



Item No. 14 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 18, 2019

**SUBJECT: ACCEPTANCE OF TREASURER’S REPORT FOR THE FOURTH
QUARTER ENDED JUNE 30, 2019**

RECOMMENDATION

Accept the Treasurer’s Report for the Fourth Quarter Ended June 30, 2019.

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 2018/19 as of June 30, 2019 is attached. The total cash and investments for the Town is \$44,920,451. Of the total amount, \$30,520,881 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, 2019. The total amount in the PARS account is \$6,842,386. 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 embarks on the Civic Center project, 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, 2019 holds \$22,131,992.

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, 2019. The City Council did not hold a Council meeting in August.

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, 2019

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
June 30, 2019**

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	7,252,459	7,252,459	7,252,459	16.1%
LAIF Statement	22,131,992	22,145,153	22,131,992	49.3%
Investments (Schedule B)	15,615,000	15,605,607	15,536,000	34.6%
Total Cash and Investments	44,999,451	45,003,218	44,920,451	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

6/30/2019

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
June 30, 2019**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	5,490,919
Wells Fargo	Wells Fargo Trust MMF-Cash	1,761,540
Total		<u>7,252,459</u>

**Town of Atherton
Treasurer's Report Schedule B
Portfolio Details - Investments
June 30, 2019**

Schedule B

See next pages Cutwater Report

**Town of Atherton
Quarterly Treasurer's Report
Cash & Investments Balance By Fund
June 30, 2019**

Fund No.	Fund Name	June Balance
101	General Fund	26,798,644
105	Tennis Fund	193,938
610	Equipment Replacement Fund	713,919
614	Worker's Compensation	1,026,110
615	General Liability	371,485
616	Employee Benefits	1,416,785
	Total Non-Restricted	<u>30,520,881</u>
201	Special Tax Fund	2,054,244
202	County Measure A Fund	861,302
203	Gas Tax Fund	68,029
204	Measure M	311,156
209	SLES/COPS Grant	-
210	Road Constructions Impact Fee	-
213	Library Fund	3,797,854
215	Evans Creative Design (formerly fund 715)	7,351
221	Refuse Rate and Stabilization	1,718,094
401	GF Projects	5,034,750
402	Storm Drainage	30,829
403	Atherton Channel Drainage District	412,949
406	Facilities Construction	70,915
730	H-P Park Improvement	6,253
740	Tree Committee	25,844
	Total Restricted	<u>14,399,570</u>
	Total Cash & Investments	<u><u>44,920,451</u></u>

**Town of Atherton
Quarterly Treasurer's Report
Local Agency Investment Fund Summary (LAIF)
June 30, 2019**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2019	22,131,992		-	-		22,131,992	6/30/2019

**Town of Atherton
Quarterly Treasurer's Report
PARS Trust Account Summary
June 30, 2019**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2019	6,416,284	231,642	231,008	(3,057)	(33,491)	6,842,386	6/30/2019 (*)

