



**City of Nassau Bay
Financial Statements
Fiscal Year 2013**

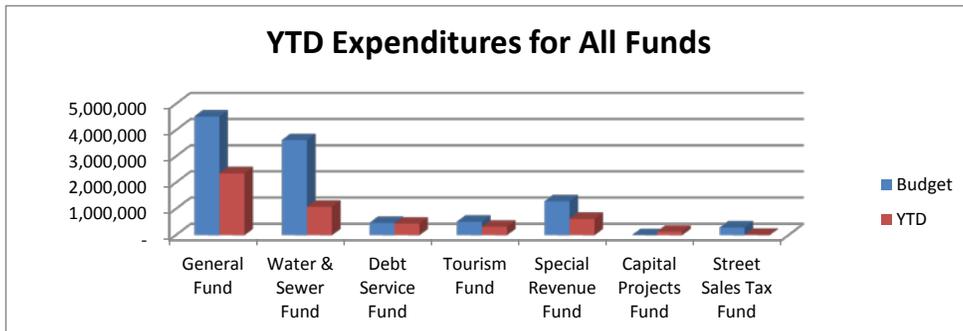
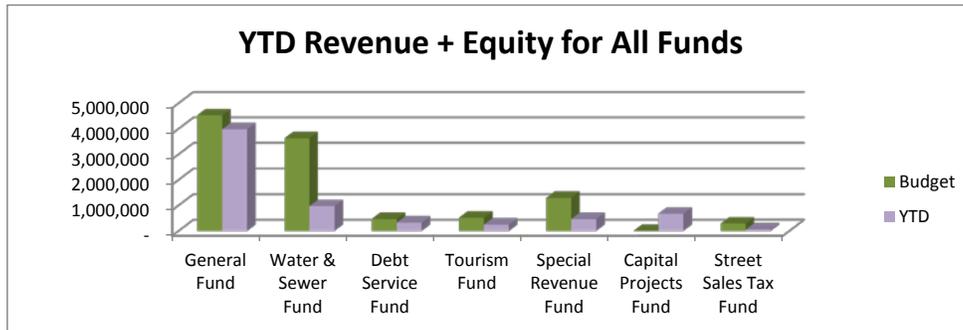
April 30, 2013

City of Nassau Bay
Fiscal Year 2013
Summary Financial Report
April-2013 (58% of the fiscal year completed)

No. Department	FY13 Adopted Budget	FY13 7 Month Actual	Percent Received or Spent	5-Year Avg March each year
General Fund Revenue:				
Property Taxes	2,781,106	3,126,375	112%	101%
Franchise Fees	440,000	172,757	39%	49%
Sales Taxes	435,000	187,038	43%	48%
Permits and Fees	128,750	39,037	30%	50%
Fines	163,050	98,927	61%	88%
Ambulance Fees	288,000	195,406	68%	55%
Other Revenue	99,500	85,169	86%	43%
Insurance Claims & Rebates	18,000	10,590	59%	162%
Interest on Investments	3,020	3,444	114%	28%
From Other Funds	117,400	58,700	50%	59%
Total Current Revenue	4,473,826	3,977,442	89%	80%
Transfers (To) From	-	-	0%	0%
Equity	53,044	-	0%	0%
Total Revenue Budget	4,526,870	3,977,442	88%	72%
General Fund Department Expenditures:				
1 General & Administrative	714,410	378,205	53%	50%
2 Building Department	127,530	63,200	50%	41%
3 Emergency Management	138,070	70,469	51%	52%
4 Fire Department	352,560	229,309	65%	44%
5 Public Works	346,480	185,296	53%	50%
6 Parks and Recreation	335,390	148,657	44%	48%
7 Police Department	1,192,940	628,402	53%	55%
8 Sanitation & Recycling	235,050	118,035	50%	51%
9 Animal Control	39,230	19,896	51%	49%
10 Contingency	100,000	30,793	31%	12%
11 Information Services	226,610	107,836	48%	47%
12 Municipal Court	116,810	56,664	49%	52%
13 Emergency Medical Service	411,630	231,423	56%	51%
14 Fire Marshal	110,160	51,153	46%	48%
15 Planning & Development	20,000	5,051	25%	24%
16 Code Enforcement	60,000	33,813	56%	0%
Total General Fund Expenditures	4,526,870	2,358,203	52%	48%
Water & Sewer Fund Revenue:				
Water Sales	1,100,000	476,488	43%	44%
Sewer Charges	1,000,000	460,494	46%	45%
Other Charges	1,170,840	30,251	3%	5%
Total Current Revenue	3,270,840	967,234	30%	38%
Equity	353,700	-	0%	0%
Total W&S Revenue Budget	3,624,540	967,234	27%	35%
W&S Fund Department Expenditures:				
1 General & Administrative - Water & Sewer	1,062,100	578,828	55%	53%
2 Water Department	892,440	149,530	17%	38%
3 Sewer Department	1,283,820	109,968	9%	21%
4 Debt Service & Depreciation	386,180	244,712	63%	63%
Total W&S Fund Expenditures	3,624,540	1,083,038	30%	42%

City of Nassau Bay
 Fiscal Year 2013
 Summary Financial Report
 April-2013 (58% of the fiscal year completed)

