



Item No. 10 Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: OCTOBER 19, 2016

**SUBJECT: ACCEPTANCE OF TREASURER’S REPORT FOR THE FOURTH
QUARTER ENDED JUNE 30, 2016**

RECOMMENDATION

Accept the Treasurer’s Report for the Fourth Quarter Ended June 30, 2016.

BACKGROUND

The Treasurer’s Report provides an update on the cash and investment position of the Town of Atherton.

The Fourth Quarter Treasurer’s report for FY 2015-16, as of June 30, 2016 is attached. The total cash and investments for the Town is \$37,201,479. Of the total amount, \$18,324,664 is listed as “non-restricted” and although may be listed as such, this amount is not all available for spending. “Non-restricted” is to mean not legally restricted but the Town does have obligations and unfunded liabilities that must or may be met with non-restricted funds. Also attached is the PARS Trust account available balance as of June 30, 2016. The total amount in the PARS account is \$5,405,490. This is a “restricted” investment that is used for the Town’s OPEB liabilities.

Cutwater Asset Management provides non-discretionary investment advisory services to the Town for investments. Staff is working in conjunction with Cutwater to ensure cash and investments adhere to our goals of safety, liquidity, and yield. To facilitate the trading and safekeeping of securities, Wells Fargo Bank serves as the safe-keeping agent for the Town.

As the Town ramps up with its capital projects, staff forecasts cash flow needs to ensure cash liquidity of funds are readily available. There are several investments that mature this calendar year and staff anticipates to shift funds to more liquid instruments. LAIF offers the most liquidity and as of June 30, 2016 holds \$13,722,991.

POLICY FOCUS

The Town’s Statement of Investment Policy requires the City Manager or designee to submit quarterly and annual Treasurer’s Report to the City Council. The California Government Code

Section 53646, Subsection B(1) requires that the quarterly Treasurer's Report be submitted to the legislative body within 30 days of the close of a given quarter or within a reasonable time of scheduled council meetings. Staff strives to make this deadline. The current reporting quarter closed on June 30, 2016.

FISCAL IMPACT

None.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

In addition, the Town keeps its financial information up to date via a transparency webpage.

<https://ca-atherton.civicplus.com/index.aspx?NID=269>

ATTACHMENTS

Treasurer's Report for Fourth Quarter Ended June 30, 2016

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
June 30, 2016**

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	4,132,950	4,132,950	4,132,950	11.1%
LAIF Statement	13,722,991	13,731,151	13,722,991	36.9%
Investments (Schedule B)	19,065,000	19,229,366	19,345,538	52.0%
Total Cash and Investments	36,920,941	37,093,467	37,201,479	100%

The above investments are consistent with the Town's Statement of Investment Policy and are allowable under current legislation of the State of California. Investments are selected using safety, liquidity, and yield as the criteria. The Town has sufficient cash flow to cover anticipated expenditures through the next six months.



Robert Barron, Finance Director

8/31/2016

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
June 30, 2016**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	3,097,691
Wells Fargo	Wells Fargo Trust MMF-Cash	<u>1,035,259</u>
Total		<u><u>4,132,950</u></u>

**Town of Atherton
Treasurer's Report Schedule B
Portfolio Details - Investments
June 30, 2016**

Schedule B

See next pages Cutwater Report

**Town of Atherton
Quarterly Treasurer's Report
Cash & Investments Balance By Fund
June 30, 2016**

Fund No.	Fund Name	June Balance
101	General Fund	15,543,772
105	Tennis Fund	102,743
610	Equipment Replacement Fund	344,328
614	Worker's Compensation	331,154
615	General Liability	508,143
616	Employee Benefits	1,494,524
Total Non-Restricted		<u>18,324,664</u>
201	Special Tax Fund	2,867,441
202	County Measure A Fund	844,358
203	Gas Tax Fund	262,661
204	Measure M	213,049
209	SLES/COPS Grant	133,606
210	Road Constructions Impact Fee	598,529
213	Library Fund	6,019,932
215	Evans Creative Design (formerly fund 715)	28,920
221	Refuse Rate and Stabilization	895,936
401	GF Projects	4,306,905
402	Storm Drainage	30,238
403	Atherton Channel Drainage District	425,629
406	Facilities Construction	2,218,128
730	H-P Park Improvement	6,133
740	Tree Committee	25,349
Total Restricted		<u>18,876,814</u>
Total Cash & Investments		<u><u>37,201,479</u></u>

**Town of Atherton
Quarterly Treasurer's Report
Local Agency Investment Fund Summary (LAIF)
June 30, 2016**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2016	13,722,991		-	-		13,722,991	6/30/2016

**Town of Atherton
 Quarterly Treasurer's Report
 PARS Trust Account Summary
 June 30, 2016**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2016	5,361,202	(31,759)	46,892	(2,603)	31,759	5,405,490	6/30/2016 (*)

