

Nueces County Quarterly Investment Report March 31, 2013 (Unaudited)

*Prepared by Nueces County
Auditors Office and County
Clerk Treasury Division
901 Leopard Rm. 304
Corpus Christi TX
78401*



Nueces County

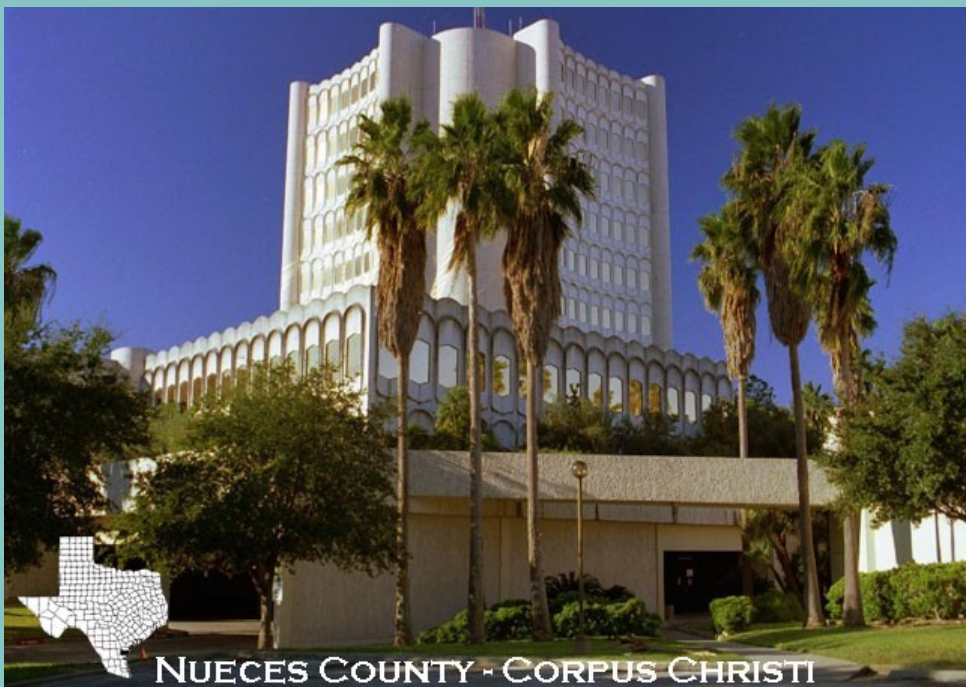
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Presented to Nueces County
Commissioners Court
in accordance with Government
Code 2256.023

Investment Committee Members

Samuel L. Neal, Jr. - County Judge

Diana T. Barrera - County Clerk

Laura Jimenez - County Attorney

Steve Waterman - Director of Commissioners Court Admin

Kevin Kieschnick – Tax Assessor/Collector

Dale Atchley, CPA - County Auditor

County Investment Officers

Alberto Silguero - Treasury Accountant

Fred Chavera - Revenue/Cash Manager

Investment Report to Commissioners Court

As of March 31, 2013

Investments have been made in accordance with the requirements of the Nueces County Investment Policy and Government Code 2256. The investment committee is directed by the investment policy to meet certain requirements regarding investment strategy, earnings, diversity and liquidity. This report is presented in conformity with generally accepted accounting principles.

This report covers investment results on county-wide treasury accounts only. Interest income on departmental accounts such as the tax office, sheriff, and district clerk checking accounts are not included in this report.

Summary of Cash, Cash Equivalents and Investments

Total cash, cash equivalents, and investments as of March 31, 2013 have a current value of \$87,040,942. As compared to last quarter, total balances have increased by \$24,820,364 up from \$62,220,578. The reason for the increase is due to the county having reached the peak of property tax collections for this fiscal year.

Compliance Measures

- The weighted average maturity of the operating portfolio is 116 days and the county is in compliance with the investment policy. The policy limits the weighted average to 364 days. Compared to last quarter the average maturity decreased by (327) days. The reason for the decrease is due to our increase in cash equivalents and decrease in our other longer term investments.
- As to portfolio diversity a test for compliance with the investment policy indicates the county is in compliance with the maximum percentages allowed per investment types. The largest investment type is in cash equivalents which is 71.59% and the remainder invested in US Agencies and brokered CDs which are 19.56% and 8.85%, respectively.
- All investments are in compliance with the Public Investment Act and the Nueces County Investment Policy.

Summary of Investment Results

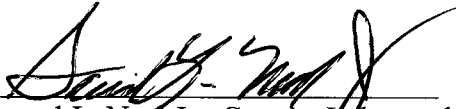
Current quarterly earnings are \$37,935. Compared to the previous quarter ending December 31, 2012, earnings this quarter decreased by \$(4,393) down from \$42,328. The reason for the decrease is due to lower market values, lower interest rates and having reduced our investments targets.