No. Department	FY13 Adopted Budget	FY13 7 Month Actual	Percent Received or Spent	5-Year Avg March each year
Debt Service Fund - 04				
Total Revenue + Equity	466,160	322,300	69%	88%
Total Expenditures	466,160	442,173	95%	88%
Tourism Fund - 06				
Total Revenue + Equity	512,940	242,329	47%	53%
Total Expenditures	512,940	322,331	63%	53%
Special Revenue & Grant Fund - 07				
Total Revenue + Equity	1,291,780	463,703	36%	16%
Total Expenditures	1,291,780	626,291	48%	22%
Street Sales Tax Fund - 10				
Total Revenue + Equity	288,380	47,623	17%	18%
Total Expenditures	288,380	10,099	4%	10%
Capital Projects Fund - 09				
Total Revenue + Equity	400	674,151	168538%	29%
Total Expenditures	400	136,316	34079%	61%
Total Nassau Bay Budget	10,711,070	4,978,452	46%	46%



City of Nassau Bay
Fiscal Year 2013
Summary Financial Report
April-2013 (58% of the fiscal year completed)

No. Department	FY13 Adopted Budget	FY13 7 Month Actual	Percent Received or Spent	5-Year Avg March each year
Combined Operating Funds Report:				
Operating Revenue:				
General Fund	4,473,826	3,977,442	89%	80%
Water & Sewer Fund	3,270,840	967,234	30%	38%
Tourism Fund	502,350	242,329	48%	62%
Special Revenue Fund	1,067,500	463,703	43%	16%
Total Revenue	9,314,516	5,650,708	61%	63%
(Increase)/Decrease in Balance Forward Yr/Yr				
General Fund	53,044	-	0%	0%
Water & Sewer Fund	353,700	-	0%	0%
Tourism Fund	10,590	-	0%	0%
Special Revenue Fund	224,280	-	0%	0%
Total Balance Forward	641,614	-	0%	0%
Total Operating Rev & Bal Forward	9,956,130	5,650,708	57%	53%
Operating Expenditures:				
General Fund	4,526,870	2,358,203	52%	48%
Water & Sewer Fund	3,624,540	1,083,038	30%	42%
Tourism Fund	512,940	322,331	63%	53%
Special Revenue Fund	1,291,780	626,291	48%	22%
Total Operating Expenditures	9,956,130	4,389,864	44%	43%
Combined Capital Assets Funds:				
Capital Assets Funds Revenue:				
Debt Service Fund	467,150	322,300	69%	87%
Sales Tax Streets Fund	106,600	47,623	45%	47%
Capital Projects Fund	-	674,151	0%	96%
Total	573,750	1,044,075	182%	85%
(Increase)/Decrease in Balance Forward Yr/Yr				
Debt Service Fund	(990)	-	0%	0%
Sales Tax Streets Fund	181,780	-	0%	0%
Capital Projects Fund	400	-	0%	0%
Total Balance Forward	181,190	-	0%	0%
Total Capital Assets Funds Revenue	754,940	1,044,075	138%	48%
Capital Assets Funds Expenditures:				
Debt Service Fund	466,160	442,173	95%	88%
Sales Tax Streets Fund	288,380	10,099	4%	10%
Capital Projects Fund	400	136,316	34079%	61%
Total Capital Assets Expenditures	754,940	588,588	78%	63%
Total Nassau Bay Budget	10,711,070	4,978,452	46%	46%
End of Year Reserves				
Operating				
General Fund	1,355,686			
Water & Sewer Fund	687,674			
Tourism Fund	215,017			
Special Revenue Fund	78,752			
Total Operating End of Year Reserves	2,337,129			
Capital				
Debt Service Fund	209,516			
Sales Tax Streets Fund	145,382			
Capital Projects Fund	16			
Total Capital End of Year Reserves	354,914			
Total End of Year Reserves	2,692,043			

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

TexPool Investments					
Fund	Investments 4/1/2013	Additions	Interest	Withdrawals	Investments 4/30/2013
General Fund	\$ 91,455.54	\$ -	\$ 7.70	\$ -	\$ 91,463.24
Water & Sewer Fund	\$ 12,868.12	\$ -	\$ 1.10	\$ -	\$ 12,869.22
Debt Service Fund	\$ 3,835.99	\$ -	\$ 0.30	\$ -	\$ 3,836.29
Tourism Fund	\$ 5,559.57	\$ -	\$ 0.50	\$ -	\$ 5,560.07
Special Rev. & Grants	\$ 2,541.26	\$ -	\$ 0.30	\$ -	\$ 2,541.56
Capital Projects Fund	\$ 97.60	\$ -	\$ -	\$ -	\$ 97.60
Street Sales Tax	\$ 4,687.30	\$ -	\$ 0.31	\$ -	\$ 4,687.61
Sub-Total	\$ 121,045.38	\$ -	\$ 10.21	\$ -	\$ 121,055.59
Nassau Bay Economic Development Corporation	\$ 2,452.43	\$ -	\$ 0.30	\$ -	\$ 2,452.73
Nassau Bay Tax Increment Reinvestment Zone No. I	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ 4,697.31	\$ -	\$ 0.31	\$ -	\$ 4,697.62
Sub-Total	\$ 7,149.74	\$ -	\$ 0.61	\$ -	\$ 7,150.35
TexPool Grand Total	\$ 128,195.12	\$ -	\$ 10.82	\$ -	\$ 128,205.94

Texpool's weighted average maturity (*) was 75 days and the average interest rate was 0.1022%.

