

Term	Banking - Investing Terms
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**Accrued Interest**

Interest accrued on a bond or other fixed income security since the last interest payment was made. At the time of sale, the buyer of the bond pays the market price plus accrued interest to the seller. Accrued interest is calculated by multiplying the coupon rate by the annualized number of days that have elapsed since the last payment.

**Asset Allocation**

The division of an investment portfolio across various types of securities, such as mutual funds, stocks and bonds, in an effort to help reduce risk. Asset allocation does not assure or guarantee better performance.

**Average Annual Total Returns**

The annualized return for an investment, as measured over various intervals such as 1,3, 5 and 10 year periods.

**Bid**

The highest price a prospective buyer is prepared to pay for a given security. On an exchange, bid price represents the highest price a market maker or specialist will buy.

**Blue Chip**

Stocks generally considered to be of large, stable and established companies that typically exhibit a measure of financial stability.

**Bond**

A long term debt security that obligates the issuer to pay the securities face value amount on a specified future date. Issued primarily by governments and corporations. Also call fixed income securities, the issuer typically agrees to pay a specified interest rate at regular intervals until the bond's maturity date. Some bonds can be called, or redeemed, prior to maturity.

**Brokerage Certificate of Deposit  
(CD)**

A large denomination CD sold by a bank to a brokerage, which then divides it into smaller pieces for sale to its customers. Brokerage CDs generally pay higher interest than CDs issued directly by banks. CD's are FDIC insured up to \$250,000 and are typically more liquid than bank-issued CDs.

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**Capital** Accumulated money or goods used to produce income.

**Capital Gain** The positive difference in valuation between the purchase price and sale price of an investment.

**Cash Account** A brokerage account in which securities purchases are paid in full within settlement date (usually 3 business days for stocks) after the trade is executed. By law, some types of accounts such as Individual Retirement Accounts (IRA) and Custodian for Minor accounts must be cash accounts.

**Cash Dividend** A cash distribution of earnings to shareholders. You will see this with credit unions. Cash dividends are distinguished from stock dividends, which are payment to shareholders in the form of stock. Dividends are not guaranteed and are subject to change or elimination.

**Certificates of Deposit (CD)** Is a debt instrument issued by a bank or credit union. The depositor agrees to leave an agreed upon amount of money on deposit for a specified period of time in return for a rate of interest that is generally higher than that available with a savings account. CD's are insured for up to \$250,000.

**Coupon Rate** The interest rate on a debt security that the issuer promises to pay until maturity. Usually expressed as a percentage of the face value.

**Credit Risk** The likelihood that an issuing entity (e.g. county, state, municipality or company) would default on interest or principal payments of a debt security.

**Debt Security** A security representing money borrowed that must be repaid, usually at a certain time with a certain rate of interest. For example a bill, bond, commercial paper or note.

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<b>Diversification</b>	The allotment of an investment portfolio across various types of investments in an effort to help reduce risk. Diversification does not assure a profit or eliminate the risk of loss.
<b>Dow Jones Industrial Average (DJIA)</b>	A price-weighted stock market index based on 30 designated company stocks that are mostly listed on the NY Stock Exchange generally representing a range of industries. Stocks on the DJIA are often referred to as "blue chip" stocks. An investor cannot invest directly in an index.
<b>Face Value</b>	The value of a debt security, such as a bond or note, that appears on the face of the certificate or instrument. Face value is ordinarily the amount the issuing company promises to pay at maturity. Also referred to as Par Value.
<b>Federal Deposit Insurance Corporation (FDIC)</b>	Federal agency the insured deposits of member institutions for up to \$250,000 per depositor.
<b>Government Bond</b>	Bonds issued by the U. S. Government, typically regarded as the highest-grade securities issues with the least amount of default risk. The major types include: Treasury bills, Savings Bonds, Treasury notes, Treasury Bonds.
<b>Liquidity</b>	The capability of easily converting investments into cash.
<b>Management Fee</b>	A charge paid to a mutual fund's or bond's investment manager for services including portfolio management.
<b>Maturity Date</b>	The date on which the face value (or principal amount) and last interest payment of a debt security (such as a bill, note, bond or CD) becomes due and payable. The maturity date of a bond is the date when the bond's principal and the final interest payment are paid.