The quarterly earnings of \$37,935 equates to a quarterly yield of 0.0452% when annualized equals .181% which is higher than the return on a 1 year treasury (CMT).

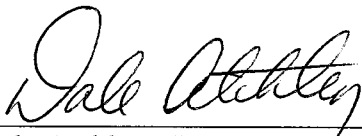
Investment Strategy

Only eligible investments, as defined by the Investment Policy may be used. Preservation and safety of principal is the number one consideration in selecting an investment instrument followed by the availability of funds (liquidity), diversification for further safeguarding of funds and laddering investments with varying maturity dates. While maximizing return on investment is an objective of the county investment policy, safety is always the first consideration in selecting investments.

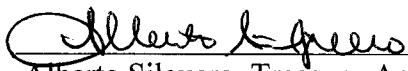
This report has been prepared jointly by the county auditor office and the county treasury division and in accordance with Government Code 2256.023. The investment committee approved this report on May 28, 2013, and herein presents to the Commissioners Court for final approval . Thank you.



Samuel L. Neal Jr., County Judge and
Investment Committee Chair



Dale Atchley, CPA, County Auditor



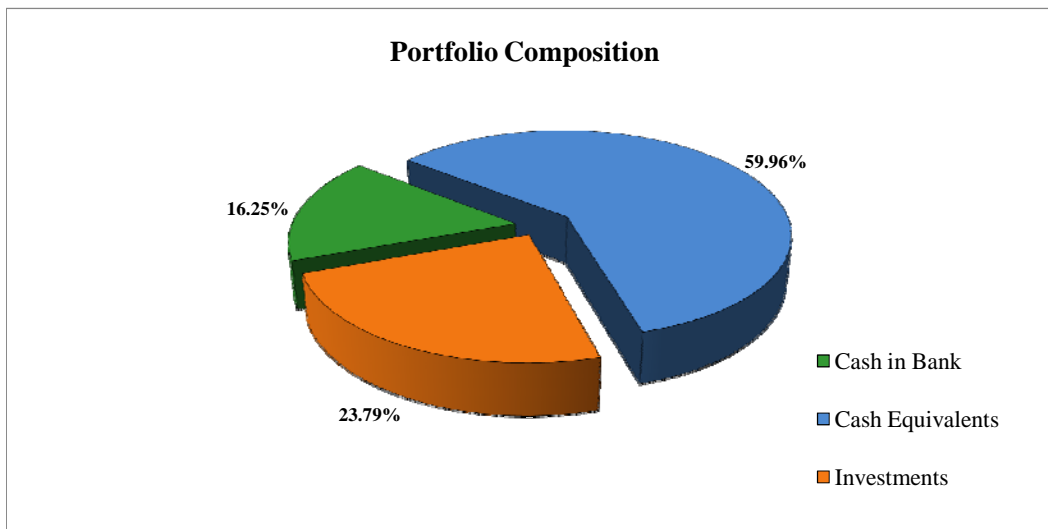
Alberto Silguero, Treasury Accountant



Federico Chavera, Revenue/Cash Manager

Cash, Cash Equivalents and Investments by Fund Group
March 31, 2013
(Unaudited)

	Operating Funds		Capital Projects Funds		Debt Service Funds		Other Funds		All Fund Groups Total	
Cash in bank	\$ 3,161,317	6.35%	\$ 607,325	5.83%	\$ 432,224	6.72%	\$ 9,944,363	48.69%	\$ 14,145,229	16.25%
Cash equivalents:										
TEXPool LGP	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
TEXPool Prime	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
MBIA	37,964,809	76.30%	5,632,524	54.04%	3,897,477	60.57%	4,691,621	22.97%	52,186,431	59.96%
Sub-total cash equivalents	37,964,809	76.30%	5,632,524	54.04%	3,897,477	60.57%	4,691,621	22.97%	52,186,431	59.96%
Investments:										
Brokered CDs	2,689,278	5.41%	1,303,285	12.50%	655,915	10.19%	1,803,522	8.83%	6,452,000	7.41%
US Agencies	5,942,622	11.94%	2,879,929	27.63%	1,449,406	22.52%	3,985,325	19.51%	14,257,282	16.38%
Sub-total Investments	8,631,900	17.35%	4,183,214	40.13%	2,105,321	32.71%	5,788,847	28.34%	20,709,282	23.79%
Total cash, cash equivalents & investments	\$ 49,758,026	100.00%	\$ 10,423,063	100.00%	\$ 6,435,022	100.00%	\$ 20,424,831	100.00%	\$ 87,040,942	100.00%



Operating Funds and Other Funds Groups

Cash, Cash Equivalents and Investments by Fund - (Unaudited)

March 31, 2013

Operating Funds:

	General Fund	Road Fund	Stadium/ Fairgrounds Fund
Cash	\$ 2,980,850	53,085	1
Cash Equivalents	30,367,617	1,950,269	3,521,933
Investments	<u>7,297,123</u>	<u>572,789</u>	<u>-</u>
Total	40,645,590	2,576,143	3,521,934
As of March 31, 2012	41,178,581	3,925,134	930,790
Increase (Decrease) from one year ago	\$ <u><u>(532,991)</u></u>	<u><u>(1,348,991)</u></u>	<u><u>2,591,144</u></u>

Other Funds:

	Self Insurance Fund	Special Fund	Main Grant Fund
Cash	\$ 1,540,496	4,819,709	3,302,675
Cash Equivalents	2,329,698	2,361,923	-
Investments	<u>734,059</u>	<u>5,054,788</u>	<u>-</u>
Total	4,604,253	12,236,420	3,302,675
As of March 31, 2012	5,107,615	6,713,865	767,245
Increase (Decrease) from one year ago	\$ <u><u>(503,362)</u></u>	<u><u>5,522,555</u></u>	<u><u>2,535,430</u></u>

Law Library Fund	Airport Fund	Inland Parks Fund	Coastal Parks Fund	Total
49,744	15,530	-	62,107	\$ 3,161,317
112,703	55,745	1,074,517	882,025	37,964,809
<u>118,719</u>	<u>-</u>	<u>-</u>	<u>643,269</u>	<u>8,631,900</u>
281,166	71,275	1,074,517	1,587,401	49,758,026
294,781	55,106	920,552	951,935	48,256,879
<u><u>(13,615)</u></u>	<u><u>16,169</u></u>	<u><u>153,965</u></u>	<u><u>635,466</u></u>	<u><u>\$ 1,501,147</u></u>

TJJD Grant Fund	Total
281,483	\$ 9,944,363
-	4,691,621
<u>-</u>	<u>5,788,847</u>
281,483	20,424,831
470,291	13,059,016
<u><u>(188,808)</u></u>	<u><u>\$ 7,365,815</u></u>

Portfolio Diversity

Test of Compliance with Investment Policy
All Fund Groups as of March 31, 2013
(Unaudited)

	Current Value	%	Investment Policy Maximum
Cash equivalents	\$ 52,186,431	71.59%	85.00%
Brokered CDs	6,452,000	8.85%	75.00%
US Agencies	14,257,282	19.56%	75.00%
US Treasury Note	-	0.00%	75.00%
Total cash equivalents and investments (excludes cash in bank)	\$ 72,895,713	100.00%	

Portfolio Liquidity

Test of Compliance with Investment Policy
Weighted Average Days to Maturity
Operating Funds Group as of March 31, 2013
(Unaudited)

	Fair Value	Weighted Average Days to Maturity	Investment Policy Maximum
Cash equivalents	\$ 37,964,809	1	
Brokered CDs	2,689,278	627	
US Agencies	5,942,622	621	
Total cash equivalents and investments-operating fund group only (excludes cash in bank)	\$ 46,596,709	116	364

Statement of Changes in Investments

as of **March 31, 2013**

(Unaudited)

	Beginning Balance 12/31/12	Additions	(Subtractions)	Amortization (Premium) Discount	Market Adjustments	Ending Balance 03/31/13
Brokered CDs	\$ 6,452,000	-	-	-	-	6,452,000
US agencies	20,102,910	-	(5,796,000)	(18,170)	(31,458)	14,257,282
Total	\$ 26,554,910	-	(5,796,000)	(18,170)	(31,458)	20,709,282

**Comprehensive Interest Earnings for All Fund Groups Compared to
Same Period Prior Year (Note1)**

(Unaudited)

	Quarterly Comparison			Year-to-Date Comparison		
	01/01/12 03/31/12	01/01/13 03/31/13	Increase/ (Decrease)	10/01/11 03/31/12	10/01/12 03/31/13	Increase/ (Decrease)
Operating fund group	\$ 19,216	17,787	(1,429)	39,022	39,170	148
Capital Projects fund group	7,679	7,265	(414)	12,465	17,864	5,399
Debt service fund group	4,043	3,891	(152)	8,678	6,359	(2,319)
Other funds group	7,466	8,992	1,526	16,911	16,920	9
Total	\$ 38,404	37,935	(469)	77,076	80,313	3,237

Note 1: Comprehensive interest earnings include: interest on treasury demand deposits and money market accounts, coupon interest rates, amortization of discounts and premiums paid at the time of purchase, accrued interest, and adjustments to market value.