(*) *TexPool WAM Days (2) To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.*

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

Logic Investments					
Fund	Investments 4/1/2013	Additions	Interest	Withdrawals	Investments 4/30/2013
General Fund	\$ 1,725,626.75	\$ 125,907.76	\$ 208.48	\$ 73,500.00	\$ 1,778,242.99
Water & Sewer Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Tourism Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Special Rev. & Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	\$ -	\$ 674,092.24	\$ 58.45	\$ 136,316.00	\$ 537,834.69
Street Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total	\$ 1,725,626.75	\$ 800,000.00	\$ 266.93	\$ 209,816.00	\$ 2,316,077.68
Nassau Bay Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -
Nassau Bay Tax Increment Reinvestment Zone No. I	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -
TexPool Grand Total	\$ 1,725,626.75	\$ 800,000.00	\$ 266.93	\$ 209,816.00	\$ 2,316,077.68

Logic's weighted average maturity (*) was 56 days and the average interest rate was 0.1457%.

(*) Logic WAM Days To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

Texas Citizens Bank - DDA

TCB DDA Minimum Balance - Qualifies the City for a .90 earnings credit on account analysis fees

\$ 650,000.00

Texas Citizens Bank - MMA Investments

Fund	Investments 4/1/2013	Additions	Interest	Withdrawals	Investments 4/30/2013
General Fund	\$ 1,309,357.19	\$ -	\$ 481.54	\$ 222,077.40	\$ 1,087,761.33
Water & Sewer Fund	\$ 813,584.23	\$ 30,000.00	\$ 301.28	\$ -	\$ 843,885.51
Debt Service Fund	\$ 84,731.08	\$ 464.06	\$ 31.34	\$ -	\$ 85,226.48
Tourism Fund	\$ 71,301.09	\$ 95,566.35	\$ 27.55	\$ -	\$ 166,894.99
Special Rev. & Grants	\$ 11,528.12	\$ 121,973.65	\$ 5.77	\$ -	\$ 133,507.54
Capital Projects Fund	\$ 320.63	\$ -	\$ 0.12	\$ -	\$ 320.75
Street Sales Tax	\$ 356,027.64	\$ 7,919.05	\$ 131.78	\$ -	\$ 364,078.47
Sub-Total	\$ 2,646,849.97	\$ 255,923.11	\$ 979.38	\$ 222,077.40	\$ 2,681,675.06
Nassau Bay Economic Development Corporation	\$ 0.00	\$ -	\$ -	\$ -	\$ 0.00
Nassau Bay Tax Increment Reinvestment Zone No. I	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ 422,650.01	\$ -	\$ 156.28	\$ 3,845.71	\$ 418,960.58
Sub-Total	\$ 422,650.02	\$ -	\$ 156.28	\$ 3,845.71	\$ 418,960.59
MMA Grand Total	\$ 3,069,499.99	\$ 255,923.11	\$ 1,135.66	\$ 225,923.11	\$ 3,100,635.65

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

Texas Citizens Bank - Repurchase Agreement

TCB Repurchase Agreement - Sweep Account to collect all excess over \$650,000 minimum in DDA

Weighted Average	\$	96,254.89	
Ending Balance as of 04/30/2013	\$	41,455.98	
Interest Rate		0.15%	
Interest Earned	\$	12.06	
Fund	Investments 4/1/2013	Interest	Investments 4/30/2013
General Fund	\$ 44,727.11	\$ 3.58	\$ 22,309.36
Water & Sewer Fund	\$ 40,902.51	\$ 8.48	\$ 19,146.62
Debt Service Fund	\$ -	\$ -	\$ -
Tourism Fund	\$ -	\$ -	\$ -
Special Rev. & Grants	\$ -	\$ -	\$ -
Capital Projects Fund	\$ -	\$ -	\$ -
Street Sales Tax	\$ -	\$ -	\$ -
Sub-Total	\$ 85,629.62	\$ 12.06	\$ 41,455.98
Nassau Bay Economic Development Corporation	\$ -	\$ -	\$ -
Nassau Bay Tax Increment Reinvestment Zone No. I	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -	\$ -	\$ -
Sub-Total	\$ -	\$ -	\$ -
MMA Grand Total	\$ 85,629.62	\$ 12.06	\$ 41,455.98

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

TWDB Combination Tax and Revenue Obligations - Series 2011

Closed - March 24, 2011 | \$ 2,445,000

Initial Release of Funds | \$ (314,471)

Initial Investments \$ 2,130,529

TWDB - Bank of Texas	Investments 4/1/2013	Additions	Total Appr./ (Depr.)	Withdrawals	Investments 4/30/2013
Cavanal Hill US Treas-Admin Fd#0002	\$ 138,479.76	\$ 500,465.66	\$ -	\$ -	\$ 638,945.42
Discover Bank CD - 05/14/2013	\$ 249,970.00	\$ -	\$ 22.50	\$ -	\$ 249,992.50
Safra National Bank CD - 05/28/2013	\$ 249,922.50	\$ -	\$ 42.50	\$ -	\$ 249,965.00
Synovus Bank GA CD - 04/30/2013	\$ 249,980.00	\$ -	\$ 20.00	\$ 250,000.00	\$ -
Fifth Third Bank CD - 08/20/2013	\$ 249,890.00	\$ -	\$ 35.00	\$ -	\$ 249,925.00
River Cities Bank CD - 05/22/2013	\$ 249,912.50	\$ -	\$ 55.00	\$ -	\$ 249,967.50
Glacier Bank CD - 06/07/2013	\$ 249,887.50	\$ -	\$ 52.50	\$ -	\$ 249,940.00
City Natl Bk - Bev Hills CD - 09/09/2013	\$ 249,690.00	\$ -	\$ 82.50	\$ -	\$ 249,772.50
Homebanc CD - 04/26/2013	\$ 249,960.00	\$ -	\$ 40.00	\$ 250,000.00	\$ -
Total TWDB Investments	\$ 2,137,692.26	\$ 500,465.66	\$ 350.00	\$ 500,000.00	\$ 2,138,507.92

