



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 20, 2016

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

RECOMMENDATION

Accept the Treasurer’s Report for the Third Quarter Ended March 31, 2016.

BACKGROUND

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

The Third Quarter Treasurer’s report for FY 2015-16, as of March 31, 2016 is attached. The total cash and investments for the Town is \$33,154,853. Of the total amount, \$15,490,004 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 February 29, 2016. The total amount in the PARS account is \$5,092,925. This is a “restricted” investment that is used for the Town’s OPEB liabilities.

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

As the Town ramps up with 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 March 31, 2016 holds \$10,909,722.

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. Staff strives to make this deadline. The current reporting quarter closed on March 31, 2016.

FISCAL IMPACT

None.

PUBLIC NOTICE

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

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

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

ATTACHMENTS

Treasurer's Report for Third Quarter Ended March 31, 2016

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

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	2,136,590	2,136,590	2,136,590	6.4%
LAIF Statement	10,909,722	10,916,210	10,909,722	32.9%
Investments (Schedule B)	19,815,000	19,939,105	20,108,523	60.7%
Total Cash and Investments	32,861,313	32,991,905	33,154,835	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

4/11/2016

Date

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

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	1,919,291
Wells Fargo	Wells Fargo Trust MMF-Cash	<u>217,299</u>
Total		<u><u>2,136,590</u></u>

FOR PROFESSIONAL CLIENTS ONLY
NOT TO BE DISTRIBUTED TO RETAIL CLIENTS

THIS DOCUMENT SHOULD NOT BE REPRODUCED IN
ANY FORM WITHOUT PRIOR WRITTEN APPROVAL

TOWN OF ATHERTON

Treasurer's Report Schedule B

March 2016

➤ A BNY MELLON COMPANYSM



Contents

Fixed income market review	3
Activity and performance summary	4
Recap of securities held	6
Maturity distribution of securities held	7
Securities held	8
GASB 40 - Deposit and investment risk disclosure	13
Transaction report	17
Additional information	18

As of March 31, 2016

Chart 1: Institute for Supply Management Indices 02/2011 – 02/2016

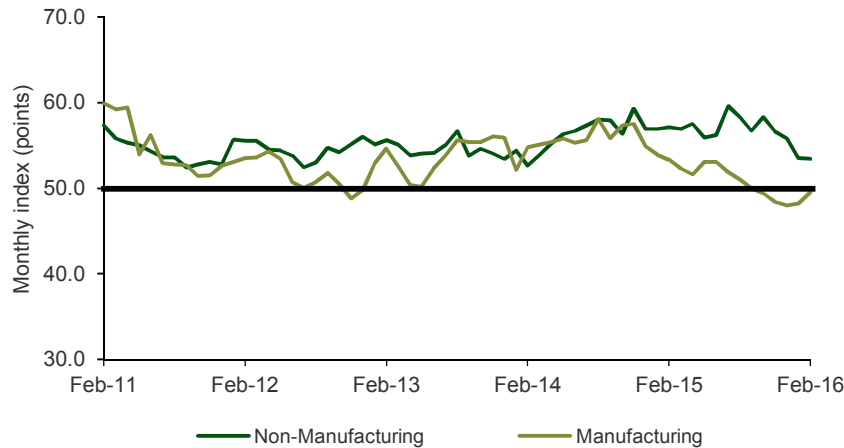
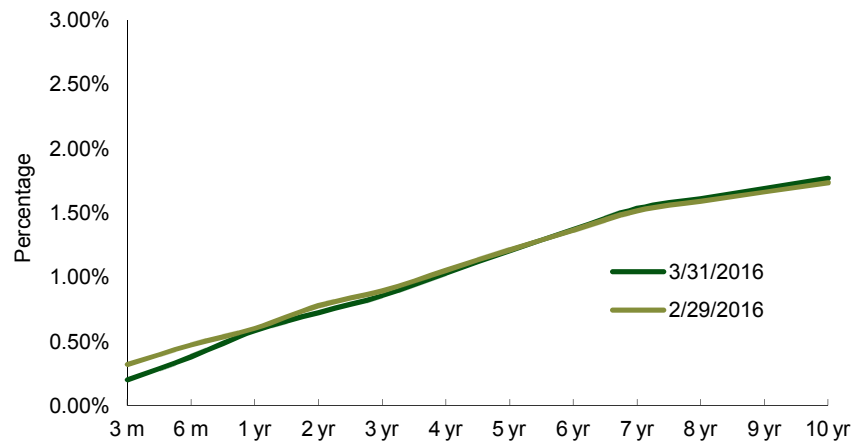


Chart 2: Treasury Yield Curves 02/29/2016 – 03/31/2016



Charts sourced from Bloomberg Finance LP February 29, 2016, March 31, 2016.

