

COUNTY OF GALVESTON

FY 2013 INVESTMENT REPORT FIRST QUARTER OCTOBER 2012 THROUGH DECEMBER 2012

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FY 2013 INVESTMENT REPORT

October 1, 2012 THROUGH December 31, 2012

Disclosure; Notice of Significant Information:

There are currently no known areas of concern either with safety or diversity of investments held in Galveston County's Portfolio, or in regards to deposits held at any particular contracted institution. Furthermore, on October 1, 2011 Galveston County entered into a new Depository contract with Prosperity Bank to end September 30, 2015. The banking contract has several clauses including renegotiation options in 2013 which could result in higher yielding interest rates. Another benefit of the new contract details banking charges under the payment structure-interest vs. fee option which would result in saving the County significant amount of banking expenditures over the next four years.

A. COMPLIANCE AND REPORTING REQUIREMENTS

This report is made in accordance with the provisions of Government Code 2256 known as The Public Funds Investment Act, which requires the reporting of investments to Commissioners' Court at least quarterly.

This report is intended to present a fair, accurate, and detailed summary of investment activity. The investments held in Galveston County's portfolio comply with the Public Funds Investment Act, and the County's Investment Policy and Strategies. This report is prepared in compliance with generally accepted accounting principles.

B. FINANCIAL SUMMARY - INVESTMENTS AT-A-GLANCE

1. Securities held DEC 31, 2012 ¹	\$	0	see Exhibit C
2. Additional Investable funds as of DEC 31 ^B	\$	131,978,648.92	see Exhibit A
3. Interest Earnings (Cash): Oct 1 to Dec 31	\$	229,923.13	(See note) see Exhibit B

^B Using the Investment Procedure's \$10million base. Generally outside investments are yielding less than approved Pool deposits at this time.

¹Figure is based upon Market Value and interest compounding as of the date listed.

²Investment interest figures do not include the interest earned on Cash (Demand, Money Market, CBA and Pool) Accounts. Those are reported in item 10. CDs only recorded at maturity.

³Purchased and Sold securities do not include NOW, CBA, Pool or Money Market Accounts. It does include reinvested interest earnings on CDs.

⁴All investments are CDs which receive interest that is reinvested. No market value changes.

The County's Investment policy sets the Interest Yield Benchmark as the 6 month Treasury Bill. As of December 31, 2012 it yielded 0.065%. The actual interest yield on the entire portfolio (Cash and Securities) is currently .749%, including the \$10 million required liquidity.

FY 2013 INVESTMENT REPORT

Galveston County currently owns 0 securities at this time due to low yielding interest rates on securities and CD's. There are no outstanding investment transactions at this time.

Cash flow analyses were done for bond project funds. The County's investment procedures suggest that \$10 million be kept as a liquidity base for current accounts payable with the remainder laddered out. As of December 31, 2012 there was approximately \$131,978,648.92 in additional funds that could be available for investment into securities. Of this, 99% of it mainly represented funds currently at depository bank yielding an average APY rate of .75%. These amounts represent general operating funds, and various bond and debt service funds. Since Hurricane Ike hit on September 12, 2008, retaining higher liquidity levels has been necessary in order to manage cash flows before being reimbursed by FEMA for recovery projects.

Galveston County's deposits at all Depository Banks are fully collateralized at, or over, 110% and there are no known problems with any collateral placed against these deposits. Galveston County monitors all collateral for both depository contract compliance and risk.

C. INDIVIDUAL INVESTMENT DETAIL

1. INVESTABLE FUNDS NOT YET REQUESTED TO BE INVESTED

(a) The total funds available to be invested that have not yet been requested to be invested in a security total \$0. This is due to the fact that there are no eligible securities whose yield is paying better than our main depositories.

2. NON INVESTABLE FUNDS (THESE ARE FUNDS FOR FUTURE ACCOUNTS PAYABLE)

(a) Currently, the County's investment procedures set aside \$10,000,000 in highly liquid accounts to meet nearby obligations of the County. As of December 31, 2012, there was \$141,978,648.92 in NOW Checking accounts, and Money Market Accounts. Funds held in previous months in Pool Accounts kept were closed due to low yielding rates. Currently yielding at .75% large portion of funds are held in the Main depository's Money Market accounts (before a netting of earnings credits and fees). The Depository yield dropped significantly beginning October 1, 2011 from 1.65% due to end of banking contract and negotiations of the new contract including limited bond funds that could be kept at our main depository. These funds are available on a daily basis to meet current needs. Given the impact of hurricane Ike and the need for cash flow liquidity until FEMA reimbursements are received, the plan is to let these funds remain liquid to cover short term obligations.

FY 2013 INVESTMENT REPORT

D. INTEREST EARNED

1. INTEREST SUMMARY FOR INVESTMENTS AND NON-INVESTABLE FUNDS

Income generated via the GASB 31 accounting method for both securities and cash accounts totaled \$229,923.13.00 for the FIRST Quarter of FY 2013.

Under GASB 31, securities earned \$0.00 due to change in market value and reversal of market value earnings on matured instruments, and received interest earnings of \$0, due to interest paid/maturities/sales. The NOW, Money Market and Pool accounts (All Cash accounts) earned \$229,923.13 (Exhibit B)

Total Earnings (GASB 31 Method) for FY2013 are \$229,923.13 with Securities at \$0. And Cash Accounts at \$229,923.13.

The County's FY 2013 total budgeted General Fund Interest Revenue is \$663,281.00, same budgeted amount as FY 2012. As of December 31, 2012, \$105,463.25(see schedule A) in interest has been credited to the General Fund (Obj Code: 1101-4811010).

Currently Galveston County has no CD investments at this time. The YTM of the entire portfolio is .749% with a WAM of 1.0 day as of December 31, 2012.

Other Interest bearing accounts controlled by other elected officials, such as those held by the County Tax Assessor-Collector, are also earning interest that will eventually be transferred to the new Main Depository. Those accounts do not fall within our scope of investment accounts or funds available for investment since the County Treasurer does not maintain those accounts, and are therefore not reported here.

Any questions regarding investments, or this report, should be directed to Kevin Walsh at (409) 770-5395.