Listing of All Brokered CDs and Ladder Placement - March 31, 2013 (Unaudited)

CUSIP	FDIC Cert#	Bank Issuing CD	Coupon	Yield	Duration in Yrs from Purchase	Days To MTY	Purchase Date	Maturity Date /Called Date	Purchase Price at Par
332135EQ1	5452	FIRST NATIONAL BANK OMAHA	0.500%	0.500000%	1.2548	190	07/06/12	10/07/13	248,000
037830GS9	16068	APPLE BK FOR SVGS NY PRIMARY	0.400%	0.400000%	2.0000	341	03/07/12	03/07/14	248,000
05568PV79	35141	BMW BK NORTH AMER SALT LAKE CITY UT	0.650%	0.650000%	2.0027	344	03/09/12	03/10/14	248,000
892094CE1	34717	TOWN BANK WI	0.500%	0.500000%	2.0000	362	03/28/12	03/28/14	248,000
662326BS5	33935	NORTH SHORE COMM BK & TR IL	0.500%	0.500000%	2.0000	362	03/28/12	03/28/14	248,000
531554BS1	34073	LIBERTYVILLE BANK & TRUST IL	0.500%	0.500000%	2.0000	362	03/28/12	03/28/14	248,000
509685EM1	27589	LAKE FOREST BANK & TRUST IL	0.500%	0.500000%	2.0000	362	03/28/12	03/28/14	248,000
229253CQ0	34681	CRYSTAL LAKE BK & TR IL	0.500%	0.500000%	2.0000	362	03/28/12	03/28/14	248,000
446438NZ2	6560	HUNTINGTON NATIONAL BANK COLUMBUS OH	0.500%	0.500000%	2.0027	414	05/18/12	05/19/14	248,000
17669WDW2	419	CITIZENS STATE BANK OK	0.500%	0.500000%	2.0055	477	07/19/12	07/21/14	248,000
91979NAR6	9396	VAL NATL BK WAYNE	0.600%	0.600000%	2.0027	484	07/27/12	07/28/14	248,000
84603M2L9		SOVEREIGN BANK	0.750%	0.750000%	2.0000	516	08/29/12	08/29/14	248,000
16116PGU9	23137	CHARTER BANK EAU CLAIRE WI	0.500%	0.500000%	2.5041	523	03/05/12	09/05/14	248,000
940637FF3	23623	WASHINGTON TRUST CO OF WESTERLY RI	0.500%	0.500000%	2.5041	534	03/16/12	09/16/14	248,000
687377CQ2	713	ORRSTOWN BK SHIPPENSBURG PA	0.500%	0.500000%	2.5068	540	03/21/12	09/22/14	248,000
57116AEC8	5867	MARLIN BUSINESS BANK	0.550%	0.550000%	2.4986	607	05/30/12	11/28/14	248,000
786580ZQ6	26876	SAFRA NATIONAL BANK NEW YORK NY	0.650%	0.650000%	3.0055	694	02/22/12	02/23/15	248,000
2546704B5	5649	DISCOVER BK GREENWOOD DEL	0.900%	0.900000%	3.0055	694	02/22/12	02/23/15	248,000
02005QYZ0	57803	ALLY BANK MIDVALLEY UT	0.950%	0.950000%	3.0027	694	02/23/12	02/23/15	248,000
53700PCV6	34934	LITTLE BK INC KINGSTON NC	0.500%	0.500000%	3.0027	695	02/24/12	02/24/15	248,000
38143AKX2	33124	GOLDMAN SACHS BK USA NY	0.950%	0.950000%	3.0055	701	02/29/12	03/02/15	248,000
175144CB8	6531	CITIZENS NATIONAL BK BLUFFTON OH	0.550%	0.550000%	3.0000	701	03/02/12	03/02/15	248,000
80928EHZ6		SCOTIABANK DE PUERTO RICO	0.700%	0.700000%	3.0055	883	08/29/12	08/31/15	248,000
17284AS66	35575	CIT BANK SALT LAKE CITY UT	1.150%	1.150000%	4.0027	1,149	05/23/12	05/23/16	248,000
63969AAU8		NEBRASKA STATE B T	0.850%	0.850000%	5.0027	1,640	09/26/12	09/26/17	250,000
12325EFN7		BUSINESS BK OF ST LOUIS	0.950%	0.950000%	5.0027	1,642	09/28/12	09/28/17	250,000
Weighted Averages †				0.638624%	2.6291	627	Totals		6,452,000

† Weighted Averages are based on investment holdings as of the last day of the quarter using actual days remaining to maturity and are calculated based on Yields, Duration,

Portfolio Holdings by Fund

March 31, 2013

(Unaudited)

Fund Operating Funds Groups:

11	General Fund	\$ 7,297,123		35.24%
12	Road & Bridge Fund	572,789		2.76%
14	Stadium & Fairgrounds Fund	-		0.00%
15	Law Library Fund	118,719		0.57%
16	Airport Fund	-		0.00%
17	Inland Parks Fund	-		0.00%
18	Coastal Parks Fund	643,269		3.11%
	Sub-total Operating Funds	\$ 8,631,900	\$ 8,631,900	41.68%