* Recent available PARS report

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TOWN OF ATHERTON

Schedule B Treasurer's Report

June 2019

Part of  BNY MELLON

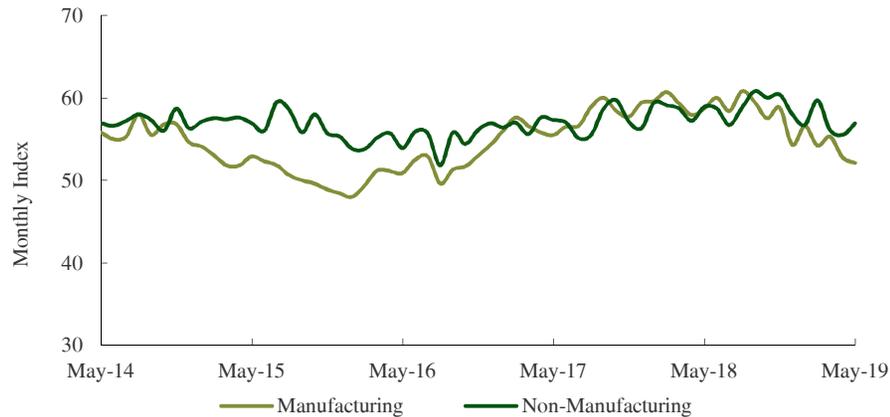


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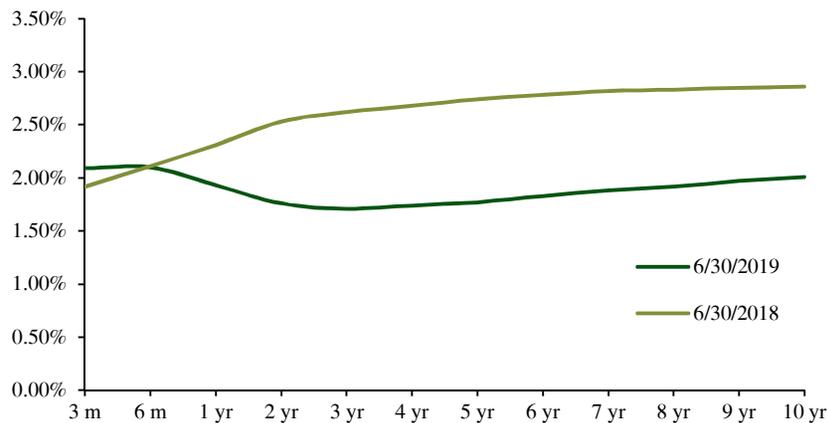
As of June 30, 2019

Chart 1: ISM Manufacturing & Non-Manufacturing Indices: 5/31/2014-5/31/2019



Source: Bloomberg Finance LP, June 30, 2019.

Chart 2: Treasury yield curve: 6/30/2018 and 6/30/2019



Source: Bloomberg Finance LP, June 30, 2019.

Economic Indicators and Monetary Policy

Interest rates decreased across the yield curve in June fueled by softening in some economic indicators, trade tensions, and comments by the Federal Reserve. The Institute for Supply Management (ISM) Manufacturing Index was released on June 3 and reached a 31-month low of 52.1 in May versus 52.8 in April. On June 5, the ISM Non-manufacturing Index for May surprised to the upside, increasing to 56.9 compared to an April reading of 55.5. (See Chart 1)

The employment report released on June 7 showed that non-farm payrolls increased by 75,000 in May compared to expectation for 175,000 new jobs and the prior month gains were revised lower to 224,000 from 263,000. The unemployment rate was unchanged from April at 3.6% while the underemployment rate, which includes marginally attached workers, decreased to 7.1% in May from 7.3% in April. Average hourly earnings increased 0.2% in May for annual growth of 3.1% compared to 3.2% in April.

On June 19, the Federal Open Market Committee (FOMC) voted to maintain the target range for the federal funds rate at 2.25% to 2.50%. The FOMC statement and comments by Chair Powell were more dovish than expected. The statement removed reference to a “patient” approach to policy, and Chair Powell noted that the FOMC would “act as appropriate to sustain the expansion”. The committee’s ‘dot plot’ continued to project a median expectation for no policy rate cuts this year, but seven members (up from zero last quarter) now expect two rate cuts this year. The FOMC reduced its near-term inflation forecasts and also hinted at uncertainties relating to the evolution of trade tensions.

At the end of June, President Trump prepared to travel to the two-day G20 summit in Osaka, where a meeting is expected between Presidents Trump and Xi. While tariffs are likely to be the main topic of discussion, reports indicate that President Trump will look to address intellectual property theft and industrial subsidies as well.

