

BRACKETT INDEPENDENT SCHOOL DISTRICT  
February 11, 2013

Earned interest report at the close of business on December 31, 2012.

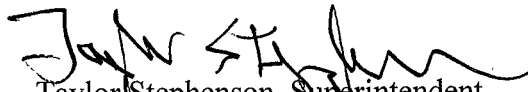
Total amount of cash on hand locally in the general fund - \$ 563,623.65.

Total amount of investments - \$ 5,440,609.09.

Interest earned during the 2<sup>nd</sup> quarter of the 2012/2013 school year.

Del Rio Bank & Trust	\$ 1,290.84	Average Rate	.50%
Lone Star Investment			
Liquidity Plus	\$ 1,566.85	Average Rate	.15%
TexPool	\$ 353.84	Average Rate	.16%
 Total Interest Earned- 2nd Quarter	 \$ 3,211.53		
 Total Interest Earned – Year to Date	 \$ 5,943.25		

Certified Correct:

  
Taylor Stephenson, Superintendent

  
Marla Madrid, Business Manager

# Fund Performance Update

December 31, 2012

Comments by Bank of New York Mellon Cash Investment Strategies, Investment Manager

The Treasury bond market traded modestly lower during December as yields rose zero to 14 basis points across the curve. The two-year note traded in a tight range of 0.24% to 0.28% during the month. The equity markets finished the month little changed as the three major indices closed the month within a percentage point of where they began.

The main focus of the economy during December was the pending fiscal cliff. There were announcements of progress and regressions in negotiations between the White House and Congress throughout the month. On January 1st, Congress passed a last minute bill that President Obama agreed to sign that blocked most impending tax increases and postponed spending cuts, by raising taxes on higher-income Americans. While this averted the fiscal cliff for now, there are many unresolved issues that will continue to cause debate between the two parties in the near future. The debt ceiling is expected to be reached later in the first quarter of 2013, which will be another confrontation among lawmakers in Washington.

The final revision of third quarter GDP showed a significant increase from 2.7% to 3.1%. The increase was largely due to higher consumer spending than was originally reported as well as a narrower trade deficit.

At the December FOMC meeting the Fed announced it will keep rates at current levels as long as the unemployment rate stays above 6.5% and inflation projections are below 2.5%.

## Total Participants

Schools and Colleges	737
Other Governmental	165
<b>Total</b>	<b>902</b>

Lone Star Investment Pool is distributed by First Public.

## Government Overnight Fund

### Return Information

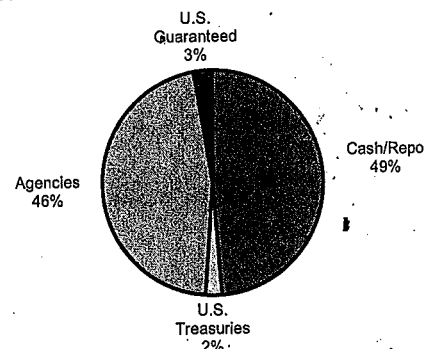
December 31, 2012

Average Monthly Return (a)	0.15%
SEC 7-Day Fund Yield (b)	0.14%
Weighted Average Maturity One (c)	50 Days
Weighted Average Maturity Two (c)	79 Days
Portfolio Maturity beyond One Year	2%
Net Asset Value	\$1.00
Annualized Expense Ratio	0.06%
Standard & Poor's Rating	AAAm

### Inventory Position

	Book Value	Market Value
Cash/Repo	1,805,872,764	1,805,872,764
US Treasuries	90,234,060	90,256,225
Agencies	1,710,335,029	1,710,688,695
FDIC Guaranteed	-	-
US Dept of Ed Guaranteed	92,989,735	92,994,420
Money Market Funds	-	-
<b>Total Assets</b>	<b>3,699,431,588</b>	<b>3,699,812,104</b>

### Investment Distribution



(a) The return information represents the average annualized rate of return on investments for the time period referenced. Return rates reflect a partial waiver of the Lone Star Investment Pool operating expense. Past performance is no guarantee of future results.

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G35884-24 (1/13)

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### PERFORMANCE as of December 31, 2012

	TexPool	TexPool Prime
Current Invested Balance	\$15,644,804,938.10	\$1,208,042,903.24
Weighted Average Maturity (1)*	46 Days	49 Days
Weighted Average Maturity (2)*	71 Days	58 Days
Net Asset Value	1.00009	1.00005
Total Number of Participants	2,277	153
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$1,849,973.76	\$156,475.80
Management Fee Collected	\$579,358.89	\$47,794.95
Standard & Poor's Current Rating	AAAm	AAAm

### Month Averages

Average Invested Balance	\$14,510,946,133.97	\$1,096,616,951.25
Average Monthly Yield, on a simple basis (3)*	0.15%	0.17%
Average Weighted Average Maturity (1)*	50 Days	52 Days
Average Weighted Average Maturity (2)*	79 Days	62 Days

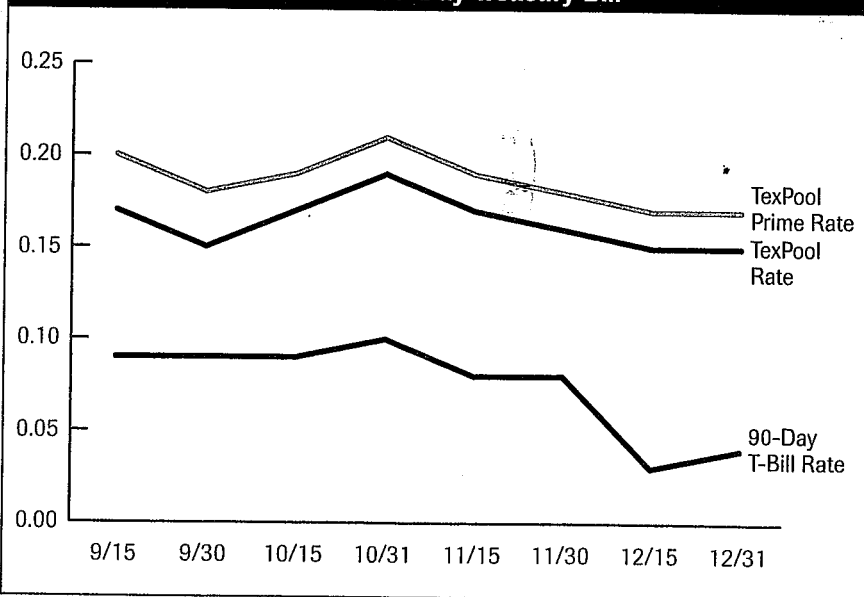
\*Definitions for Average Monthly Yield and Weighted Average Maturity can be found on page 2.

(continued from page 1)

banks. While some action may take place to revive the protections, if only for smaller banks, we're still looking at lower rates in the first quarter.

Short-term rates last month provided a pleasant surprise in that they remained fairly firm. Overnight rates had been expected to drop down into the low teens or even single digits, simply because of all the additional purchases by the Fed, but in fact we haven't seen that. At the beginning of December, overnight rates were hovering at 20-22 basis points, and closed the month in the 18-20 basis point range, which is, all things considered, a very slight change. Treasuries have gotten more expensive, a function of younger people seeking out the safety of the government market, and not knowing what to expect over year end from a credit perspective, with the fiscal cliff continuing to hover over the economy.

### TexPool & TexPool Prime vs. 90-Day Treasury Bill



90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.

Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.