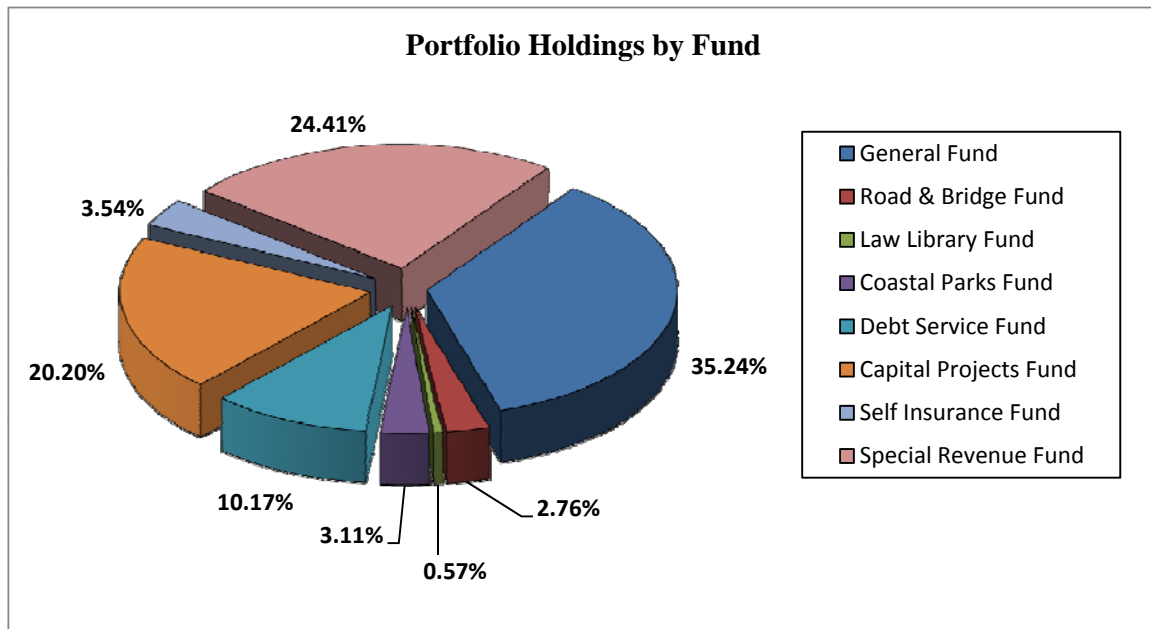
09	Debt Service Fund			2,105,321	10.17%
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19	Capital Projects Fund			4,183,214	20.20%
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Other Funds Groups:

10	Self Insurance Fund	734,059		3.54%
13	Special Revenue Fund	5,054,788		24.41%
	Sub-total Other Funds	5,788,847	5,788,847	27.95%

Total Holdings at Current Market Value		\$ 20,709,282		100.00%
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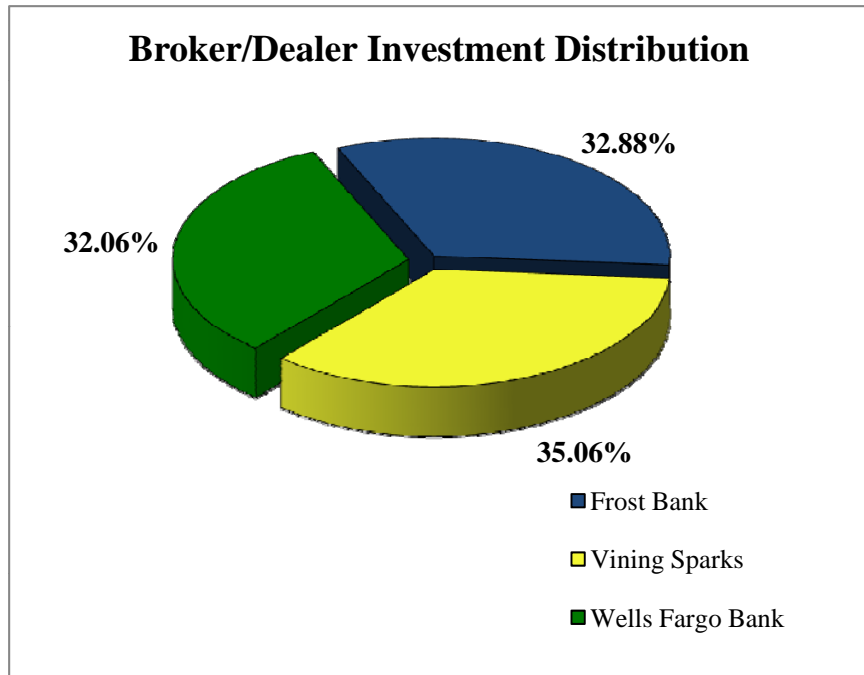


