



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: APRIL 19, 2017

**SUBJECT: ACCEPTANCE OF TREASURER’S REPORT FOR THE SECOND
QUARTER ENDED DECEMBER 31, 2016**

RECOMMENDATION

Accept the Treasurer’s Report for the second Quarter Ended December 31, 2016.

BACKGROUND

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

The Second Quarter Treasurer’s report for FY 2016/17 as of December 31, 2016 is attached. The total cash and investments for the Town is \$34,406,857. Of the total amount, \$15,592,007 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 December 31, 2016. The total amount in the PARS account is \$5,498,707. 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 ramps up with its capital projects, staff forecasts cash flow needs to ensure cash liquidity of funds are readily available. There are several investments that mature this calendar year and staff anticipates to shift funds to more liquid instruments. LAIF offers the most liquidity and as of December 31, 2016 holds \$8,356,473.

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.

FISCAL IMPACT

None.

PUBLIC NOTICE

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

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

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

ATTACHMENTS

Treasurer's Report for Second Quarter Ended December 31, 2016

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
December 31, 2016**

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	8,190,734	8,190,734	8,190,734	23.8%
LAIF Statement	8,356,473	8,361,442	8,356,473	24.3%
Investments (Schedule B)	17,631,913	17,724,907	17,859,650	51.9%
Total Cash and Investments	34,179,119	34,277,083	34,406,857	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

4/11/2017

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
December 31, 2016**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	5,646,292
Wells Fargo	Wells Fargo Trust MMF-Cash	<u>2,544,442</u>
Total		<u><u>8,190,734</u></u>

**Town of Atherton
Treasurer's Report Schedule B
Portfolio Details - Investments
December 31, 2016**

Schedule B

See next pages Cutwater Report

**Town of Atherton
Quarterly Treasurer's Report
Cash & Investments Balance By Fund
December 31, 2016**

Fund No.	Fund Name	June Balance
101	General Fund	12,584,878
105	Tennis Fund	120,199
610	Equipment Replacement Fund	372,158
614	Worker's Compensation	526,796
615	General Liability	463,987
616	Employee Benefits	1,523,989
	Total Non-Restricted	<u>15,592,007</u>
201	Special Tax Fund	1,209,364
202	County Measure A Fund	666,776
203	Gas Tax Fund	208,708
204	Measure M	213,983
209	SLES/COPS Grant	60,200
210	Road Constructions Impact Fee	128,777
213	Library Fund	5,833,817
215	Evans Creative Design (formerly fund 715)	18,302
221	Refuse Rate and Stabilization	1,179,053
401	GF Projects	7,312,761
402	Storm Drainage	30,371
403	Atherton Channel Drainage District	269,952
406	Facilities Construction	1,651,167
730	H-P Park Improvement	6,160
740	Tree Committee	25,460
	Total Restricted	<u>18,814,850</u>
	Total Cash & Investments	<u><u>34,406,857</u></u>

**Town of Atherton
Quarterly Treasurer's Report
Local Agency Investment Fund Summary (LAIF)
December 31, 2016**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
12/31/2016	8,356,473		-	-		8,356,473	12/31/2016

**Town of Atherton
 Quarterly Treasurer's Report
 PARS Trust Account Summary
 December 31, 2016**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
12/1/2016	5,458,103	33,079	43,268	(2,664)	(33,079)	5,498,707	12/31/2016 (*)

