



Item No. 11 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: DECEMBER 18, 2019

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

RECOMMENDATION

Accept the Treasurer’s Report for the First Quarter Ended September 30, 2019.

BACKGROUND

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

The First Quarter Treasurer’s report for FY 2019/20 as of September 30, 2019 is attached. The total cash and investments for the Town is \$40,779,060. Of the total amount, \$28,661,825 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 September 30, 2019. The total amount in the PARS account is \$6,922,601. 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 construction phase of 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 September 30, 2019 holds \$20,648,415.

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 September 30, 2019. With interim audit and civic center cash flow planning, staff was unable to provide report at the November meeting.

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

1. Treasurer's Report for First Quarter Ended September 30, 2019

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

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	4,612,083	4,612,083	4,612,083	11.3%
LAIF Statement	20,648,415	20,660,693	20,648,415	50.6%
Investments (Schedule B)	15,550,000	15,590,514	15,518,562	38.1%
Total Cash and Investments	40,810,498	40,863,290	40,779,060	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

9/30/2019

Date

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

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	2,750,021
Wells Fargo	Wells Fargo Trust MMF-Cash	1,862,062
Total		<u>4,612,083</u>

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

Schedule B

See next pages Cutwater Report

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

Fund No.	Fund Name	June Balance
101	General Fund	24,577,792
105	Tennis Fund	203,914
610	Equipment Replacement Fund	709,984
614	Worker's Compensation	1,101,940
615	General Liability	528,914
616	Employee Benefits	1,539,282
	Total Non-Restricted	<u>28,661,825</u>
201	Special Tax Fund	1,708,743
202	County Measure A Fund	682,511
203	Gas Tax Fund	81,638
204	Measure M	233,662
209	SLES/COPS Grant	65,391
210	Road Constructions Impact Fee	-
213	Library Fund	2,719,416
215	Evans Creative Design (formerly fund 715)	7,475
221	Refuse Rate and Stabilization	1,944,047
401	GF Projects	3,269,730
402	Storm Drainage	31,347
403	Atherton Channel Drainage District	386,731
406	Facilities Construction	953,906
730	H-P Park Improvement	6,358
740	Tree Committee	26,278
	Total Restricted	<u>12,117,235</u>
	Total Cash & Investments	<u><u>40,779,060</u></u>

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

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
9/1/2019	20,648,415		-	-		20,648,415	9/30/2019

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

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
9/1/2019	6,870,756	32,993	55,035	(3,190)	(32,993)	6,922,601	9/30/2019 (*)

* Recent available PARS report

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NOT TO BE REPRODUCED WITHOUT PRIOR WRITTEN APPROVAL
PLEASE REFER TO ALL RISK DISCLOSURES AT THE BACK OF THIS DOCUMENT

