



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: SEPTEMBER 19, 2018

**SUBJECT: ACCEPTANCE OF TREASURER’S REPORT FOR THE FOURTH
QUARTER ENDED JUNE 30, 2018**

RECOMMENDATION

Accept the Treasurer’s Report for the Fourth Quarter Ended June 30, 2018.

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 2017/18 as of June 30, 2018 is attached. The total cash and investments for the Town is \$40,962,807. Of the total amount, \$25,350,837 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, 2018. The total amount in the PARS account is \$6,259,170. This is a “restricted” investment that is used for the Town’s OPEB liabilities.

Insight Asset Management provides non-discretionary investment advisory services to the Town for investments. Staff is working in conjunction with Insight 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 continues with its capital projects, staff forecasts cash flow needs to ensure cash liquidity of funds are readily available. As investments mature staff anticipates shifting funds to more liquid instruments. LAIF offers the most liquidity and as of June 30, 2018 holds \$21,964,369.

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, 2018.

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>

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item ____ has or X has not been before a Town Committee or Commission.

- Audit/Finance Committee (meets every other month)
- Bicycle/Pedestrian Committee (meets as needed)
- Civic Center Advisory Committee (meets as needed)
- Environmental Programs Committee (meets every other month)
- Park and Recreation Committee (meets each month)
- Planning Commission (meets each month)
- Rail Committee (meets every other month)
- Transportation Committee (meets every other month)
- Tree Committee (meets each month)

ATTACHMENTS

Treasurer's Report for Fourth Quarter Ended June 30, 2018

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
June 30, 2018**

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	3,316,485	3,316,485	3,316,485	8.1%
LAIF Statement	21,964,369	21,977,430	21,964,369	53.6%
Investments (Schedule B)	15,700,000	15,550,156	15,681,953	38.3%
Total Cash and Investments	40,980,854	40,844,071	40,962,807	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

6/30/2018

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
June 30, 2018**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	1,942,128
Wells Fargo	Wells Fargo Trust MMF-Cash	<u>1,374,357</u>
Total		<u><u>3,316,485</u></u>

**Town of Atherton
Treasurer's Report Schedule B
Portfolio Details - Investments
June 30, 2018**

Schedule B

See next pages Cutwater Report

**Town of Atherton
Quarterly Treasurer's Report
Cash & Investments Balance By Fund
June 30, 2018**

Fund No.	Fund Name	June Balance
101	General Fund	22,144,993
105	Tennis Fund	180,308
610	Equipment Replacement Fund	465,759
614	Worker's Compensation	717,769
615	General Liability	418,268
616	Employee Benefits	1,423,741
	Total Non-Restricted	<u>25,350,837</u>
201	Special Tax Fund	2,729,674
202	County Measure A Fund	554,269
203	Gas Tax Fund	319
204	Measure M	316,813
209	SLES/COPS Grant	299
210	Road Constructions Impact Fee	-
213	Library Fund	4,542,743
215	Evans Creative Design (formerly fund 715)	7,281
221	Refuse Rate and Stabilization	1,526,203
401	GF Projects	5,270,902
402	Storm Drainage	30,536
403	Atherton Channel Drainage District	276,586
406	Facilities Construction	324,552
730	H-P Park Improvement	6,194
740	Tree Committee	25,599
	Total Restricted	<u>15,611,970</u>
	Total Cash & Investments	<u><u>40,962,807</u></u>

Town of Atherton
Quarterly Treasurer's Report
Local Agency Investment Fund Summary (LAIF)
June 30, 2018

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2018	21,964,369		-	-		21,964,369	3/31/2018

**Town of Atherton
Quarterly Treasurer's Report
PARS Trust Account Summary
June 30, 2018**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2018	6,167,502	124,666	2,477	(2,928)	(32,548)	6,259,170	6/30/2018 (*)

* Recent available PARS report

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ANY FORM WITHOUT PRIOR WRITTEN APPROVAL