**Distribution of Investments by
Dealer/Broker/Financial Institutions**

March 31, 2013

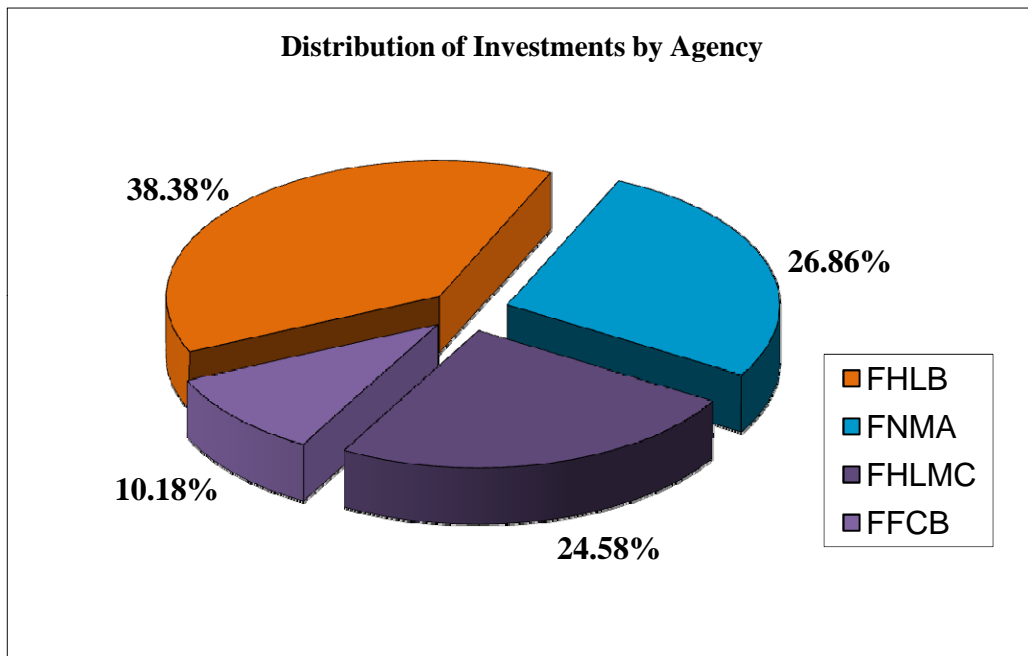
(Unaudited)

	<u>Fair Market Value</u>	<u>Distribution %</u>
Frost Bank	\$ 4,688,315	32.88%
Vining Sparks	4,998,188	35.06%
Wells Fargo Bank	4,570,779	32.06%
Total	\$ 14,257,282	100.00%



**Distribution of Investments by
U. S Agencies Issuers
March 31, 2013
(Unaudited)**

Agency		Fair Market Value	Distribution %
Fed Home Loan Bank	FHLB	\$ 5,472,078	38.38%
Fannie Mae	FNMA	3,829,528	26.86%
Fed Home Loan Freddie Mac	FHLMC	3,505,462	24.58%
Federal Farm Credit Bank	FFCB	1,450,214	10.18%
		<u>\$ 14,257,282</u>	<u>100.00%</u>





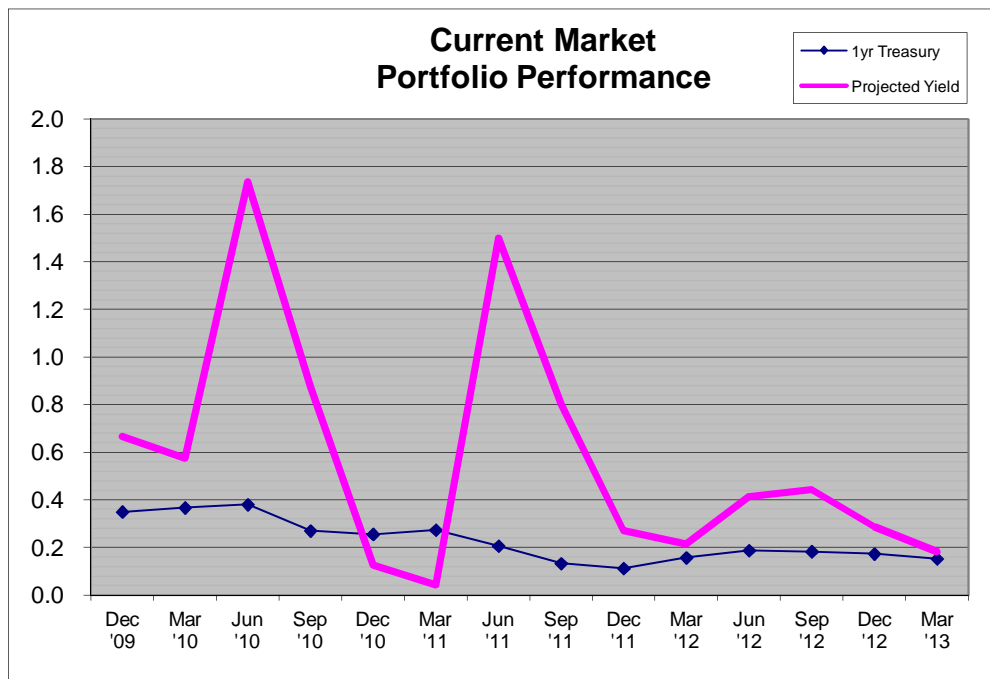
Investments Performance Compared to One-Year Treasury