TOWN OF ATHERTON

Schedule B Treasurer's Report

September 2019

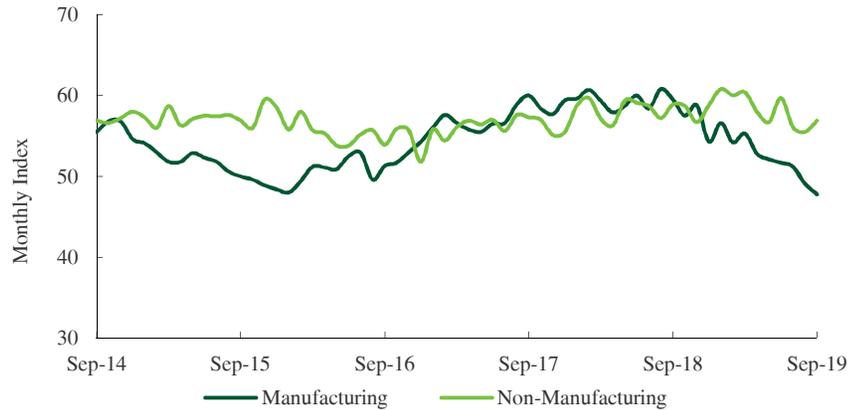


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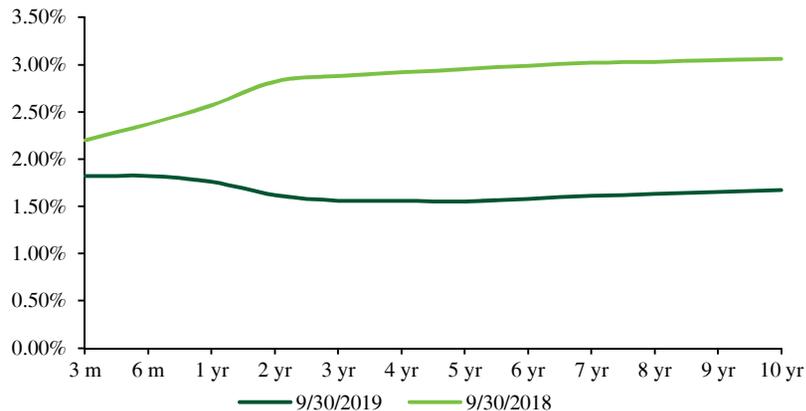
As of September 30, 2019

Chart 1: ISM Manufacturing & Non-Manufacturing Indices 9/30/2014-9/30/2019



Source: Bloomberg Finance LP, September 30, 2019.

Chart 2: Treasury yield curve: 9/30/2018 and 9/30/2019



Source: Bloomberg Finance LP, September 30, 2019.

Economic Indicators and Monetary Policy

The Institute for Supply Management (ISM) Manufacturing and Non-Manufacturing Indices diverged in August. The Non-Manufacturing Index increased to a three-month high of 56.4 from 53.7 in July with broad-based improvement and the business activity subcomponent surged to 61.5 from the July reading of 53.1. Meanwhile, the Manufacturing Index fell in August to 49.1 which was below market expectations and the lowest reading since 2016. The new orders subcomponent fell to more than a 7-year low of 47.2 and the production measure fell to 49.5, the weakest since 2015. For the ISM Indices, readings below 50 indicate a contracting environment. (See Chart 1.)

The employment report showed that 130,000 jobs were added in August, below the forecast for 160,000 new jobs, and July growth was revised to 159,000 jobs added from 164,000 originally reported. The unemployment rate was unchanged at 3.7% for the last three months, just off the historic low of 3.6% witnessed in April and May. The underemployment rate, which is the broadest measure of unemployment and includes marginally attached workers, increased to 7.2% in August from 7% in July. Average hourly earnings increased 0.4% in August for annual growth of 3.2%. Average hourly earnings have been at least 3% since August 2018.

On September 18, the Federal Open Market Committee (FOMC) eased monetary policy further by lowering the fed funds target rate by 25bp to a range of 1.75%-2%. However, its Summary of Economic Projections presented the cut in a somewhat hawkish light. While seven participants argued for another rate cut before the end of the year, five indicated that the September cut was not warranted. The next meeting of the FOMC is on October 30.

Interest Rate Summary

At the end of September, the 3-month US Treasury bill yielded 1.82%, the 6-month US Treasury bill yielded 1.82%, the 2-year US Treasury note yielded 1.62%, the 5-year US Treasury note yielded 1.55% and the 10-year US Treasury note yielded 1.67%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

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

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	17,383,741.49
Income received	20,500.08
Total receipts	20,500.08
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	0.00
Total amortization expense	(2,066.24)
Total OID/MKT accretion income	4,149.09
Return of capital	0.00
Closing balance	17,406,324.42
Ending fair value	17,445,110.57
Unrealized gain (loss)	38,786.15

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	1,320.08	0.00	0.00	1,320.08
Corporate Bonds	10,244.57	(1,651.76)	0.00	8,592.81
Government Agencies	12,979.00	3,689.91	0.00	16,668.91
Government Bonds	1,123.98	44.70	0.00	1,168.68
Total	25,667.63	2,082.85	0.00	27,750.48

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.31	1.15	0.17
Overnight Repo	2.40	1.18	0.17
Merrill Lynch 3m US Treas Bill	2.23	1.06	0.15
Merrill Lynch 6m US Treas Bill	2.25	1.03	0.15
ML 1 Year US Treasury Note	2.33	1.03	0.15
ML 2 Year US Treasury Note	2.28	0.96	0.13
ML 5 Year US Treasury Note	2.28	0.94	0.13