* Recent available PARS report

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TOWN OF ATHERTON

June 2016

➤ A BNY MELLON COMPANYSM



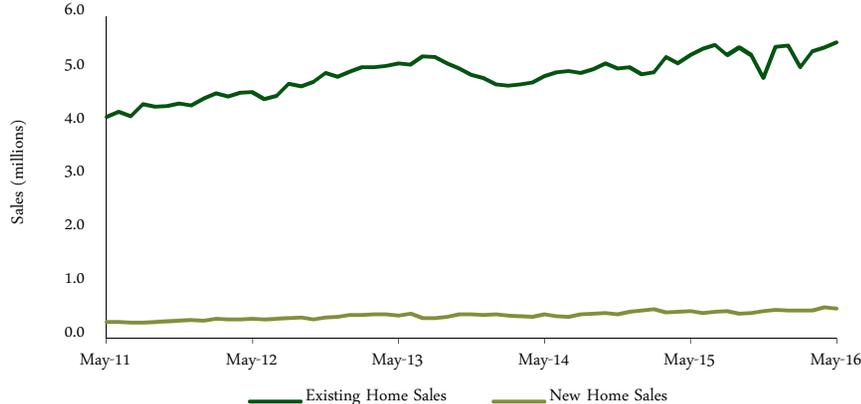
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FIXED INCOME MARKET REVIEW

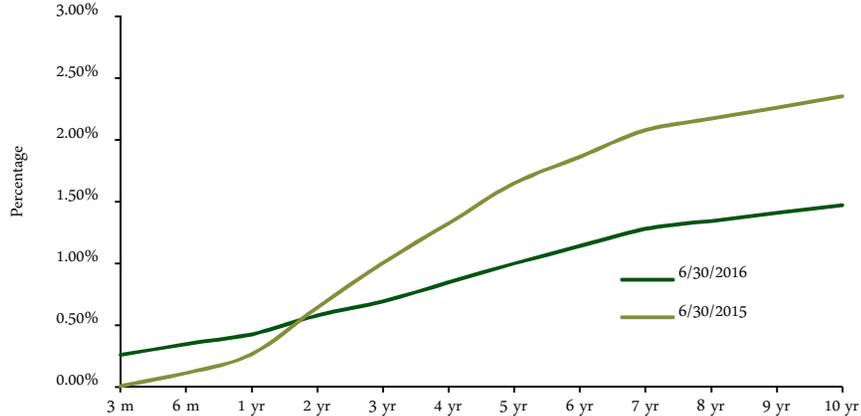
As of June 30, 2016

Chart 1: New and Existing Home Sales 05/31/2011 – 05/31/2016



Source: Bloomberg Finance LP, May 31, 2016

Chart 2: Treasury Yield Curves 6/30/2015 – 6/30/2016



Source: Bloomberg Finance LP, June 30, 2016. Past performance is no assurance of future returns. Please refer to the important disclosures at the back of this presentation.

Economic Indicators & Monetary Policy: The final estimate of Gross Domestic Product (GDP) showed that the economy grew at a 1.1% rate during the first quarter of 2016. The report showed that consumer spending accelerated during the first quarter, while business investment lagged behind. The upward revision marks the second consecutive positive revision for the first quarter. On an annual basis, GDP growth was 2.1%. The Institute for Supply Management (ISM) indices were mixed in May. The ISM manufacturing index rose to 51.3 from 50.8, while the ISM non-manufacturing index fell to 52.9 from 55.7. Both indices however, indicate economic growth as levels exceeded 50.

May was the weakest month for job creation in over five years as only 38,000 jobs were added to the workforce. The April jobs report was also revised downward to 123,000 from the original estimate of 160,000. The unemployment rate in May fell to 4.7% as the labor force participation rate dropped to 62.6%. Labor participation has now declined for two consecutive months after six months of growth. The unemployment rate remained at 9.7% and the wages increased slightly. Average hourly earnings grew 2.5% and 0.2% on a year-over-year and month-over-month basis.

Inflation indicators were mixed in May and continue to remain below the 2% long-term goal of the Federal Reserve (Fed). The Producer Price Index (PPI) including food and energy grew 0.4% on a month-over-month basis, while the core PPI increased 0.3%. On an annual basis, headline PPI grew 1.2% while core PPI increased 0.8%. On the consumer side, the headline and core Consumer Price Index (CPI) both increased 0.2% on a month-over-month basis. Headline CPI grew 1.0% on a year-over-year basis, while core CPI was 2.2% higher.

Existing home sales increased 1.8% in May after increasing 1.3% in April. New home sales however, retreated, falling 6.0% after a 12.3% increase in April. Home prices continue to rise across the United States, as the Case Shiller Index increased 5.4%.

The Federal Open Markets Committee voted to maintain its Fed funds target rate at 0.25 – 0.50% at their June meeting. Fed governors indicated that the economy may warrant an interest rate increase at some point this summer, however the Fed meeting took place before the United Kingdom voted to exit the European Union, which led to market uncertainty.