Hon. Kevin C. Walsh, CPA
County Treasurer
Investment Officer



Cc: Commissioner's Court
County Auditor
Galveston County Investment Committee

****Galv Cnty Production****
Budget to Actual Figures

Run: 02/06/2013

Ledger: GL
 Fiscal Year: 2013 12 December

Budget: OB

Key Title Director
 110100000 General Fund

Object	Description	Budget	Actual	Encumbrance	Balance
4811010	Interest Revenue	663,281.00	105,463.25	0.00	557,817.75
	Total Revenue	663,281.00	105,463.25	0.00	557,817.75
	Total Expense	0.00	0.00	0.00	0.00
	Net Total (Revenue - Expense)	663,281.00	105,463.25	0.00	557,817.75

Fact Sheet: Asset Detail (Total Portfolio: Cash and Securities)

EXHIBIT "A"

As of December 31, 2012
Galveston County, Texas

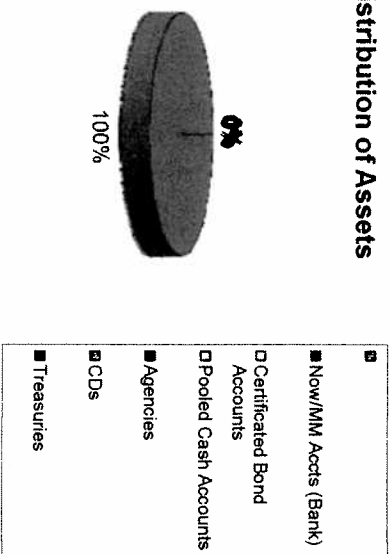
Liquid Cash Assets

Account	Balance	Percentage of Assets
Now/MM Accts (Bank)	141,978,649	100%
Certificated Bond Accounts	-	0%
Pooled Cash Accounts	-	0%
Sub-Totals	141,978,649	100%

Security Assets

Security	Market Value	Percentage of Assets
Agencies	\$ -	0%
CDS	-	0%
Treasuries	-	0%
Sub-Totals	\$ -	0%
Total Assets	141,978,649	100%

Distribution of Assets



Galveston County's Total Investable Assets:

(Including Required Liquidity): 0.749%
 YTM @ Cost 1.00 days
 WAM: 1.00 days

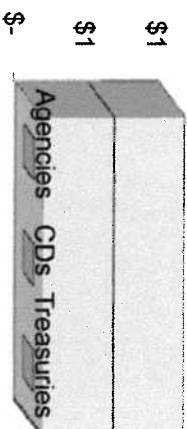
Target Investment Benchmark (12/31/12)

6 month US Treasury Bill Rate: 0.100%
 6 month Tbill 90 Day Moving Avg 0.065%

Investible Cash:

Current Liquid Cash Assets: \$ 141,978,649
 Required Cash Liquidity: (\$10,000,000)
 Outstanding Transfer Drctvs: \$0
Residual For Investment: \$131,978,649

Diversification of Security Assets



-The required Cash Liquidity in Now Accounts and Money Market Accounts is intended to fulfill short term Cash obligations and therefore will receive rates lower than our target benchmark yield. These would not be considered "Fully Invested Funds" and therefore should not be considered in the YTM comparison to the target benchmark.

-When looking at the WAM of Galveston County's Assets, all assets should be considered since they make up the short term liquidity available to the County which WAM is an important measure of.

Date To Date
MONTHLY Proof for Accuracy: MM, LGIP, Cash
Report Format: By CUSIP / Ticker
Group By: Portfolio Name
Portfolio / Report Group: All Portfolios
Begin Activity Date: 9/30/2012, End Activity Date: 12/31/2012, Carrying Value Date: 9/30/2012

Description	CUSIP/Ticker	Beginning Face Amount/Shares	Buy Principal	Sell Principal	Interest/Dividends	Ending Face Amount/Shares
0002 General Fund						
Moody National Bank Cash	02MOODY023	1,451,636.98	0	1,451,636.98	0	0
Moodys National Bank Cash	02MOODY196	447,663.67	16,423.21	450,619.39	139.18	13,467.49
Moodys National Bank Cash	02MOODY238	138,440.54	41,484.37	99,131.84	54.27	80,793.07
Moodys National Cash	02MOODY528	8,995.73	0	8,995.73	0	0
Prosperity Bank Cash	02PRS081	202,281.44	2,977.33	196	383.41	205,062.77
Prosperity Bank Cash	02PRS161	295,453.39	105,110.37	366,178.39	56.37	34,385.37
Prosperity Bank Cash	02PRS321	4,402.09	16,379.04	0	25.42	20,781.13
Prosperity Bank Cash	02PRS401	6,688.51	26,126.21	0	45.19	32,814.72
Prosperity Bank Cash	02PRS431	3,911,661.80	52,542,538.22	55,596,495.94	4,465.26	857,704.08
Prosperity Bank Cash	02PRS511	69,279,180.60	41,672,270.17	18,400,000.00	127,226.07	92,551,450.77
Prosperity Bank Cash	02PRS591	269,809.79	218,860.55	505.47	743.39	488,164.87
Prosperity Bank Cash	02PRS781	975,281.17	17,971,977.56	17,881,914.84	2,071.85	1,065,343.89
Prosperity Bank Cash	02PRS861	665,977.11	34,009,854.02	33,937,640.28	2,808.84	738,190.85
PROSPERITY Cash	02PRS751	25,532.05	72,083.41	67,296.00	55.41	30,319.46
PROSPERITY Cash	02PRS831	16,167.97	30.5	0	30.5	16,198.47
PROSPERITY Cash	02PRSDRG	615,216.47	419,863.62	484,623.50	1,321.01	550,456.59
Texas First Bank Cash	02JP600	23,519.08	44.37	0	44.37	23,563.45
Texas First Bank Cash	02TFB2PARKS	1,069,777.90	557,240.55	1,069,777.90	0	557,240.55
Sub Total/Average 0002 General Fund		79,408,686.29	147,673,263.50	129,815,012.26	139,470.54	97,266,937.53
Prosperity Bank MM						
Sub Total/Average 3120 Lmt Tx Cnty Bid 09B	3120PRS111	5,567,050.04	10,182.17	331,035.89	10,182.17	5,246,196.32
3206 2003 Certificate / Obg		5,567,050.04	10,182.17	331,035.89	10,182.17	5,246,196.32
Prosperity Bank MM						
Sub Total/Average 3206 2003 Certificate / Obg	3206PRS651	2,836.38	5.34	0	5.34	2,841.72
3307 2003 Road Bonds		2,836.38	5.34	0	5.34	2,841.72
Prosperity Bank MM						
Sub Total/Average 3307 2003 Road Bonds	3307PRS811	4,925,192.76	9,290.59	290	9,290.59	4,934,193.35
1308 2001 Road Bonds		4,925,192.76	9,290.59	290	9,290.59	4,934,193.35
Prosperity Bank MM						
Sub Total/Average 3308 2001 Road Bonds	3308PRS731	139,109.73	262.42	0	262.42	139,372.15
1310 2007 Limited Tax Bonds		139,109.73	262.42	0	262.42	139,372.15
Prosperity Bank MM						
Sub Total/Average 3310 2007 Limited Tax Bonds	3310PRS571	6,859,968.69	12,118.21	1,745,699.59	12,118.21	5,126,387.31
6,859,968.69		6,859,968.69	12,118.21	1,745,699.59	12,118.21	5,126,387.31