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	25,667.63
Accretion (amortization)	2,082.85
Realized gain (loss) on sales	0.00
Total income on portfolio	27,750.48
Average daily amortized cost	17,397,731.66
Period return (%)	0.16
YTD return (%)	1.51
Weighted average final maturity in days	256

ACTIVITY AND PERFORMANCE SUMMARY

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

<u>Fair Value Basis Activity Summary</u>		
Opening balance		17,430,824.10
Income received	20,500.08	
Total receipts		20,500.08
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		(6,213.61)
Ending fair value		17,445,110.57

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	1,320.08	0.00	1,320.08
Corporate Bonds	10,244.57	(2,915.25)	7,329.32
Government Agencies	12,979.00	(3,786.64)	9,192.36
Government Bonds	1,123.98	488.28	1,612.26
Total	25,667.63	(6,213.61)	19,454.02

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.31	1.15	0.17
Overnight Repo	2.40	1.18	0.17
ICE BofAML 3 Months US T-BILL	2.39	1.20	0.17
ICE ML 6m US Treas Bill	2.64	1.36	0.17
ICE ML 1 Year US Treasury Note	3.13	1.50	0.11
ICE ML US Treasury 1-3	4.36	2.02	(0.11)
ICE ML US Treasury 1-5	5.62	2.59	(0.24)

* rates reflected are cumulative

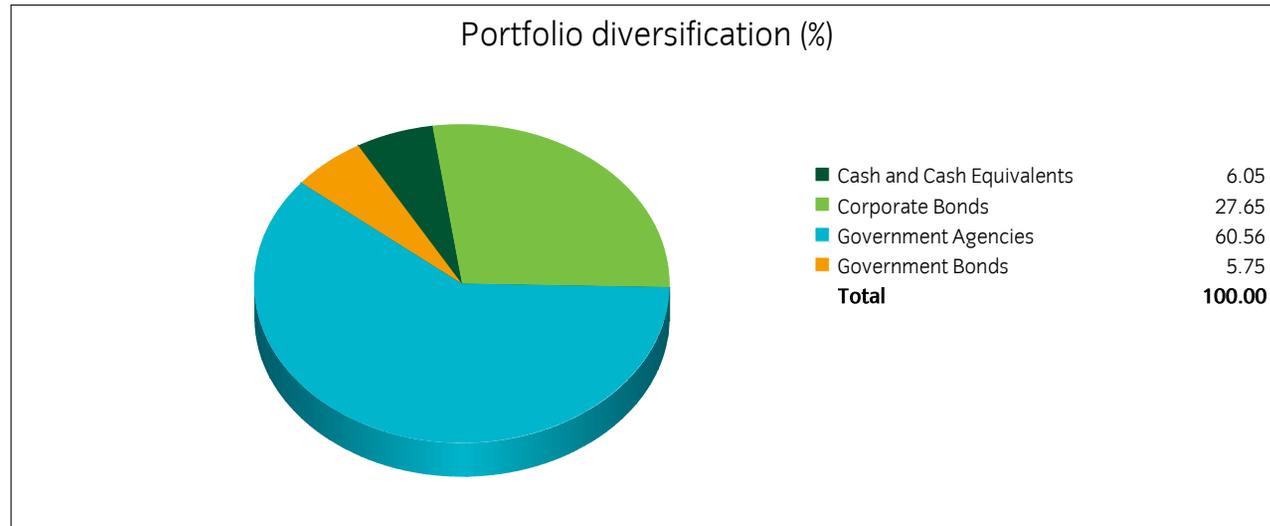
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	25,667.63
Change in fair value	(6,213.61)
Total income on portfolio	19,454.02
Average daily total value *	17,523,286.39
Period return (%)	0.11
YTD return (%)	2.23
Weighted average final maturity in days	256

