0.00	151,509.25	151,509.25
SYS10155	151,509.25	1.999	/ /	1,509.25	0.00	151,509.25	0.00	0.00	0.00
10331	NTHSTR	132	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10331	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Street Maintenance S				6,262.08	400,000.00	651,212.30	200,000.00	451,923.21	851,923.21
				4,869.25	399,280.00	651,212.30	200,000.00	299,067.08	698,347.08
Fund: General Fund Capital									
10589	FHLB	193	09/01/2017	4,763.89	251,839.14	0.00	250,000.00	-251,839.14	0.00
313375K48	0.00	0.000	09/14/2018	5,000.00	251,500.00	0.00	250,000.00	-251,500.00	0.00
10613	FFCB	193	05/31/2018	1,375.00	0.00	330,000.00	0.00	330,000.00	330,000.00
3133EGW35	330,000.00	1.249	12/20/2018	217.71	0.00	330,000.00	0.00	329,208.00	329,208.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10626	FFCB	193	09/30/2018	5.72	0.00	150,000.00	0.00	150,103.13	150,103.13
3133EHYJ6	150,000.00	1.374	09/12/2019	0.00	0.00	150,000.00	0.00	148,213.13	148,213.13
10608	FFCB	193	03/27/2018	2,463.10	0.00	202,849.13	0.00	202,864.69	202,864.69
3133EJHL6	202,910.00	2.390	03/27/2020	2,409.56	0.00	202,849.13	0.00	201,570.79	201,570.79
10464	NTHSTR	193	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10464	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10535	FAMC	193	01/11/2016	1,507.95	455,146.50	0.00	455,000.00	-455,146.50	0.00
31315P5L9	0.00	0.000	01/08/2018	2,798.25	454,954.50	0.00	455,000.00	-454,954.50	0.00
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	496,350.00	0.00	0.00	750.00	497,100.00
10576	FNMA	193	04/06/2017	4,125.00	250,000.00	0.00	0.00	0.00	250,000.00
3135G0S46	250,000.00	1.644	01/27/2020	4,125.00	249,650.00	0.00	0.00	-3,425.00	246,225.00
Sub Totals For: Fund: General Fund Capital				19,240.66	1,456,985.64	682,849.13	705,000.00	-24,017.82	1,432,967.82
				19,550.52	1,452,454.50	682,849.13	705,000.00	-30,137.58	1,422,316.92
Fund: Water/Wastewater Cap									
10621	FFCB	194	08/31/2018	533.33	0.00	499,974.58	0.00	501,011.94	501,011.94
3133EG2S3	500,000.00	1.292	01/03/2019	0.00	0.00	499,974.58	0.00	499,481.11	499,481.11
10627	FFCB	194	09/30/2018	5.72	0.00	150,000.00	0.00	150,103.13	150,103.13
3133EHYJ6	150,000.00	1.374	09/12/2019	0.00	0.00	150,000.00	0.00	148,213.13	148,213.13
10465	NTHSTR	194	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10465	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Water/Wastewater Cap				539.05	0.00	649,974.58	0.00	651,115.07	651,115.07
				0.00	0.00	649,974.58	0.00	647,694.24	647,694.24
Fund: General Debt Service									