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

Economic Development Corporation

	Investments 4/1/2013	Additions	Interest	Withdrawals	Investments 4/30/2013
Texpool - Economic Development Corp.	\$ 2,452.43	\$ -	\$ 0.30	\$ -	\$ 2,452.73
TCB - City MMA	\$ 0.00	\$ -	\$ -	\$ -	\$ 0.00
TCB - EDC BizReward Checking	\$ 20,098.85	\$ -	\$ -	\$ -	\$ 20,098.85
TCB - EDC BizReward Savings	\$ 91,696.03	\$ 15,838.12	\$ 21.59	\$ -	\$ 107,555.74
Total TWDB Investments	\$ 114,247.31	\$ 15,838.12	\$ 21.89	\$ -	\$ 130,107.32

CITY OF NASSAU BAY INVESTMENT PORTFOLIO
April 30, 2013

Month Ending Investment Portfolio Balances by Fund

Fund	TexPool	Logic	TCB - MMA	TCB Repo Agreement	TWDB Bank of Texas	Investments 4/30/2013
General Fund	\$ 91,463.24	\$ 1,778,242.99	\$ 1,087,761.33	\$ 22,309.36	\$ -	\$ 2,979,776.92
Water & Sewer Fund	\$ 12,869.22	\$ -	\$ 843,885.51	\$ 19,146.62	\$ 2,138,507.92	\$ 3,014,409.27
Debt Service Fund	\$ 3,836.29	\$ -	\$ 85,226.48	\$ -	\$ -	\$ 89,062.77
Tourism Fund	\$ 5,560.07	\$ -	\$ 166,894.99	\$ -	\$ -	\$ 172,455.06
Special Rev. & Grants	\$ 2,541.56	\$ -	\$ 133,507.54	\$ -	\$ -	\$ 136,049.10
Capital Projects Fund	\$ 97.60	\$ 537,834.69	\$ 320.75	\$ -	\$ -	\$ 538,253.04
Street Sales Tax	\$ 4,687.61	\$ -	\$ 364,078.47	\$ -	\$ -	\$ 368,766.08
Sub-Total	\$ 121,055.59	\$ 2,316,077.68	\$ 2,681,675.06	\$ 41,455.98	\$ 2,138,507.92	\$ 7,298,772.23
Nassau Bay Economic Development Corporation	\$ 2,452.73	\$ -	\$ 0.00	\$ -	\$ -	\$ 2,452.73
Nassau Bay Tax Increment Reinvestment Zone No. 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ 4,697.62	\$ -	\$ 418,960.58	\$ -	\$ -	\$ 423,658.20
Sub-Total	\$ 7,150.35	\$ -	\$ 418,960.59	\$ -	\$ -	\$ 426,110.94
Grand Total	\$ 128,205.94	\$ 2,316,077.68	\$ 3,100,635.65	\$ 41,455.98	\$ 2,138,507.92	\$ 7,724,883.17

This investment report is in compliance with the investment strategy as established by the City of Nassau Bay & the Public Funds Investment Act (Chapter 2256).

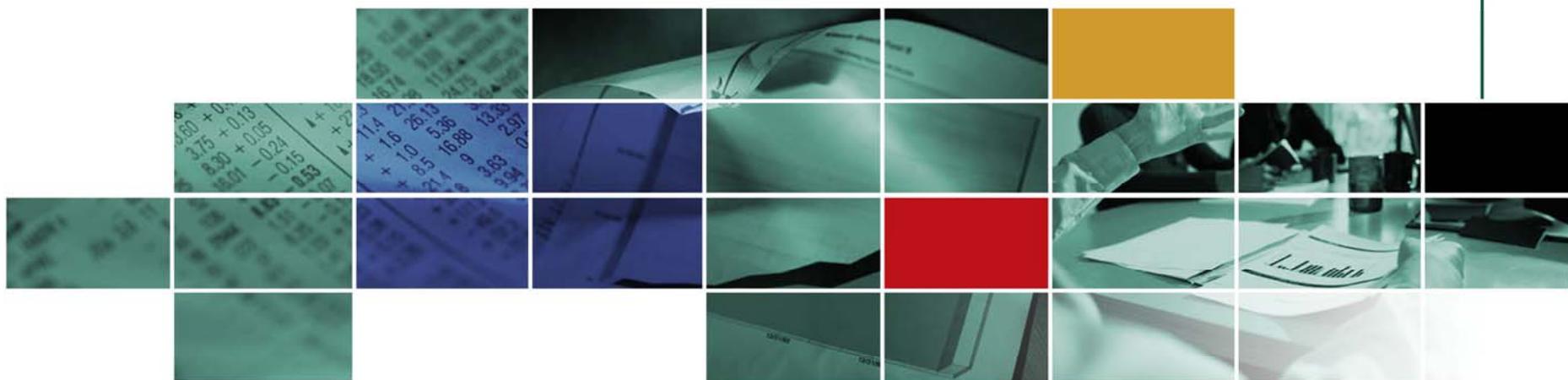
Prepared By: 
 Jaime Vasquez, Senior Accountant

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 Csilla L. Stiles, Finance Director

RVKuhns

▶▶▶ & ASSOCIATES, INC.