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of September 30, 2019

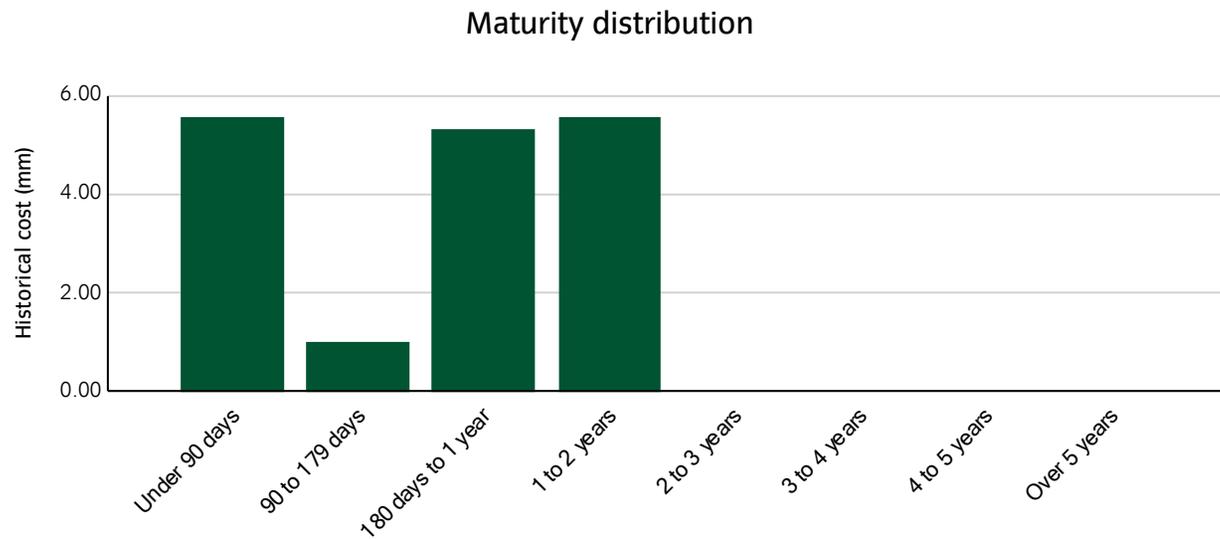
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	1,050,703.12	1,050,703.12	1,050,703.12	0.00	1	6.05	0.00
Corporate Bonds	4,803,058.55	4,798,306.44	4,811,948.17	13,641.73	380	27.65	0.98
Government Agencies	10,521,054.56	10,557,458.46	10,583,748.34	26,289.88	240	60.56	0.65
Government Bonds	998,632.81	999,856.40	998,710.94	(1,145.46)	91	5.75	0.25
Total	17,373,449.04	17,406,324.42	17,445,110.57	38,786.15	256	100.00	0.68



MATURITY DISTRIBUTION OF SECURITIES HELD

As of September 30, 2019

Maturity	Historic cost	Percent
Under 90 days	5,521,494.90	31.78
90 to 179 days	998,796.53	5.75
180 days to 1 year	5,305,423.36	30.54
1 to 2 years	5,547,734.25	31.93
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
	17,373,449.04	100.00