* Recent available PARS report

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TOWN OF ATHERTON

TREASURERS REPORT SCHEDULE B

December 2016

➤ A BNY MELLON COMPANYSM

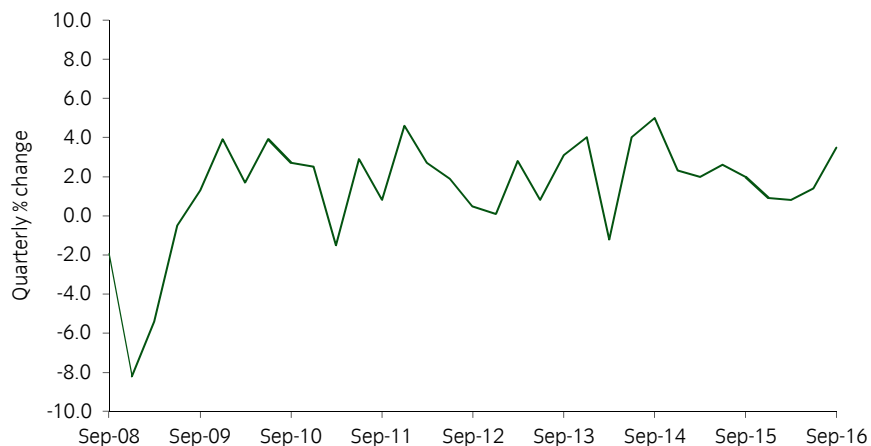


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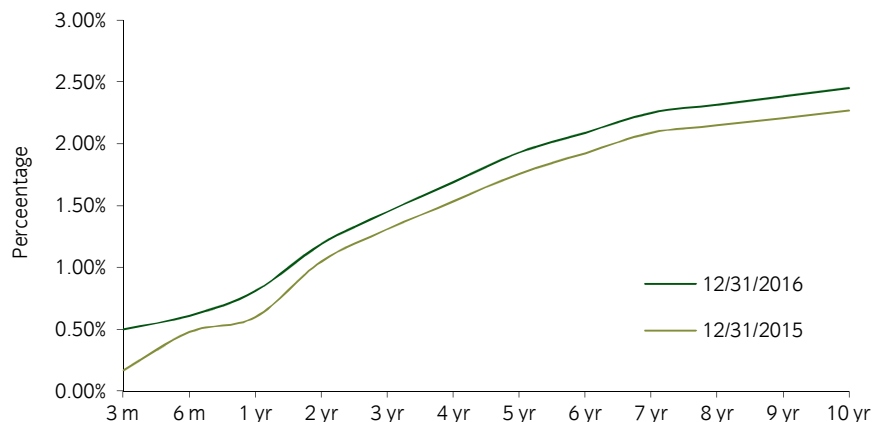
As of December 31, 2016

Chart 1: US Gross Domestic Product 9/30/08–9/30/16



Source: Bloomberg Finance LP, September 30, 2016.

Chart 2: Treasury Yield Curves 12/31/2015 – 12/31/2016



Source: Bloomberg Finance LP, December 31, 2015, December 31, 2016.

Economic Indicators and Monetary Policy

Interest rates increased across the yield curve in December, supported by positive economic releases and action by the Federal Reserve. In addition, the market continues to anticipate future stimulus from changes in policies related to spending, trade and taxes.

The Federal Open Market Committee (FOMC) delivered the first change in the Fed funds target rate in 2016 at its December 14th meeting. The target for the overnight rate was increased to a range of 0.50% to 0.75% from the prior range of 0.25% to 0.50%. The FOMC statement referenced an expanding labor market and strengthening economic activity.

The payroll report for November was released on December 2nd, showing that the unemployment rate fell to 4.6% from 4.9% and the underemployment rate declined to 9.3% from 9.5%. The November payroll data reflected that 178,000 jobs were added, slightly lower than expectations for 180,000 new jobs. Average hourly earnings fell 0.01% to a 2.5% annual rate.

The final estimate of US Gross Domestic Product (GDP) for the third quarter was released on December 22nd. The GDP report showed 3.5% growth in the third quarter, which was revised up from the 3.2% prior estimate. Personal consumption increased to 3.0% in the final estimate of third quarter GDP from the 2.8% prior estimate. (See Chart 1).

The Producer Price Index (PPI) released on December 14th showed higher than expected increases in November. The PPI increased 0.4% in November at both the headline and core levels. Year-over-year, including food and energy the PPI increased 1.3% and excluding food and energy increased 1.6%. The Consumer Price Index (CPI) released on December 15th rose in line with expectations to annual rates of 1.7% including food and energy and 2.1% excluding food and energy for November.

Interest Rate Summary

At the end of December, the 3-month US Treasury bill yielded 0.50%, the 6-month US Treasury bill yielded 0.61%, the 2-year US Treasury note yielded 1.19%, the 5-year US Treasury note yielded 1.93% and the 10-year US Treasury note yielded 2.45% (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period December 1, 2016 - December 31, 2016

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	20,281,551.04
Income received	23,218.22
Total receipts	23,218.22
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	(72.90)
Total amortization expense	(5,208.23)
Total OID/MKT accretion income	542.69
Return of capital	0.00
Closing balance	20,300,030.82
Ending fair value	20,269,348.69
Unrealized gain (loss)	(30,682.13)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	10.72	0.00	0.00	10.72
Corporate Bonds	7,477.41	(1,683.69)	(72.90)	5,720.82
Government Agencies	11,277.83	(2,844.02)	0.00	8,433.81
Government Bonds	2,422.57	(137.83)	0.00	2,284.74
Total	21,188.53	(4,665.54)	(72.90)	16,450.09

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.40	0.21	0.05
Overnight Repo	0.45	0.23	0.03
Merrill Lynch 3m US Treas Bill	0.30	0.17	0.04
Merrill Lynch 6m US Treas Bill	0.41	0.23	0.05
ML 1 Year US Treasury Note	0.61	0.33	0.07
ML 2 Year US Treasury Note	0.84	0.44	0.10
ML 5 Year US Treasury Note	1.34	0.69	0.16