Yield Curve & Spreads: At the end of June, the 3-month US Treasury bill yielded 0.26%, the 6-month US Treasury bill yielded 0.35%, the 2-year US Treasury note yielded 0.58%, the 5-year US Treasury note yielded 0.99%, and the 10-year US Treasury note yielded 1.44% (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2016 - June 30, 2016

<u>Amortized Cost Basis Activity Summary</u>		
Opening balance		20,187,601.31
Income received	19,769.04	
Total receipts		19,769.04
Total disbursements		0.00
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(8,456.98)
Total OID/MKT accretion income		324.90
Return of capital		0.00
Closing balance		20,199,238.27
Ending fair value		20,264,624.71
Unrealized gain (loss)		65,386.44

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	5.29	0.00	0.00	5.29
Corporate Bonds	9,054.73	(3,632.89)	0.00	5,421.84
Government Agencies	9,668.70	(4,112.73)	0.00	5,555.97
Government Bonds	3,768.23	(386.46)	0.00	3,381.77
Total	22,496.95	(8,132.08)	0.00	14,364.87

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.26	0.18	0.03
Overnight Repo	0.32	0.22	0.04
Merrill Lynch 3m US Treas Bill	0.16	0.13	0.02
Merrill Lynch 6m US Treas Bill	0.27	0.18	0.03
ML 1 Year US Treasury Note	0.48	0.28	0.05
ML 2 Year US Treasury Note	0.78	0.40	0.06
ML 5 Year US Treasury Note	1.45	0.65	0.10

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>		Total portfolio
Interest earned		22,496.95
Accretion (amortization)		(8,132.08)
Realized gain (loss) on sales		0.00
Total income on portfolio		14,364.87
Average daily amortized cost		20,193,072.06
Period return (%)		0.07
YTD return (%)		0.45
Weighted average final maturity in days		382

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2016 - June 30, 2016

<u>Fair Value Basis Activity Summary</u>		
Opening balance		20,211,028.30
Income received	19,769.04	
Total receipts		19,769.04
Total disbursements		0.00
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		33,827.37
Ending fair value		20,264,624.71

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	5.29	0.00	5.29
Corporate Bonds	9,054.73	11,754.22	20,808.95
Government Agencies	9,668.70	13,222.90	22,891.60
Government Bonds	3,768.23	8,850.25	12,618.48
Total	22,496.95	33,827.37	56,324.32

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.26	0.18	0.03
Overnight Repo	0.32	0.22	0.04
Merrill Lynch 3m US Treas Bill	0.19	0.15	0.04
Merrill Lynch 6m US Treas Bill	0.52	0.41	0.12
ML 1 Year US Treasury Note	0.59	0.65	0.24
ML US Treasury 1-3	1.31	1.43	0.60
ML US Treasury 1-5	2.43	2.39	0.97

* rates reflected are cumulative

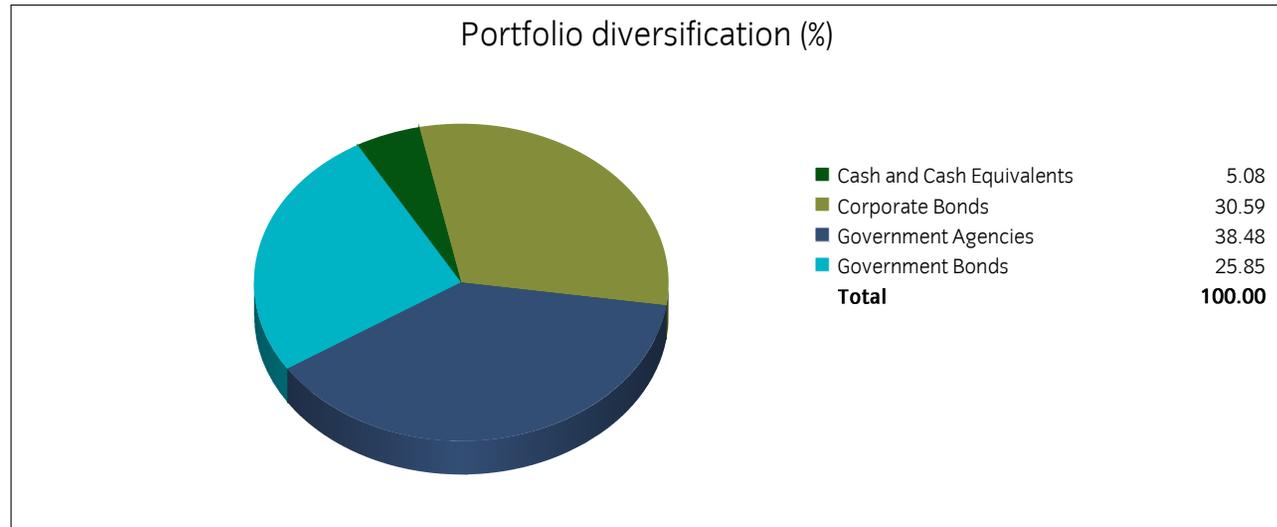
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	22,496.95
Change in fair value	33,827.37
Total income on portfolio	56,324.32
Average daily total value *	20,305,612.59
Period return (%)	0.28
YTD return (%)	1.06
Weighted average final maturity in days	382