TOWN OF ATHERTON

Treasurer's Report B

June 2018

Part of  BNY MELLON

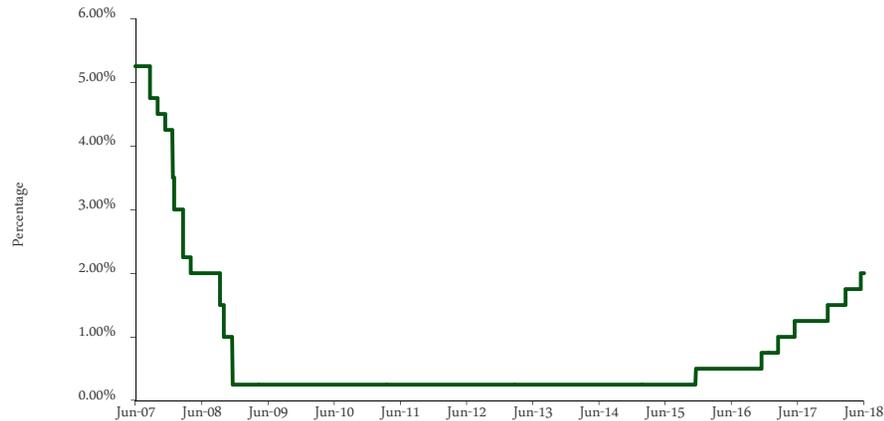


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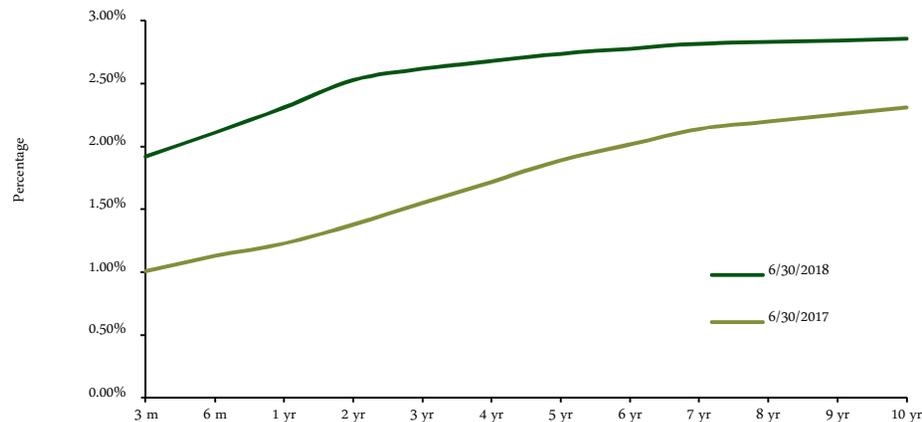
As of June 30, 2018

Chart 1: Fed funds target rate: 6/30/2007—6/30/2018



Source: Bloomberg Finance LP, June 30, 2018.

Chart 2: Treasury yield curve: 6/30/2017 and 6/30/2018



Source: Bloomberg Finance LP, June 30, 2018.

Economic Indicators and Monetary Policy

On June 13, the Federal Open Market Committee (FOMC) met and unanimously agreed to increase the federal funds target range by 25 basis points to 1.75% to 2%. (See Chart 1). The FOMC statement noted a strengthening labor market and solid economic activity since the May meeting. The statement also reflected that the FOMC expects further gradual increases in the target rate will be consistent with continued economic expansion, strong labor market conditions and inflation near the FOMC’s 2% symmetrical target over the medium-term. Forward guidance from the FOMC meeting revealed that the median forecast for the upper range of the federal funds target rate at year-end 2018 is 2.375%, indicating that one-to-two additional rate increases are expected this year as of the June meeting.

The employment report released on June 1 showed an increase of 223,000 jobs in May, better than expectations for 190,000 jobs added. The unemployment rate decreased 0.1% to 3.8% and the underemployment rate fell 0.2% to 7.6% in May. Average hourly earnings increased 0.1% to 2.7% annual growth, better than expectations for 2.6% growth.

At the start of June, the Institute for Supply Management (ISM) Manufacturing and Non-Manufacturing Indices both pushed higher for May readings of 58.7% and 58.6% respectively. The final estimate for first quarter Gross Domestic Product (GDP) was released on June 28 showing 2% growth, revised down from the second estimate of 2.2% and an original estimate of 2.3% growth. Personal consumption was revised downward to 0.9% growth and inventories and net exports subtracted from the final estimate of first quarter GDP.

The Consumer Price Index (CPI) data released on June 12 showed 0.2% increases in the headline and core readings, in line with expectations. On an annual basis, the headline CPI was 2.8% for May and factoring out food and energy, the core level was 2.2%.