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	21,188.53
Accretion (amortization)	(4,665.54)
Realized gain (loss) on sales	(72.90)
Total income on portfolio	16,450.09
Average daily amortized cost	20,290,136.34
Period return (%)	0.08
YTD return (%)	0.90
Weighted average final maturity in days	380

ACTIVITY AND PERFORMANCE SUMMARY

For the period December 1, 2016 - December 31, 2016

<u>Fair Value Basis Activity Summary</u>		
Opening balance		20,255,826.02
Income received	23,218.22	
Total receipts		23,218.22
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		(9,695.55)
Ending fair value		20,269,348.69

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	10.72	0.00	10.72
Corporate Bonds	7,477.41	(3,041.20)	4,436.21
Government Agencies	11,277.83	(6,570.10)	4,707.73
Government Bonds	2,422.57	(84.25)	2,338.32
Total	21,188.53	(9,695.55)	11,492.98

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.40	0.21	0.05
Overnight Repo	0.45	0.23	0.03
Merrill Lynch 3m US Treas Bill	0.33	0.18	0.04
Merrill Lynch 6m US Treas Bill	0.67	0.26	0.05
ML 1 Year US Treasury Note	0.76	0.10	0.07
ML US Treasury 1-3	0.89	(0.54)	0.03
ML US Treasury 1-5	1.09	(1.27)	0.02

* rates reflected are cumulative

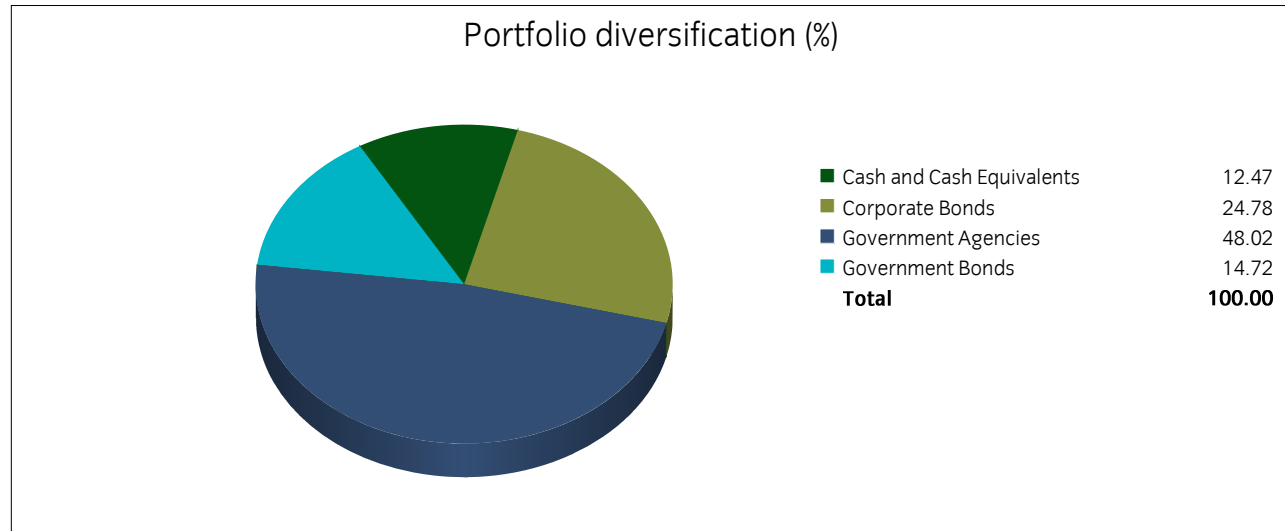
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	21,188.53
Change in fair value	(9,695.55)
Total income on portfolio	11,492.98
Average daily total value *	20,312,320.31
Period return (%)	0.06
YTD return (%)	1.03
Weighted average final maturity in days	380

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of December 31, 2016

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	2,544,441.69	2,544,441.69	2,544,441.69	0.00	1	12.47	0.00
Corporate Bonds	5,056,640.00	5,026,072.20	5,017,217.50	(8,854.70)	463	24.78	1.24
Government Agencies	9,798,557.00	9,728,734.35	9,706,782.00	(21,952.35)	477	48.02	1.26
Government Bonds	3,004,453.13	3,000,782.58	3,000,907.50	124.92	249	14.72	0.67
Total	20,404,091.82	20,300,030.82	20,269,348.69	(30,682.13)	380	100.00	1.01