Date To Date
MONTHLY Proof for Accuracy: MM, LGIP, Cash
Report Format: By CUSIP / Ticker
Group By: Portfolio Name
Portfolio / Report Group: All Portfolios
Begin Activity Date: 9/30/2012, End Activity Date: 12/31/2012, Carrying Value Date: 9/30/2012

Description	CUSIP/Ticker	Beginning Face Amount/Shares	Buy Principal	Sell Principal	Interest/Dividends	Ending Face Amount/Shares
3312 Unlm Tx Rd Bd 09A	3312PRSO31	18,883,017.24	31,169.97	4,216,353.45	31,169.97	14,697,833.76
Prosperity Bank MM						
Sub Total/Average 3312 Unlm Tx Rd Bd 09A		18,883,017.24	31,169.97	4,216,353.45	31,169.97	14,697,833.76
3370 Lmt Tx Fld Cntl Bd 09C	3370PRS381	10,264,980.40	19,364.18	0	19,364.18	10,284,344.58
Prosperity Bank MM						
Sub Total/Average 3370 Lmt Tx Fld Cntl Bd 09C		10,264,980.40	19,364.18	0	19,364.18	10,284,344.58
3373 COB Series 2008	3373PRS461	337,729.74	637.1	0	637.1	338,366.84
Prosperity Bank MM						
Sub Total/Average 3373 COB Series 2008		337,729.74	637.1	0	637.1	338,366.84
4022 Ltd Tax Rfnd bd	4022PRS221	11,939.70	22.51	0	22.51	11,962.21
Prosperity Bank MM						
Sub Total/Average 4022 Ltd Tax Rfnd bd		11,939.70	22.51	0	22.51	11,962.21
4023 Unltd Tax Rfd Bd	4023PRS301	12,725.25	24	0	24	12,749.25
Prosperity Bank MM						
Sub Total/Average 4023 Unltd Tax Rfd Bd		12,725.25	24	0	24	12,749.25
4024 Ltd Tax Rfd Bd	4024PRS491	9,243.96	17.44	0	17.44	9,261.40
Prosperity Bank MM						
Sub Total/Average 4024 Ltd Tax Rfd Bd		9,243.96	17.44	0	17.44	9,261.40
4371 09 Debt Service	4371PRSS41	3,900,843.84	7,358.66	0	7,358.66	3,908,202.50
PROSPERITY MM						
Sub Total/Average 4371 09 Debt Service		3,900,843.84	7,358.66	0	7,358.66	3,908,202.50
Total / Average		130,323,324.02	147,763,716.09	136,108,391.19	229,923.13	141,978,648.92

Tracker

Galveston County

Portfolio Holdings

Portfolio Holdings / by Security Type - Totals

Report Format: By Totals

Group By: Security Type

Average By: Face Amount / Shares

Portfolio / Report Group: All Portfolios

As of 12/31/2012

Exhibit "C"

Description	Coupon Rate	YTM @ Cost	Face Amount/Shares	Book Value	Market Value	Days To Maturity	% of Portfolio
Cash	0.749	0.749	97,266,937.53	97,266,937.53	97,266,937.53	1	68.51
Money Market	0.75	0.75	44,711,711.39	44,711,711.39	44,711,711.39	1	31.49
Total / Average	0.749	0.749	141,978,648.92	141,978,648.92	141,978,648.92	1	100

Exhibit "C"
(Cont)

Tracker
Galveston County
Portfolio Holdings
Portfolio Holdings / by Security Type
Report Format: By CUSIP / Ticker
Group By: Security Type
Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 12/31/2012

Description	CUSIP	Face Amount/Shares	Market Value	Book Value	YTM @ Cost	Coupon Rate	Days To Maturity	% of Portfolio
Cash								
Moodys National Bank Cash	02MOODY196	13,467.49	13,467.49	13,467.49	0.35	0.35	1	0.01
Moodys National Bank Cash	02MOODY238	80,793.07	80,793.07	80,793.07	0.35	0.35	1	0.06
Prosperity Bank Cash	02PRS321	20,781.13	20,781.13	20,781.13	0.75	0.75	1	0.01
Prosperity Bank Cash	02PRS781	1,065,343.89	1,065,343.89	1,065,343.89	0.75	0.75	1	0.75
Prosperity Bank Cash	02PRS591	488,164.87	488,164.87	488,164.87	0.75	0.75	1	0.34
Prosperity Bank Cash	02PRS941	30,319.46	30,319.46	30,319.46	0.75	0.75	1	0.02
Prosperity Bank Cash	02PRS431	857,704.08	857,704.08	857,704.08	0.75	0.75	1	0.6
Prosperity Bank Cash	02PRS511	92,551,450.77	92,551,450.77	92,551,450.77	0.75	0.75	1	65.19
Prosperity Bank Cash	02PRS401	32,814.72	32,814.72	32,814.72	0.75	0.75	1	0.02
Prosperity Bank Cash	02PRS861	738,190.85	738,190.85	738,190.85	0.75	0.75	1	0.52
Prosperity Bank Cash	02PRS161	34,385.37	34,385.37	34,385.37	0.75	0.75	1	0.02
Prosperity Bank Cash	02PRS081	205,062.77	205,062.77	205,062.77	0.75	0.75	1	0.14
PROSPERITY Cash	02PRSDRG	23,563.45	23,563.45	23,563.45	0.75	0.75	1	0.02
PROSPERITY Cash	02PRS751	16,198.47	16,198.47	16,198.47	0.75	0.75	1	0.01
PROSPERITY Cash	02PRS831	550,456.59	550,456.59	550,456.59	0.75	0.75	1	0.39
Texas First Bank Cash	021P600	557,240.55	557,240.55	557,240.55	0.61	0.61	1	0.39
Texas First Bank Cash	021FB2PARKS	1,000.00	1,000.00	1,000.00	0.61	0.61	1	0
Sub Total / Average		97,266,937.53	97,266,937.53	97,266,937.53	0.749	0.749	1	68.51