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of June 30, 2016

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	1,035,259.19	1,035,259.19	1,035,259.19	0.00	1	5.08	0.00
Corporate Bonds	6,234,125.75	6,153,982.35	6,178,461.62	24,479.27	478	30.59	1.28
Government Agencies	7,843,121.00	7,757,894.62	7,786,431.90	28,537.28	414	38.48	1.12
Government Bonds	5,268,291.03	5,252,102.11	5,264,472.00	12,369.89	298	25.85	0.81
Total	20,380,796.97	20,199,238.27	20,264,624.71	65,386.44	382	100.00	1.03

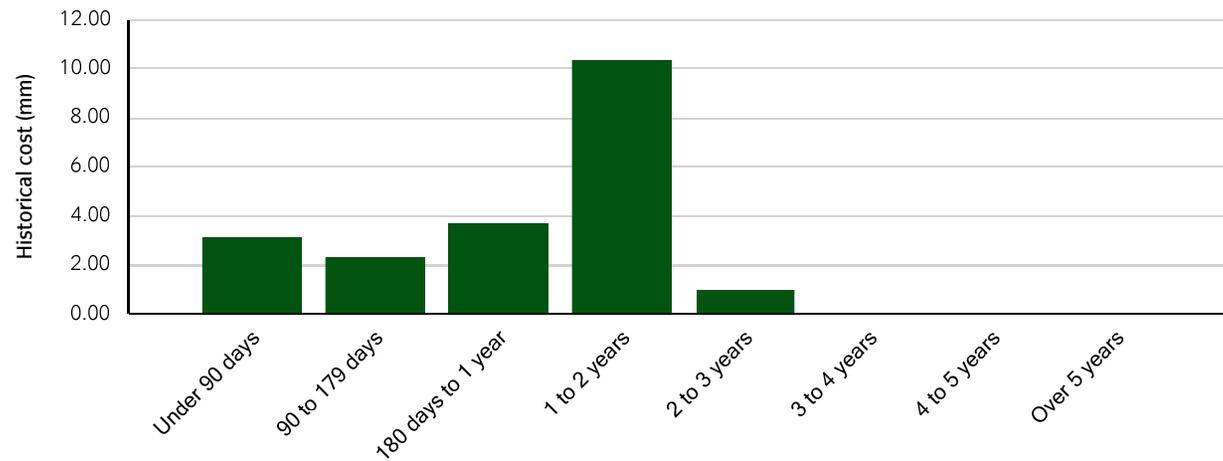


MATURITY DISTRIBUTION OF SECURITIES HELD

As of June 30, 2016

Maturity	Historic cost	Percent
Under 90 days	3,090,580.13	15.16
90 to 179 days	2,308,756.96	11.33
180 days to 1 year	3,640,526.07	17.86
1 to 2 years	10,331,283.81	50.69
2 to 3 years	1,009,650.00	4.95
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	20,380,796.97	100.00

Maturity distribution



SECURITIES HELD

As of June 30, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		1,035,259.19	1,035,259.19 0.00	1,035,259.19 0.00	1,035,259.19 0.00	0.00	0.00	0.00	0.00	5.08
Total Cash and Cash Equivalents			1,035,259.19	1,035,259.19 0.00	1,035,259.19 0.00	1,035,259.19 0.00	0.00	0.00	0.00	0.00	5.08
Corporate Bonds											
36962G6Z2 GENERAL ELECTRIC CO 1.5% 12/07/2016	1.500	07/12/2016	500,000.00	507,585.00 0.00	500,114.78 (296.51)	500,078.50 (392.50)	(36.28)	0.00	604.17	3,500.00	2.49
19416QDH0 COLGATE-PALMOLIVE CO 5.2% 07/11/2016	5.200	11/07/2016	500,000.00	556,755.00 0.00	507,651.68 (1,807.49)	506,975.00 (1,541.50)	(676.68)	0.00	2,094.45	3,827.78	2.73
90331HMC4 US BANK NA CINCINNATI 1.1% 30/01/2017 (CALLABLE 30/12/16)	1.100	01/30/2017 12/30/2016	615,000.00	617,490.75 0.00	615,510.30 (72.90)	615,300.12 (474.78)	(210.18)	0.00	563.75	2,818.75	3.03
037833AM2 APPLE INC 1.05% 05/05/2017	1.050	05/05/2017	500,000.00	499,600.00 0.00	499,882.47 11.56	501,178.00 (21.00)	1,295.53	0.00	422.92	787.50	2.45
594918AP9 MICROSOFT CORP 0.875% 15/11/2017	0.875	11/15/2017	500,000.00	492,105.00 0.00	497,368.33 159.49	500,647.50 1,741.50	3,279.17	0.00	352.44	546.88	2.41
58933YAC9 MERCK & CO INC 1.1% 31/01/2018	1.100	01/31/2018	500,000.00	500,580.00 0.00	500,306.96 (16.16)	502,011.50 748.50	1,704.54	0.00	458.34	2,291.67	2.46
717081AQ6 PFIZER INC 4.65% 01/03/2018	4.650	03/01/2018	500,000.00	552,500.00 0.00	528,476.99 (1,421.48)	532,341.00 1,128.50	3,864.01	0.00	1,872.92	7,685.42	2.71
191216BA7 COCA-COLA CO/THE 1.15% 01/04/2018	1.150	04/01/2018	500,000.00	498,645.00 0.00	499,229.73 36.63	503,471.50 2,410.50	4,241.77	0.00	463.20	1,421.53	2.45