Past performance is no assurance of future returns.

Please refer to the important disclosures at the back of this presentation.

Economic Indicators & Monetary Policy: The final estimate of 2015 fourth quarter Gross Domestic Product (GDP) was revised upward to 1.4 percent from 1.0 percent. Strong consumer spending helped support the increase in GDP. Manufacturing showed signs of growth in February as the Institute for Supply Management's (ISM) manufacturing index value increased to 49.5 from 48.2. While the index value remains below 50 indicating economic contraction, the February increase was the largest since April 2015. The ISM non-manufacturing index value fell slightly, but remains strong at 53.4 (See Chart 1).

242,000 jobs were added to the work force in February, as the labor market continues its strong momentum. The unemployment rate remained at 4.9 percent, but the underemployment rate dropped to 9.7 percent from 9.9 percent. The underemployment rate once again reached a post-recession low. Further strength in employment was reported in February as the labor force participation rate increased to 62.9 percent from 62.7 percent. Wages fell slightly on a month-over-month basis, but grew at a 2.2 percent rate on an annual basis.

Inflation indices were mixed in February. The Producer Price Index (PPI) including food and energy decreased to negative 0.2 percent on a month-over-month basis. Core PPI decreased as well, falling to 0.1 percent from 0.2 percent. On an annual basis, however, the headline PPI increased to 1.2 percent from 0.6 percent and the core PPI increased to 0.9 percent from 0.8 percent. On the consumer side, the headline Consumer Price Index (CPI) fell to negative 0.2 percent while the core CPI remained unchanged at 0.3 percent on a month-over-month basis. The year-over-year headline CPI was 1.0 percent while the core CPI was 2.3 percent. Inflation indicators may get a boost in March as oil prices have increased to roughly \$40 dollars a barrel from \$30 dollars a barrel in February.

Housing starts bounced back in February, growing 5.2 percent to an annualized rate of 1.1 million. Existing home sales however, decreased 7.1 percent to an annualized rate of 5.08 million.

The Federal Open Market Committee (FOMC) voted to maintain the Fed funds target rate at 0.25 percent to 0.50 percent during the March 16 meeting. The FOMC also revised its 2016 outlook, and now expects to raise the Fed funds target rate twice this year. Following the December meeting, the Committee projected three to four interest rate movements in 2016.

Yield Curve & Spreads: At the end of March, the 3-month Treasury bill yielded 0.20 percent, the 6-month Treasury bill yielded 0.38 percent, the 2-year Treasury note yielded 0.72 percent, the 5-year Treasury note yielded 1.21 percent, and the 10-year Treasury note yielded 1.77 percent (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

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

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	20,125,422.08
Income received	39,501.36
Total receipts	39,501.36
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	0.00
Total amortization expense	(8,847.36)
Total OID/MKT accretion income	327.61
Return of capital	0.00
Closing balance	20,156,403.69
Ending fair value	20,209,836.47
Unrealized gain (loss)	53,432.78

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	1.36	0.00	0.00	1.36
Corporate Bonds	10,753.04	(4,012.93)	0.00	6,740.11
Government Agencies	10,668.88	(4,107.50)	0.00	6,561.38
Government Bonds	3,904.18	(399.32)	0.00	3,504.86
Total	25,327.46	(8,519.75)	0.00	16,807.71

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.20	0.13	0.03
Overnight Repo	0.25	0.17	0.04
Merrill Lynch 3m US Treas Bill	0.11	0.10	0.02
Merrill Lynch 6m US Treas Bill	0.20	0.16	0.03
ML 1 Year US Treasury Note	0.40	0.26	0.06
ML 2 Year US Treasury Note	0.74	0.42	0.07
ML 5 Year US Treasury Note	1.52	0.74	0.12

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	25,327.46
Accretion (amortization)	(8,519.75)
Realized gain (loss) on sales	0.00
Total income on portfolio	16,807.71
Average daily amortized cost	20,145,666.74
Period return (%)	0.08
YTD return (%)	0.23
Weighted average final maturity in days	467

ACTIVITY AND PERFORMANCE SUMMARY

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

<u>Fair Value Basis Activity Summary</u>		
Opening balance		20,144,702.60
Income received	39,501.36	
Total receipts		39,501.36
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		25,632.51
Ending fair value		20,209,836.47