March 31, 2013
(Unaudited)

Quarter Ended	County Qrtly Avg Yield	Projected Annual County Yield	* 1yr Treasury
Jun '09	0.216%	0.867%	0.520%
Sep '09	0.281%	1.124%	0.447%
Dec '09	0.167%	0.667%	0.350%
Mar '10	0.144%	0.575%	0.367%
Jun '10	0.434%	1.735%	0.380%
Sep '10	0.219%	0.876%	0.270%
Dec '10	0.032%	0.126%	0.256%
Mar '11	0.011%	0.043%	0.273%
Jun '11	0.374%	1.500%	0.207%
Sep '11	0.200%	0.800%	0.133%
Dec '11	0.067%	0.270%	0.113%
Mar '12	0.054%	0.215%	0.157%
Jun '12	0.103%	0.413%	0.187%
Sep '12	0.119%	0.443%	0.183%
Dec '12	0.072%	0.288%	0.173%
Mar '13	0.045%	0.181%	0.153%

* An average of the three months for the quarter presented of the market yields on 1-year U.S. Treasury constant maturity (CMT), quoted on investment basis.

Source: www.federalreserve.gov



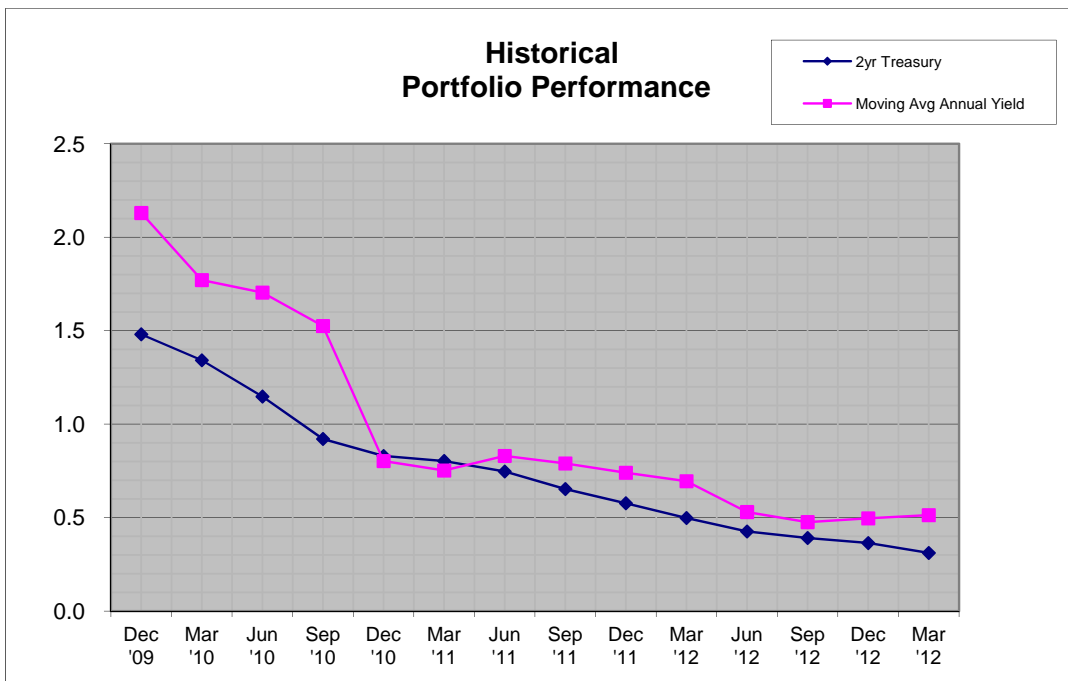
Investments Performance Compared to Two-Year Treasury

March 31, 2013
(Unaudited)

Quarter Ended	County Two Year Moving Avg Annual Yield	* 2 yr Treasury (CMT)
Dec '09	2.130%	1.481%
Mar '10	1.771%	1.342%
Jun '10	1.704%	1.148%
Sep '10	1.525%	0.921%
Dec '10	0.803%	0.830%
Mar '11	0.752%	0.803%
Jun '11	0.830%	0.747%
Sep '11	0.790%	0.653%
Dec '11	0.740%	0.577%
Mar '12	0.695%	0.498%
Jun '12	0.530%	0.426%
Sep '12	0.476%	0.391%
Dec '12	0.496%	0.364%
Mar '13	0.513%	0.311%

* 2-year treasury rates are adjusted to a 24 month quarterly average yield. Twenty-four month moving average based on the 2-year CMT that changes monthly.