SECURITIES HELD

As of June 30, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Corporate Bonds											
931142DF7 WAL-MART STORES INC 1.125% 11/04/2018	1.125	04/11/2018	500,000.00	499,450.00 0.00	499,685.22 14.73	502,532.50 1,200.00	2,847.28	0.00	453.13	1,234.38	2.45
084664BW0 BERKSHIRE HATHAWAY FIN 1.3% 15/05/2018	1.300	05/15/2018	500,000.00	500,730.00 0.00	500,426.99 (18.98)	503,145.50 2,053.50	2,718.51	0.00	523.61	812.50	2.46
166764AEO CHEVRON CORP 1.718% 24/06/2018 (CALLABLE 24/05/18)	1.718	06/24/2018 05/24/2018	500,000.00	507,585.00 0.00	504,435.45 (186.37)	505,841.00 2,918.50	1,405.55	4,295.00	691.98	143.17	2.49
88579YAP6 3M COMPANY 1.375% 07/08/2018	1.375	08/07/2018	500,000.00	501,100.00 0.00	500,893.45 (35.41)	504,939.50 1,983.00	4,046.05	0.00	553.82	2,730.90	2.46
Total Corporate Bonds			6,115,000.00	6,234,125.75 0.00	6,153,982.35 (3,632.89)	6,178,461.62 11,754.22	24,479.27	4,295.00	9,054.73	27,800.48	30.59
Government Agencies											
313370TW8 FEDERAL HOME LOAN BANK 2% 09/09/2016	2.000	09/09/2016	1,000,000.00	1,035,900.00 0.00	1,002,339.09 (1,017.00)	1,003,031.00 (1,161.00)	691.91	0.00	1,611.11	6,166.67	5.08
3135G0VM2 FANNIE MAE 0.75% 14/03/2017 CALLABLE #0000	0.750	03/14/2017	500,000.00	501,290.00 0.00	500,000.00 0.00	500,730.00 650.00	730.00	0.00	302.09	1,104.17	2.46
3137EADF3 FREDDIE MAC 1.25% 12/05/2017	1.250	05/12/2017	500,000.00	511,200.00 0.00	502,030.45 (195.23)	502,875.50 741.50	845.05	0.00	503.47	833.33	2.51
313379DD8 FEDERAL HOME LOAN BANK 1% 21/06/2017 #1	1.000	06/21/2017	500,000.00	507,000.00 0.00	501,476.56 (126.20)	501,948.50 967.00	471.94	2,500.00	402.78	125.00	2.49

SECURITIES HELD

As of June 30, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3137EADH9 FREDDIE MAC 1% 29/06/2017	1.000	06/29/2017	500,000.00	504,650.00 0.00	500,943.14 (81.44)	502,034.00 877.50	1,090.86	2,500.00	402.78	13.89	2.48
3137EADJ5 FREDDIE MAC 1% 28/07/2017 #1	1.000	07/28/2017	500,000.00	499,965.00 0.00	499,989.12 0.84	502,139.50 851.50	2,150.38	0.00	402.78	2,111.11	2.45
3130A6SV0 FEDERAL HOME LOAN BANK 0.84% 15/08/2017 #0002	0.840	08/15/2017	500,000.00	499,575.00 0.00	499,725.92 20.31	501,635.00 1,430.00	1,909.08	0.00	338.33	1,575.00	2.45
3134G3M31 FREDDIE MAC 1% 27/09/2017 CALLABLE	1.000	09/27/2017	1,200,000.00	1,203,276.00 0.00	1,200,000.00 0.00	1,205,162.40 1,616.40	5,162.40	0.00	966.67	3,100.00	5.90
3136FPTQ0 FANNIE MAE 2.2% 27/10/2017 CALLABLE	2.200	10/27/2017	500,000.00	514,240.00 0.00	508,313.93 (522.89)	510,105.00 905.00	1,791.07	0.00	886.11	1,925.00	2.52
31331J3S0 FEDERAL FARM CREDIT BANK 2.5% 01/12/2017	2.500	12/01/2017	500,000.00	517,630.00 0.00	510,586.29 (621.50)	513,090.00 1,225.00	2,503.71	6,250.00	1,006.94	1,006.94	2.54
31398AMD1 FANNIE MAE 4.065% 15/02/2018	4.065	02/15/2018	500,000.00	537,785.00 0.00	524,397.60 (1,251.16)	527,170.00 95.00	2,772.40	0.00	1,637.30	7,621.88	2.64
3130A5PE3 FEDERAL HOME LOAN BANK 1.125% 29/03/2018	1.125	03/29/2018	500,000.00	502,060.00 0.00	501,409.95 (67.24)	503,735.00 2,170.00	2,325.05	0.00	453.13	1,421.88	2.46
3135G0YM9 FANNIE MAE 1.875% 18/09/2018	1.875	09/18/2018	500,000.00	508,550.00 0.00	506,682.57 (251.22)	512,776.00 2,855.00	6,093.43	0.00	755.21	2,656.25	2.50
Total Government Agencies			7,700,000.00	7,843,121.00 0.00	7,757,894.62 (4,112.73)	7,786,431.90 13,222.90	28,537.28	11,250.00	9,668.70	29,661.12	38.48