Interest Rate Summary

At the end of June, the 3-month US Treasury bill yielded 2.09%, the 6-month US Treasury bill yielded 2.10%, the 2-year US Treasury note yielded 1.76%, the 5-year US Treasury note yielded 1.77% and the 10-year US Treasury note yielded 2.01%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2019 - June 30, 2019

<u>Amortized Cost Basis Activity Summary</u>		
Opening balance		17,305,875.52
Income received	33,888.66	
Total receipts		33,888.66
Total disbursements		0.00
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(138.81)
Total OID/MKT accretion income		6,876.45
Return of capital		0.00
Closing balance		17,346,501.82
Ending fair value		17,367,146.71
Unrealized gain (loss)		20,644.89

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	163.66	0.00	0.00	163.66
Corporate Bonds	1,862.86	103.62	0.00	1,966.48
Government Agencies	15,871.29	5,933.73	0.00	21,805.02
Government Bonds	2,118.93	700.29	0.00	2,819.22
Total	20,016.74	6,737.64	0.00	26,754.38

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.24	1.19	0.19
Overnight Repo	2.33	1.22	0.20
Merrill Lynch 3m US Treas Bill	2.25	1.16	0.17
Merrill Lynch 6m US Treas Bill	2.33	1.16	0.16
ML 1 Year US Treasury Note	2.49	1.19	0.16
ML 2 Year US Treasury Note	2.53	1.14	0.15
ML 5 Year US Treasury Note	2.57	1.14	0.15

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	20,016.74
Accretion (amortization)	6,737.64
Realized gain (loss) on sales	0.00
Total income on portfolio	26,754.38
Average daily amortized cost	17,333,640.67
Period return (%)	0.15
YTD return (%)	1.00
Weighted average final maturity in days	216

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2019 - June 30, 2019

<u>Fair Value Basis Activity Summary</u>		
Opening balance		17,304,740.22
Income received	33,888.66	
Total receipts		33,888.66
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		28,517.83
Ending fair value		17,367,146.71

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	163.66	0.00	163.66
Corporate Bonds	1,862.86	2,504.35	4,367.21
Government Agencies	15,871.29	22,957.78	38,829.07
Government Bonds	2,118.93	3,055.70	5,174.63
Total	20,016.74	28,517.83	48,534.57

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.24	1.19	0.19
Overnight Repo	2.33	1.22	0.20
ICE ML 3m US Treas Bill	2.31	1.24	0.22
ICE ML 6m US Treas Bill	2.51	1.38	0.27
ICE ML 1 Year US Treasury Note	2.98	1.76	0.40
ICE ML US Treasury 1-3	3.96	2.44	0.52
ICE ML US Treasury 1-5	4.89	3.06	0.65

* rates reflected are cumulative

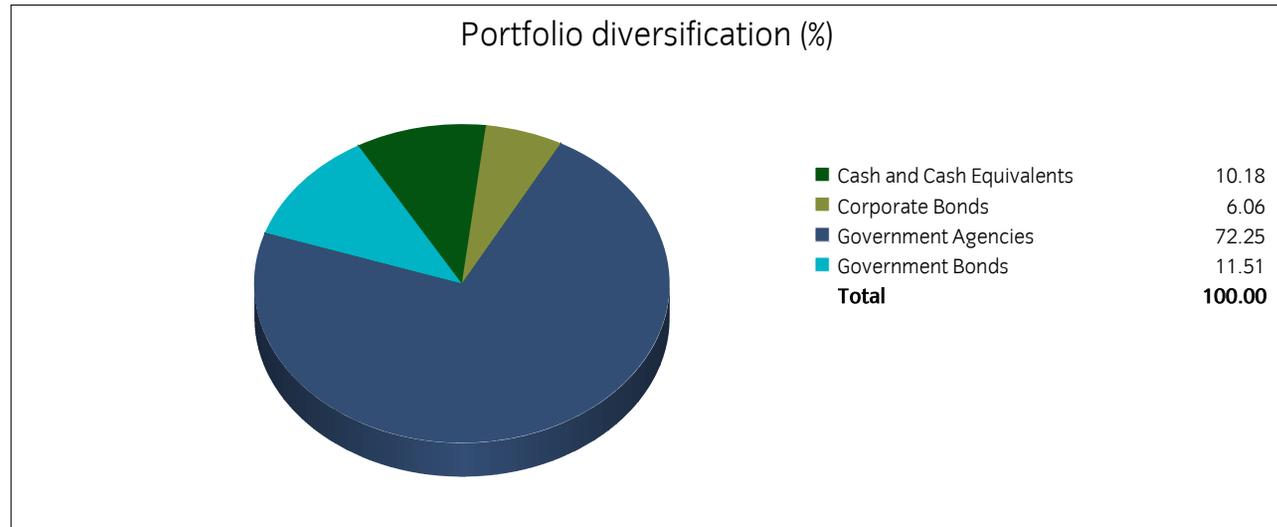
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	20,016.74
Change in fair value	28,517.83
Total income on portfolio	48,534.57
Average daily total value *	17,411,803.77
Period return (%)	0.28
YTD return (%)	1.61
Weighted average final maturity in days	216

