



COUNTY OF GALVESTON

FY 2015 INVESTMENT REPORT THIRD QUARTER APRIL 2015 THROUGH JUNE 2015

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EXHIBITS

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FY 2015 INVESTMENT REPORT

April 1, 2015 THROUGH June 30, 2015

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. Galveston County voted in May 2015 to award the upcoming banking depository contract to Prosperity Bank. Galveston County is currently utilizing banking services from Prosperity Bank, Texas First Bank, Moody National Bank and Chase for banking services. The current banking contract has several clauses one including renegotiation options in 2013 which at that time the County determined it was best to keep the current rates in place. Another benefit of the current contract details banking charges under the payment structure- interest vs. fee option which has resulted in saving the County significant amount of banking expenditures over the past 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 JUNE 30, 2015 ¹	\$	0	see Exhibit C
2. Additional Investable funds as of June 30 ^B	\$	119,308,058	see Exhibit A (See note)
3. Interest Earnings (Cash): April 1 to June 30	\$	232,003	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.

FY 2014 INVESTMENT REPORT

C. INDIVIDUAL INVESTMENT DETAIL

The County's Investment policy sets the Interest Yield Benchmark as the 6 month Treasury Bill. As of June 30, 2015 it yielded 0.14%. The actual interest yield on the entire portfolio (Cash and Securities) is currently .749%, including the \$10 million required liquidity.

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 payables and payroll with the remainder laddered out. As of June 30, 2015 there was approximately \$119,308,058 in additional funds that could be available for investment into securities. Of this, 99% of it mainly represented funds currently at County's main depository bank which yield an average APY rate of .75%. These amounts represent general operating funds, and various bond and debt service funds.

Galveston County's deposits at all Depository Banks are fully collateralized at, or over, 110%. Galveston County monitors all collateral for both depository contract compliance and risk.

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 June 30, 2015, there was \$129,308,058.68 in NOW Checking accounts, and Money Market Accounts. Funds held in previously in Pool Accounts 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). These funds are available on a daily basis to meet current needs. Given the impact of various economic factors such as the propensity to natural disasters the need for cash flow liquidity has been considered a need; the plan is to let these funds remain liquid to cover short term obligations.

FY 2014 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 \$232,003.68 for the THIRD Quarter of FY 2015.

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 \$232,003.68 THIRD Quarter of FY 2015. (Exhibit B)

The County's FY 2015 total budgeted General Fund Interest Revenue is \$700,000.00. As of June 30, 2015, \$353,761.68 (see Schedule A) in interest has been credited/booked to the General Fund (Obj Code: 1101-4811010). *not all bank accounts interest earned are booked in I-Fas/7i.

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 June 30, 2015.

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: 08/12/2015

Ledger: GL
Fiscal Year: 2015 6 June

Budget: OB

Key Title Director
1101000000 General Fund

Object	Description	Budget	Actual	Encumbrance	Balance
4811010	Interest Revenue	700,000.00	353,761.68	0.00	346,238.32
	Total Revenue	700,000.00	353,761.68	0.00	346,238.32
	Total Expense	0.00	0.00	0.00	0.00
	Net Total (Revenue - Expense)	700,000.00	353,761.68	0.00	346,238.32

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

As of JUNE 30, 2015

Galveston County, Texas

Liquid Cash Assets

Account	Balance	Percentage of Assets
Now/MM Accts (Bank)	-	0%
Certificated Bond Accounts	129,308,059	100%
Pooled Cash Accounts	-	0%
Sub-Totals	129,308,059	100%

Security Assets

Security	Market Value	Percentage of Assets
Agencies	\$	0%
CDs	-	0%
Treasuries	-	0%
Sub-Totals	\$	0%

Total Assets 129,308,059 100%

Galveston County's Total Investible Assets:
(including Required Liquidity):

YTM @ Cost: 0.749%
WAM: 1.00 days

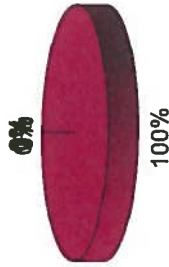
Investible Cash:

Current Liquid Cash Assets: \$ 129,308,059
Required Cash Liquidity: (\$10,000,000)
Outstanding Transfer: \$0
Residual For Investment: \$119,308,059

Target Investment Benchmark

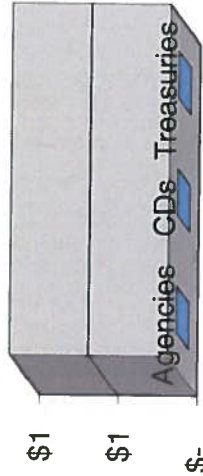
6 month US Treasury Bill Rate: 0.14%

Distribution of Assets



- Now/MM Accts (Bank)
- Certificated Bond Accounts
- Pooled Cash Accounts
- Agencies
- CDs
- Treasuries

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.