TMRS Quarterly Summary



Capital Markets Review As of December 31, 2012

Fourth Quarter Economic Environment

Equity markets closed the year with another positive quarter in spite of continued concerns about the health of the global economy. Domestically, the Bureau of Economic Analysis revised estimate of real GDP growth for the third quarter was 3.1% annualized, up from the second quarter rate of 1.3%. The Bureau of Labor Statistics reported modest fourth quarter job growth, as an average of 151,000 jobs were added monthly and the unemployment rate remained at 7.8%. The “fiscal cliff”, a group of tax increases and spending cuts scheduled to take effect at the beginning of 2013, dominated headlines as the fourth quarter came to a close. At the start of 2013, lawmakers reached a deal on tax issues, however, no action was taken on the debt ceiling, which is expected to be reached in late February. The automatic spending cuts known as the sequester were postponed until March. Consumer sentiment, as measured by the University of Michigan survey, declined 11.9% in December in response to the fiscal cliff impasse after reaching its highest level since 2007 in November. There was moderate improvement in the manufacturing sector in December, as the Institute for Supply Management index was reported at 50.7%, indicating expansion in the sector.

Internationally, the International Monetary Fund (IMF), European Central Bank (ECB), and Euro zone finance ministers reached agreement with Greece over the next stage of their rescue package. Spanish, Italian, and Greek debt spreads declined significantly in response to the package. Elsewhere, the Bank of Japan continued to step up its bond buying programs while incoming Prime Minister Shinzo Abe called for significant fiscal stimulus. Japanese stock markets rallied in December, gaining over 10% in local currency terms and reaching their highest levels since April. Chinese GDP grew at a 7.4% annualized rate in the third quarter, the slowest rate since 2009.

Domestic Equities

- Equities lost ground in October, but rebounded later in the quarter to post gains for the second consecutive quarter.
- Continuing the trend since the second quarter, value significantly outperformed growth, as the Russell 3000 Value returned 1.65% while the Russell 3000 Growth returned -1.19%.
- Mid-cap stocks outperformed small cap and large cap stocks, as the Russell Mid Cap returned 2.88% compared with 1.85% and 0.12% for the Russell 2000 and Russell 1000, respectively.
- Sector returns were mixed this quarter. Financials posted a 5.92% return on the quarter, and were the highest performing sector. Telecommunications returned -6.02%, and was the lowest performing sector.

International Equities

- International markets produced their second consecutive quarter of strong returns. Gains were experienced broadly by both developed and emerging markets.
- As with domestic equities, value outperformed growth as the MSCI EAFE Value returned 7.44% compared with 5.79% for the MSCI EAFE Growth.

Fixed Income

- U.S. bonds outperformed their global counterparts, as the Barclays US Aggregate Bond Index returned 0.21% versus -0.48% for the Barclays Global Aggregate Bond Index.
- As in the third quarter, appetite for risk remained high, as emerging markets debt outperformed developed markets debt, and high yield outperformed investment grade.

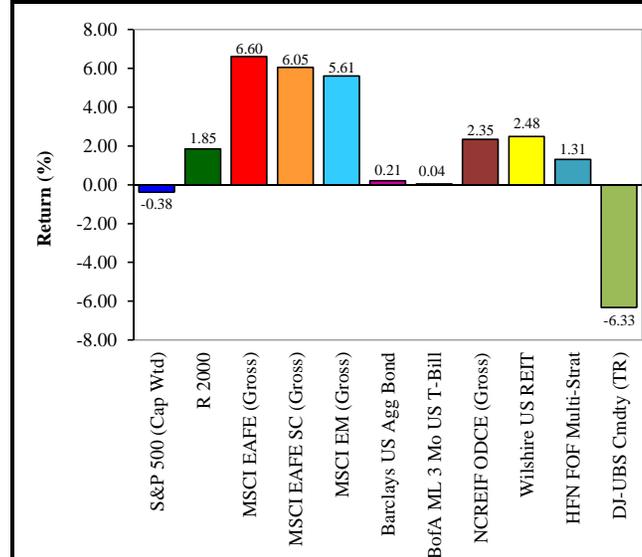
Trailing-Period Performance

	Mth End Oct-2012	Mth End Nov-2012	MTD	QTD	FYTD	1 Year	2 Years	3 Years	5 Years	10 Years
S&P 500 (Cap Wtd)	-1.85	0.58	0.91	-0.38	16.00	16.00	8.84	10.87	1.66	7.10
R 2000	-2.17	0.53	3.56	1.85	16.34	16.34	5.58	12.25	3.55	9.72
MSCI EAFE (Gross)	0.84	2.43	3.21	6.60	17.90	17.90	2.01	4.04	-3.21	8.70
MSCI EAFE SC (Gross)	0.86	0.96	4.15	6.05	20.42	20.42	0.78	7.52	-0.51	12.34
MSCI EM (Gross)	-0.60	1.28	4.90	5.61	18.64	18.64	-1.47	4.99	-0.61	16.89
Barclays US Agg Bond	0.20	0.16	-0.14	0.21	4.21	4.21	6.01	6.19	5.95	5.18
BofA ML 3 Mo US T-Bill	0.01	0.02	0.02	0.04	0.11	0.11	0.11	0.11	0.52	1.78
NCREIF ODCE (Gross)	N/A	N/A	N/A	2.35	10.94	10.94	13.43	14.40	-1.10	6.71
Wilshire US REIT	-0.90	-0.39	3.82	2.48	17.59	17.59	13.34	18.21	5.25	11.57
HFN FOF Multi-Strat	-0.15	0.43	1.03	1.31	4.80	4.80	-0.51	1.22	-1.98	3.38
DJ-UBS Cmdty (TR)	-3.87	0.05	-2.61	-6.33	-1.06	-1.06	-7.39	0.07	-5.17	4.09