Interest Rate Summary

At the end of June, the 3-month US Treasury bill yielded 1.92%, the 6-month US Treasury bill yielded 2.11%, the 2-year US Treasury note yielded 2.53%, the 5-year US Treasury note yielded 2.74% and the 10-year US Treasury note yielded 2.86%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2018 - June 30, 2018

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	17,002,932.34
Income received	48,646.03
Total receipts	48,646.03
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	0.00
Total amortization expense	(918.02)
Total OID/MKT accretion income	2,908.95
Return of capital	0.00
Closing balance	17,053,569.30
Ending fair value	16,924,512.38
Unrealized gain (loss)	(129,056.92)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	2,413.53	0.00	0.00	2,413.53
Corporate Bonds	4,506.10	96.64	0.00	4,602.74
Government Agencies	11,420.35	1,783.30	0.00	13,203.65
Government Bonds	2,112.71	110.99	0.00	2,223.70
Total	20,452.69	1,990.93	0.00	22,443.62

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.38	0.79	0.15
Overnight Repo	1.38	0.80	0.15
Merrill Lynch 3m US Treas Bill	1.38	0.83	0.15
Merrill Lynch 6m US Treas Bill	1.51	0.90	0.17
ML 1 Year US Treasury Note	1.74	1.03	0.19
ML 2 Year US Treasury Note	1.95	1.14	0.21
ML 5 Year US Treasury Note	2.29	1.31	0.23

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	20,452.69
Accretion (amortization)	1,990.93
Realized gain (loss) on sales	0.00
Total income on portfolio	22,443.62
Average daily amortized cost	17,027,365.89
Period return (%)	0.13
YTD return (%)	0.70
Weighted average final maturity in days	319

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2018 - June 30, 2018

<u>Fair Value Basis Activity Summary</u>		
Opening balance		16,878,185.48
Income received	48,646.03	
Total receipts		48,646.03
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		(2,319.13)
Ending fair value		16,924,512.38

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	2,413.53	0.00	2,413.53
Corporate Bonds	4,506.10	345.00	4,851.10
Government Agencies	11,420.35	(2,292.88)	9,127.47
Government Bonds	2,112.71	(371.25)	1,741.46
Total	20,452.69	(2,319.13)	18,133.56

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.38	0.79	0.15
Overnight Repo	1.38	0.80	0.15
ICE ML 3m US Treas Bill	1.36	0.81	0.17
ICE ML 6m US Treas Bill	1.39	0.80	0.16
ICE ML 1 Year US Treasury Note	0.92	0.65	0.12
ICE ML US Treasury 1-3	0.08	0.09	0.02
ICE ML US Treasury 1-5	(0.35)	(0.25)	(0.01)

* rates reflected are cumulative

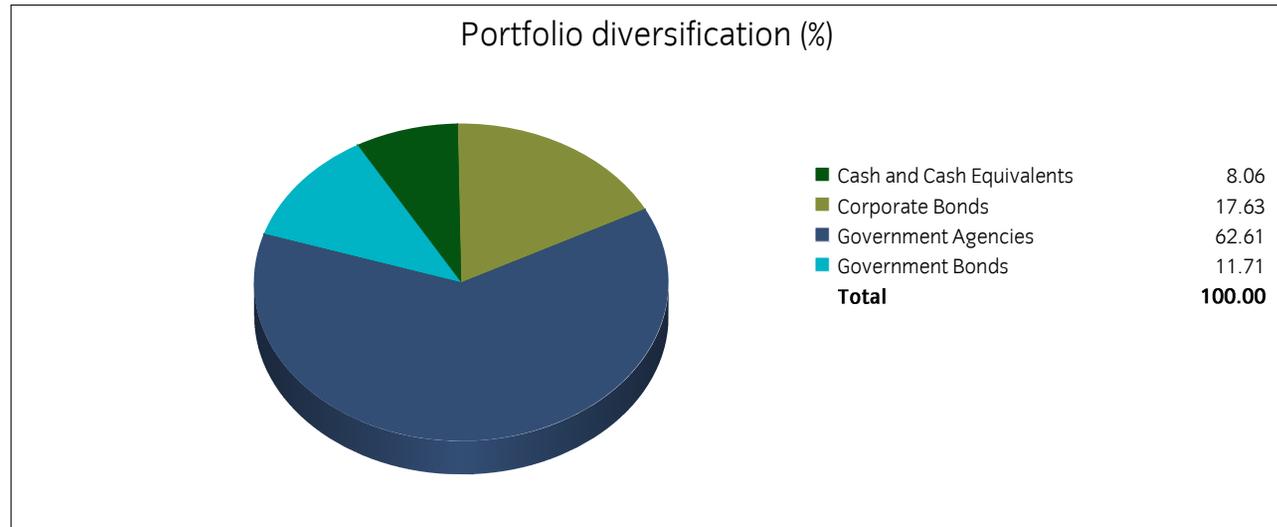
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	20,452.69
Change in fair value	(2,319.13)
Total income on portfolio	18,133.56
Average daily total value *	16,949,927.02
Period return (%)	0.11
YTD return (%)	0.51
Weighted average final maturity in days	319