**Exhibit "C"
(Cont)**

Tracker
 Galveston County
 Portfolio Holdings
 Portfolio Holdings / by Security Type
 Report Format: By CUSIP / Ticker
 Group By: Security Type
 Average By: Face Amount / Shares
 Portfolio / Report Group: All Portfolios
 As of 12/31/2012

Description	CUSIP	Face Amount/Shares	Market Value	Book Value	YTM @ Cost	Coupon Rate	Days To Maturity	% of Portfolio
Money Market								
Prosperity Bank MM	3206PRSS651	2,841.72	2,841.72	2,841.72	0.75	0.75	1	0
Prosperity Bank MM	4023PRSS301	12,749.25	12,749.25	12,749.25	0.75	0.75	1	0.01
Prosperity Bank MM	3373PRSS461	338,366.84	338,366.84	338,366.84	0.75	0.75	1	0.24
Prosperity Bank MM	3120PRSS111	5,246,196.32	5,246,196.32	5,246,196.32	0.75	0.75	1	3.7
Prosperity Bank MM	3307PRSS811	4,934,193.35	4,934,193.35	4,934,193.35	0.75	0.75	1	3.48
Prosperity Bank MM	3308PRSS731	139,372.15	139,372.15	139,372.15	0.75	0.75	1	0.1
Prosperity Bank MM	4022PRSS221	11,962.21	11,962.21	11,962.21	0.75	0.75	1	0.01
Prosperity Bank MM	3370PRSS381	10,284,344.58	10,284,344.58	10,284,344.58	0.75	0.75	1	7.24
Prosperity Bank MM	3312PRSS031	14,697,833.76	14,697,833.76	14,697,833.76	0.75	0.75	1	10.35
Prosperity Bank MM	3310PRSS571	5,126,387.31	5,126,387.31	5,126,387.31	0.75	0.75	1	3.61
Prosperity Bank MM	4024PRSS491	9,261.40	9,261.40	9,261.40	0.75	0.75	1	0.01
PROSPERITY MM	4371PRSS541	3,908,202.50	3,908,202.50	3,908,202.50	0.75	0.75	1	2.75
Sub Total / Average		44,711,711.39	44,711,711.39	44,711,711.39	0.75	0.75	1	31.49
Total / Average		141,978,648.92	141,978,648.92	141,978,648.92	0.749	0.749	1	100

Exhibit "D"

Tracker

Galveston County

Date To Date

TEXAS Earnings and Yields Summary Report

Report Format: By Totals

Group By: Security Type

Portfolio / Report Group: All Portfolios

Begin Activity Date: 9/30/2012, End Activity Date: 12/31/2012, Carrying Value Date: 9/30/2012

Description	Interest/Dividends	Ending YTM @ Cost
Cash	139,470.54	0.74881
Money Market	90,452.59	0.75
Total / Average	229,923.13	0.74918

As of DECEMBER 31, 2012
Galveston County, Texas

Location of Investment	Description of Allowable Investment Options	Allowable Collateral	Safeguarding Agent	Minimum Contracted Collateral Percentage	Total* Funds Invested or on Deposit	Total Collateral-Lwr FMV or Book 6/30/2011	Actual Collateral Percentage
Moody National Bank	Demand Deposits & Time Deposits	US Treasury Obligations, US Agencies, GNMMAs	Federal Reserve Bank, or Chase Bank	110%	\$ 4,872,866	13,467,816.44	276%
Texas First Bank	Time Deposits	US Treasury Obligations, US Agencies, GNMMAs	Federal Reserve Bank, or Chase Bank	110%	\$ 1,417,427	\$ 4,928,536	348%
Hitchcock/Santa Fe/Texas City							
Prosperity Bank	Time Deposits	US Treasury Obligations, US Agencies, GNMMAs Agency Letters of Credit.	Federal Reserve Bank, or Chase Bank	110%	\$ 175,082,857	\$ 234,878,915	134%
				Totals:	<u>\$ 181,373,150</u>	<u>\$ 253,275,267</u>	140%

*The first \$250,000.00 of all bank deposits are insured by FDIC. Moody National has coverage for \$250,000.00. Each TFB Branch has \$250K FDIC coverage. Texas First Bank Galveston has merged into Texas First Bank Texas City. Amegy Bank has FDIC coverage for \$250,000.