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10328	NTHSTR	200	10/01/2017	2,950.06	289,209.11	2,704.69	0.00	2,704.69	291,913.80
SYS10328	291,913.80	1.000	/ /	2,704.69	289,209.11	2,704.69	0.00	2,704.69	291,913.80
10017	TXSTAR	200	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10017	0.00	5.288	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: General Debt Service				2,950.06	289,209.11	2,704.69	0.00	2,704.69	291,913.80
				2,704.69	289,209.11	2,704.69	0.00	2,704.69	291,913.80
Fund: GF Vehicle & Equip									
10462	NTHSTR	300	10/01/2017	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									
10614	FFCB	301	05/31/2018	1,375.00	0.00	330,000.00	0.00	330,000.00	330,000.00
3133EGW35	330,000.00	1.249	12/20/2018	217.71	0.00	330,000.00	0.00	329,208.00	329,208.00
10510	NTHSTR	301	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10510	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Fire Vehicle Replace				1,375.00	0.00	330,000.00	0.00	330,000.00	330,000.00
				217.71	0.00	330,000.00	0.00	329,208.00	329,208.00
Fund: Utility Vehicle & Eq									
10577	FNMA	310	04/06/2017	4,125.00	250,000.00	0.00	0.00	0.00	250,000.00
3135G0S46	250,000.00	1.649	01/27/2020	4,125.00	249,650.00	0.00	0.00	-3,425.00	246,225.00
10463	NTHSTR	310	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10462	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Utility Vehicle & Eq				4,125.00	250,000.00	0.00	0.00	0.00	250,000.00
				4,125.00	249,650.00	0.00	0.00	-3,425.00	246,225.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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: Utility Meter Replac									
10511	NTHSTR	311	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10511	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Utility Meter Replac				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: Water Impact Fees									
10591	FHLB	610	09/30/2017	2,424.86	171,950.82	0.00	170,000.00	-171,950.82	0.00
313372SN5	0.00	0.000	03/09/2018	2,440.21	171,801.29	0.00	170,000.00	-171,801.29	0.00
10052	TXSTAR	610	10/01/2017	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				2,424.86	171,950.82	0.00	170,000.00	-171,950.82	0.00
				2,440.21	171,801.29	0.00	170,000.00	-171,801.29	0.00
Fund: Wastewater Impact Fe									
10611	FHLB	611	04/20/2018	2,050.51	0.00	350,029.41	0.00	350,009.17	350,009.17
3130AAHG6	350,000.00	1.296	12/14/2018	687.75	0.00	350,029.41	0.00	349,370.00	349,370.00
10625	FNMA	611	09/30/2018	5.00	0.00	149,890.70	0.00	150,061.45	150,061.45
3136G3AG0	150,000.00	1.379	02/26/2019	0.00	0.00	149,890.70	0.00	149,315.00	149,315.00
10315	TXSTAR	611	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10315	0.00	0.209	/ /	0.00	0.00	0.00	0.00	0.00	0.00
Sub Totals For: Fund: Wastewater Impact Fe				2,055.51	0.00	499,920.11	0.00	500,070.62	500,070.62
				687.75	0.00	499,920.11	0.00	498,685.00	498,685.00
Fund: Roadway Impact Fees									
10301	TXSTAR	630	10/01/2017	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

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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: 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	10/01/2017	0.00	0.00	0.00	0.00	0.00	0.00
SYS10329	0.00	0.450	/ /	0.00	0.00	0.00	0.00	0.00	0.00
10019	TXPOOL	699	10/01/2017	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				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 2007 CO									
10064	TXPOOL	703	10/01/2017	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	10/01/2017	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	10/01/2017	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									
10380	NTHSTR	704	10/01/2017	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	10/01/2017	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	10/01/2017	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

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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: 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	10/01/2017	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	3,866.67	2,000,000.00	0.00	2,000,000.00	-2,000,000.00	0.00
3134G9WU7	0.00	0.000	12/28/2017	8,000.00	1,998,600.00	0.00	2,000,000.00	-1,998,600.00	0.00
10552	FHLB	706	06/16/2016	1,155.00	550,000.00	0.00	550,000.00	-550,000.00	0.00
3130A8HM8	0.00	0.000	01/16/2018	1,980.00	549,505.00	0.00	550,000.00	-549,505.00	0.00
10554	FHLMC	706	06/30/2016	3,266.67	1,000,000.00	0.00	1,000,000.00	-1,000,000.00	0.00
3134G9G76	0.00	0.000	06/29/2018	5,311.11	995,100.00	0.00	1,000,000.00	-995,100.00	0.00
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	992,700.00	0.00	0.00	1,500.00	994,200.00
10561	FHLB	706	08/30/2016	8,305.03	1,000,000.00	0.00	1,000,000.00	-1,000,000.00	0.00
3130A8YM9	0.00	0.000	02/28/2019	9,175.82	993,200.00	0.00	1,000,000.00	-993,200.00	0.00
10628	FFCB	706	09/30/2018	7.64	0.00	200,000.00	0.00	200,137.50	200,137.50
3133EHYJ6	200,000.00	1.374	09/12/2019	0.00	0.00	200,000.00	0.00	197,617.50	197,617.50
10573	FHLMC	706	02/14/2017	831.25	200,000.00	0.00	200,000.00	-200,000.00	0.00
3134GAX90	0.00	0.000	02/14/2020	1,125.00	199,920.00	0.00	200,000.00	-199,920.00	0.00
10549	TXSTAR	706	10/01/2017	2,895.67	1,789,655.45	203,110.70	1,992,766.15	-1,789,655.45	0.00
SYS10549	0.00	1.351	/ /	3,110.70	1,789,655.45	203,110.70	1,992,766.15	-1,789,655.45	0.00