**Term****Banking - Investing Terms****Municipal Bond (Muni)**

A debt obligation issued by a county, city, school district or authority, typically for day-to-day governmental needs for special projects like building roads, schools and hospitals. Income from municipal bonds is generally free from federal and state income taxes. While the interest income is tax-free, capital gains, if any will be subject to taxes.

**NASDAQ**

National Association of Securities Dealers Automated Quotation system. A system used to place over-the-counter stock trades.

**National Credit Union Share Insurance Fund**

NCUSIF federally insures credit union accounts up to \$250,000 per individual. Credit unions are required to deposit and maintain 1% of their insured shares and deposits in the NDUSIF.

**Par Value**

Face Value

**Principal**

In an investment, the basic amount invested, exclusive of earnings.

**S&P 500 Index**

A widely recognized, capitalization-weighted stock market index of 500 publicly traded stocks that includes the reinvestment of dividends. An investor cannot invest directly in an index.

**Securities and Exchange Commission (SEC)**

A federal regulatory agency created by the Securities and Exchange Act of 1934 to protect investors from fraud within the securities market.

**Tax Deferred**

The ability to postpone paying taxes on distributions or capital gains in a investment or account, for example a retirement plan or savings bond.

**Tax Exempt**

An investment that is not subject to taxation at the federal level. Such investments may be subject to state, local or the federal alternative minimum tax.

**Treasury Bond/Security**

Debt obligations of the U. S. Government. Treasury securities are considered to be among the more conservative investments because they are backed by the U. S. Government for the timely payment of interest and principal if held to maturity. The interest on Treasury securities is exempt from state and local taxes but is subject to federal income tax. There are 3 types of treasuries: Treasury Bills, with maturities of 1 year or less; Treasury Notes, with maturity ranging from 1 to 10 years; and Treasury Bonds, long term instruments with maturities of 10 or more years.

**Warrant**

A certificate issued by a company giving the holder the right to purchase securities at a stipulated price within a predetermined period of time or perpetually. A warrant is sometimes offered by a company as an incentive to buy. After issue, a warrant trades as a security, with prices reflecting the value of the underlying stock. Warrants are often included in new debt issues in order to stimulate investor interest. Also known as a subscription warrant.

**Yield (%)**

The rate of return, usually dividend or interest payments, on an investment, expressed as a percentage of market price.

Term	NDCC Definition
<b>Authorized Officer</b>	Means any individual required or permitted, alone or with others, to execute on behalf of the district a certificated registered public obligation or a writing relating to an uncertificated registered public obligation.
<b>Board</b>	Governing board of any public corporation, including the board of county commissioners, the city council, the board of city commissioners, the school board, the board of township supervisors and the park board.
<b>Bonds</b>	Includes bonds, notes, warrants, debenture, certificates of indebtedness, temporary bonds, temporary notes, interim receipts, interim certificates and all instruments or obligations evidencing or represent indebtedness, or evidencing representing borrowing of money. It could also mean a charge, lien or encumbrance on specific revenues, income or property of a district including all revenue bonds, special improvement warrants, refunding improvement bonds and warrants and all other instruments and obligations, whether payable from a special fund or supported by a pledge of the full faith and credit of the body issuing the same.
<b>Ceiling</b>	Is the dollar amount applicable to ND for any calendar year for the issuance of tax-exempt private activity bonds, as determined under the Tax Reform Act.
<b>Certificates of Indebtedness</b>	School districts can borrow against revenues through the issuance of bonds.
<b>Certificated Registered Public Obligation</b>	Means a registered public obligation which is represented by an instrument.
<b>Clerk</b>	Means the person who performs for any public corporation the duties ordinarily performed by a clerk, including the county auditor, the township clerk and the business manager of the school district.
<b>Code</b>	Means Internal Revenue Code of 1954, as amended.
<b>Financial Institution</b>	Included state and national banks insured by the FDIC, state or federally chartered saving and loans insured by the Federal Savings and Loan Insurance Corporation, the state or federally chartered credit unions insured by the National Credit Union Administration.