Pledge Security Listing

December 31, 2012

ID	CUSIP	Description	Safeteeching Location	Safeteeching Receipt	Coupon	Maturity Date	Call Date	Moody	S&P	Fitch	FASB/LLIS	Face Amount	Current Par	Quoted Book Value	Market Value	Gain/(Loss)
2409	314120BZ7	RMMA 932647	PHLB	X	4.00	03/01/2020		AAA	AA+	AAA	HTM	10,518,927	3,252,372.90	3,293,990.35	3,468,980.94	175,020.58
2464	314270Y04	RMMA MA0650	PHLB	X	4.00	06/01/2025		AAA	AA+	AAA	HTM	4,710,000	2,131,046.39	2,157,728.71	2,272,957.68	115,246.57
2466	312944W05	PHLMC E02770	PHLB	X	3.00	11/01/2025		AAA	AA+	AAA	HTM	25,000,000	14,588,963.75	14,620,266.72	15,204,299.87	664,033.15
2467	312944W06	PHLMC E02378	PHLB	X	3.00	11/01/2025		AAA	AA+	AAA	HTM	25,000,000	14,598,968.25	14,598,484.05	15,204,299.87	694,034.52
2468	314171Y01	RMMA MA0577	PHLB	X	3.50	11/01/2020		AAA	AA+	AAA	HTM	56,155,237	30,103,728.50	30,679,284.04	31,985,211.53	1,305,927.49
2476	314030Z01	RMMA A05456	PHLB	X	3.50	09/01/2021		AAA	AA+	AAA	HTM	720,319	473,586.76	489,483.90	501,185.69	22,698.89
2488	314161Y11	RMMA A03538	PHLB	X	3.00	09/01/2021		AAA	AA+	AAA	HTM	100,000,000	70,570,918.00	72,533,569.99	74,624,529.17	2,090,999.18
2539	306884B06	RMMA MA0657	PHLB	X	3.00	02/01/2022		AAA	AA+	AAA	HTM	24,548,494	19,679,153.72	20,324,862.06	20,824,066.22	499,204.16
3541	314120Y49	RMMA A07030	PHLB	X	2.00	11/01/2027		AAA	AA+	AAA	HTM	39,632,406	39,347,289.32	40,202,556.70	40,220,778.70	(71,746.00)
3844	314200Z09	RMMA A05798	PHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	30,036,216	29,250,341.77	30,429,161.85	30,430,994.96	(64,506.94)
Total for GALVESTON COUNTY TREASURER												316,531,901	224,446,138.96	229,447,271.27	234,878,914.82	5,431,643.55

Total Deposits \$115,082,852.93

FEDERAL HOME LOAN BANK-DALLAS
8500 FREEPORT PARKWAY SOUTH
SUITE 100
IRVING, TX 75063-2547

PROSPERITY BANK
ATTN: LOUANN KALLINA
P.O. DRAWER G
EL CAMPO, TX 77437

New Pledged Security Notification

Receipt Number: 190012969 Account: 12333 Effective: 01/03/2013
The following securities have been pledged to:

Galveston County Treasurer

722 Moody Avenue
4th Floor
Galveston, TX 77550

FN AB6798
31417FRU9

CUSIP: 31417DRU9
Maturity Dt: 11/01/2027
Rate: 2.0000000
Issue Dt: 10/01/2012
Face Amt: 20,024,144.00
Par Amt: 19,833,427.85

GALVESTON COUNTY
REPORTS FOR
DECEMBER 2012
TABLE OF CONTENTS

1. LIST OF ACCOUNTS AND END-OF-MONTH BALANCES

2. TIME DEPOSITS- MOODY NATIONAL BANK - NONE

3. PLEDGE RECEIPT REPORT - TIB

4. PLEDGE SECURITIES LISTING - THE BAKER GROUP

5. STATEMENT OF HOLDINGS -FEDERAL RESERVE BANK

ACCT K2DI GALVESTON CNTY
ACCT 1031 A GALVESTON CNTY - NONE

**Moody National Bank
Galveston County
December 2012**

Account Description	Type	MNB #	Amount
KEVIN WALSH			
GALVESTON COUNTY TREASURER			
Galveston County-NoN Interest Funds	D	3010012023	0.00
Galveston Cnty - J P Account	N	3010003238	80,793.84
Galveston Cnty - Demand Account	N	3010003196	13,467.62
Littleton Group Workers Comp	N	3010009748	36,227.97
Boon-Chapman Health	N	3010008898	70,456.67
07 Interest & Sinking 4358	M	5010002987	0.00
03 Tax & Revenue COB 3206	M	5010002953	0.00
County Clerk Printech	N	3010010324	0.00
HEALTH DISTRICT			
Galveston County Health Dist. General Fund	N	035-823-4	2,105.83
Galveston County Coord. Community Clinic	N	035-821-8	74,068.13
Galveston County EMS Area Ambulance	N	039-395-9	2,928.15
Galveston County Health Dist. Payroll	D	039-393-4	0.00
Galveston County Coord. Community Clinic	D	039-392-6	0.00
Galveston County Health Payroll Account	D	039-394-2	0.00
-GEAN LEONARD, SHERIFF			
Galveston Cnty Sheriff-Inmate Property	D	3120001122	117,188.96
Galveston Cnty Sheriff-Reserve	N	3120001114	20,277.30
LATONIA D. WILSON - DISTRICT CLERK			
District Clerk Printech	D	3010011918	0.00
COUNTY AUDITOR			
Galveston County Clear Creek Flood	M	040-444-2	2,379.65
Sabine Galv Shoreline Erosion	M	5010000536	33,416.74
Cnty Special Escrow Agreement	M	5010000874	7,061.63

**Moody National Bank
Galveston County
December 2012**

CHERYL JOHNSON -TAX ASSESSOR/COLLECTOR

Trish Gibbins - Texas I V R R	N	3010000523	164,058.63
Galveston Cnty Tax Assessor/Collector Highway	D	3010006413	1,493,919.06
Galveston Cnty Tax Assessor/Collector Tax	D	3010006421	2,470,181.05
Galveston Cnty Tax Assessor/Collector Beer	M	5010001468	9,344.11

GALVESTON COUNTY J. P. & CONSTABLE

Penny L. Pope, J. P. Pct. 2	D	035-924-0	2,575.25
Justice Court - Precinct 1	D	3010003352	17,729.60

ADULT PROBATION DEPARTMENT

Galveston County Adult Probation Dept.	N	035-856-4	246,573.01
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COUNTY CLERK

County Clerk Printech	N	3010012155	0.00
Dwight Sullivan Cnty Clerk Registry	D	3010012213	6,213.17
Dwight Sullivan Cnty Clerk Registry	D	3010012254	1,900.00