SECURITIES HELD

As of September 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		1,050,703.12	1,050,703.12 0.00	1,050,703.12 0.00	1,050,703.12 0.00	0.00	0.00	0.00	0.00	6.05
Total Cash and Cash Equivalents			1,050,703.12	1,050,703.12 0.00	1,050,703.12 0.00	1,050,703.12 0.00	0.00	0.00	0.00	0.00	6.05
Corporate Bonds											
94988J5G8 WELLS FARGO BANK NA 2.15% 06DEC2019	2.150	12/06/2019	500,000.00	500,080.00 0.00	500,005.08 (2.31)	499,966.60 (50.46)	(38.48)	0.00	865.98	3,404.17	2.88
89236TDU6 TOYOTA MOTOR CREDIT CORP 1.95% 17APR2020	1.950	04/17/2020	600,000.00	598,992.00 0.00	599,305.68 105.74	600,045.32 571.13	739.64	0.00	942.50	5,297.50	3.45
46625HHS2 JPMORGAN CHASE & CO 4.4% 22JUL2020	4.400	07/22/2020	600,000.00	613,302.00 0.00	610,194.71 (1,047.40)	611,267.08 (1,291.41)	1,072.37	0.00	2,126.67	4,986.67	3.53
0258M0DX4 AMERICAN EXPRESS CREDIT 2.6% 14SEP2020 (CALLABLE 14AUG20)	2.600	09/14/2020 08/14/2020	600,000.00	602,592.00 0.00	602,019.57 (192.96)	603,087.63 (216.82)	1,068.06	7,800.00	1,256.66	693.33	3.47
44932HAK9 IBM CREDIT LLC 3.45% 30NOV2020	3.450	11/30/2020	600,000.00	610,218.75 0.00	608,431.97 (602.29)	610,463.51 104.49	2,031.54	0.00	1,725.00	6,900.00	3.51
037833BS8 APPLE INC 2.25% 23FEB2021 (CALLABLE 23JAN21)	2.250	02/23/2021 01/23/2021	550,000.00	547,712.00 0.00	548,223.98 105.93	552,500.61 (566.17)	4,276.63	0.00	996.88	1,271.88	3.15
084670BQ0 BERKSHIRE HATHAWAY INC 2.2% 15MAR2021 (CALLABLE 15FEB21)	2.200	03/15/2021 02/15/2021	680,000.00	681,604.80 0.00	681,428.73 (89.48)	683,530.84 (756.52)	2,102.11	7,480.00	1,205.11	623.33	3.92

SECURITIES HELD

As of September 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
Corporate Bonds											
69353REW4 PNC BANK NA 2.15% 29APR2021 (CALLABLE 30MAR21)	2.150	04/29/2021 03/30/2021	650,000.00	648,557.00 0.00	648,696.72 71.01	651,086.58 (709.49)	2,389.86	0.00	1,125.77	5,861.74	3.73
Total Corporate Bonds			4,780,000.00	4,803,058.55 0.00	4,798,306.44 (1,651.76)	4,811,948.17 (2,915.25)	13,641.73	15,280.00	10,244.57	29,038.62	27.65
Government Agencies											
3133EGYP4 FEDERAL FARM CREDIT BANK 1.05% 17OCT2019	1.050	10/17/2019	1,000,000.00	997,741.00 0.00	999,964.14 63.27	999,659.83 778.76	(304.31)	0.00	845.84	4,754.17	5.74
3130ABTD8 FEDERAL HOME LOAN BANK 1.45% 18OCT2019 #0000	1.450	10/18/2019	500,000.00	499,760.00 0.00	499,994.66 8.90	499,907.95 303.23	(86.71)	0.00	584.03	3,262.50	2.88
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	1,500,000.00	1,478,355.00 0.00	1,498,329.65 2,087.95	1,499,096.69 1,301.43	767.04	0.00	1,208.33	6,500.00	8.51
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019	1.125	11/29/2019	500,000.00	495,305.00 0.00	499,743.51 134.76	499,408.43 528.84	(335.08)	0.00	453.13	1,890.63	2.85
3133EHET6 FEDERAL FARM CREDIT BANK 1.58% 03MAR2020	1.580	03/03/2020	500,000.00	499,714.50 0.00	499,956.88 8.46	499,479.06 157.68	(477.82)	3,950.00	636.39	592.50	2.88
3137EAEF2 FREDDIE MAC 1.375% 20APR2020	1.375	04/20/2020	1,000,000.00	997,373.36 0.00	997,801.97 329.70	997,084.99 130.16	(716.98)	0.00	1,107.64	6,111.11	5.74
3130AECJ7 FEDERAL HOME LOAN BANK 2.625% 28MAY2020	2.625	05/28/2020	800,000.00	804,184.00 (7,175.00)	804,184.00 0.00	803,893.70 (290.30)	(290.30)	0.00	0.00	7,175.00	4.63
3134GBN40 FREDDIE MAC 1.625% 29JUN2020 CALLABLE #0001	1.625	06/29/2020	1,200,000.00	1,198,560.00 0.00	1,199,609.52 43.55	1,197,824.76 (554.95)	(1,784.76)	0.00	1,570.84	4,929.17	6.90