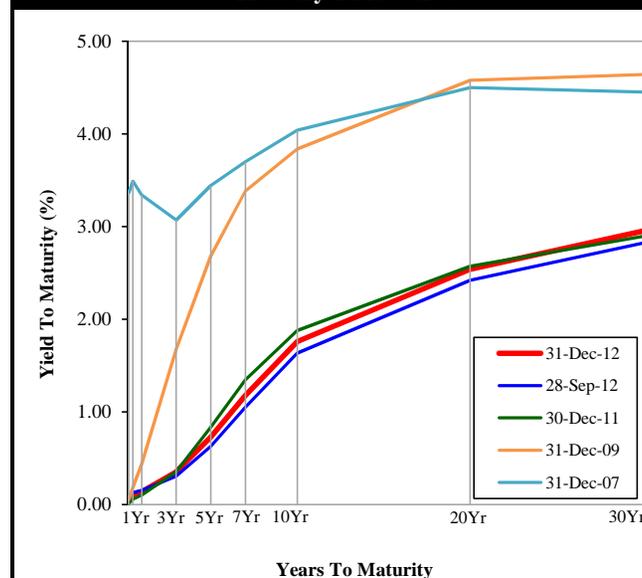
Performance is annualized for periods greater than one year.

Treasury data courtesy of the U.S. Department of the Treasury.