N=Now Account

M=Money Market Account

D=Demand Deposit

\$ 4,872,866.37

As of Date: 01/02/13

PLEGDED TO: GCY *GALVESTON COUNTY

Cusip Security Description 1
Loc Ticket Security Description 2

016140HU2 ALICE TX BQ CALL
202 161011096

340423FY3 FLORESVILLE TX ISD BQ CALL
202 161009773

36241KX45 GNMA #782499
102 178011338

36296UJ76 GNMA #701486
102 158000541

36296UNN6 GNMA #701597
102 158000522

36297AKF9 GNMA POOL#705994
102 178011391

421020MS4 HAYS COUNTY TX CALL
202 178012577

606020QF5 MISSOURI CITY TX CALL
202 164004388

737577GU4 POITEET TX ISD CALL
202 178015530

740614BN1 PREMONT ISD BQ CALL
202 158005876

785615FNO SABINE PASS TX ISD BQ CALL
202 161019828
GO

785751KN7 SACHSE TX BQ CALL
202 161019721
GO

Safekeeping Agent Rate	Maturity	Type	Original Face Par/Curr Face	S&P Moody	Date Plgdd
TIB THE INDEPENDENT BANKERSBANK	5.00000000	02/01/2027 200	990,000.00 990,000.00	A+ A3	03/04/2010
TIB THE INDEPENDENT BANKERSBANK	4.00000000	02/01/2026 200	500,000.00 500,000.00	AAA NR	02/17/2010
TIB THE INDEPENDENT BANKERSBANK	5.00000000	12/15/2023 060	5,000,000.00 1,306,208.80		01/30/2009
TIB THE INDEPENDENT BANKERSBANK	5.00000000	12/15/2023 060	5,050,000.00 1,484,831.50		02/19/2009
TIB THE INDEPENDENT BANKERSBANK	5.00000000	01/15/2024 060	9,000,000.00 3,403,647.54		02/19/2009
TIB THE INDEPENDENT BANKERSBANK	5.00000000	01/15/2024 060	5,000,000.00 1,363,128.60		02/02/2009
TIB THE INDEPENDENT BANKERSBANK	4.60000000	02/15/2024 200	615,000.00 615,000.00	AA	01/30/2009
TIB THE INDEPENDENT BANKERSBANK	3.90000000	06/15/2023 200	350,000.00 350,000.00	AAA Aaa	01/29/2010
TIB THE INDEPENDENT BANKERSBANK	4.25000000	08/15/2028 200	700,000.00 700,000.00	Aaa	01/30/2009
TIB THE INDEPENDENT BANKERSBANK	4.20000000	08/15/2024 200	435,000.00 435,000.00	Aaa	03/04/2010
TIB THE INDEPENDENT BANKERSBANK	4.25000000	08/15/2024 200	580,000.00 580,000.00	AAA NR	01/05/2011
TIB THE INDEPENDENT BANKERSBANK	4.00000000	02/15/2025 200	765,000.00 765,000.00	AAA Aa3	01/05/2011

As of Date: 01/02/13

PLEDGED TO: GCY *GALVESTON COUNTY
 Cusip Security Description 1
 Loc Ticket Security Description 2

 798025HD7 SAN JACINTO TX CMNTY COLLG
 202 161011026

Safekeeping Agent Maturity Type
 Rate -----
 TIB THE INDEPENDENT BANKERSBANK
 4.5000000 02/15/2024 200

Original Face Par/Curr Face

 500,000.00
 500,000.00

S&P Moody

 AA
 Aa2
 Date Pldgd

 03/04/2010

969887XX1 WILLIAMSON CNTY TX CALL
 202 161025286 GO

TIB THE INDEPENDENT BANKERSBANK
 5.0000000 02/15/2028 200

475,000.00
 475,000.00

AAA
 NR
 12/17/2010

TOTAL FOR PLEDGE ID: GCY
 Pledged: 14 Orig Face: 29,960,000.00 Current Face: 13,467,816.44

Pledges By Pledgee And Maturity



Pledged To: GALVESTON COUNTY

Moody National Bank - Galveston, TX

As Of 12/31/2012

Receipt# Safekeeping Location	CUSIP	Description Maturity Prerefund	Pool/Type Coupon S&P	Moody S&P	Original Face Pledged Percent	Pledged		
						Original Face	Market Value	
						Par	Book Value	
TIB: TIB	606020QF5	MISSOURI CITY TX 06/15/23	3.90	Aa2	350,000.00 100.00%	350,000.00	352,311.44	372,662.50
FED: FEDERAL RESERVE	36241KUV8	MBS GNMA I 15-Yr SF 09/15/23	782396 6.00	AA-	2,500,000.00 100.00%	639,652.58	650,169.97	696,604.46
FED: FEDERAL RESERVE	36241KUV8	MBS GNMA I 15-Yr SF 09/15/23	782396 6.00		2,000,000.00 100.00%	511,722.06	516,386.06	557,283.56
FED: FEDERAL RESERVE	36202EVX4	MBS GNMA II 15-Yr SF 09/20/23	004230 6.00		4,250,000.00 40.95%	1,740,313.00	409,172.21	443,275.58
FED: FEDERAL RESERVE	36202EWN5	MBS GNMA II 15-Yr SF 10/20/23	004253 6.50		1,440,000.00 100.00%	375,240.79	379,481.71	412,801.06
TIB: TIB	36241KX45	MBS GNMA I Platinum 12/15/23	782499 5.00		5,000,000.00 100.00%	1,306,208.80	1,324,044.68	1,413,280.49
FED: FEDERAL RESERVE	36241KX52	MBS GNMA I Platinum 12/15/23	782500 5.50		5,000,000.00 100.00%	1,296,279.50	1,319,346.62	1,393,557.99
TIB: TIB	36296UJ76	MBS GNMA I 15-Yr SF 12/15/23	701486 5.00		5,050,000.00 100.00%	1,484,831.50	1,504,226.01	1,606,545.13
FED: FEDERAL RESERVE	36296UJ92	MBS GNMA I 15-Yr SF 12/15/23	701488 5.50		5,000,000.00 100.00%	1,247,226.30	1,266,319.16	1,340,823.62
TIB: TIB	36296UNJ6	MBS GNMA I 15-Yr SF 01/15/24	701597 5.00		9,000,000.00 100.00%	3,403,647.54	3,448,925.26	3,688,673.55
FED: FEDERAL RESERVE	36297AJY0	MBS GNMA I 15-Yr SF 01/15/24	705979 5.50		5,000,000.00 100.00%	1,140,828.15	1,159,136.24	1,226,406.67
FED: FEDERAL RESERVE	36297AKD4	MBS GNMA I 15-Yr SF 01/15/24	705992 4.50		5,000,000.00 100.00%	2,278,831.25	2,311,166.68	2,457,862.64
TIB: TIB	36297AKF9	MBS GNMA I 15-Yr SF 01/15/24	705994 5.00		5,000,000.00 100.00%	1,363,128.60	1,381,642.69	1,477,278.82