SECURITIES HELD

As of September 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											
3136G3U86 FANNIE MAE 1.3% 25AUG2020 CALLABLE	1.300	08/25/2020	500,000.00	490,420.00 0.00	494,450.09 512.30	497,263.37 (574.75)	2,813.28	0.00	523.61	631.94	2.82
3137EAEJ4 FREDDIE MAC 1.625% 29SEP2020	1.625	09/29/2020	400,000.00	394,404.00 0.00	396,500.06 292.47	399,091.39 (789.36)	2,591.33	3,250.00	523.62	18.06	2.27
3130AEWA4 FEDERAL HOME LOAN BANK 2.625% 01OCT2020	2.625	10/01/2020	500,000.00	500,495.00 0.00	500,299.32 (24.88)	503,874.96 (1,106.42)	3,575.64	0.00	1,057.29	6,526.04	2.88
3137EAEK1 FREDDIE MAC 1.875% 17NOV2020	1.875	11/17/2020	700,000.00	693,147.70 0.00	695,382.64 340.35	700,722.57 (892.68)	5,339.93	0.00	1,057.29	4,848.96	3.99
3133EJJD2 FEDERAL FARM CREDIT BANK 2.54% 05APR2021	2.540	04/05/2021	800,000.00	800,831.20 0.00	800,610.52 (33.60)	809,979.77 (1,425.70)	9,369.25	0.00	1,636.89	9,877.78	4.61
3130A1W95 FEDERAL HOME LOAN BANK 2.25% 11JUN2021 #0000	2.250	06/11/2021	670,000.00	670,763.80 0.00	670,631.50 (31.01)	676,460.87 (1,518.09)	5,829.37	0.00	1,214.38	4,564.38	3.86
Total Government Agencies			10,570,000.00	10,521,054.56 (7,175.00)	10,557,458.46 3,732.22	10,583,748.34 (3,952.15)	26,289.88	7,200.00	12,419.28	61,682.24	60.56

Government Bonds

912828U73 USA TREASURY 1.375% 15DEC2019	1.375	12/15/2019	500,000.00	499,550.78 0.00	499,961.12 15.35	499,472.66 351.56	(488.46)	0.00	563.52	2,009.90	2.88
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SECURITIES HELD