Source: www.federalreserve.gov



Comparison of Interest Rates on Liquid Investments

March 31, 2013

(Unaudited)

	TexPool Average Monthly Rates	TexPool Prime Average Monthly	MBIA Average Monthly	Money Market Funds (Note2)	Depository (Note 1) Bank Rates
January '09	0.9529%	1.2098%	0.96%	-	0.01%
February '09	0.6690%	0.9941%	0.71%	-	0.01%
March '09	0.5788%	0.7730%	0.62%	-	0.01%
April '09	0.4762%	0.6767%	0.56%	-	0.01%
May '09	0.4326%	0.6153%	0.48%	-	0.01%
June '09	0.3939%	0.5250%	0.40%	-	0.01%
July '09	0.3384%	0.4580%	0.38%	-	0.01%
August '09	0.3380%	0.4354%	0.35%	-	0.01%
September '09	0.2822%	0.3641%	0.32%	-	0.01%
October '09	0.2095%	0.2835%	0.30%	0.45%	0.01%
November '09	0.2112%	0.2609%	0.28%	0.45%	0.01%
December '09	0.2090%	0.2395%	0.24%	0.35%	0.01%
January '10	0.1630%	0.1912%	0.21%	0.35%	0.01%
February '10	0.1512%	0.1814%	0.23%	0.35%	0.01%
March '10	0.1577%	0.1886%	0.23%	0.30%	0.01%
April '10	0.1662%	0.1970%	0.22%	0.30%	0.01%
May '10	0.1935%	0.2237%	0.23%	0.30%	0.01%
June '10	0.2078%	0.2794%	0.26%	0.30%	0.01%
July '10	0.2259%	0.3253%	0.29%	0.30%	0.01%
August '10	0.2279%	0.3221%	0.30%	0.30%	0.01%
September '10	0.2165%	0.2745%	0.29%	0.30%	0.01%
October '10	0.2036%	0.2396%	0.26%	0.30%	0.01%
November '10	0.1917%	0.2225%	0.25%	0.30%	0.01%
December '10	0.1677%	0.2012%	0.24%	0.25%	0.01%
January '11	0.1587%	0.2032%	0.22%	0.25%	0.01%
February '11	0.1470%	0.1895%	0.18%	0.25%	0.01%
March '11	0.1461%	0.1842%	0.17%	0.25%	0.01%
April '11	0.1122%	0.1554%	0.17%	0.25%	0.01%
May '11	0.0838%	0.1369%	0.16%	0.25%	0.01%
June '11	0.0793%	0.1272%	0.16%	0.10%	0.01%
July '11	0.0665%	0.0901%	0.14%	0.10%	0.01%
August '11	0.0851%	0.1044%	0.14%	0.10%	0.01%
September '11	0.0929%	0.1102%	0.14%	0.10%	0.01%
October '11	0.0839%	0.1036%	0.14%	0.10%	0.01%
November '11	0.1080%	0.1297%	0.15%	0.10%	0.01%
December '11	0.0810%	0.1125%	0.20%	0.10%	0.01%
January '12	0.0875%	0.1249%	0.21%	0.10%	0.01%
February '12	0.0903%	0.1347%	0.25%	0.10%	0.01%
March '12	0.1150%	0.1597%	0.24%	0.10%	0.01%
April '12	0.1110%	0.1387%	0.25%	0.10%	0.01%
May '12	0.1246%	0.1455%	0.26%	0.10%	0.01%
June '12	0.1395%	0.1663%	0.26%	0.10%	0.01%
July '12	0.1316%	0.1596%	0.24%	0.10%	0.01%
August '12	0.1313%	0.1593%	0.24%	0.10%	0.01%
September '12	0.1572%	0.1821%	0.23%	0.10%	0.01%
October '12	0.1657%	0.1864%	0.21%	0.10%	0.01%
November '12	0.1564%	0.1766%	0.19%	0.10%	0.01%
December '12	0.1506%	0.1701%	0.21%	0.10%	0.01%
January '13	0.0986%	0.1219%	0.18%	0.10%	0.01%
February '13	0.0935%	0.1180%	0.17%	0.10%	0.01%
March '13	0.1047%	0.1354%	0.17%	0.10%	0.01%

Note 1: The interest rate paid on demand deposits for the current month is based on the previous month's weighted average of the 13-week T-Bill auction rate less 35 basis points.

Note2: The money market account was opened in October of 2009. This rate varies depending on account balances. Higher balances receive a lower rate. For informational purposes, the lower rate is displayed here. Beginning June 2011 the interest rate was lowered to 0.10%.