SECURITIES HELD

As of June 30, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828QX1 USA TREASURY 1.5% 31/07/2016	1.500	07/31/2016	500,000.00	511,835.94 0.00	500,202.05 (195.52)	500,539.50 (448.00)	337.45	0.00	618.13	3,111.26	2.51
912828WA4 USA TREASURY 0.625% 15/10/2016	0.625	10/15/2016	500,000.00	499,882.81 0.00	499,986.05 3.91	500,390.50 200.00	404.45	0.00	256.15	648.91	2.45
912828RU6 USA TREASURY 0.875% 30/11/2016	0.875	11/30/2016	500,000.00	502,734.38 0.00	500,448.40 (87.93)	501,025.00 244.00	576.60	0.00	358.61	358.61	2.47
912828A59 USA TREASURY 0.625% 15/12/2016	0.625	12/15/2016	750,000.00	749,384.77 0.00	749,712.89 51.27	750,768.00 474.75	1,055.11	2,343.75	384.22	192.11	3.68
912828SC5 USA TREASURY 0.875% 31/01/2017	0.875	01/31/2017	500,000.00	501,367.19 0.00	500,306.83 (42.82)	501,245.50 464.00	938.67	0.00	360.57	1,814.90	2.46
912828SS0 USA TREASURY 0.875% 30/04/2017	0.875	04/30/2017	500,000.00	502,578.13 0.00	501,020.51 (100.71)	501,519.00 786.50	498.49	0.00	356.65	725.20	2.47
912828TB6 USA TREASURY 0.75% 30/06/2017	0.750	06/30/2017	500,000.00	499,257.81 0.00	499,681.67 26.16	501,152.50 1,191.50	1,470.83	1,875.00	309.07	0.00	2.45
912828G20 USA TREASURY 0.875% 15/11/2017	0.875	11/15/2017	500,000.00	500,781.25 0.00	500,435.66 (25.99)	502,070.50 1,621.50	1,634.84	0.00	356.66	546.88	2.46
912828UJ7 USA TREASURY 0.875% 31/01/2018	0.875	01/31/2018	500,000.00	500,000.00 0.00	500,000.00 0.00	502,324.00 2,031.00	2,324.00	0.00	360.57	1,814.90	2.45

SECURITIES HELD

As of June 30, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828J68 USA TREASURY 1% 15/03/2018	1.000	03/15/2018	500,000.00	500,468.75	500,308.05	503,437.50	3,129.45	0.00	407.60	1,453.80	2.46
				0.00	(14.83)	2,285.00					
Total Government Bonds			5,250,000.00	5,268,291.03	5,252,102.11	5,264,472.00	12,369.89	4,218.75	3,768.23	10,666.57	25.85
				0.00	(386.46)	8,850.25					
Grand total			20,100,259.19	20,380,796.97	20,199,238.27	20,264,624.71	65,386.44	19,763.75	22,491.66	68,128.17	100.00
				0.00	(8,132.08)	33,827.37					