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	1.36	0.00	1.36
Corporate Bonds	10,753.04	17,076.96	27,830.00
Government Agencies	10,668.88	4,803.80	15,472.68
Government Bonds	3,904.18	3,751.75	7,655.93
Total	25,327.46	25,632.51	50,959.97

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.20	0.13	0.03
Overnight Repo	0.25	0.17	0.04
Merrill Lynch 3m US Treas Bill	0.12	0.10	0.05
Merrill Lynch 6m US Treas Bill	0.39	0.22	0.09
ML 1 Year US Treasury Note	0.40	0.19	0.14
ML US Treasury 1-3	0.92	0.46	0.17
ML US Treasury 1-5	1.62	0.89	0.23

* rates reflected are cumulative

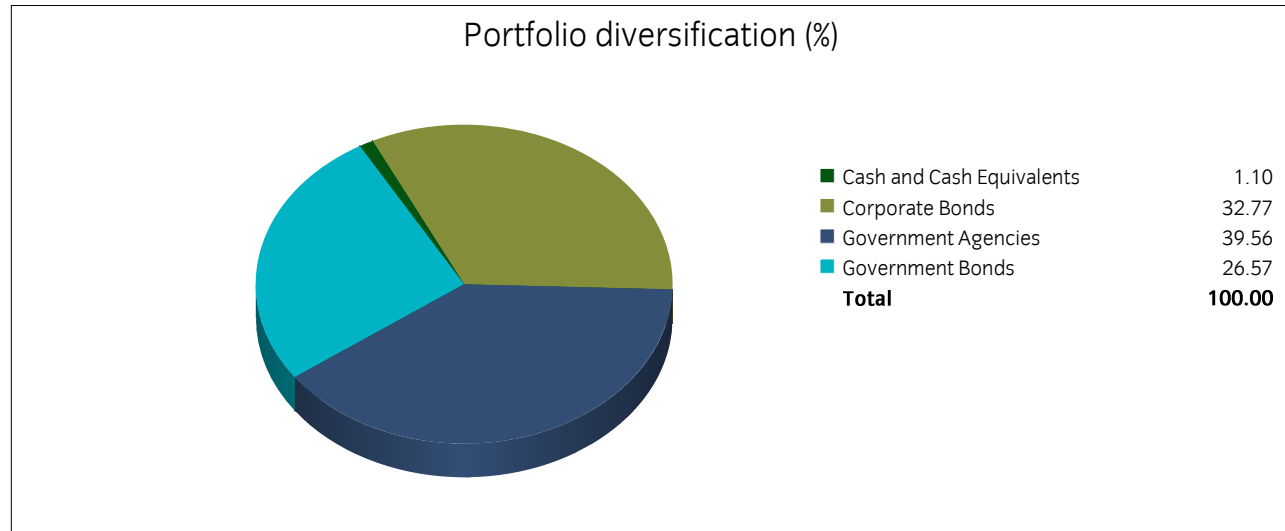
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	25,327.46
Change in fair value	25,632.51
Total income on portfolio	50,959.97
Average daily total value *	20,224,957.39
Period return (%)	0.25
YTD return (%)	0.78
Weighted average final maturity in days	467

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of March 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	217,299.09	217,299.09	217,299.09	0.00	1	1.10	0.00
Corporate Bonds	6,496,530.75	6,915,602.66	6,939,443.28	23,840.62	499	32.77	1.34
Government Agencies	7,843,121.00	7,770,227.60	7,791,404.10	21,176.50	505	39.56	1.36
Government Bonds	5,268,291.03	5,253,274.34	5,261,690.00	8,415.66	389	26.57	1.05
Total	19,825,241.87	20,156,403.69	20,209,836.47	53,432.78	467	100.00	1.26