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of June 30, 2018

	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	1,374,356.68	1,374,356.68	1,374,356.68	0.00	1	8.06	0.00
Corporate Bonds	3,006,725.00	3,001,777.44	2,987,295.00	(14,482.44)	218	17.63	0.59
Government Agencies	10,678,626.88	10,679,651.52	10,587,187.00	(92,464.52)	372	62.61	1.00
Government Bonds	1,996,601.56	1,997,783.66	1,975,673.70	(22,109.96)	404	11.71	1.08
Total	17,056,310.12	17,053,569.30	16,924,512.38	(129,056.92)	319	100.00	0.86

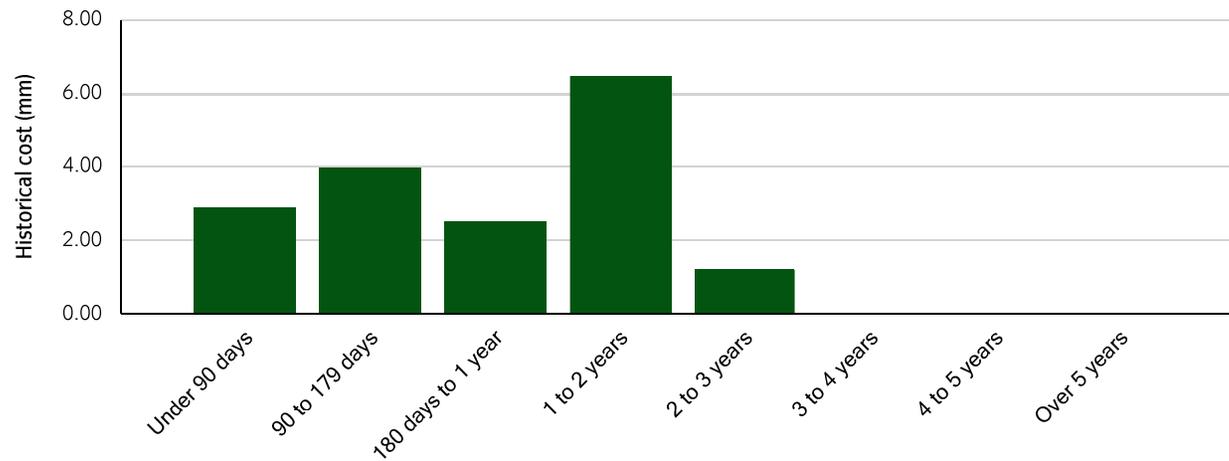


MATURITY DISTRIBUTION OF SECURITIES HELD

As of June 30, 2018

Maturity	Historic cost	Percent
Under 90 days	2,882,846.68	16.90
90 to 179 days	3,991,135.47	23.40
180 days to 1 year	2,496,985.38	14.64
1 to 2 years	6,486,782.59	38.03
2 to 3 years	1,198,560.00	7.03
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	17,056,310.12	100.00