Tracker

Galveston County

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: 3/31/2015, End Activity Date: 6/30/2015, Carrying Value Date: 3/31/2015

Description	CUSIP/Ticker	Beginning Face Amount/Shares	Buy Principal	Sell Principal	Interest/Dividends	Ending Face Amount/Shares
0002 General Fund						
Moody's National Bank Cash	02MOODY238	99,985.96	25,625.62	25,129.71	2.08	100,481.87
Prosperity Bank Cash	02PRS081	224,519.33	2,744.50	2,199.70	418.07	225,064.13
Prosperity Bank Cash	02PRS161	90.34	150,624.53	100,363.58	88.39	50,351.29
Prosperity Bank Cash	02PRS321	463,791.24	198,923.02	0	1,044.94	662,714.26
Prosperity Bank Cash	02PRS401	140,219.49	57,951.25	129.59	318.25	198,041.15
Prosperity Bank Cash	02PRS431	2,007,361.35	50,725,935.06	48,399,926.03	7,179.46	4,333,370.38
Prosperity Bank Cash	02PRS511	105,053,983.18	8,137,732.30	15,500,000.00	180,285.64	97,691,715.48
Prosperity Bank Cash	02PRS591	600,513.27	229,504.64	0	1,333.53	830,017.91
Prosperity Bank Cash	02PRS781	754,105.49	18,206,814.71	17,920,668.75	1,955.22	1,040,251.45
Prosperity Bank Cash	02PRS861	1,482,644.55	26,052,217.98	24,971,595.31	5,009.64	2,563,267.22
Prosperity Bank Cash	02PRS941	56,655.24	89,136.13	89,829.24	108.13	55,962.13
PROSPERITY Cash	02PRS751	16,473.64	30.82	0	30.82	16,504.46
PROSPERITY Cash	02PRS831	671,660.85	535,093.57	476,750.77	1,043.81	730,003.65
PROSPERITY Cash	02PRSDRG	18,501.81	34.62	0	34.62	18,536.43
Texas First Bank Cash	02JP600	974,066.33	506,008.65	691,956.07	0	788,118.91
Texas First Bank Cash	02TFR2PARKS	72,154.82	199,751.00	71,375.42	0	200,530.40
Sub Total/Average 0002 General Fund		112,636,726.89	105,118,128.40	108,249,924.17	198,852.60	109,504,931.12
3120 Lmt Tx Cnty Bld Bd 098						
Prosperity Bank MM	3120PRS111	1,871,349.38	3,546.73	671,556.25	3,018.53	1,203,339.86
Sub Total/Average 3120 Lmt Tx Cnty Bld Bd 098		1,871,349.38	3,546.73	671,556.25	3,018.53	1,203,339.86
3307 2003 Road Bonds						
Prosperity Bank MM	3307PRS811	1,869,325.57	3,497.56	0	3,497.56	1,872,823.13
Sub Total/Average 3307 2003 Road Bonds		1,869,325.57	3,497.56	0	3,497.56	1,872,823.13
3308 2001 Road Bonds						
Prosperity Bank MM	3308PRS731	134,990.70	252.57	0	252.57	135,243.27
Sub Total/Average 3308 2001 Road Bonds		134,990.70	252.57	0	252.57	135,243.27
3310 2007 Limited Tax Bonds						
Prosperity Bank MM	3310PRS571	3,666,258.25	7,118.94	7,216.45	6,854.84	3,666,160.74
Sub Total/Average 3310 2007 Limited Tax Bonds		3,666,258.25	7,118.94	7,216.45	6,854.84	3,666,160.74
3312 Unlim Tx Rd Bd 09A						
Prosperity Bank MM	3312PRS031	4,926,418.63	8,852.11	507,960.05	8,852.11	4,427,310.69
Sub Total/Average 3312 Unlim Tx Rd Bd 09A		4,926,418.63	8,852.11	507,960.05	8,852.11	4,427,310.69
3370 Lmt Tx Fld Cntl Bd 09C						
Prosperity Bank MM	3370PRS381	8,176,667.04	15,298.74	0	10,087.12	8,191,965.78
Sub Total/Average 3370 Lmt Tx Fld Cntl Bd 09C		8,176,667.04	15,298.74	0	10,087.12	8,191,965.78
3373 COB Series 2008						
Prosperity Bank MM	3373PRS461	319,925.74	588.35	14,230.00	588.35	306,284.09
Sub Total/Average 3373 COB Series 2008		319,925.74	588.35	14,230.00	588.35	306,284.09
Total / Average		133,601,662.20	105,157,283.40	109,450,886.92	232,003.68	129,308,058.68

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 6/30/2015

Description	Coupon Rate	YTM @ Cost	Face Amount/Shares	Book Value	Market Value	Days To Maturity	% of Portfolio
Cash	0.75	0.75	109,504,931.12	109,504,931.12	109,504,931.12	1	84.69
Money Market	0.75	0.75	19,803,127.56	19,803,127.56	19,803,127.56	1	15.31
Total / Average	0.75	0.75	129,308,058.68	129,308,058.68	129,308,058.68	1	100