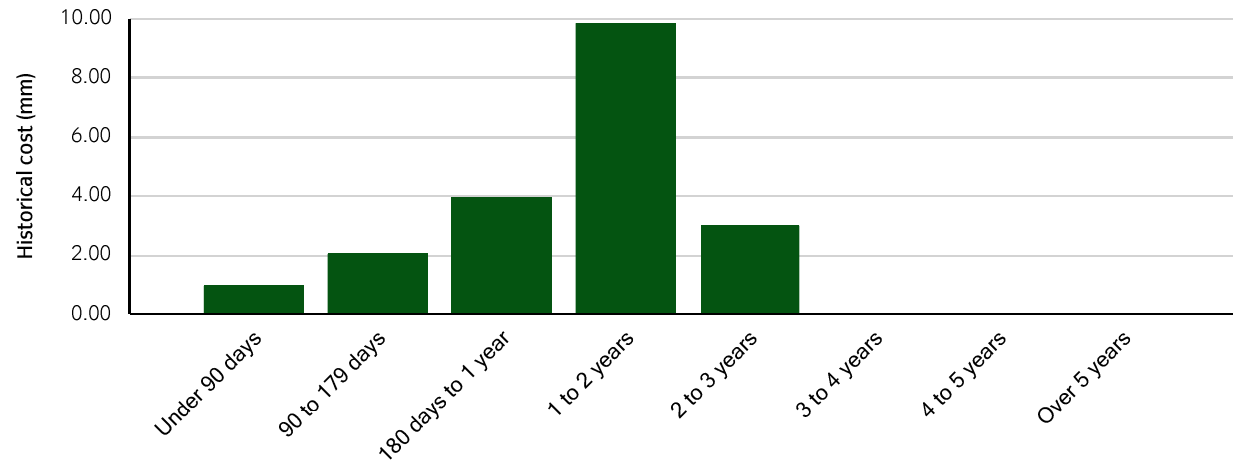


MATURITY DISTRIBUTION OF SECURITIES HELD

As of March 31, 2016

Maturity	Historic cost	Percent
Under 90 days	980,284.09	4.95
90 to 179 days	2,055,320.94	10.37
180 days to 1 year	3,928,904.90	19.82
1 to 2 years	9,844,671.94	49.66
2 to 3 years	3,016,060.00	15.21
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	19,825,241.87	100.00

Maturity distribution



SECURITIES HELD

As of March 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		217,299.09	217,299.09 0.00	217,299.09 0.00	217,299.09 0.00	0.00	0.00	0.00	0.00	1.10
Total Cash and Cash Equivalents			217,299.09	217,299.09 0.00	217,299.09 0.00	217,299.09 0.00	0.00	0.00	0.00	0.00	1.10
Corporate Bonds											
478160AY0 JOHNSON & JOHNSON 2.15% 15/05/2016	2.150	05/15/2016	250,000.00	260,140.00 0.00	250,457.21 (304.81)	250,465.75 (389.25)	8.54	0.00	477.78	2,030.56	1.31
89236TAL9 TOYOTA MOTOR CREDIT CORP 0.8% 17/05/2016	0.800	05/17/2016	500,000.00	502,845.00 0.00	500,173.21 (110.55)	500,070.00 65.00	(103.21)	0.00	355.56	1,488.89	2.54
36962G6Z2 GENERAL ELECTRIC CO 1.5% 12/07/2016	1.500	07/12/2016	500,000.00	507,585.00 0.00	500,985.19 (277.38)	501,349.50 (350.00)	364.31	0.00	666.66	1,645.83	2.56
19416QDH0 COLGATE-PALMOLIVE CO 5.2% 07/11/2016	5.200	11/07/2016	500,000.00	556,755.00 0.00	513,074.13 (1,807.49)	513,347.00 (1,363.00)	272.87	0.00	2,311.11	10,400.00	2.81
90331HMC4 US BANK NA CINCINNATI 1.1% 30/01/2017 (CALLABLE 30/12/16)	1.100	01/30/2017 12/30/2016	615,000.00	617,490.75 0.00	615,729.00 (72.90)	616,366.53 824.71	637.53	0.00	582.54	1,127.50	3.11
037833AM2 APPLE INC 1.05% 05/05/2017	1.050	05/05/2017	500,000.00	499,600.00 0.00	499,847.78 11.56	501,896.00 629.50	2,048.22	0.00	466.66	2,114.58	2.52
594918AP9 MICROSOFT CORP 0.875% 15/11/2017	0.875	11/15/2017	500,000.00	492,105.00 0.00	496,889.85 159.50	500,281.50 89.00	3,391.65	0.00	388.89	1,652.78	2.48
58933YAC9 MERCK & CO INC 1.1% 31/01/2018	1.100	01/31/2018	500,000.00	0.00 0.00	500,465.81 0.00	501,441.00 1,225.50	975.19	0.00	473.61	916.67	0.00