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Pledges By Pledgee And Maturity

Pledged To: GALVESTON COUNTY

IPA

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Moody National Bank - Galveston, TX

As Of 12/31/2012

Receipt# Safekeeping Location	CUSIP	Description Maturity	Prerefund	PoolType Coupon	Moody S&P	Original Face Pledged Percent	Pledged		Market Value	
							Original Face	Par		
FED: FEDERAL RESERVE	36202EYV5	MBS GNMA II 15-Yr SF 01/20/24		004324 5.50		5,000,000.00 22.00%	1,100,000.00	354,631.20	359,603.98	381,276.20
FED: FEDERAL RESERVE	36202EYV5	MBS GNMA II 15-Yr SF 01/20/24		004324 5.50		5,000,000.00 60.00%	3,000,000.00	967,176.00	980,738.12	1,039,844.17
FED: FEDERAL RESERVE	36241KZU5	MBS GNMA I Platinum 02/15/24		782555 6.00		5,000,000.00 100.00%	5,000,000.00	1,520,796.35	1,547,614.00	1,644,141.21
TIB: TIB	421020MS4	HAYS COUNTY TX 02/15/24		4.60	N/A AA	615,000.00 100.00%	615,000.00	615,000.00	615,000.00	711,179.85
TIB: TIB	798025HD7	SAN JACINTO TEX CMNTY C 02/15/24		4.50 AA	Aa2 AA	500,000.00 100.00%	500,000.00	500,000.00	517,967.02	570,845.00
FED: FEDERAL RESERVE	36241K4B1	MBS GNMA I Platinum 04/15/24		782618 4.50		4,000,000.00 100.00%	4,900,000.00	2,080,641.04	2,174,930.30	2,244,102.05
FED: FEDERAL RESERVE	36296XWM2	MBS GNMA I 15-Yr SF 06/15/24		704552 4.50		4,000,000.00 100.00%	4,000,000.00	1,866,067.44	1,952,091.51	2,012,670.94
FED: FEDERAL RESERVE	36241LQC3	MBS GNMA I 08/15/24		783151 5.00		3,000,000.00 100.00%	3,000,000.00	1,613,342.58	1,696,201.18	1,748,446.05
TIB: TIB	740614BN1	PREMONT ISD 08/15/24		4.20	Aaa N/A	435,000.00 100.00%	435,000.00	435,000.00	443,786.13	467,585.85
TIB: TIB	785615FN0	SABINE PASS TX ISD PSFG 08/15/24		4.25	N/A AAA	580,000.00 100.00%	580,000.00	580,000.00	607,094.57	623,569.60
FED: FEDERAL RESERVE	36202FA30	MBS GNMA II 15-Yr SF 09/20/24		004526 4.50		3,500,000.00 100.00%	3,500,000.00	1,734,410.13	1,812,318.69	1,870,704.95
TIB: TIB	785751KN7	SACHSE TX 02/15/25		4.00	Aa3 AA-	765,000.00 100.00%	765,000.00	765,000.00	793,639.10	830,269.80
FED: FEDERAL RESERVE	36241LMG7	MBS GNMA I Platinum 07/15/25		783078 4.50		3,000,000.00 100.00%	3,000,000.00	1,650,714.36	1,726,274.91	1,786,011.55

Although the information in this report has been obtained from sources believed to be reliable, its accuracy cannot be guaranteed.
12/26/2012 12:43 PM - MWM / MOOD

Pledges By Pledgee And Maturity



Pledged To: GALVESTON COUNTY

Moody National Bank - Galveston, TX

As Of 12/31/2012

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Receipt# Safekeeping Location	CUSIP	Description Maturity	Prerefund	Pool/Type Coupon	Moody S&P	Original Face Pledged Percent	Pledged		Market Value	
							Original Face	Par		
TIB: TIB	340423FY3	FLORESVILLE TX ISD 02/01/26		4.00	N/A AAA	500,000.00 100.00%	500,000.00	500,000.00	505,573.20	535,550.00
FED: FEDERAL RESERVE	36202FTP1	MBS GNMA II 15-Yr SF 05/20/26		005058 4.50		5,075,000.00 100.00%	2,895,277.30	3,100,300.42	3,100,300.42	3,126,878.67
TIB: TIB	016140HU2	ALICE TEX 02/01/27		5.00	A1 A+	990,000.00 100.00%	990,000.00	1,041,740.51	1,064,685.60	
TIB: TIB	969887XX1	WILLIAMSON CNTY TX 02/15/28		5.00	N/A AAA	475,000.00 100.00%	475,000.00	518,142.65	555,940.00	
TIB: TIB	737577GU4	POTEET TX ISD-PSFG INSD 08/15/28		4.25	Aaa N/A	700,000.00 100.00%	700,000.00	687,912.36	749,686.00	
31 Securities Pledged To: CNTY - GALVESTON COUNTY							90,215,313.00	36,046,564.77	37,103,257.38	39,050,443.56

Although the information in this report has been obtained from sources believed to be reliable, its accuracy cannot be guaranteed.