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

TOWN OF ATHERTON

As of June 30, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
912828QX1	USA TREASURY 1.5%	1.500	07/31/2016		AA+	Aaa	500,000.00	511,835.94	2.51	500,539.50	2.47	0.08
912828WA4	USA TREASURY 0.625%	0.625	10/15/2016		AA+	Aaa	500,000.00	499,882.81	2.45	500,390.50	2.47	0.29
912828RU6	USA TREASURY 0.875%	0.875	11/30/2016		AA+	Aaa	500,000.00	502,734.38	2.47	501,025.00	2.47	0.41
912828A59	USA TREASURY 0.625%	0.625	12/15/2016		AA+	Aaa	750,000.00	749,384.77	3.68	750,768.00	3.70	0.46
912828SC5	USA TREASURY 0.875%	0.875	01/31/2017		AA+	Aaa	500,000.00	501,367.19	2.46	501,245.50	2.47	0.58
912828SS0	USA TREASURY 0.875%	0.875	04/30/2017		AA+	Aaa	500,000.00	502,578.13	2.47	501,519.00	2.47	0.83
912828TB6	USA TREASURY 0.75%	0.750	06/30/2017		AA+	Aaa	500,000.00	499,257.81	2.45	501,152.50	2.47	0.99
912828G20	USA TREASURY 0.875%	0.875	11/15/2017		AA+	Aaa	500,000.00	500,781.25	2.46	502,070.50	2.48	1.36
912828UJ7	USA TREASURY 0.875%	0.875	01/31/2018		AA+	Aaa	500,000.00	500,000.00	2.45	502,324.00	2.48	1.57
912828J68	USA TREASURY 1%	1.000	03/15/2018		AA+	Aaa	500,000.00	500,468.75	2.46	503,437.50	2.48	1.68
Issuer total							5,250,000.00	5,268,291.03	25.85	5,264,472.00	25.98	0.81
Federal Home Loan Mortgage Corp												
3137EADF3	FREDDIE MAC 1.25%	1.250	05/12/2017		AA+	Aaa	500,000.00	511,200.00	2.51	502,875.50	2.48	0.86
3137EADH9	FREDDIE MAC 1%	1.000	06/29/2017		AA+	Aaa	500,000.00	504,650.00	2.48	502,034.00	2.48	0.99
3137EADJ5	FREDDIE MAC 1%	1.000	07/28/2017		AA+	Aaa	500,000.00	499,965.00	2.45	502,139.50	2.48	1.06
3134G3M31	FREDDIE MAC 1%	1.000	09/27/2017		AA+	Aaa	1,200,000.00	1,203,276.00	5.90	1,205,162.40	5.95	1.23
Issuer total							2,700,000.00	2,719,091.00	13.34	2,712,211.40	13.38	1.08
Federal Home Loan Banks												
313370TW8	FEDERAL HOME LOAN	2.000	09/09/2016		AA+	Aaa	1,000,000.00	1,035,900.00	5.08	1,003,031.00	4.95	0.19
313379DD8	FEDERAL HOME LOAN	1.000	06/21/2017		AA+	Aaa	500,000.00	507,000.00	2.49	501,948.50	2.48	0.97
3130A6SV0	FEDERAL HOME LOAN	0.840	08/15/2017		AA+	Aaa	500,000.00	499,575.00	2.45	501,635.00	2.48	1.11
3130A5PE3	FEDERAL HOME LOAN	1.125	03/29/2018		AA+	Aaa	500,000.00	502,060.00	2.46	503,735.00	2.49	1.72
Issuer total							2,500,000.00	2,544,535.00	12.48	2,510,349.50	12.39	0.83

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal National Mortgage Association												
3135G0VM2	FANNIE MAE 0.75%	0.750	03/14/2017		AA+	Aaa	500,000.00	501,290.00	2.46	500,730.00	2.47	0.70
3136FPTQ0	FANNIE MAE 2.2%	2.200	10/27/2017		AA+	Aaa	500,000.00	514,240.00	2.52	510,105.00	2.52	1.30
31398AMD1	FANNIE MAE 4.065%	4.065	02/15/2018		AA+	Aaa	500,000.00	537,785.00	2.64	527,170.00	2.60	1.57
3135G0YM9	FANNIE MAE 1.875%	1.875	09/18/2018		AA+	Aaa	500,000.00	508,550.00	2.50	512,776.00	2.53	2.17
Issuer total							2,000,000.00	2,061,865.00	10.12	2,050,781.00	10.12	1.44
Cash and Cash Equivalents												
	INVESTED CASH	0.000					1,035,259.19	1,035,259.19	5.08	1,035,259.19	5.11	0.00
Issuer total							1,035,259.19	1,035,259.19	5.08	1,035,259.19	5.11	0.00
US Bank NA/Cincinnati OH												
90331HMC4	US BANK NA CINCINNATI	1.100	01/30/2017	12/30/2016	AA-	A1	615,000.00	617,490.75	3.03	615,300.12	3.04	0.56
Issuer total							615,000.00	617,490.75	3.03	615,300.12	3.04	0.56
Pfizer Inc												
717081AQ6	PFIZER INC 4.65%	4.650	03/01/2018		AA	A1	500,000.00	552,500.00	2.71	532,341.00	2.63	1.60
Issuer total							500,000.00	552,500.00	2.71	532,341.00	2.63	1.60
Federal Farm Credit Banks												
31331J350	FEDERAL FARM CREDIT	2.500	12/01/2017		AA+	Aaa	500,000.00	517,630.00	2.54	513,090.00	2.53	1.40
Issuer total							500,000.00	517,630.00	2.54	513,090.00	2.53	1.40
Colgate-Palmolive Co												
19416QDH0	COLGATE-PALMOLIVE CO	5.200	11/07/2016		AA-	Aa3	500,000.00	556,755.00	2.73	506,975.00	2.50	0.35
Issuer total							500,000.00	556,755.00	2.73	506,975.00	2.50	0.35