SECURITIES HELD

As of March 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											
717081AQ6 PFIZER INC 4.65% 01/03/2018	4.650	03/01/2018	500,000.00	552,500.00 0.00	532,741.43 (1,421.48)	534,538.00 1,477.50	1,796.57	11,625.00	2,066.67	1,937.50	2.79
191216BA7 COCA-COLA CO/THE 1.15% 01/04/2018	1.150	04/01/2018	500,000.00	498,645.00 0.00	499,119.86 36.62	503,251.50 1,835.00	4,131.64	0.00	511.11	2,875.00	2.52
931142DF7 WAL-MART STORES INC 1.125% 11/04/2018	1.125	04/11/2018	500,000.00	499,450.00 0.00	499,641.03 14.74	503,758.00 2,914.50	4,116.97	0.00	500.00	2,656.25	2.52
084664BW0 BERKSHIRE HATHAWAY FIN 1.3% 15/05/2018	1.300	05/15/2018	500,000.00	500,730.00 0.00	500,483.93 (18.97)	502,020.00 1,232.00	1,536.07	0.00	577.78	2,455.56	2.53
166764AEO CHEVRON CORP 1.718% 24/06/2018 (CALLABLE 24/05/18)	1.718	06/24/2018 05/24/2018	500,000.00	507,585.00 0.00	504,994.55 (186.36)	504,732.00 5,610.00	(262.55)	0.00	763.56	2,314.53	2.56
88579YAP6 3M COMPANY 1.375% 07/08/2018	1.375	08/07/2018	500,000.00	501,100.00 0.00	500,999.68 (35.41)	505,926.50 3,276.50	4,926.82	0.00	611.11	1,031.25	2.53
Total Corporate Bonds			6,865,000.00	6,496,530.75 0.00	6,915,602.66 (4,012.93)	6,939,443.28 17,076.96	23,840.62	11,625.00	10,753.04	34,646.90	32.77

Government Agencies

313370TW8 FEDERAL HOME LOAN BANK 2% 09/09/2016	2.000	09/09/2016	1,000,000.00	1,035,900.00 0.00	1,005,390.08 (1,017.00)	1,006,850.00 (220.00)	1,459.92	10,000.00	1,777.78	1,222.22	5.23
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	500,260.00 255.00	260.00	1,875.00	333.33	177.08	2.53
3137EADF3 FREDDIE MAC 1.25% 12/05/2017	1.250	05/12/2017	500,000.00	511,200.00 0.00	502,616.15 (195.24)	503,073.50 213.50	457.35	0.00	555.55	2,413.19	2.58

SECURITIES HELD

As of March 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											
313379DD8 FEDERAL HOME LOAN BANK 1% 21/06/2017 #1	1.000	06/21/2017	500,000.00	507,000.00 0.00	501,855.17 (126.20)	501,887.00 300.50	31.83	0.00	444.45	1,388.89	2.56
3137EADH9 FREDDIE MAC 1% 29/06/2017	1.000	06/29/2017	500,000.00	504,650.00 0.00	501,182.20 (76.19)	501,487.50 150.00	305.30	0.00	444.45	1,277.78	2.55
3137EADJ5 FREDDIE MAC 1% 28/07/2017 #1	1.000	07/28/2017	500,000.00	499,965.00 0.00	499,986.59 0.84	501,806.50 448.00	1,819.91	0.00	444.44	875.00	2.52
3130A6SV0 FEDERAL HOME LOAN BANK 0.84% 15/08/2017 #0002	0.840	08/15/2017	500,000.00	499,575.00 0.00	499,665.01 20.30	500,415.00 120.00	749.99	0.00	373.34	536.67	2.52
3134G3M31 FREDDIE MAC 1% 27/09/2017 CALLABLE	1.000	09/27/2017	1,200,000.00	1,203,276.00 0.00	1,200,000.00 0.00	1,205,145.60 2,140.80	5,145.60	6,000.00	1,066.66	133.33	6.07
3136FPTQ0 FANNIE MAE 2.2% 27/10/2017 CALLABLE	2.200	10/27/2017	500,000.00	514,240.00 0.00	509,882.59 (522.89)	511,060.00 265.00	1,177.41	0.00	977.78	4,705.56	2.59
31331J3S0 FEDERAL FARM CREDIT BANK 2.5% 01/12/2017	2.500	12/01/2017	500,000.00	517,630.00 0.00	512,450.80 (621.50)	513,305.00 (105.00)	854.20	0.00	1,111.11	4,166.67	2.61
31398AMD1 FANNIE MAE 4.065% 15/02/2018	4.065	02/15/2018	500,000.00	537,785.00 0.00	528,151.08 (1,251.16)	530,695.00 (700.00)	2,543.92	0.00	1,806.66	2,597.08	2.71
3130A5PE3 FEDERAL HOME LOAN BANK 1.125% 29/03/2018	1.125	03/29/2018	500,000.00	502,060.00 0.00	501,611.69 (67.24)	503,240.00 1,190.00	1,628.31	2,812.50	500.00	31.25	2.53