DI#: 113100091 MOODY NATIONAL BK ACCT: K2DI *GALVESTON CTY

MOODY NATIONAL BANK
2302 POST OFFICE

GALVESTON TX 77550
ATTENTION SECURITIES TRANSFER STAFF

SCTY	MTRTY DT	BVF	PAR BALANCE	LST ACTY
36202EVX4 GNII SF 004230 M	09/20/23	0.2332404	\$1,750,000.00	01/23/09
36202EWN5 GNII SF 004253 M	10/20/23	0.2605838	\$1,440,000.00	01/22/09
36202EYV5 GNII SF 004324 M	01/20/24	0.3223920	\$4,100,000.00	02/04/09
36202FA30 GNII SF 004526 M	09/20/24	0.4955457	\$3,500,000.00	09/27/10
36202FTP1 GNII SF 005058 M	05/20/26	0.5704979	\$5,075,000.00	12/15/11
36241KUV8 GNMI JP 782396 X	09/15/23	0.2558610	\$4,500,000.00	01/27/09
36241KX52 GNMI JP 782500 X	12/15/23	0.2592559	\$5,000,000.00	01/21/09
36241KZU5 GNMI JP 782555 X	02/15/24	0.3041592	\$5,000,000.00	10/19/09
36241K4B1 GNMI JP 782618 X	04/15/24	0.4246206	\$4,900,000.00	09/28/10
36241LM37 GNMI JP 783078 X	07/15/25	0.5502381	\$3,000,000.00	01/06/11
36241LQC3 GNMI JP 783151 X	08/15/24	0.5377808	\$3,000,000.00	01/04/11
36296UJ92 GNMI SF 701488 X	12/15/23	0.2494452	\$5,000,000.00	02/19/09
36296XWM2 GNMI SF 704552 X	06/15/24	0.4665168	\$4,000,000.00	01/21/11
36297AJY0 GNMI SF 705979 X	01/15/24	0.2281656	\$5,000,000.00	02/19/09
36297AKD4 GNMI SF 705992 X	01/15/24	0.4557662	\$5,000,000.00	01/28/09
ACCT TOTALS:	#ISSUES: 15	PAR BAL:	\$60,265,000.00	

(409) 765-3246

Cooper, Crystal <Crystal.Cooper@co.galveston.tx.us>
Kevin Walsh or Crystal Cooper

TO: COUNTY OF GALVESTON - TREASURY DEPARTMENT

FROM: DEBBIE POPOVICH

Date: December 31, 2012

SUBJECT: TOTAL DEPOSITS vs TOTAL COLLATERAL

TOTAL PROJECTED DEPOSITS AT TEXAS FIRST BANK - TEXAS CITY
ARE AS FOLLOWS:

DEPOSITS:

TOTAL DEPOSITS:	\$1,639,634.52
LESS FDIC COVERAGE	(\$250,000.00)
	\$1,389,634.52
102% OF DEPOSITS	\$1,417,427.21

COVERAGE:

TOTAL PLEDGED SECURITY	\$4,686,571.14
BOOK VALUE	\$4,721,226.03
MARKET VALUE	\$4,928,536.04
Market Value	\$4,928,536.04
EXCESS COLLATERAL	\$3,511,108.83

PREPARED BY: DEBBIE POPOVICH
Contact Information:(409) 978-2250
debbie.popovich@texasfirstbank.com

Pledge Security Listing

December 31, 2012

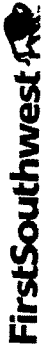


ID	CUSIP	Description	Safeskeeping Location	Safeskeeping Receipt	Coupon	Maturity Date	Call Date	Moody	S&P	Fitch	FASB115	Face Amount	Current Par	Current Book Value	Market Value	Gain(Loss)
13107-Salveston County Treasurer																
428	3137145C7	FN 256543	Frost Bank	0	5.00	11/01/2021		AAA	AA+	AAA	AFS	1,000,000	155,394.05	154,415.91	167,406.00	13,390.09
432	3137146S0	FN 256212	Frost Bank	0	5.00	04/01/2026		AAA	AA+	AAA	AFS	1,200,000	210,607.22	210,226.06	226,992.46	16,766.40
577	3133XW0V0	PHLB	Frost Bank	0	2.38	03/14/2014		AAA	AA+	AAA	HTM	2,000,000	2,000,000.00	2,018,360.00	2,050,500.00	32,140.00
579	3141RR4E4	FN AD3628	Frost Bank	0	4.00	04/01/2025		AAA	AA+	AAA	HTM	2,500,000	959,446.58	976,575.25	1,025,936.22	49,360.97
627	31383YR66	PHR 2634 PA	Frost Bank	xx	3.00	02/15/2023		AAA	AA+	AAA	HTM	1,000,000	75,437.95	75,422.66	76,566.13	1,143.47
674	313763J3	FN 352773	Frost Bank	xx	5.00	04/01/2033		AAA	AA+	AAA	HTM	1,700,000	271,776.18	271,671.47	300,764.09	23,092.62
Total for 13107-Salveston County Treasurer												9,400,800	3,678,661.97	3,712,671.35	3,848,564.90	115,903.55

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Pledge Security Listing

December 31, 2012



ID	CUSIP	Description	Safeskeeping Location	Safeskeeping Receipt	Coupon	Maturity Date	Call Date	Moody	S&P	Fitch	FASB115	Face Amount	Current Par	Current Book Value	Market Value	Gain/(Loss)
341	312844KWZ	FG 618308	Frost Bank	0	4.00	05/01/2024		AAA	AA+	AAA	AFS	1,000,000	285,046.71	287,170.23	301,408.12	14,237.89
599	31287LHY1	FG 061147	Frost Bank	xx	5.50	12/01/2031		AAA	AA+	AAA	HTM	1,000,000	15,842.58	15,733.92	15,842.57	108.65
623	36312YWS8	GN 547957	Frost Bank	xx	6.00	11/15/2031		AAA	AA+	AAA	AFS	1,000,000	66,145.93	65,928.53	72,635.67	6,707.14
637	31287NRW2	FG 032301	Frost Bank	xx	5.50	01/01/2032		AAA	AA+	AAA	AFS	1,000,000	99,807.81	99,057.79	105,827.46	6,769.67
662	31371M81	FN 256855	Frost Bank	xx	5.50	08/01/2027		AAA	AA+	AAA	HTM	1,015,000	143,226.53	142,891.43	154,813.55	11,922.12
667	312877Z1	FG 031084	Frost Bank	xx	5.50	07/01/2027		AAA	AA+	AAA	HTM	1,125,059	272,096.23	272,054.37	293,743.68	21,689.31
668	31284HSE7	FG 306245	Frost Bank	xx	5.00	10/01/2021		AAA	AA+	AAA	HTM	1,100,000	125,743.39	125,718.41	135,700.09	9,981.68
Total for 13116-Galveston County												7,240,859	1,007,909.17	1,008,554.68	1,079,971.14	71,418.46

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