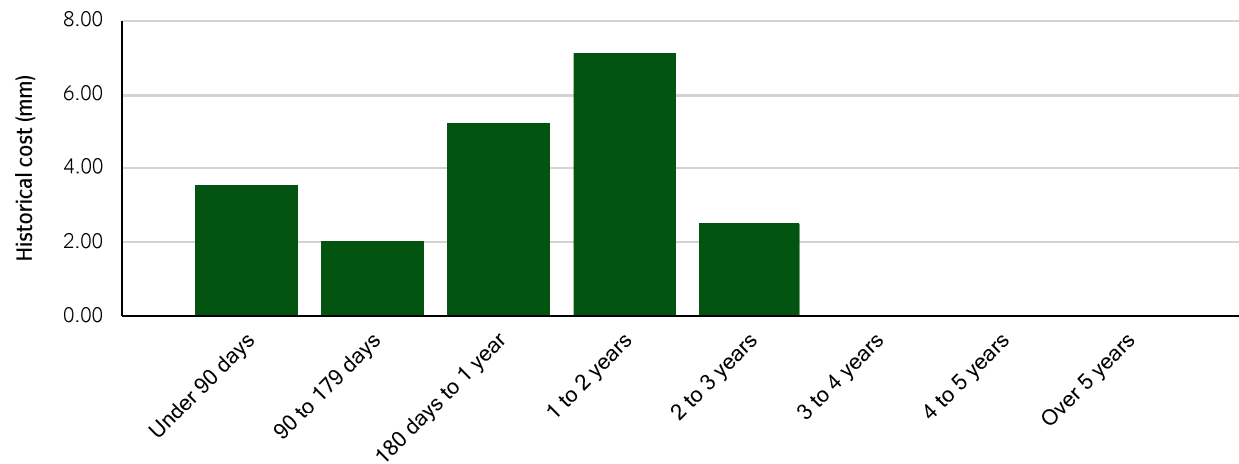


MATURITY DISTRIBUTION OF SECURITIES HELD

As of December 31, 2016

Maturity	Historic cost	Percent
Under 90 days	3,547,098.88	17.38
90 to 179 days	2,020,378.13	9.90
180 days to 1 year	5,231,480.06	25.64
1 to 2 years	7,109,103.75	34.84
2 to 3 years	2,496,031.00	12.23
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	20,404,091.82	100.00

Maturity distribution



SECURITIES HELD

As of December 31, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		2,544,441.69	2,544,441.69 0.00	2,544,441.69 0.00	2,544,441.69 0.00	0.00	0.00	0.00	0.00	12.47
Total Cash and Cash Equivalents			2,544,441.69	2,544,441.69 0.00	2,544,441.69 0.00	2,544,441.69 0.00	0.00	0.00	0.00	0.00	12.47
Corporate Bonds											
037833AM2 APPLE INC 1.05% 05/05/2017	1.050	05/05/2017	500,000.00	499,600.00 0.00	499,951.83 11.56	500,351.00 13.50	399.17	0.00	452.08	802.08	2.45
594918AP9 MICROSOFT CORP 0.875% 15/11/2017	0.875	11/15/2017	500,000.00	492,105.00 0.00	498,325.30 159.49	499,700.00 374.50	1,374.70	0.00	376.74	559.03	2.41
58933YAC9 MERCK & CO INC 1.1% 31/01/2018	1.100	01/31/2018	500,000.00	500,580.00 0.00	500,210.03 (16.15)	498,976.00 117.50	(1,234.03)	0.00	458.34	2,291.67	2.45
717081AQ6 PFIZER INC 4.65% 01/03/2018	4.650	03/01/2018	500,000.00	552,500.00 0.00	519,948.10 (1,421.48)	518,520.00 (1,646.00)	(1,428.10)	0.00	2,002.08	7,750.00	2.71
191216BA7 COCA-COLA CO/THE 1.15% 01/04/2018	1.150	04/01/2018	500,000.00	498,645.00 0.00	499,449.45 36.62	498,867.00 95.00	(582.45)	0.00	495.14	1,437.50	2.44
931142DF7 WAL-MART STORES INC 1.125% 11/04/2018	1.125	04/11/2018	500,000.00	499,450.00 0.00	499,773.62 14.74	498,836.00 12.50	(937.62)	0.00	484.37	1,250.00	2.45
084664BW0 BERKSHIRE HATHAWAY FIN 1.3% 15/05/2018	1.300	05/15/2018	500,000.00	500,730.00 0.00	500,313.13 (18.98)	498,720.50 (320.50)	(1,592.63)	0.00	559.73	830.56	2.45
166764AE0 CHEVRON CORP 1.718% 24/06/2018 (CALLABLE 24/05/18)	1.718	06/24/2018 05/24/2018	500,000.00	507,585.00 0.00	503,317.27 (186.37)	501,531.00 70.50	(1,786.27)	4,295.00	739.70	167.03	2.49