SECURITIES HELD

As of March 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											
3135G0YM9 FANNIE MAE 1.875% 18/09/2018	1.875	09/18/2018	500,000.00	508,550.00 0.00	507,436.24 (251.22)	512,179.00 746.00	4,742.76	4,687.50	833.33	338.54	2.57
Total Government Agencies			7,700,000.00	7,843,121.00 0.00	7,770,227.60 (4,107.50)	7,791,404.10 4,803.80	21,176.50	25,375.00	10,668.88	19,863.26	39.56
Government Bonds											
912828QX1 USA TREASURY 1.5% 31/07/2016	1.500	07/31/2016	500,000.00	511,835.94 0.00	500,795.15 (202.04)	501,874.50 (224.50)	1,079.35	0.00	638.73	1,236.26	2.58
912828WA4 USA TREASURY 0.625% 15/10/2016	0.625	10/15/2016	500,000.00	499,882.81 0.00	499,974.19 4.04	500,488.50 391.00	514.31	0.00	264.69	1,434.43	2.52
912828RU6 USA TREASURY 0.875% 30/11/2016	0.875	11/30/2016	500,000.00	502,734.38 0.00	500,715.10 (90.85)	501,191.50 312.50	476.40	0.00	370.56	1,458.33	2.54
912828A59 USA TREASURY 0.625% 15/12/2016	0.625	12/15/2016	750,000.00	749,384.77 0.00	749,557.38 52.98	750,381.00 674.25	823.62	0.00	397.03	1,370.39	3.78
912828SC5 USA TREASURY 0.875% 31/01/2017	0.875	01/31/2017	500,000.00	501,367.19 0.00	500,436.70 (44.24)	501,113.50 293.00	676.80	0.00	372.59	721.15	2.53
912828S50 USA TREASURY 0.875% 30/04/2017	0.875	04/30/2017	500,000.00	502,578.13 0.00	501,325.99 (104.07)	501,191.50 332.00	(134.49)	0.00	372.59	1,826.92	2.54
912828TB6 USA TREASURY 0.75% 30/06/2017	0.750	06/30/2017	500,000.00	499,257.81 0.00	499,602.30 27.03	500,469.00 430.00	866.70	0.00	319.37	937.50	2.52
912828G20 USA TREASURY 0.875% 15/11/2017	0.875	11/15/2017	500,000.00	500,781.25 0.00	500,514.48 (26.85)	501,250.00 566.50	735.52	0.00	372.60	1,646.64	2.53