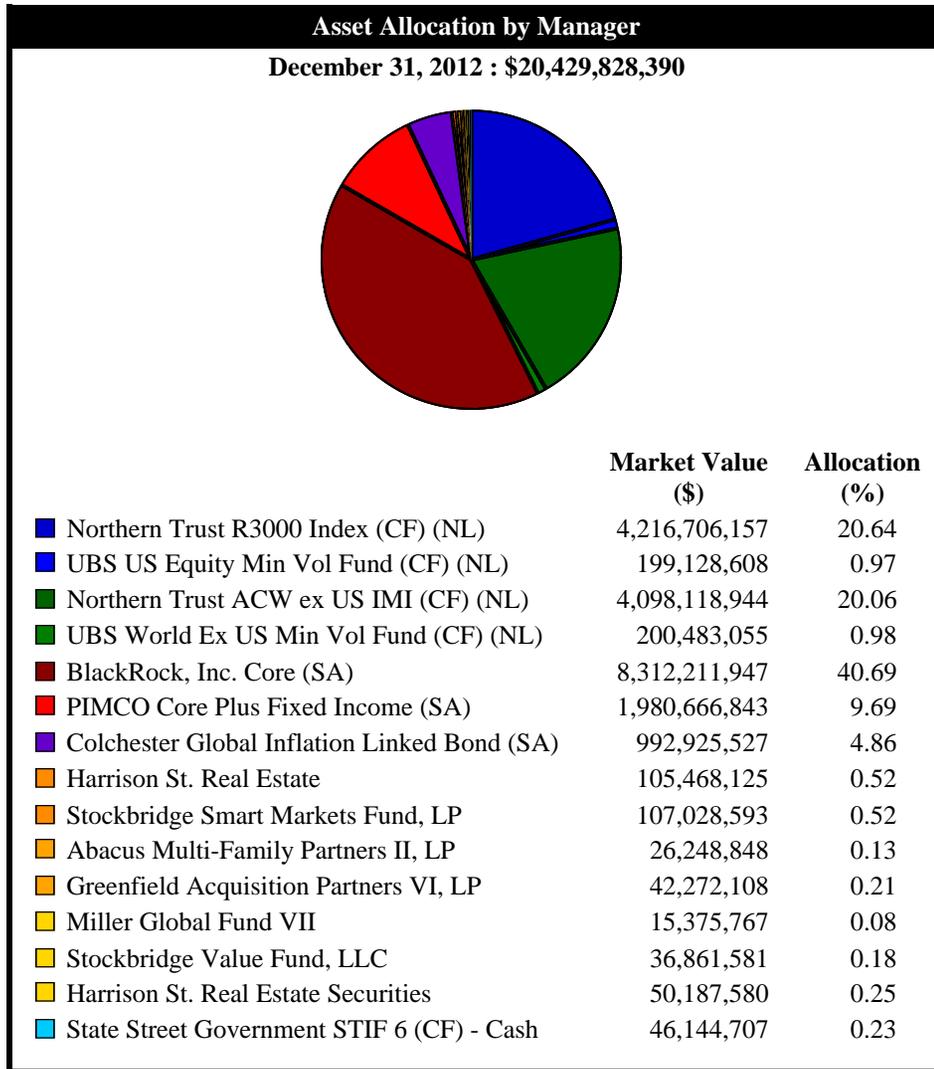
QTD



Treasury Yield Curve

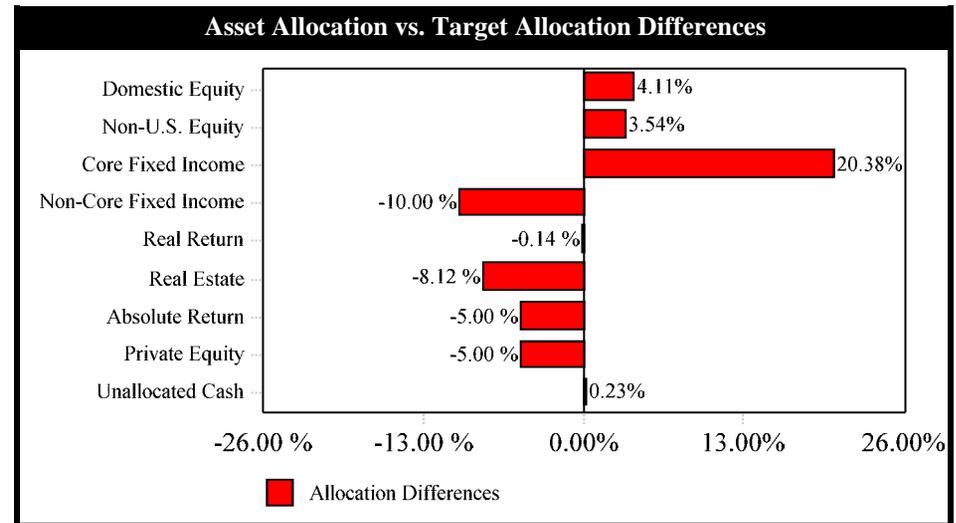


Texas Municipal Retirement System
Total Fund Composite
Asset Alloc. by Manager, Asset Alloc. vs. Target, and Schedule of Investable Assets
As of December 31, 2012



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Target (%)
Domestic Equity	4,415,834,765	21.61	17.50
Non-U.S. Equity	4,298,601,999	21.04	17.50
Core Fixed Income	10,292,878,790	50.38	30.00
Non-Core Fixed Income	-	-	10.00
Real Return	992,925,527	4.86	5.00
Real Estate	383,442,603	1.88	10.00
Absolute Return	-	-	5.00
Private Equity	-	-	5.00
Unallocated Cash	46,144,707	0.23	0.00
Total Fund	20,429,828,390	100.00	100.00

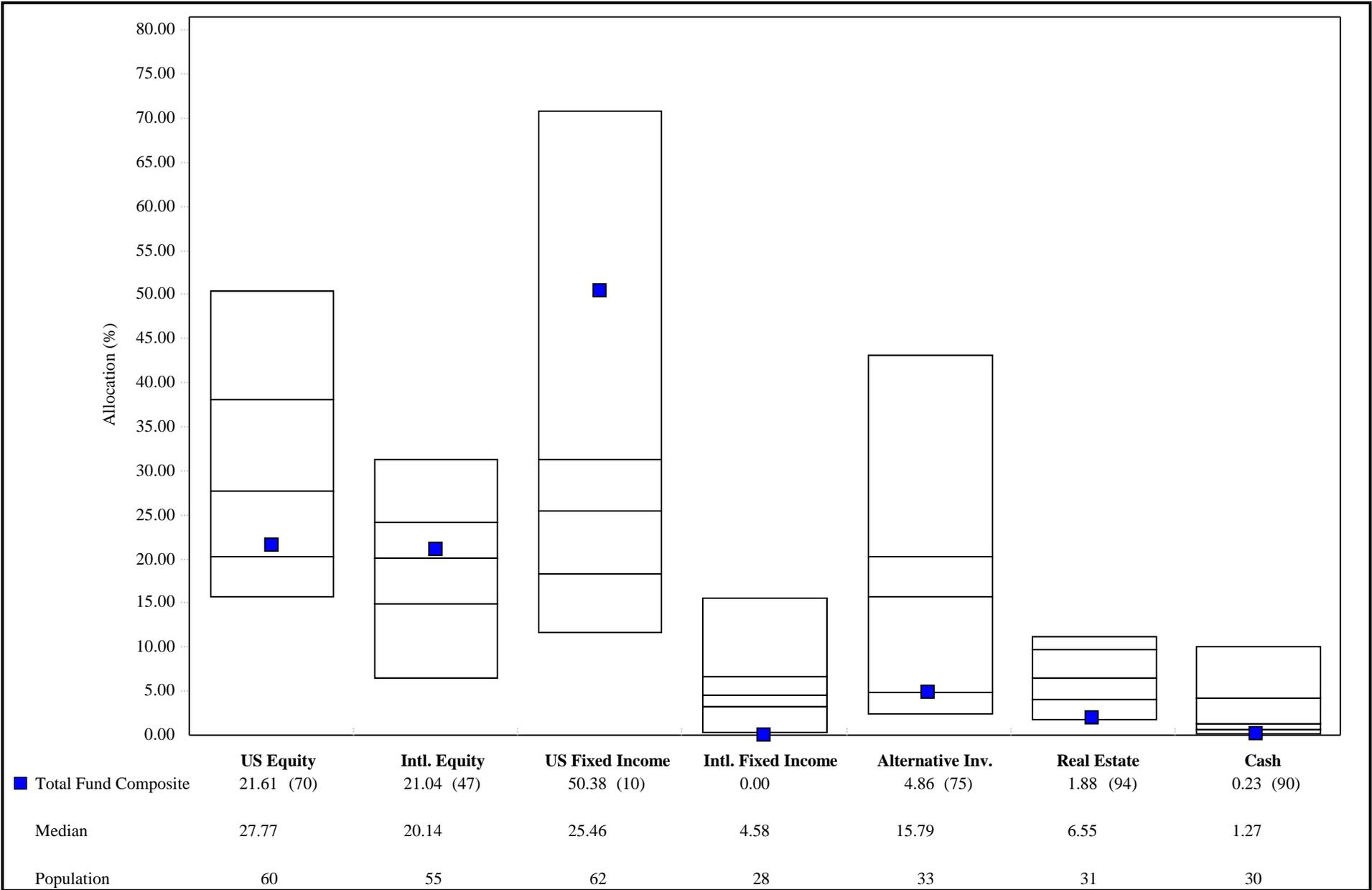


Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
CYTD	18,515,033,571	63,477,823	1,851,316,996	20,429,828,390	9.99	109.99