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of June 30, 2019

	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	1,761,539.88	1,761,539.88	1,761,539.88	0.00	1	10.18	0.00
Corporate Bonds	1,047,792.00	1,047,918.21	1,051,494.60	3,576.39	394	6.06	1.02
Government Agencies	12,497,581.35	12,537,847.81	12,557,971.23	20,123.42	250	72.25	0.67
Government Bonds	1,990,626.67	1,999,195.92	1,996,141.00	(3,054.92)	102	11.51	0.28
Total	17,297,539.90	17,346,501.82	17,367,146.71	20,644.89	216	100.00	0.57

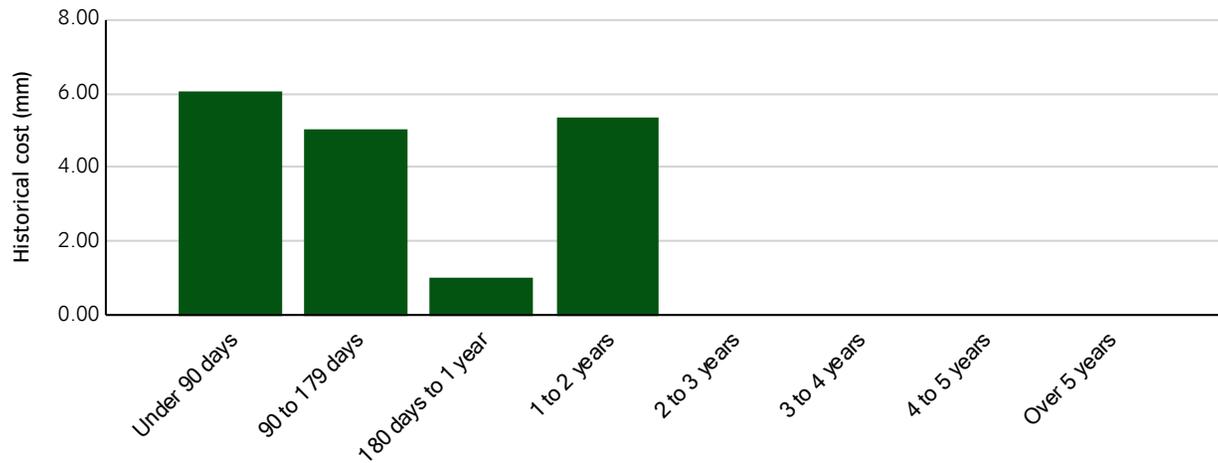


MATURITY DISTRIBUTION OF SECURITIES HELD

As of June 30, 2019

Maturity	Historic cost	Percent
Under 90 days	6,030,097.89	34.86
90 to 179 days	4,972,311.78	28.75
180 days to 1 year	998,796.53	5.77
1 to 2 years	5,296,333.70	30.62
2 to 3 years	0.00	0.00
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	17,297,539.90	100.00