Maturity distribution



SECURITIES HELD

As of June 30, 2018

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		1,374,356.68	1,374,356.68 0.00	1,374,356.68 0.00	1,374,356.68 0.00	0.00	0.00	0.00	0.00	8.06
Total Cash and Cash Equivalents			1,374,356.68	1,374,356.68 0.00	1,374,356.68 0.00	1,374,356.68 0.00	0.00	0.00	0.00	0.00	8.06
Corporate Bonds											
88579YAP6 3M COMPANY 1.375% 07AUG2018	1.375	08/07/2018	500,000.00	501,100.00 0.00	500,043.67 (35.41)	499,486.00 230.00	(557.67)	0.00	553.82	2,730.90	2.94
084670BX5 BERKSHIRE HATHAWAY INC 1.15% 15AUG2018	1.150	08/15/2018	500,000.00	498,840.00 0.00	499,432.61 378.26	499,329.00 478.50	(103.61)	0.00	463.19	2,156.25	2.92
594918BF0 MICROSOFT CORP 1.3% 03NOV2018	1.300	11/03/2018	500,000.00	497,685.00 0.00	498,953.14 255.33	498,148.00 206.00	(805.14)	0.00	523.61	1,029.17	2.92
19416QEF3 COLGATE-PALMOLIVE CO 1.75% 15MAR2019	1.750	03/15/2019	500,000.00	504,345.00 0.00	501,315.88 (154.81)	497,311.00 164.00	(4,004.88)	0.00	704.86	2,552.08	2.96
037833AQ3 APPLE INC 2.1% 06MAY2019	2.100	05/06/2019	500,000.00	504,675.00 0.00	501,992.41 (195.33)	498,469.50 (252.50)	(3,522.91)	0.00	845.83	1,575.00	2.96
94988J5G8 WELLS FARGO BANK NA 2.15% 06DEC2019	2.150	12/06/2019	500,000.00	500,080.00 0.00	500,039.73 (2.31)	494,551.50 (596.00)	(5,488.23)	5,375.00	865.98	716.67	2.93
Total Corporate Bonds			3,000,000.00	3,006,725.00 0.00	3,001,777.44 245.73	2,987,295.00 230.00	(14,482.44)	5,375.00	3,957.29	10,760.07	17.63
Government Agencies											
3135G0YM9 FANNIE MAE 1.875% 18SEP2018	1.875	09/18/2018	500,000.00	508,550.00 0.00	500,653.18 (251.23)	499,904.50 144.50	(748.68)	0.00	755.21	2,656.25	2.98

SECURITIES HELD

As of June 30, 2018

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											
3135G0G72 FANNIE MAE 1.125% 14DEC2018	1.125	12/14/2018	1,000,000.00	994,180.00 0.00	995,476.40 827.49	995,479.00 946.00	2.60	5,625.00	906.25	500.00	5.83
313376BR5 FEDERAL HOME LOAN BANK 1.75% 14DEC2018	1.750	12/14/2018	1,000,000.00	997,765.00 0.00	998,262.84 317.77	997,962.00 85.00	(300.84)	8,750.00	1,409.72	777.78	5.85
3134GAFJ8 FREDDIE MAC 1% 14DEC2018 CALLABLE	1.000	12/14/2018	1,000,000.00	999,650.00 0.00	999,929.74 12.85	995,020.00 970.00	(4,909.74)	5,000.00	805.55	444.44	5.86
3135G0H63 FANNIE MAE 1.375% 28JAN2019	1.375	01/28/2019	500,000.00	497,226.50 0.00	498,384.07 233.07	497,534.50 197.50	(849.57)	0.00	553.82	2,902.78	2.92
313379EE5 FEDERAL HOME LOAN BANK 1.625% 14JUN2019	1.625	06/14/2019	500,000.00	496,740.00 0.00	497,583.10 210.77	496,371.00 (485.50)	(1,212.10)	4,062.50	654.51	361.11	2.91
3130A8DB6 FEDERAL HOME LOAN BANK 1.125% 21JUN2019	1.125	06/21/2019	500,000.00	493,998.88 (62.50)	494,148.91 150.03	493,929.50 (69.38)	(219.41)	0.00	78.13	140.63	2.90
3133EHPW7 FEDERAL FARM CREDIT BANK 1.42% 03JUL2019 (CALLABLE 12JUL18)	1.420	07/03/2019	500,000.00	499,471.00 0.00	499,726.85 22.58	495,035.00 (65.00)	(4,691.85)	0.00	571.94	3,490.83	2.93
3130ABZX7 FEDERAL HOME LOAN BANK 1.41% 07AUG2019	1.410	08/07/2019	500,000.00	499,805.00 0.00	499,892.48 8.13	494,495.00 (85.00)	(5,397.48)	0.00	567.92	2,800.42	2.93
3135G0P49 FANNIE MAE 1% 28AUG2019	1.000	08/28/2019	500,000.00	498,640.00 0.00	499,443.76 39.92	491,822.50 (132.00)	(7,621.26)	0.00	402.77	1,694.44	2.92
3133EG2D6 FEDERAL FARM CREDIT BANK 1.55% 27SEP2019	1.550	09/27/2019	500,000.00	501,520.00 0.00	500,700.45 (47.01)	494,600.00 (365.00)	(6,100.45)	0.00	624.30	2,002.08	2.94