As of September 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 Bonds											
912828V31 USA TREASURY 1.375% 15JAN2020	1.375	01/15/2020	500,000.00	499,082.03 0.00	499,895.28 29.35	499,238.28 136.72	(657.00)	0.00	560.46	1,438.52	2.87
Total Government Bonds			1,000,000.00	998,632.81 0.00	999,856.40 44.70	998,710.94 488.28	(1,145.46)	0.00	1,123.98	3,448.42	5.75
Grand total			17,400,703.12	17,373,449.04 (7,175.00)	17,406,324.42 2,125.16	17,445,110.57 (6,379.12)	38,786.15	22,480.00	23,787.83	94,169.28	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of September 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												
3137EAEF2	FREDDIE MAC 1.375%	1.375	04/20/2020		AA+	Aaa	1,000,000.00	997,373.36	5.74	997,084.99	5.72	0.55
3134GBN40	FREDDIE MAC 1.625%	1.625	06/29/2020		AA+	Aaa	1,200,000.00	1,198,560.00	6.90	1,197,824.76	6.87	0.74
3137EAEJ4	FREDDIE MAC 1.625%	1.625	09/29/2020		AA+	Aaa	400,000.00	394,404.00	2.27	399,091.39	2.29	0.99
3137EAEK1	FREDDIE MAC 1.875%	1.875	11/17/2020		AA+	Aaa	700,000.00	693,147.70	3.99	700,722.57	4.02	1.11
Issuer total							3,300,000.00	3,283,485.06	18.90	3,294,723.71	18.89	0.79
Federal Home Loan Banks												
3130ABTD8	FEDERAL HOME LOAN	1.450	10/18/2019		AA+	Aaa	500,000.00	499,760.00	2.88	499,907.95	2.87	0.05
3130AA2H0	FEDERAL HOME LOAN	1.125	11/29/2019		AA+	Aaa	500,000.00	495,305.00	2.85	499,408.43	2.86	0.16
3130AECJ7	FEDERAL HOME LOAN	2.625	05/28/2020		AA+	Aaa	800,000.00	804,184.00	4.63	803,893.70	4.61	0.65
3130AEWA4	FEDERAL HOME LOAN	2.625	10/01/2020		AA+	Aaa	500,000.00	500,495.00	2.88	503,874.96	2.89	0.98
3130A1W95	FEDERAL HOME LOAN	2.250	06/11/2021		AA+	Aaa	670,000.00	670,763.80	3.86	676,460.87	3.88	1.65
Issuer total							2,970,000.00	2,970,507.80	17.10	2,983,545.91	17.10	0.75
Federal Farm Credit Banks Funding Corp												
3133EGYP4	FEDERAL FARM CREDIT	1.050	10/17/2019		AA+	Aaa	1,000,000.00	997,741.00	5.74	999,659.83	5.73	0.05
3133EHET6	FEDERAL FARM CREDIT	1.580	03/03/2020		AA+	Aaa	500,000.00	499,714.50	2.88	499,479.06	2.86	0.42
3133EJD2	FEDERAL FARM CREDIT	2.540	04/05/2021		AA+	Aaa	800,000.00	800,831.20	4.61	809,979.77	4.64	1.46
Issuer total							2,300,000.00	2,298,286.70	13.23	2,309,118.66	13.24	0.62
Federal National Mortgage Association												
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	1,500,000.00	1,478,355.00	8.51	1,499,096.69	8.59	0.07
3136G3U86	FANNIE MAE 1.3%	1.300	08/25/2020		AA+	Aaa	500,000.00	490,420.00	2.82	497,263.37	2.85	0.89
Issuer total							2,000,000.00	1,968,775.00	11.33	1,996,360.06	11.44	0.27
Cash and Cash Equivalent												
	INVESTED CASH	0.000					1,862,062.12	1,862,062.12	0.00	1,862,062.12	10.67	0.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of September 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)
Cash and Cash Equivalents												
	PENDING TRADE	0.000					0.00	(811,359.00)	0.00	(811,359.00)	(4.65)	0.00
Issuer total							1,862,062.12	1,050,703.12	0.00	1,050,703.12	6.02	0.00
United States Treasury Note/Bond												
912828U73	USA TREASURY 1.375%	1.375	12/15/2019		AA+	Aaa	500,000.00	499,550.78	2.88	499,472.66	2.86	0.21
912828V31	USA TREASURY 1.375%	1.375	01/15/2020		AA+	Aaa	500,000.00	499,082.03	2.87	499,238.28	2.86	0.29
Issuer total							1,000,000.00	998,632.81	5.75	998,710.94	5.72	0.25
Berkshire Hathaway Inc												
084670BQ0	BERKSHIRE HATHAWAY	2.200	03/15/2021	02/15/2021	AA	Aa2	680,000.00	681,604.80	3.92	683,530.84	3.92	1.36
Issuer total							680,000.00	681,604.80	3.92	683,530.84	3.92	1.36
PNC Bank NA												
69353REW4	PNC BANK NA 2.15%	2.150	04/29/2021	03/30/2021	A	A2	650,000.00	648,557.00	3.73	651,086.58	3.73	1.47
Issuer total							650,000.00	648,557.00	3.73	651,086.58	3.73	1.47
JPMorgan Chase & Co												
46625HHS2	JPMORGAN CHASE & CO	4.400	07/22/2020		A-	A2	600,000.00	613,302.00	3.53	611,267.08	3.50	0.79
Issuer total							600,000.00	613,302.00	3.53	611,267.08	3.50	0.79
IBM Credit LLC												
44932HAK9	IBM CREDIT LLC 3.45%	3.450	11/30/2020		A	A2	600,000.00	610,218.75	3.51	610,463.51	3.50	1.13
Issuer total							600,000.00	610,218.75	3.51	610,463.51	3.50	1.13
American Express Credit Corp												
0258M0DX4	AMERICAN EXPRESS	2.600	09/14/2020	08/14/2020	A-	A2	600,000.00	602,592.00	3.47	603,087.63	3.46	0.87
Issuer total							600,000.00	602,592.00	3.47	603,087.63	3.46	0.87