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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: 2016 CO General Capi				30,327.93	7,539,655.45	403,110.70	6,742,766.15	-6,339,517.95	1,200,137.50
				38,702.63	7,518,680.45	403,110.70	6,742,766.15	-6,326,862.95	1,191,817.50
Fund: 2017 CO General Capi									
10585	FHLB	709	08/31/2017	2,381.94	1,001,142.75	0.00	1,000,000.00	-1,001,142.75	0.00
3130AAKJ6	0.00	0.000	01/09/2018	3,111.11	1,000,863.89	0.00	1,000,000.00	-1,000,863.89	0.00
10622	FHLB	709	08/31/2018	260.42	0.00	250,000.00	0.00	250,381.94	250,381.94
3130AAMC9	250,000.00	1.248	01/17/2019	0.00	0.00	250,000.00	0.00	249,656.94	249,656.94
10618	FHLB	709	07/31/2018	847.48	0.00	500,000.00	0.00	500,000.00	500,000.00
3130A8YM9	500,000.00	1.007	02/28/2019	412.09	0.00	500,000.00	0.00	497,200.00	497,200.00
10586	TXSTAR	709	10/01/2017	19,266.50	1,000,853.46	1,020,776.62	1,850,000.00	-829,223.38	171,630.08
SYS10586	171,630.08	1.999	/ /	20,776.62	1,000,853.46	1,020,776.62	1,850,000.00	-829,223.38	171,630.08
Sub Totals For: Fund: 2017 CO General Capi				22,756.34	2,001,996.21	1,770,776.62	2,850,000.00	-1,079,984.19	922,012.02
				24,299.82	2,001,717.35	1,770,776.62	2,850,000.00	-1,083,230.33	918,487.02
Fund: Water 2007 CO									
10066	TXPOOL	800	10/01/2017	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	10/01/2017	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	10/01/2017	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	10/01/2017	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, 2017 - September 30, 2018**

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	10/01/2017	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	10/01/2017	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	10/01/2017	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	10/01/2017	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	10/01/2017	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
Fund: 2016 CO WATER									
10619	FHLB	803	07/31/2018	423.74	0.00	250,000.00	0.00	250,000.00	250,000.00
3130A8YM9	250,000.00	1.007	02/28/2019	206.04	0.00	250,000.00	0.00	248,600.00	248,600.00
10598	FHLMC	803	01/10/2018	5,981.25	0.00	496,250.00	0.00	497,500.00	497,500.00
3134G35V8	500,000.00	2.003	03/13/2020	5,568.75	0.00	496,250.00	0.00	491,750.00	491,750.00
10602	FFCB	803	01/16/2018	5,865.00	0.00	398,718.39	0.00	399,024.39	399,024.39
3133EH5G4	400,000.00	2.182	01/04/2021	3,864.00	0.00	398,718.39	0.00	391,800.00	391,800.00
Sub Totals For: Fund: 2016 CO WATER				12,269.99	0.00	1,144,968.39	0.00	1,146,524.39	1,146,524.39
				9,638.79	0.00	1,144,968.39	0.00	1,132,150.00	1,132,150.00
Fund: 2017 CO WATER PROJEC									

City of Corinth portfolio
Texas Compliance Change in Val Report
October 1, 2017 - September 30, 2018

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
10620	FHLB	804	07/31/2018	423.74	0.00	250,000.00	0.00	250,000.00	250,000.00
3130A8YM9	250,000.00	1.007	02/28/2019	206.04	0.00	250,000.00	0.00	248,600.00	248,600.00
Sub Totals For: Fund: 2017 CO WATER PROJEC				423.74	0.00	250,000.00	0.00	250,000.00	250,000.00
				206.04	0.00	250,000.00	0.00	248,600.00	248,600.00
Fund: 2017 CO WASTEWATER									
10623	FHLB	805	08/31/2018	260.42	0.00	250,000.00	0.00	250,381.94	250,381.94
3130AAMC9	250,000.00	1.248	01/17/2019	0.00	0.00	250,000.00	0.00	249,656.94	249,656.94
Sub Totals For: Fund: 2017 CO WASTEWATER				260.42	0.00	250,000.00	0.00	250,381.94	250,381.94
				0.00	0.00	250,000.00	0.00	249,656.94	249,656.94
Report Grand Totals:				386,698.30	32,948,822.50	26,488,176.80	30,645,523.83	-4,156,051.12	28,792,771.38
				284,587.40	32,901,394.91	26,488,176.80	30,645,523.83	-4,877,070.89	28,024,324.02

City of Corinth, Texas

ANNUAL INVESTMENT REPORT

For Fiscal Year Ended September 30, 2018



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.