Term	NDCC Definition
<b>Financial Intermediary</b>	Is a bank, broker, clearing corporation, or other person or the nominee of any of them, which maintains registered public obligations accounts for its customers
<b>Governing Body</b>	Means a board of county commissioners, city council, board of any city commissioners, school board of any school district, and the similarly acting board of any municipality.
<b>Governmental Unit</b>	Is any political subdivision of ND or other authority in the state including any state agencies, instrumentalities or authorities having the authority to issue private activity bonds.
<b>Initial Resolution</b>	Means any resolution or ordinance that is instituted for the purpose of the district to borrow money and issue bonds.
<b>Issuer</b>	Means a public entity which issues an obligation, In other words, a school distinct issuing a bond.
<b>Municipality</b>	Means a county, city township, public school district, park district, recreation service district, or rural fire protection district that is empowered to borrow money and issue bonds.
<b>Obligation</b>	An agreement of public entity to pay principal and interest on the obligation and includes a share, participation, or other interest in any such agreement. In other words, the district agrees to pay the payments plus any fees of the bond.
<b>Official Actions</b>	Actions by statute, order ordinance, resolution, contract, or other authorized means by which the issuer provides for issuance of a registered public obligation. In other words, the district must follow NDCC when issuing bonds.
<b>Official or Official Body</b>	Means the officer that is empowered under NDCC to provide for original issuance of an obligation of the issuer by defining the obligation and its terms, conditions and other incidents, the successor of any such official body and other people as shall be assigned duties of the official body with respect to a registered public obligation under the law. In other words the school board and business manager and their successors.

Term	NDCC Definition
<b>Political Subdivision</b>	means a local governmental unit created by statute or by the Constitution of ND for local governmental or other public purposes.
<b>Population of a Municipality</b>	Means its population according to the last officially publish US or state census, whichever was taken last.
<b>Private Activity Bond</b>	Means a tax-exempt evidence of indebtedness which is a private activity bond under the Tax Reform Act.
<b>Public Body</b>	Includes any county, city, township, school district irrigation district, drainage district, special improvement district, and any other political or governmental subdivision of ND and any board, commission, agency or officer thereof.
<b>Public Corporation</b>	Includes county, city, township, school district, and any body corporate except a private corporation
<b>Public Entity</b>	Means any entity, department, or agency which is empowered under NDCC to issue obligations any interest with respect to which may be provided an exemption for the income tax.
<b>Public Funds</b>	Funds derived from taxation, fees, penalties, sale of bonds, or from any other source, which belong to and are the property of a public corporation or of the state, and all sinking funds of such public corporation or of the state and all funds from whatever source derived and for whatever purpose to be expended. This excludes activity funds.
<b>Recorded</b>	Means copied at length in the record book. In other words - minutes.
<b>Registered Public Obligation</b>	Means an obligation issued by a public entity pursuant to a system of registration. In other words, a bond issued by a school district that is registered.
<b>Revenues</b>	(1) Uncollected taxes. (2) Amounts to be received from distribution of federal moneys, including currently existing Bureau of Indian Affairs contracts. (3) Uncollected taxes the current year and the preceding 4 years that have been levied, but not paid.



Term	NDCC Definition
<b>State</b>	Includes the state of ND and any institution, industry, enterprise or agency of the state.
<b>System of Registration</b>	Is a plan that provides, with respect to a bond - a person is specified that is entitled to the bond and the right it represents; and transfer of the bond and the rights it represents may be registered upon the books maintained for that purpose by or on behalf of the issuer. In other words, the business manager keeps the books for the bonds of the district.
<b>Tax Reform Act</b>	Is the Tax Reform Act of 1986 and any federal regulation issued relating to the allocation of ND's ceiling for the issuance of tax-exempt private activity bonds.
<b>Taxing District</b>	Means any county, city, school district, township park district, water conservation and flood control district, Garrison Diversion Conservancy district, county park district, joint count par district or irrigation district in ND
<b>Uncertificated Registered Public Obligation</b>	Means a registered public obligation which is not represented by an instrument.
<b>Value of Taxable Property</b>	The assessed valuation of all taxable property in the school district.
<b>Warrant</b>	An order drawn by the proper taxing district official on the treasurer. In other words - For school districts it will be the business manager. The warrant or check when signed by you and other authorized signer, becomes a check on the district bank.