Maturity distribution



SECURITIES HELD

As of June 30, 2019

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		1,761,539.88	1,761,539.88 0.00	1,761,539.88 0.00	1,761,539.88 0.00	0.00	0.00	0.00	0.00	10.18
Total Cash and Cash Equivalents			1,761,539.88	1,761,539.88 0.00	1,761,539.88 0.00	1,761,539.88 0.00	0.00	0.00	0.00	0.00	10.18
Corporate Bonds											
94988J5G8 WELLS FARGO BANK NA 2.15% 06DEC2019	2.150	12/06/2019	500,000.00	500,080.00 0.00	500,012.01 (2.31)	499,530.00 405.00	(482.01)	5,375.00	865.98	716.67	2.89
037833BS8 APPLE INC 2.25% 23FEB2021 (CALLABLE 23JAN21)	2.250	02/23/2021 01/23/2021	550,000.00	547,712.00 0.00	547,906.20 105.93	551,964.60 2,099.35	4,058.40	0.00	996.88	4,365.63	3.17
Total Corporate Bonds			1,050,000.00	1,047,792.00 0.00	1,047,918.21 103.62	1,051,494.60 2,504.35	3,576.39	5,375.00	1,862.86	5,082.30	6.06
Government Agencies											
3133EHPW7 FEDERAL FARM CREDIT BANK 1.42% 03JUL2019 CALLABLE	1.420	07/03/2019	500,000.00	499,471.00 0.00	499,997.74 22.57	499,978.50 353.50	(19.24)	0.00	571.94	3,490.83	2.89
3137EAEB1 FREDDIE MAC 0.875% 19JUL2019	0.875	07/19/2019	500,000.00	494,565.00 0.00	499,552.97 705.85	499,595.50 597.00	42.53	0.00	352.43	1,956.60	2.86
3130ABZX7 FEDERAL HOME LOAN BANK 1.41% 07AUG2019	1.410	08/07/2019	500,000.00	499,805.00 0.00	499,989.98 8.13	499,580.00 480.00	(409.98)	0.00	567.92	2,800.42	2.89
3137EAEH8 FREDDIE MAC 1.375% 15AUG2019	1.375	08/15/2019	1,295,000.00	1,284,083.15 0.00	1,292,970.01 1,353.33	1,293,619.53 1,402.48	649.52	0.00	1,434.39	6,677.34	7.42
3135G0P49 FANNIE MAE 1% 28AUG2019	1.000	08/28/2019	500,000.00	498,640.00 0.00	499,922.82 39.92	499,051.00 723.00	(871.82)	0.00	402.77	1,694.44	2.88

SECURITIES HELD

As of June 30, 2019

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											
3133EG2D6 FEDERAL FARM CREDIT BANK 1.55% 27SEP2019	1.550	09/27/2019	500,000.00	501,520.00 0.00	500,136.33 (47.01)	499,485.00 600.00	(651.33)	0.00	624.30	2,002.08	2.90
3133EGYP4 FEDERAL FARM CREDIT BANK 1.05% 17OCT2019	1.050	10/17/2019	1,000,000.00	997,741.00 0.00	999,774.31 63.28	997,270.00 1,710.00	(2,504.31)	0.00	845.84	2,129.17	5.77
3130ABTD8 FEDERAL HOME LOAN BANK 1.45% 18OCT2019 #0000	1.450	10/18/2019	500,000.00	499,760.00 0.00	499,967.96 8.90	498,855.00 655.00	(1,112.96)	0.00	584.03	1,450.00	2.89
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	1,500,000.00	1,478,355.00 0.00	1,492,065.82 2,087.94	1,494,463.50 2,641.50	2,397.68	0.00	1,208.33	2,750.00	8.55
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019	1.125	11/29/2019	500,000.00	495,305.00 0.00	499,352.26 134.76	497,805.00 895.00	(1,547.26)	0.00	453.13	484.38	2.86
3133EHET6 FEDERAL FARM CREDIT BANK 1.58% 03MAR2020	1.580	03/03/2020	500,000.00	499,714.50 0.00	499,931.51 8.45	498,630.00 965.00	(1,301.51)	0.00	636.39	2,567.50	2.89
3134GBN40 FREDDIE MAC 1.625% 29JUN2020 CALLABLE #0001	1.625	06/29/2020	1,200,000.00	1,198,560.00 0.00	1,199,478.87 43.55	1,196,604.00 4,176.00	(2,874.87)	0.00	1,570.84	9,804.17	6.93
3136G3U86 FANNIE MAE 1.3% 25AUG2020 CALLABLE	1.300	08/25/2020	500,000.00	490,420.00 0.00	492,913.19 512.30	496,285.00 1,060.00	3,371.81	0.00	523.61	2,256.94	2.84
3137EAEJ4 FREDDIE MAC 1.625% 29SEP2020	1.625	09/29/2020	400,000.00	394,404.00 0.00	395,622.64 292.47	398,640.00 933.60	3,017.36	0.00	523.62	1,643.06	2.28
3130AEWA4 FEDERAL HOME LOAN BANK 2.625% 01OCT2020	2.625	10/01/2020	500,000.00	500,495.00 0.00	500,373.94 (24.88)	504,286.50 653.50	3,912.56	0.00	1,057.29	3,244.79	2.89