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

TOWN OF ATHERTON

As of June 30, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Chevron Corp												
166764AE0	CHEVRON CORP 1.718%	1.718	06/24/2018	05/24/2018	AA-	Aa2	500,000.00	507,585.00	2.49	505,841.00	2.50	1.89
Issuer total							500,000.00	507,585.00	2.49	505,841.00	2.50	1.89
3M Co												
88579YAP6	3M COMPANY 1.375%	1.375	08/07/2018		AA-	A1	500,000.00	501,100.00	2.46	504,939.50	2.49	2.06
Issuer total							500,000.00	501,100.00	2.46	504,939.50	2.49	2.06
Coca-Cola Co/The												
191216BA7	COCA-COLA CO/THE	1.150	04/01/2018		AA-	Aa3	500,000.00	498,645.00	2.45	503,471.50	2.48	1.73
Issuer total							500,000.00	498,645.00	2.45	503,471.50	2.48	1.73
Berkshire Hathaway Finance Corp												
084664BW0	BERKSHIRE HATHAWAY	1.300	05/15/2018		AA	Aa2	500,000.00	500,730.00	2.46	503,145.50	2.48	1.85
Issuer total							500,000.00	500,730.00	2.46	503,145.50	2.48	1.85
Wal-Mart Stores Inc												
931142DF7	WAL-MART STORES INC	1.125	04/11/2018		AA	Aa2	500,000.00	499,450.00	2.45	502,532.50	2.48	1.76
Issuer total							500,000.00	499,450.00	2.45	502,532.50	2.48	1.76
Merck & Co Inc												
58933YAC9	MERCK & CO INC 1.1%	1.100	01/31/2018		AA	A1	500,000.00	500,580.00	2.46	502,011.50	2.48	1.57
Issuer total							500,000.00	500,580.00	2.46	502,011.50	2.48	1.57
Apple Inc												
037833AM2	APPLE INC 1.05%	1.050	05/05/2017		AA+	Aa1	500,000.00	499,600.00	2.45	501,178.00	2.47	0.84
Issuer total							500,000.00	499,600.00	2.45	501,178.00	2.47	0.84

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Microsoft Corp												
594918AP9	MICROSOFT CORP 0.875%	0.875	11/15/2017		AAA	Aaa	500,000.00	492,105.00	2.41	500,647.50	2.47	1.36
Issuer total							500,000.00	492,105.00	2.41	500,647.50	2.47	1.36
General Electric Co												
36962G6Z2	GENERAL ELECTRIC CO	1.500	07/12/2016		AA+	A1	500,000.00	507,585.00	2.49	500,078.50	2.47	0.03
Issuer total							500,000.00	507,585.00	2.49	500,078.50	2.47	0.03
Grand total							20,100,259.19	20,380,796.97	100.00	20,264,624.71	100.00	1.03

TRANSACTION REPORT

For the period June 1, 2016 - June 30, 2016

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
06/01/2016 06/01/2016	31331J3S0	Income	Government Agencies	FEDERAL FARM CREDIT BANK	12/01/2017	500,000.00	0.00	0.00	6,250.00	6,250.00
06/15/2016 06/15/2016	912828A59	Income	Government Bonds	USA TREASURY 0.625%	12/15/2016	750,000.00	0.00	0.00	2,343.75	2,343.75
06/21/2016 06/21/2016	313379DD8	Income	Government Agencies	FEDERAL HOME LOAN BANK 1%	06/21/2017	500,000.00	0.00	0.00	2,500.00	2,500.00
06/24/2016 06/24/2016	166764AE0	Income	Corporate Bonds	CHEVRON CORP 1.718%	06/24/2018	500,000.00	0.00	0.00	4,295.00	4,295.00
06/29/2016 06/29/2016	3137EADH9	Income	Government Agencies	FREDDIE MAC 1% 29/06/2017	06/29/2017	500,000.00	0.00	0.00	2,500.00	2,500.00
06/30/2016 06/30/2016	912828TB6	Income	Government Bonds	USA TREASURY 0.75%	06/30/2017	500,000.00	0.00	0.00	1,875.00	1,875.00
06/30/2016		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	5.29	5.29

ADDITIONAL INFORMATION

As of June 30, 2016

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. CAMC and CISC charge management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with either CAMC or CISC, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. CAMCS and CISC's investment advisory fees are discussed in Part 2A of the Firms Form ADV.

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In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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ADDITIONAL INFORMATION

As of June 30, 2016

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