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 6/30/2015

Description	CUSIP/ Ticker	Face Amount/Shares	Market Value	Book Value	YTM @ Cost	Coupon Rate	% of Portfolio
Cash							
Moody's National Bank Cash	02MOODY238	100,481.87	100,481.87	100,481.87	0.35	0.35	0.08
Prosperity Bank Cash	02PRS321	662,714.26	662,714.26	662,714.26	0.75	0.75	0.51
Prosperity Bank Cash	02PRS781	1,040,251.45	1,040,251.45	1,040,251.45	0.75	0.75	0.8
Prosperity Bank Cash	02PRS591	830,017.91	830,017.91	830,017.91	0.75	0.75	0.64
Prosperity Bank Cash	02PRS941	55,962.13	55,962.13	55,962.13	0.75	0.75	0.04
Prosperity Bank Cash	02PRS431	4,333,370.38	4,333,370.38	4,333,370.38	0.75	0.75	3.35
Prosperity Bank Cash	02PRS511	97,691,715.48	97,691,715.48	97,691,715.48	0.75	0.75	75.55
Prosperity Bank Cash	02PRS401	198,041.15	198,041.15	198,041.15	0.75	0.75	0.15
Prosperity Bank Cash	02PRS861	2,563,267.22	2,563,267.22	2,563,267.22	0.75	0.75	1.98
Prosperity Bank Cash	02PRS161	50,351.29	50,351.29	50,351.29	0.75	0.75	0.04
Prosperity Bank Cash	02PRS081	225,064.13	225,064.13	225,064.13	0.75	0.75	0.17
PROSPERITY Cash	02PRSDRG	18,536.43	18,536.43	18,536.43	0.75	0.75	0.01
PROSPERITY Cash	02PRS751	16,504.46	16,504.46	16,504.46	0.75	0.75	0.01
PROSPERITY Cash	02PRS831	730,003.65	730,003.65	730,003.65	0.75	0.75	0.56
Texas First Bank Cash	02JP600	788,118.91	788,118.91	788,118.91	0.75	0.75	0.61
Texas First Bank Cash	02TFB2PARKS	200,530.40	200,530.40	200,530.40	0.75	0.75	0.16
Sub Total / Average		109,504,931.12	109,504,931.12	109,504,931.12	0.75	0.75	84.69
Money Market							
Prosperity Bank MM	3373PRS461	306,284.09	306,284.09	306,284.09	0.75	0.75	0.24
Prosperity Bank MM	3120PRS111	1,203,339.86	1,203,339.86	1,203,339.86	0.75	0.75	0.93
Prosperity Bank MM	3307PRS811	1,872,823.13	1,872,823.13	1,872,823.13	0.75	0.75	1.45
Prosperity Bank MM	3308PRS731	135,243.27	135,243.27	135,243.27	0.75	0.75	0.1
Prosperity Bank MM	3370PRS381	8,191,965.78	8,191,965.78	8,191,965.78	0.75	0.75	6.34
Prosperity Bank MM	3312PRS031	4,427,310.69	4,427,310.69	4,427,310.69	0.75	0.75	3.42
Prosperity Bank MM	3310PRS571	3,666,160.74	3,666,160.74	3,666,160.74	0.75	0.75	2.84
Sub Total / Average		19,803,127.56	19,803,127.56	19,803,127.56	0.75	0.75	15.31
Total / Average		129,308,058.68	129,308,058.68	129,308,058.68	0.75	0.75	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: 3/31/2015, End Activity Date: 6/30/2015, Carrying Value Date: 3/31/2015

Description	Interest/Dividends	Ending YTM @ Cost
Cash	198,852.60	0.75
Money Market	33,151.08	0.75
Total / Average	232,003.68	0.75

EXHIBIT E

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: 9/30/2014, End Activity Date: 6/30/2015, Carrying Value Date: 9/30/2014

Description	Interest/Dividends	Ending YTM @ Cost
Cash	506,538.00	0.75
Money Market	112,536.32	0.75
Total / Average	619,074.32	0.75

As of JUNE 30, 2015
Galveston County, Texas

Location of Investment	Description of Allowable Investment Options	Allowable Collateral	Safekeeping Agent	Minimum Contracted Collateral Percentage	Total* Funds Invested or on Deposit	Total Collateral-Lwr FMV or Book	Actual Collateral Percentage
Moody National Bank	Demand Deposits & Time Deposits	US Treasury Obligations, US Agencies, GNMA's	Federal Reserve Bank, or Chase Bank	110%	\$ 394,609	1,328,875.30	337%
Texas First Bank Hitchcock/Santa Fe/Texas City	Time Deposits	US Treasury Obligations, US Agencies, GNMA's	Federal Reserve Bank, or Chase Bank	110%	\$ 141,732,202	\$ 224,489,510	158%
Prosperity Bank	Time Deposits	US Treasury Obligations, US Agencies, GNMA's Agency Letters of Credit.	Federal Reserve Bank, or Chase Bank	110%	\$ 147,968,858	\$ 229,058,463	155%
				Totals:	<u>\$ 290,095,670</u>	<u>\$ 454,876,848</u>	<u>157%</u>

*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.