SECURITIES HELD

As of June 30, 2019

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											
3137EAEK1 FREDDIE MAC 1.875% 17NOV2020	1.875	11/17/2020	700,000.00	693,147.70 0.00	694,361.60 340.35	699,779.50 1,439.20	5,417.90	0.00	1,057.29	1,567.71	4.01
3133EJD2 FEDERAL FARM CREDIT BANK 2.54% 05APR2021	2.540	04/05/2021	800,000.00	800,831.20 0.00	800,711.34 (33.60)	809,112.00 1,976.00	8,400.66	0.00	1,636.89	4,797.78	4.63
3130A1W95 FEDERAL HOME LOAN BANK 2.25% 11JUN2021 #0000	2.250	06/11/2021	670,000.00	670,763.80 0.00	670,724.52 (31.01)	674,931.20 1,239.50	4,206.68	7,537.50	1,214.38	795.63	3.88
Total Government Agencies			12,565,000.00	12,497,581.35 0.00	12,537,847.81 5,485.30	12,557,971.23 22,500.28	20,123.42	7,537.50	15,265.39	52,112.84	72.25
Government Bonds											
912828TC4 USA TREASURY 1% 30JUN2019	1.000	06/30/2019	500,000.00	496,113.28 0.00	500,000.00 149.11	500,000.00 528.70	0.00	0.00	414.36	2,500.00	2.87
912828K5 USA TREASURY 1.375% 31JUL2019	1.375	07/31/2019	500,000.00	495,880.58 0.00	499,476.63 506.48	499,637.00 496.00	160.37	0.00	569.75	2,848.76	2.87
912828U73 USA TREASURY 1.375% 15DEC2019	1.375	12/15/2019	500,000.00	499,550.78 0.00	499,914.04 15.34	498,418.00 1,015.50	(1,496.04)	3,437.50	565.07	281.76	2.89
912828V31 USA TREASURY 1.375% 15JAN2020	1.375	01/15/2020	500,000.00	499,082.03 0.00	499,805.25 29.36	498,086.00 1,015.50	(1,719.25)	0.00	569.75	3,152.62	2.89
Total Government Bonds			2,000,000.00	1,990,626.67 0.00	1,999,195.92 700.29	1,996,141.00 3,055.70	(3,054.92)	3,437.50	2,118.93	8,783.14	11.51
Grand total			17,376,539.88	17,297,539.90 0.00	17,346,501.82 6,289.21	17,367,146.71 28,060.33	20,644.89	16,350.00	19,247.18	65,978.28	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2019