SECURITIES HELD

As of June 30, 2018

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											
3133EGYP4 FEDERAL FARM CREDIT BANK 1.05% 17OCT2019	1.050	10/17/2019	1,000,000.00	997,741.00 0.00	999,014.98 63.27	981,870.00 (520.00)	(17,144.98)	0.00	845.84	2,129.17	5.85
3130ABTD8 FEDERAL HOME LOAN BANK 1.45% 18OCT2019 #0000	1.450	10/18/2019	500,000.00	499,760.00 0.00	499,861.16 8.90	493,580.00 (140.00)	(6,281.16)	0.00	584.03	1,450.00	2.93
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019	1.125	11/29/2019	500,000.00	495,305.00 0.00	497,787.26 134.76	490,630.00 (125.00)	(7,157.26)	0.00	453.13	484.38	2.90
3133EHET6 FEDERAL FARM CREDIT BANK 1.58% 03MAR2020	1.580	03/03/2020	500,000.00	499,714.50 0.00	499,830.05 8.45	492,150.00 (765.00)	(7,680.05)	0.00	636.39	2,567.50	2.93
3134GBN40 FREDDIE MAC 1.625% 29JUN2020 CALLABLE #0001	1.625	06/29/2020	1,200,000.00	1,198,560.00 0.00	1,198,956.29 43.55	1,176,804.00 (1,884.00)	(22,152.29)	9,750.00	1,570.84	54.17	7.03
Total Government Agencies			10,700,000.00	10,678,626.88 (62.50)	10,679,651.52 1,783.30	10,587,187.00 (2,292.88)	(92,464.52)	33,187.50	11,420.35	24,455.98	62.61
Government Bonds											
912828RT9 USA TREASURY 1.375% 30NOV2018	1.375	11/30/2018	500,000.00	501,855.47 0.00	500,422.45 (82.83)	498,515.50 332.00	(1,906.95)	0.00	563.53	563.53	2.94
912828TC4 USA TREASURY 1% 30JUN2019	1.000	06/30/2019	500,000.00	496,113.28 0.00	498,185.87 149.11	493,408.20 156.25	(4,777.67)	0.00	414.36	2,500.00	2.91
912828U73 USA TREASURY 1.375% 15DEC2019	1.375	12/15/2019	500,000.00	499,550.78 0.00	499,727.30 15.35	492,168.00 (371.00)	(7,559.30)	3,437.50	565.07	281.76	2.93

SECURITIES HELD

As of June 30, 2018

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											
912828V31 USA TREASURY 1.375% 15JAN2020	1.375	01/15/2020	500,000.00	499,082.03 0.00	499,448.04 29.36	491,582.00 (488.50)	(7,866.04)	0.00	569.75	3,152.62	2.93
Total Government Bonds			2,000,000.00	1,996,601.56 0.00	1,997,783.66 110.99	1,975,673.70 (371.25)	(22,109.96)	3,437.50	2,112.71	6,497.91	11.71
Grand total			17,074,356.68	17,056,310.12 (62.50)	17,053,569.30 2,140.02	16,924,512.38 (2,434.13)	(129,056.92)	42,000.00	17,490.35	41,713.96	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