SECURITIES HELD

As of December 31, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Corporate Bonds											
88579YAP6 3M COMPANY 1.375% 07/08/2018	1.375	08/07/2018	500,000.00	501,100.00 0.00	500,681.01 (35.41)	499,829.50 (669.00)	(851.51)	0.00	592.01	2,750.00	2.46
19416QEF3 COLGATE-PALMOLIVE CO 1.75% 15/03/2019	1.750	03/15/2019	500,000.00	504,345.00 0.00	504,102.46 (154.81)	501,886.50 (1,040.00)	(2,215.96)	0.00	753.47	2,576.39	2.47
Total Corporate Bonds			5,000,000.00	5,056,640.00 0.00	5,026,072.20 (1,610.79)	5,017,217.50 (2,992.00)	(8,854.70)	4,295.00	6,913.66	20,414.26	24.78
Government Agencies											
3135G0VM2 FANNIE MAE 0.75% 14/03/2017 CALLABLE #0000	0.750	03/14/2017	500,000.00	501,290.00 0.00	500,000.00 0.00	500,090.00 (80.00)	90.00	0.00	322.91	1,114.58	2.46
3137EADF3 FREDDIE MAC 1.25% 12/05/2017	1.250	05/12/2017	500,000.00	511,200.00 0.00	500,859.04 (195.23)	501,093.50 (216.00)	234.46	0.00	538.19	850.69	2.51
313379DD8 FEDERAL HOME LOAN BANK 1% 21/06/2017 #1	1.000	06/21/2017	500,000.00	507,000.00 0.00	500,719.35 (126.20)	500,750.50 (84.00)	31.15	2,500.00	430.56	138.89	2.48
3137EADH9 FREDDIE MAC 1% 29/06/2017	1.000	06/29/2017	500,000.00	504,650.00 0.00	500,472.88 (76.19)	500,768.50 (41.00)	295.62	2,500.00	430.56	27.78	2.47
3137EADJ5 FREDDIE MAC 1% 28/07/2017 #1	1.000	07/28/2017	500,000.00	499,965.00 0.00	499,994.17 0.84	500,777.00 (41.50)	782.83	0.00	430.56	2,125.00	2.45
3130A6SV0 FEDERAL HOME LOAN BANK 0.84% 15/08/2017 #0002	0.840	08/15/2017	500,000.00	499,575.00 0.00	499,847.73 20.30	500,080.00 95.00	232.27	0.00	361.67	1,586.67	2.45
3134G3M31 FREDDIE MAC 1% 27/09/2017 CALLABLE	1.000	09/27/2017	1,200,000.00	1,203,276.00 0.00	1,200,000.00 0.00	1,201,752.00 116.40	1,752.00	0.00	1,033.33	3,133.33	5.90

SECURITIES HELD

As of December 31, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3136FPTQ0 FANNIE MAE 2.2% 27/10/2017 CALLABLE	2.200	10/27/2017	500,000.00	514,240.00 0.00	505,176.60 (522.89)	505,265.00 (650.00)	88.40	0.00	947.23	1,955.56	2.52
31331J3S0 FEDERAL FARM CREDIT BANK 2.5% 01/12/2017	2.500	12/01/2017	500,000.00	517,630.00 0.00	506,857.26 (621.51)	506,930.00 (640.00)	72.74	6,250.00	1,076.39	1,041.67	2.54
31398AMD1 FANNIE MAE 4.065% 15/02/2018	4.065	02/15/2018	500,000.00	537,785.00 0.00	516,890.65 (1,251.15)	516,255.00 (1,230.00)	(635.65)	0.00	1,750.20	7,678.33	2.64
3130A5PE3 FEDERAL HOME LOAN BANK 1.125% 29/03/2018	1.125	03/29/2018	500,000.00	502,060.00 0.00	501,006.46 (67.25)	499,775.00 (210.00)	(1,231.46)	0.00	484.37	1,437.50	2.46
3135G0YM9 FANNIE MAE 1.875% 18/09/2018	1.875	09/18/2018	500,000.00	508,550.00 0.00	505,175.22 (251.22)	505,795.00 (648.50)	619.78	0.00	807.29	2,682.29	2.49
3134GAFJ8 FREDDIE MAC 1% 14/12/2018 CALLABLE	1.000	12/14/2018	1,000,000.00	999,650.00 0.00	999,698.41 12.85	992,250.00 (750.00)	(7,448.41)	2,500.00	861.11	472.22	4.90
3135G0P49 FANNIE MAE 1% 28/08/2019	1.000	08/28/2019	500,000.00	498,640.00 0.00	498,725.17 39.93	494,445.50 24.50	(4,279.67)	0.00	430.56	1,652.78	2.44
3133EGYP4 FEDERAL FARM CREDIT BANK 1.05% 17/10/2019	1.050	10/17/2019	1,000,000.00	997,741.00 0.00	997,875.99 63.28	986,200.00 (1,820.00)	(11,675.99)	0.00	904.16	2,158.33	4.89
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29/11/2019	1.125	11/29/2019	500,000.00	495,305.00 0.00	495,435.42 130.42	494,555.00 (395.00)	(880.42)	0.00	468.74	500.00	2.43
Total Government Agencies			9,700,000.00	9,798,557.00 0.00	9,728,734.35 (2,844.02)	9,706,782.00 (6,570.10)	(21,952.35)	13,750.00	11,277.83	28,555.62	48.02