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 Mortgage Corp												
3137EAE81	FREDDIE MAC 0.875%	0.875	07/19/2019		AA+	Aaa	500,000.00	494,565.00	2.86	499,595.50	2.88	0.06
3137EAEH8	FREDDIE MAC 1.375%	1.375	08/15/2019		AA+	Aaa	1,295,000.00	1,284,083.15	7.42	1,293,619.53	7.45	0.13
3134GBN40	FREDDIE MAC 1.625%	1.625	06/29/2020		AA+	Aaa	1,200,000.00	1,198,560.00	6.93	1,196,604.00	6.89	0.98
3137EAEJ4	FREDDIE MAC 1.625%	1.625	09/29/2020		AA+	Aaa	400,000.00	394,404.00	2.28	398,640.00	2.30	1.22
3137EAEK1	FREDDIE MAC 1.875%	1.875	11/17/2020		AA+	Aaa	700,000.00	693,147.70	4.01	699,779.50	4.03	1.35
Issuer total							4,095,000.00	4,064,759.85	23.50	4,088,238.53	23.54	0.69
Federal Farm Credit Banks												
3133EHPW7	FEDERAL FARM CREDIT	1.420	07/03/2019		AA+	Aaa	500,000.00	499,471.00	2.89	499,978.50	2.88	0.01
3133EG2D6	FEDERAL FARM CREDIT	1.550	09/27/2019		AA+	Aaa	500,000.00	501,520.00	2.90	499,485.00	2.88	0.25
3133EGYP4	FEDERAL FARM CREDIT	1.050	10/17/2019		AA+	Aaa	1,000,000.00	997,741.00	5.77	997,270.00	5.74	0.30
3133EHET6	FEDERAL FARM CREDIT	1.580	03/03/2020		AA+	Aaa	500,000.00	499,714.50	2.89	498,630.00	2.87	0.67
3133EJJD2	FEDERAL FARM CREDIT	2.540	04/05/2021		AA+	Aaa	800,000.00	800,831.20	4.63	809,112.00	4.66	1.71
Issuer total							3,300,000.00	3,299,277.70	19.07	3,304,475.50	19.03	0.65
Federal Home Loan Banks												
3130ABZX7	FEDERAL HOME LOAN	1.410	08/07/2019		AA+	Aaa	500,000.00	499,805.00	2.89	499,580.00	2.88	0.11
3130ABTD8	FEDERAL HOME LOAN	1.450	10/18/2019		AA+	Aaa	500,000.00	499,760.00	2.89	498,855.00	2.87	0.30
3130AA2H0	FEDERAL HOME LOAN	1.125	11/29/2019		AA+	Aaa	500,000.00	495,305.00	2.86	497,805.00	2.87	0.42
3130AEWA4	FEDERAL HOME LOAN	2.625	10/01/2020		AA+	Aaa	500,000.00	500,495.00	2.89	504,286.50	2.90	1.22
3130A1W95	FEDERAL HOME LOAN	2.250	06/11/2021		AA+	Aaa	670,000.00	670,763.80	3.88	674,931.20	3.89	1.89
Issuer total							2,670,000.00	2,666,128.80	15.41	2,675,457.70	15.41	0.86
Federal National Mortgage Association												
3135G0P49	FANNIE MAE 1%	1.000	08/28/2019		AA+	Aaa	500,000.00	498,640.00	2.88	499,051.00	2.87	0.17
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	1,500,000.00	1,478,355.00	8.55	1,494,463.50	8.61	0.32

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

TOWN OF ATHERTON

As of June 30, 2019

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												
3136G3U86	FANNIE MAE 1.3%	1.300	08/25/2020		AA+	Aaa	500,000.00	490,420.00	2.84	496,285.00	2.86	1.14
Issuer total							2,500,000.00	2,467,415.00	14.26	2,489,799.50	14.34	0.45
United States Treasury Note/Bond												
912828TC4	USA TREASURY 1%	1.000	06/30/2019		AA+	Aaa	500,000.00	496,113.28	2.87	500,000.00	2.88	0.01
912828K5	USA TREASURY 1.375%	1.375	07/31/2019		AA+	Aaa	500,000.00	495,880.58	2.87	499,637.00	2.88	0.09
912828U73	USA TREASURY 1.375%	1.375	12/15/2019		AA+	Aaa	500,000.00	499,550.78	2.89	498,418.00	2.87	0.46
912828V31	USA TREASURY 1.375%	1.375	01/15/2020		AA+	Aaa	500,000.00	499,082.03	2.89	498,086.00	2.87	0.54
Issuer total							2,000,000.00	1,990,626.67	11.51	1,996,141.00	11.49	0.28
Cash and Cash Equivalents												
	INVESTED CASH	0.000					1,761,539.88	1,761,539.88	0.00	1,761,539.88	10.14	0.00
Issuer total							1,761,539.88	1,761,539.88	0.00	1,761,539.88	10.14	0.00
Apple Inc												
037833B58	APPLE INC 2.25%	2.250	02/23/2021	01/23/2021	AA+	Aa1	550,000.00	547,712.00	3.17	551,964.60	3.18	1.54
Issuer total							550,000.00	547,712.00	3.17	551,964.60	3.18	1.54
Wells Fargo Bank NA												
94988J5G8	WELLS FARGO BANK NA	2.150	12/06/2019		A+	Aa2	500,000.00	500,080.00	2.89	499,530.00	2.88	0.44
Issuer total							500,000.00	500,080.00	2.89	499,530.00	2.88	0.44
Grand total							17,376,539.88	17,297,539.90	100.00	17,367,146.71	100.00	0.57