TOWN OF ATHERTON

As of June 30, 2018

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 Home Loan Banks												
313376BR5	FEDERAL HOME LOAN	1.750	12/14/2018		AA+	Aaa	1,000,000.00	997,765.00	5.85	997,962.00	5.90	0.46
313379EE5	FEDERAL HOME LOAN	1.625	06/14/2019		AA+	Aaa	500,000.00	496,740.00	2.91	496,371.00	2.93	0.94
3130A8DB6	FEDERAL HOME LOAN	1.125	06/21/2019		AA+	Aaa	500,000.00	493,998.88	2.90	493,929.50	2.92	0.96
3130ABZX7	FEDERAL HOME LOAN	1.410	08/07/2019		AA+	Aaa	500,000.00	499,805.00	2.93	494,495.00	2.92	1.08
3130ABTD8	FEDERAL HOME LOAN	1.450	10/18/2019		AA+	Aaa	500,000.00	499,760.00	2.93	493,580.00	2.92	1.28
3130AA2H0	FEDERAL HOME LOAN	1.125	11/29/2019		AA+	Aaa	500,000.00	495,305.00	2.90	490,630.00	2.90	1.39
Issuer total							3,500,000.00	3,483,373.88	20.42	3,466,967.50	20.48	0.94
Federal National Mortgage Association												
3135G0YM9	FANNIE MAE 1.875%	1.875	09/18/2018		AA+	Aaa	500,000.00	508,550.00	2.98	499,904.50	2.95	0.22
3135G0G72	FANNIE MAE 1.125%	1.125	12/14/2018		AA+	Aaa	1,000,000.00	994,180.00	5.83	995,479.00	5.88	0.46
3135G0H63	FANNIE MAE 1.375%	1.375	01/28/2019		AA+	Aaa	500,000.00	497,226.50	2.92	497,534.50	2.94	0.57
3135G0P49	FANNIE MAE 1%	1.000	08/28/2019		AA+	Aaa	500,000.00	498,640.00	2.92	491,822.50	2.91	1.14
Issuer total							2,500,000.00	2,498,596.50	14.65	2,484,740.50	14.68	0.57
Federal Farm Credit Banks												
3133EHPW7	FEDERAL FARM CREDIT	1.420	07/03/2019		AA+	Aaa	500,000.00	499,471.00	2.93	495,035.00	2.92	0.99
3133EG2D6	FEDERAL FARM CREDIT	1.550	09/27/2019		AA+	Aaa	500,000.00	501,520.00	2.94	494,600.00	2.92	1.22
3133EGYP4	FEDERAL FARM CREDIT	1.050	10/17/2019		AA+	Aaa	1,000,000.00	997,741.00	5.85	981,870.00	5.80	1.28
3133EHET6	FEDERAL FARM CREDIT	1.580	03/03/2020		AA+	Aaa	500,000.00	499,714.50	2.93	492,150.00	2.91	1.64
Issuer total							2,500,000.00	2,498,446.50	14.65	2,463,655.00	14.56	1.28
Federal Home Loan Mortgage Corp												
3134GAFJ8	FREDDIE MAC 1%	1.000	12/14/2018		AA+	Aaa	1,000,000.00	999,650.00	5.86	995,020.00	5.88	0.46
3134GBN40	FREDDIE MAC 1.625%	1.625	06/29/2020		AA+	Aaa	1,200,000.00	1,198,560.00	7.03	1,176,804.00	6.95	1.95
Issuer total							2,200,000.00	2,198,210.00	12.89	2,171,824.00	12.83	1.27

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2018

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												
912828RT9	USA TREASURY 1.375%	1.375	11/30/2018		AA+	Aaa	500,000.00	501,855.47	2.94	498,515.50	2.95	0.42
912828TC4	USA TREASURY 1%	1.000	06/30/2019		AA+	Aaa	500,000.00	496,113.28	2.91	493,408.20	2.92	0.98
912828U73	USA TREASURY 1.375%	1.375	12/15/2019		AA+	Aaa	500,000.00	499,550.78	2.93	492,168.00	2.91	1.43
912828V31	USA TREASURY 1.375%	1.375	01/15/2020		AA+	Aaa	500,000.00	499,082.03	2.93	491,582.00	2.90	1.50
Issuer total							2,000,000.00	1,996,601.56	11.71	1,975,673.70	11.67	1.08
Cash and Cash Equivalents												
	INVESTED CASH	0.000					1,374,356.68	1,374,356.68	8.06	1,374,356.68	8.12	0.00
Issuer total							1,374,356.68	1,374,356.68	8.06	1,374,356.68	8.12	0.00
3M Co												
88579YAP6	3M COMPANY 1.375%	1.375	08/07/2018		AA-	A1	500,000.00	501,100.00	2.94	499,486.00	2.95	0.11
Issuer total							500,000.00	501,100.00	2.94	499,486.00	2.95	0.11
Berkshire Hathaway Inc												
084670BX5	BERKSHIRE HATHAWAY	1.150	08/15/2018		AA	Aa2	500,000.00	498,840.00	2.92	499,329.00	2.95	0.13
Issuer total							500,000.00	498,840.00	2.92	499,329.00	2.95	0.13
Apple Inc												
037833AQ3	APPLE INC 2.1%	2.100	05/06/2019		AA+	Aa1	500,000.00	504,675.00	2.96	498,469.50	2.95	0.84
Issuer total							500,000.00	504,675.00	2.96	498,469.50	2.95	0.84
Microsoft Corp												
594918BF0	MICROSOFT CORP 1.3%	1.300	11/03/2018		AAA	Aaa	500,000.00	497,685.00	2.92	498,148.00	2.94	0.34
Issuer total							500,000.00	497,685.00	2.92	498,148.00	2.94	0.34