Allocations shown may not sum up to 100% exactly due to rounding. Performance shown is gross of fees and provided by State Street. Gain/Loss figure includes both realized and unrealized gains and losses.

**Texas Municipal Retirement System
All Public Plans > \$1B-Total Fund
Plan Sponsor TF Asset Allocation
As of December 31, 2012**



Parentheses contain percentile ranks. Allocations shown may not sum up to 100% exactly due to rounding.

Texas Municipal Retirement System
Comparative Performance
As of December 31, 2012

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2011	Since Incep.	Inception Date
Total Fund Composite	1.45	9.99	9.99	7.09	5.97	5.47	6.31	2.41	8.96	01/01/1989
Actual Allocation Benchmark	1.46	9.47	9.47	6.90	5.84	5.50	5.82	2.39	8.31	
Difference	-0.01	0.52	0.52	0.19	0.13	-0.03	0.49	0.02	0.65	
Total Fixed Income Composite	0.24	4.94	4.94	6.47	5.56	5.18	6.10	7.99	8.87	01/01/1989
Fixed Income Benchmark	0.21	4.21	4.21	6.19	5.42	5.20	5.61	7.84	8.22	
Difference	0.03	0.73	0.73	0.28	0.14	-0.02	0.49	0.15	0.65	
Real Return Composite	2.68	10.83	10.83	N/A	N/A	N/A	N/A	N/A	N/A	02/01/2011
Barclays Wrld Gov Infl-Lnkd Index (Unhedged)	2.05	6.95	6.95	7.15	5.24	6.42	7.35	10.65	8.84	
Difference	0.63	3.88	3.88	N/A	N/A	N/A	N/A	N/A	N/A	
Global Equity Composite	2.82	16.77	16.77	7.22	N/A	N/A	N/A	-6.28	0.79	02/01/2008
Global Equity Benchmark	2.89	16.73	16.73	7.17	N/A	N/A	N/A	-6.27	0.70	
Difference	-0.07	0.04	0.04	0.05	N/A	N/A	N/A	-0.01	0.09	
Domestic Equity Composite	0.18	16.33	16.33	11.17	N/A	N/A	N/A	1.03	3.38	02/01/2008
R 3000 Index	0.25	16.42	16.42	11.21	2.05	4.34	7.68	1.03	3.39	
Difference	-0.07	-0.09	-0.09	-0.04	N/A	N/A	N/A	0.00	-0.01	
Non-U.S. Equity Composite	5.69	17.23	17.23	3.25	N/A	N/A	N/A	-13.35	-1.90	02/01/2008
Non-U.S. Equity Benchmark	5.74	17.04	17.04	3.05	-3.97	1.98	8.05	-13.44	-2.13	
Difference	-0.05	0.19	0.19	0.20	N/A	N/A	N/A	0.09	0.23	
Real Estate Composite	0.27	4.41	4.41	N/A	N/A	N/A	N/A	N/A	4.41	01/01/2012
NCREIF ODCE Index (Gross) (AWA)	2.35	10.94	10.94	14.40	-1.10	3.55	6.71	15.99	10.94	
Difference	-2.08	-6.53	-6.53	N/A	N/A	N/A	N/A	N/A	-6.53	
TMRS Unallocated Cash (SA)	0.02	0.08	0.08	0.08	N/A	N/A	N/A	0.04	0.30	06/01/2008
BofA ML 3 Mo US T-Bill Index	0.04	0.11	0.11	0.11	0.52	1.76	1.78	0.10	0.34	
Difference	-0.02	-0.03	-0.03	-0.03	N/A	N/A	N/A	-0.06	-0.04	

- Historical performance shown for the Total Fixed Income, Global Equity, Domestic Equity, and Non-U.S. Equity composites is provided by State Street.
- The Actual Allocation Benchmark is calculated monthly using beginning of month asset class weights applied to each corresponding benchmark return.
- The Fixed Income Benchmark is calculated monthly and consists of the Barclays Gov't/Credit Long Term Bond Index through June 30, 2009; Barclays US Aggregate Bond Index thereafter.
- As the Real Return asset class structure becomes diversified, the performance objective will be the Consumer Price Index + 4%.
- The Global Equity Benchmark and Non-U.S. Equity Benchmark are calculated monthly using beginning of month investment weights applied to each corresponding benchmark return.
- RVK cautions that for private market investments like Commercial Real Estate, for which there are no market prices, as are available for public securities, and for which an appraised value is calculated only quarterly, daily time weighted return calculations (public market return methodology) are imperfect at best and usually misleading. Real Estate returns for 2012 will be revised using a Private Real Estate specific methodology as of Q1 2013 and reported with the Q1 2013 results for the Fund.

Performance shown is gross of fees.