SECURITIES HELD

As of December 31, 2016

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828SC5 USA TREASURY 0.875% 31/01/2017	0.875	01/31/2017	500,000.00	501,367.19 0.00	500,044.24 (44.24)	500,199.00 (226.50)	154.76	0.00	368.54	1,818.95	2.46
912828SS0 USA TREASURY 0.875% 30/04/2017	0.875	04/30/2017	500,000.00	502,578.13 0.00	500,402.83 (104.07)	500,571.50 (99.50)	168.67	0.00	374.65	737.22	2.46
912828TB6 USA TREASURY 0.75% 30/06/2017	0.750	06/30/2017	500,000.00	499,257.81 0.00	499,842.14 27.03	500,254.00 78.00	411.86	0.00	315.90	1,875.00	2.45
912828G20 USA TREASURY 0.875% 15/11/2017	0.875	11/15/2017	500,000.00	500,781.25 0.00	500,276.30 (26.85)	500,019.50 78.00	(256.80)	0.00	374.65	555.94	2.45
912828UJ7 USA TREASURY 0.875% 31/01/2018	0.875	01/31/2018	500,000.00	500,000.00 0.00	500,000.00 0.00	499,629.00 98.00	(371.00)	0.00	368.54	1,818.95	2.45
912828J68 USA TREASURY 1% 15/03/2018	1.000	03/15/2018	500,000.00	500,468.75 0.00	500,217.07 (15.33)	500,234.50 98.00	17.43	0.00	428.18	1,477.90	2.45
Total Government Bonds			3,000,000.00	3,004,453.13 0.00	3,000,782.58 (163.46)	3,000,907.50 26.00	124.92	0.00	2,230.46	8,283.96	14.72
Grand total			20,244,441.69	20,404,091.82 0.00	20,300,030.82 (4,618.27)	20,269,348.69 (9,536.10)	(30,682.13)	18,045.00	20,421.95	57,253.84	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Mortgage Corp												
3137EADF3	FREDDIE MAC 1.25%	1.250	05/12/2017		AA+	Aaa	500,000.00	511,200.00	2.51	501,093.50	2.47	0.36
3137EADH9	FREDDIE MAC 1%	1.000	06/29/2017		AA+	Aaa	500,000.00	504,650.00	2.47	500,768.50	2.47	0.49
3137EADJ5	FREDDIE MAC 1%	1.000	07/28/2017		AA+	Aaa	500,000.00	499,965.00	2.45	500,777.00	2.47	0.57
3134G3M31	FREDDIE MAC 1%	1.000	09/27/2017		AA+	Aaa	1,200,000.00	1,203,276.00	5.90	1,201,752.00	5.93	0.73
3134GAFJ8	FREDDIE MAC 1%	1.000	12/14/2018		AA+	Aaa	1,000,000.00	999,650.00	4.90	992,250.00	4.90	1.75
Issuer total							3,700,000.00	3,718,741.00	18.23	3,696,641.00	18.24	0.90
United States Treasury Note/Bond												
912828SC5	USA TREASURY 0.875%	0.875	01/31/2017		AA+	Aaa	500,000.00	501,367.19	2.46	500,199.00	2.47	0.08
912828SS0	USA TREASURY 0.875%	0.875	04/30/2017		AA+	Aaa	500,000.00	502,578.13	2.46	500,571.50	2.47	0.33
912828TB6	USA TREASURY 0.75%	0.750	06/30/2017		AA+	Aaa	500,000.00	499,257.81	2.45	500,254.00	2.47	0.49
912828G20	USA TREASURY 0.875%	0.875	11/15/2017		AA+	Aaa	500,000.00	500,781.25	2.45	500,019.50	2.47	0.87
912828UJ7	USA TREASURY 0.875%	0.875	01/31/2018		AA+	Aaa	500,000.00	500,000.00	2.45	499,629.00	2.46	1.07
912828J68	USA TREASURY 1%	1.000	03/15/2018		AA+	Aaa	500,000.00	500,468.75	2.45	500,234.50	2.47	1.19
Issuer total							3,000,000.00	3,004,453.13	14.72	3,000,907.50	14.81	0.67
Cash and Cash Equivalent												
	INVESTED CASH	0.000					2,544,441.69	2,544,441.69	12.47	2,544,441.69	12.55	0.00
Issuer total							2,544,441.69	2,544,441.69	12.47	2,544,441.69	12.55	0.00
Federal National Mortgage Association												
3135G0VM2	FANNIE MAE 0.75%	0.750	03/14/2017		AA+	Aaa	500,000.00	501,290.00	2.46	500,090.00	2.47	0.20
3136FPTQ0	FANNIE MAE 2.2%	2.200	10/27/2017		AA+	Aaa	500,000.00	514,240.00	2.52	505,265.00	2.49	0.81
31398AMD1	FANNIE MAE 4.065%	4.065	02/15/2018		AA+	Aaa	500,000.00	537,785.00	2.64	516,255.00	2.55	1.09
3135G0YM9	FANNIE MAE 1.875%	1.875	09/18/2018		AA+	Aaa	500,000.00	508,550.00	2.49	505,795.00	2.50	1.68