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2018

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)
Colgate-Palmolive Co												
19416QEF3	COLGATE-PALMOLIVE CO	1.750	03/15/2019		AA-	Aa3	500,000.00	504,345.00	2.96	497,311.00	2.94	0.70
Issuer total							500,000.00	504,345.00	2.96	497,311.00	2.94	0.70
Wells Fargo Bank NA												
94988J5G8	WELLS FARGO BANK NA	2.150	12/06/2019		A+	Aa2	500,000.00	500,080.00	2.93	494,551.50	2.92	1.40
Issuer total							500,000.00	500,080.00	2.93	494,551.50	2.92	1.40
Grand total							17,074,356.68	17,056,310.12	100.00	16,924,512.38	100.00	0.86

SECURITIES PURCHASED

For the period June 1, 2018 - June 30, 2018

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Government Agencies							
3130A8DB6	06/22/2018	1.125	06/21/2019	500,000.00	98.80	(493,998.88)	(62.50)
FEDERAL HOME LOAN BANK 1.125% 21JUN2019	06/25/2018						
WELLS FARGO SECURITIES INTL LTD							
Total Government Agencies				500,000.00		(493,998.88)	(62.50)
Grand total				500,000.00		(493,998.88)	(62.50)

SECURITIES SOLD AND MATURED

For the period June 1, 2018 - June 30, 2018

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Corporate Bonds												
166764AE0 CHEVRON CORP 1.718% 24JUN2018 CALLABLE	06/25/2018	1.718		(500,000.00)	507,585.00	500,000.00	0.00	500,000.00	0.00	0.00	4,295.00	548.81
	06/25/2018					(149.09)		115.00				
Total (Corporate Bonds)				(500,000.00)	507,585.00	500,000.00 (149.09)		500,000.00 115.00	0.00	0.00	4,295.00	548.81
Grand total				(500,000.00)	507,585.00	500,000.00 (149.09)		500,000.00 115.00	0.00	0.00	4,295.00	548.81

TRANSACTION REPORT

For the period June 1, 2018 - June 30, 2018

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
06/06/2018 06/06/2018	94988J5G8	Income	Corporate Bonds	WELLS FARGO BANK NA 2.15%	12/06/2019	500,000.00	0.00	0.00	5,375.00	5,375.00
06/14/2018 06/14/2018	313376BR5	Income	Government Agencies	FEDERAL HOME LOAN BANK	12/14/2018	1,000,000.00	0.00	0.00	8,750.00	8,750.00
06/14/2018 06/14/2018	313379EE5	Income	Government Agencies	FEDERAL HOME LOAN BANK	06/14/2019	500,000.00	0.00	0.00	4,062.50	4,062.50
06/14/2018 06/14/2018	3134GAFJ8	Income	Government Agencies	FREDDIE MAC 1% 14DEC2018	12/14/2018	1,000,000.00	0.00	0.00	5,000.00	5,000.00
06/14/2018 06/14/2018	3135G0G72	Income	Government Agencies	FANNIE MAE 1.125%	12/14/2018	1,000,000.00	0.00	0.00	5,625.00	5,625.00
06/15/2018 06/15/2018	912828U73	Income	Government Bonds	USA TREASURY 1.375%	12/15/2019	500,000.00	0.00	0.00	3,437.50	3,437.50
06/22/2018 06/25/2018	3130A8DB6	Bought	Government Agencies	FEDERAL HOME LOAN BANK	06/21/2019	500,000.00	0.00	(493,998.88)	(62.50)	(494,061.38)
06/24/2018 06/24/2018	166764AE0	Income	Corporate Bonds	CHEVRON CORP 1.718%	06/24/2018	500,000.00	0.00	0.00	4,295.00	4,295.00
06/25/2018 06/25/2018	166764AE0	Capital Change	Corporate Bonds	CHEVRON CORP 1.718%	06/24/2018	(500,000.00)	0.00	500,000.00	0.00	500,000.00
06/29/2018 06/29/2018	3134GBN40	Income	Government Agencies	FREDDIE MAC 1.625%	06/29/2020	1,200,000.00	0.00	0.00	9,750.00	9,750.00
06/30/2018		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	2,413.53	2,413.53

ADDITIONAL INFORMATION

As of June 30, 2018

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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For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

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, 2018

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