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of September 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)
Toyota Motor Credit Corp												
89236TDU6	TOYOTA MOTOR CREDIT	1.950	04/17/2020		AA-	Aa3	600,000.00	598,992.00	3.45	600,045.32	3.44	0.54
Issuer total							600,000.00	598,992.00	3.45	600,045.32	3.44	0.54
Apple Inc												
037833BS8	APPLE INC 2.25%	2.250	02/23/2021	01/23/2021	AA+	Aa1	550,000.00	547,712.00	3.15	552,500.61	3.17	1.30
Issuer total							550,000.00	547,712.00	3.15	552,500.61	3.17	1.30
Wells Fargo Bank NA												
94988J5G8	WELLS FARGO BANK NA	2.150	12/06/2019		A+	Aa2	500,000.00	500,080.00	2.88	499,966.60	2.87	0.18
Issuer total							500,000.00	500,080.00	2.88	499,966.60	2.87	0.18
Grand total							18,212,062.12	17,373,449.04	100.00	17,445,110.57	100.00	0.68

SECURITIES PURCHASED

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

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Government Agencies							
3130AECJ7	09/30/2019	2.625	05/28/2020	800,000.00	100.52	(804,184.00)	(7,175.00)
FEDERAL HOME LOAN BANK 2.625% 28MAY2020	10/01/2019						
MORGAN STANLEY AND CO., LLC							
Total Government Agencies				800,000.00		(804,184.00)	(7,175.00)
Grand total				800,000.00		(804,184.00)	(7,175.00)

SECURITIES SOLD AND MATURED

For the period September 1, 2019 - September 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
Government Agencies												
3133EG2D6 FEDERAL FARM CREDIT BANK 1.55% 27SEP2019	09/27/2019	1.550		(500,000.00)	501,520.00	500,000.00	0.00	500,000.00	0.00	0.00	3,875.00	559.72
	09/27/2019					(42.31)		165.51				
Total (Government Agencies)				(500,000.00)	501,520.00	500,000.00		500,000.00	0.00	0.00	3,875.00	559.72
						(42.31)		165.51				
Grand total				(500,000.00)	501,520.00	500,000.00		500,000.00	0.00	0.00	3,875.00	559.72
						(42.31)		165.51				

TRANSACTION REPORT

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

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
09/03/2019 09/03/2019	3133EHET6	Income	Government Agencies	FEDERAL FARM CREDIT BANK	03/03/2020	500,000.00	0.00	0.00	3,950.00	3,950.00
09/14/2019 09/14/2019	0258MODX4	Income	Corporate Bonds	AMERICAN EXPRESS CREDIT	09/14/2020	600,000.00	0.00	0.00	7,800.00	7,800.00
09/15/2019 09/15/2019	084670BQ0	Income	Corporate Bonds	BERKSHIRE HATHAWAY INC	03/15/2021	680,000.00	0.00	0.00	7,480.00	7,480.00
09/27/2019 09/27/2019	3133EG2D6	Income	Government Agencies	FEDERAL FARM CREDIT BANK	09/27/2019	500,000.00	0.00	0.00	3,875.00	3,875.00
09/27/2019 09/27/2019	3133EG2D6	Capital Change	Government Agencies	FEDERAL FARM CREDIT BANK	09/27/2019	(500,000.00)	0.00	500,000.00	0.00	500,000.00
09/29/2019 09/29/2019	3137EAEJ4	Income	Government Agencies	FREDDIE MAC 1.625%	09/29/2020	400,000.00	0.00	0.00	3,250.00	3,250.00
09/30/2019 10/01/2019	3130AECJ7	Bought	Government Agencies	FEDERAL HOME LOAN BANK	05/28/2020	800,000.00	0.00	(804,184.00)	(7,175.00)	(811,359.00)
09/30/2019		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	1,320.08	1,320.08

As of September 30, 2019

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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 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.

ADDITIONAL INFORMATION

As of September 30, 2019

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