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal National Mortgage Association												
3135G0P49	FANNIE MAE 1%	1.000	08/28/2019		AA+	Aaa	500,000.00	498,640.00	2.44	494,445.50	2.44	2.61
Issuer total							2,500,000.00	2,560,505.00	12.55	2,521,850.50	12.44	1.27
Federal Home Loan Banks												
313379DD8	FEDERAL HOME LOAN	1.000	06/21/2017		AA+	Aaa	500,000.00	507,000.00	2.48	500,750.50	2.47	0.47
3130A6SV0	FEDERAL HOME LOAN	0.840	08/15/2017		AA+	Aaa	500,000.00	499,575.00	2.45	500,080.00	2.47	0.62
3130A5PE3	FEDERAL HOME LOAN	1.125	03/29/2018		AA+	Aaa	500,000.00	502,060.00	2.46	499,775.00	2.47	1.23
3130AA2H0	FEDERAL HOME LOAN	1.125	11/29/2019		AA+	Aaa	500,000.00	495,305.00	2.43	494,555.00	2.44	2.86
Issuer total							2,000,000.00	2,003,940.00	9.82	1,995,160.50	9.84	1.29
Federal Farm Credit Banks												
31331J3S0	FEDERAL FARM CREDIT	2.500	12/01/2017		AA+	Aaa	500,000.00	517,630.00	2.54	506,930.00	2.50	0.91
3133EGYP4	FEDERAL FARM CREDIT	1.050	10/17/2019		AA+	Aaa	1,000,000.00	997,741.00	4.89	986,200.00	4.87	2.74
Issuer total							1,500,000.00	1,515,371.00	7.43	1,493,130.00	7.37	2.11
Pfizer Inc												
717081AQ6	PFIZER INC 4.65%	4.650	03/01/2018		AA	A1	500,000.00	552,500.00	2.71	518,520.00	2.56	1.13
Issuer total							500,000.00	552,500.00	2.71	518,520.00	2.56	1.13
Colgate-Palmolive Co												
19416QEF3	COLGATE-PALMOLIVE CO	1.750	03/15/2019		AA-	Aa3	500,000.00	504,345.00	2.47	501,886.50	2.48	2.15
Issuer total							500,000.00	504,345.00	2.47	501,886.50	2.48	2.15
Chevron Corp												
166764AE0	CHEVRON CORP 1.718%	1.718	06/24/2018	05/24/2018	AA-	Aa2	500,000.00	507,585.00	2.49	501,531.00	2.47	1.43
Issuer total							500,000.00	507,585.00	2.49	501,531.00	2.47	1.43