SECURITIES SOLD AND MATURED

For the period June 1, 2019 - June 30, 2019

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												
594918AC8 MICROSOFT CORP 4.2% DUE 06-01-2019	06/03/2019 06/03/2019	4.200		(500,000.00)	504,310.00	500,000.00 0.00	0.00	500,000.00 0.00	0.00	0.00	10,500.00	0.00
Total (Corporate Bonds)				(500,000.00)	504,310.00	500,000.00 0.00		500,000.00 0.00	0.00	0.00	10,500.00	0.00
Government Agencies												
313379EE5 FEDERAL HOME LN BKS CONS BD 1.625 DUE 06-14-2019	06/14/2019 06/14/2019	1.625		(500,000.00)	496,740.00	500,000.00 98.36	0.00	500,000.00 111.00	0.00	0.00	4,062.50	293.40
3130A8DB6 FHLB FEDERAL HOME LOAN BANK 1.125% DUE 06-21-2019 REG 1.125 06-21-2019	06/21/2019 06/21/2019	1.125		(500,000.00)	493,998.88	500,000.00 350.07	0.00	500,000.00 346.50	0.00	0.00	2,812.50	312.50
Total (Government Agencies)				(1,000,000.00)	990,738.88	1,000,000.00 448.43		1,000,000.00 457.50	0.00	0.00	6,875.00	605.90
Grand total				(1,500,000.00)	1,495,048.88	1,500,000.00 448.43		1,500,000.00 457.50	0.00	0.00	17,375.00	605.90

TRANSACTION REPORT

For the period June 1, 2019 - June 30, 2019

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
06/01/2019 06/01/2019	594918AC8	Income	Corporate Bonds	MICROSOFT CORP 4.2% DUE	06/01/2019	500,000.00	0.00	0.00	10,500.00	10,500.00
06/03/2019 06/03/2019	594918AC8	Capital Change	Corporate Bonds	MICROSOFT CORP 4.2% DUE	06/01/2019	(500,000.00)	0.00	500,000.00	0.00	500,000.00
06/06/2019 06/06/2019	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
06/11/2019 06/11/2019	3130A1W95	Income	Government Agencies	FEDERAL HOME LOAN BANK	06/11/2021	670,000.00	0.00	0.00	7,537.50	7,537.50
06/14/2019 06/14/2019	313379EE5	Income	Government Agencies	FEDERAL HOME LN BKS CONS	06/14/2019	500,000.00	0.00	0.00	4,062.50	4,062.50
06/14/2019 06/14/2019	313379EE5	Capital Change	Government Agencies	FEDERAL HOME LN BKS CONS	06/14/2019	(500,000.00)	0.00	500,000.00	0.00	500,000.00
06/15/2019 06/15/2019	912828U73	Income	Government Bonds	USA TREASURY 1.375%	12/15/2019	500,000.00	0.00	0.00	3,437.50	3,437.50
06/21/2019 06/21/2019	3130A8DB6	Income	Government Agencies	FHLB FEDERAL HOME LOAN	06/21/2019	500,000.00	0.00	0.00	2,812.50	2,812.50
06/21/2019 06/21/2019	3130A8DB6	Capital Change	Government Agencies	FHLB FEDERAL HOME LOAN	06/21/2019	(500,000.00)	0.00	500,000.00	0.00	500,000.00
06/30/2019		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	163.66	163.66

ADDITIONAL INFORMATION

As of June 30, 2019

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. INA charges 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 INA, 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. INA's investment advisory fees are discussed in Part 2A of its 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 strategies 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, 2019

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