SECURITIES HELD

As of March 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											
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	501,289.00 527.50	1,289.00	0.00	372.59	721.15	2.52
912828J68 USA TREASURY 1% 15/03/2018	1.000	03/15/2018	500,000.00	500,468.75 0.00	500,353.05 (15.32)	502,441.50 449.50	2,088.45	2,500.00	423.43	217.39	2.52
Total Government Bonds			5,250,000.00	5,268,291.03 0.00	5,253,274.34 (399.32)	5,261,690.00 3,751.75	8,415.66	2,500.00	3,904.18	11,570.16	26.57
Grand total			20,032,299.09	19,825,241.87 0.00	20,156,403.69 (8,519.75)	20,209,836.47 25,632.51	53,432.78	39,500.00	25,326.10	66,080.32	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of March 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)
United States Treasury Note/Bond												
912828QX1	USA TREASURY 1.5%	1.500	07/31/2016		AA+	Aaa	500,000.00	511,835.94	2.58	501,874.50	2.48	0.33
912828WA4	USA TREASURY 0.625%	0.625	10/15/2016		AA+	Aaa	500,000.00	499,882.81	2.52	500,488.50	2.48	0.54
912828RU6	USA TREASURY 0.875%	0.875	11/30/2016		AA+	Aaa	500,000.00	502,734.38	2.54	501,191.50	2.48	0.66
912828A59	USA TREASURY 0.625%	0.625	12/15/2016		AA+	Aaa	750,000.00	749,384.77	3.78	750,381.00	3.71	0.70
912828SC5	USA TREASURY 0.875%	0.875	01/31/2017		AA+	Aaa	500,000.00	501,367.19	2.53	501,113.50	2.48	0.83
912828SS0	USA TREASURY 0.875%	0.875	04/30/2017		AA+	Aaa	500,000.00	502,578.13	2.54	501,191.50	2.48	1.07
912828TB6	USA TREASURY 0.75%	0.750	06/30/2017		AA+	Aaa	500,000.00	499,257.81	2.52	500,469.00	2.48	1.24
912828G20	USA TREASURY 0.875%	0.875	11/15/2017		AA+	Aaa	500,000.00	500,781.25	2.53	501,250.00	2.48	1.61
912828UJ7	USA TREASURY 0.875%	0.875	01/31/2018		AA+	Aaa	500,000.00	500,000.00	2.52	501,289.00	2.48	1.82
912828J68	USA TREASURY 1%	1.000	03/15/2018		AA+	Aaa	500,000.00	500,468.75	2.52	502,441.50	2.49	1.93
Issuer total							5,250,000.00	5,268,291.03	26.57	5,261,690.00	26.04	1.05
Federal Home Loan Mortgage Corp												
3137EADF3	FREDDIE MAC 1.25%	1.250	05/12/2017		AA+	Aaa	500,000.00	511,200.00	2.58	503,073.50	2.49	1.10
3137EADH9	FREDDIE MAC 1%	1.000	06/29/2017		AA+	Aaa	500,000.00	504,650.00	2.55	501,487.50	2.48	1.23
3137EADJ5	FREDDIE MAC 1%	1.000	07/28/2017		AA+	Aaa	500,000.00	499,965.00	2.52	501,806.50	2.48	1.31
3134G3M31	FREDDIE MAC 1%	1.000	09/27/2017		AA+	Aaa	1,200,000.00	1,203,276.00	6.07	1,205,145.60	5.96	1.48
Issuer total							2,700,000.00	2,719,091.00	13.72	2,711,513.10	13.42	1.33
Federal Home Loan Banks												
313370TW8	FEDERAL HOME LOAN	2.000	09/09/2016		AA+	Aaa	1,000,000.00	1,035,900.00	5.23	1,006,850.00	4.98	0.44
313379DD8	FEDERAL HOME LOAN	1.000	06/21/2017		AA+	Aaa	500,000.00	507,000.00	2.56	501,887.00	2.48	1.21
3130A6SV0	FEDERAL HOME LOAN	0.840	08/15/2017		AA+	Aaa	500,000.00	499,575.00	2.52	500,415.00	2.48	1.36
3130A5PE3	FEDERAL HOME LOAN	1.125	03/29/2018		AA+	Aaa	500,000.00	502,060.00	2.53	503,240.00	2.49	1.97
Issuer total							2,500,000.00	2,544,535.00	12.83	2,512,392.00	12.43	1.08

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of March 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												
3135G0VM2	FANNIE MAE 0.75%	0.750	03/14/2017		AA+	Aaa	500,000.00	501,290.00	2.53	500,260.00	2.48	0.95
3136FPTQ0	FANNIE MAE 2.2%	2.200	10/27/2017		AA+	Aaa	500,000.00	514,240.00	2.59	511,060.00	2.53	1.54
31398AMD1	FANNIE MAE 4.065%	4.065	02/15/2018		AA+	Aaa	500,000.00	537,785.00	2.71	530,695.00	2.63	1.81
3135G0YM9	FANNIE MAE 1.875%	1.875	09/18/2018		AA+	Aaa	500,000.00	508,550.00	2.57	512,179.00	2.53	2.41
Issuer total							2,000,000.00	2,061,865.00	10.40	2,054,194.00	10.16	1.68
US Bank NA/Cincinnati OH												
90331HMC4	US BANK NA CINCINNATI	1.100	01/30/2017	12/30/2016	AA-	A1	615,000.00	617,490.75	3.11	616,366.53	3.05	0.79
Issuer total							615,000.00	617,490.75	3.11	616,366.53	3.05	0.79
Pfizer Inc												
717081AQ6	PFIZER INC 4.65%	4.650	03/01/2018		AA	A1	500,000.00	552,500.00	2.79	534,538.00	2.64	1.85
Issuer total							500,000.00	552,500.00	2.79	534,538.00	2.64	1.85
Colgate-Palmolive Co												
19416QDH0	COLGATE-PALMOLIVE CO	5.200	11/07/2016		AA-	Aa3	500,000.00	556,755.00	2.81	513,347.00	2.54	0.59
Issuer total							500,000.00	556,755.00	2.81	513,347.00	2.54	0.59
Federal Farm Credit Banks												
31331J350	FEDERAL FARM CREDIT	2.500	12/01/2017		AA+	Aaa	500,000.00	517,630.00	2.61	513,305.00	2.54	1.63
Issuer total							500,000.00	517,630.00	2.61	513,305.00	2.54	1.63
3M Co												
88579YAP6	3M COMPANY 1.375%	1.375	08/07/2018		AA-	A1	500,000.00	501,100.00	2.53	505,926.50	2.50	2.31
Issuer total							500,000.00	501,100.00	2.53	505,926.50	2.50	2.31