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

TOWN OF ATHERTON

As of December 31, 2016

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Apple Inc												
037833AM2	APPLE INC 1.05%	1.050	05/05/2017		AA+	Aa1	500,000.00	499,600.00	2.45	500,351.00	2.47	0.34
Issuer total							500,000.00	499,600.00	2.45	500,351.00	2.47	0.34
3M Co												
88579YAP6	3M COMPANY 1.375%	1.375	08/07/2018		AA-	A1	500,000.00	501,100.00	2.46	499,829.50	2.47	1.57
Issuer total							500,000.00	501,100.00	2.46	499,829.50	2.47	1.57
Microsoft Corp												
594918AP9	MICROSOFT CORP 0.875%	0.875	11/15/2017		AAA	Aaa	500,000.00	492,105.00	2.41	499,700.00	2.47	0.87
Issuer total							500,000.00	492,105.00	2.41	499,700.00	2.47	0.87
Merck & Co Inc												
58933YAC9	MERCK & CO INC 1.1%	1.100	01/31/2018		AA	A1	500,000.00	500,580.00	2.45	498,976.00	2.46	1.07
Issuer total							500,000.00	500,580.00	2.45	498,976.00	2.46	1.07
Coca-Cola Co/The												
191216BA7	COCA-COLA CO/THE	1.150	04/01/2018		AA-	Aa3	500,000.00	498,645.00	2.44	498,867.00	2.46	1.24
Issuer total							500,000.00	498,645.00	2.44	498,867.00	2.46	1.24
Wal-Mart Stores Inc												
931142DF7	WAL-MART STORES INC	1.125	04/11/2018		AA	Aa2	500,000.00	499,450.00	2.45	498,836.00	2.46	1.26
Issuer total							500,000.00	499,450.00	2.45	498,836.00	2.46	1.26
Berkshire Hathaway Finance Corp												
084664BW0	BERKSHIRE HATHAWAY	1.300	05/15/2018		AA	Aa2	500,000.00	500,730.00	2.45	498,720.50	2.46	1.35
Issuer total							500,000.00	500,730.00	2.45	498,720.50	2.46	1.35
Grand total							20,244,441.69	20,404,091.82	100.00	20,269,348.69	100.00	1.01

SECURITIES SOLD AND MATURED

TOWN OF ATHERTON

For the period December 1, 2016 - December 31, 2016

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												
90331HMC4 US BANK NA CINCINNATI 1.1% 30/01/2017 CALLABLE	12/30/2016 12/30/2016	1.100		(615,000.00)	617,490.75	615,072.90 (72.90)	0.00	615,000.00 (49.20)	(72.90)	0.00	2,818.75	563.75
Total (Corporate Bonds)				(615,000.00)	617,490.75	615,072.90 (72.90)		615,000.00 (49.20)	(72.90)	0.00	2,818.75	563.75
Government Bonds												
912828A59 UNITED STATES TREAS NTS NTS .625% DUE 12-15-2016 REG	12/15/2016 12/15/2016	0.625		(750,000.00)	749,384.77	750,000.00 25.63	0.00	750,000.00 (110.25)	0.00	0.00	2,343.75	192.11
Total (Government Bonds)				(750,000.00)	749,384.77	750,000.00 25.63		750,000.00 (110.25)	0.00	0.00	2,343.75	192.11
Grand total				(1,365,000.00)	1,366,875.52	1,365,072.90 (47.27)		1,365,000.00 (159.45)	(72.90)	0.00	5,162.50	755.86

TRANSACTION REPORT

For the period December 1, 2016 - December 31, 2016

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
12/01/2016 12/01/2016	31331J350	Income	Government Agencies	FEDERAL FARM CREDIT BANK	12/01/2017	500,000.00	0.00	0.00	6,250.00	6,250.00
12/14/2016 12/14/2016	3134GAFJ8	Income	Government Agencies	FREDDIE MAC 1% 14/12/2018	12/14/2018	1,000,000.00	0.00	0.00	2,500.00	2,500.00
12/15/2016 12/15/2016	912828A59	Income	Government Bonds	UNITED STATES TREAS NTS	12/15/2016	750,000.00	0.00	0.00	2,343.75	2,343.75
12/15/2016 12/15/2016	912828A59	Capital Change	Government Bonds	UNITED STATES TREAS NTS	12/15/2016	(750,000.00)	0.00	750,000.00	0.00	750,000.00
12/21/2016 12/21/2016	313379DD8	Income	Government Agencies	FEDERAL HOME LOAN BANK 1%	06/21/2017	500,000.00	0.00	0.00	2,500.00	2,500.00
12/24/2016 12/24/2016	166764AE0	Income	Corporate Bonds	CHEVRON CORP 1.718%	06/24/2018	500,000.00	0.00	0.00	4,295.00	4,295.00
12/29/2016 12/29/2016	3137EADH9	Income	Government Agencies	FREDDIE MAC 1% 29/06/2017	06/29/2017	500,000.00	0.00	0.00	2,500.00	2,500.00
12/30/2016 12/30/2016	90331HMC4	Income	Corporate Bonds	US BANK NA CINCINNATI 1.1%	01/30/2017	615,000.00	0.00	0.00	2,818.75	2,818.75
12/30/2016 12/30/2016	90331HMC4	Capital Change	Corporate Bonds	US BANK NA CINCINNATI 1.1%	01/30/2017	(615,000.00)	(72.90)	615,000.00	0.00	615,000.00
12/31/2016		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	10.72	10.72

ADDITIONAL INFORMATION

As of December 31, 2016

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

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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 December 31, 2016

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