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of March 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)
Chevron Corp												
166764AE0	CHEVRON CORP 1.718%	1.718	06/24/2018	05/24/2018	AA-	Aa1	500,000.00	507,585.00	2.56	504,732.00	2.50	2.14
Issuer total							500,000.00	507,585.00	2.56	504,732.00	2.50	2.14
Wal-Mart Stores Inc												
931142DF7	WAL-MART STORES INC	1.125	04/11/2018		AA	Aa2	500,000.00	499,450.00	2.52	503,758.00	2.49	1.99
Issuer total							500,000.00	499,450.00	2.52	503,758.00	2.49	1.99
Coca-Cola Co/The												
191216BA7	COCA-COLA CO/THE	1.150	04/01/2018		AA-	Aa3	500,000.00	498,645.00	2.52	503,251.50	2.49	1.98
Issuer total							500,000.00	498,645.00	2.52	503,251.50	2.49	1.98
Berkshire Hathaway Finance Corp												
084664BW0	BERKSHIRE HATHAWAY	1.300	05/15/2018		AA	Aa2	500,000.00	500,730.00	2.53	502,020.00	2.48	2.08
Issuer total							500,000.00	500,730.00	2.53	502,020.00	2.48	2.08
Apple Inc												
037833AM2	APPLE INC 1.05%	1.050	05/05/2017		AA+	Aa1	500,000.00	499,600.00	2.52	501,896.00	2.48	1.08
Issuer total							500,000.00	499,600.00	2.52	501,896.00	2.48	1.08
Merck & Co Inc												
58933YAC9	MERCK & CO INC 1.1%	1.100	01/31/2018		AA	A1	500,000.00	0.00	0.00	501,441.00	2.48	1.81
Issuer total							500,000.00	0.00	0.00	501,441.00	2.48	0.00
General Electric Co												
36962G6Z2	GENERAL ELECTRIC CO	1.500	07/12/2016		AA+	A1	500,000.00	507,585.00	2.56	501,349.50	2.48	0.28
Issuer total							500,000.00	507,585.00	2.56	501,349.50	2.48	0.28

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

TOWN OF ATHERTON

As of March 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)
Microsoft Corp												
594918AP9	MICROSOFT CORP 0.875%	0.875	11/15/2017		AAA	Aaa	500,000.00	492,105.00	2.48	500,281.50	2.48	1.61
Issuer total							500,000.00	492,105.00	2.48	500,281.50	2.48	1.61
Toyota Motor Credit Corp												
89236TAL9	TOYOTA MOTOR CREDIT	0.800	05/17/2016		AA-	Aa3	500,000.00	502,845.00	2.54	500,070.00	2.47	0.13
Issuer total							500,000.00	502,845.00	2.54	500,070.00	2.47	0.13
Johnson & Johnson												
478160AY0	JOHNSON & JOHNSON	2.150	05/15/2016		AAA	Aaa	250,000.00	260,140.00	1.31	250,465.75	1.24	0.12
Issuer total							250,000.00	260,140.00	1.31	250,465.75	1.24	0.12
Cash and Cash Equivalents												
	INVESTED CASH	0.000					217,299.09	217,299.09	0.00	217,299.09	1.08	0.00
Issuer total							217,299.09	217,299.09	0.00	217,299.09	1.08	0.00
Grand total							20,032,299.09	19,825,241.87	100.00	20,209,836.47	100.00	1.26

TRANSACTION REPORT

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

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
03/01/2016 03/01/2016	717081AQ6	Income	Corporate Bonds	PFIZER INC 4.65% 01/03/2018	03/01/2018	500,000.00	0.00	0.00	11,625.00	11,625.00
03/09/2016 03/09/2016	313370TW8	Income	Government Agencies	FEDERAL HOME LOAN BANK 2%	09/09/2016	1,000,000.00	0.00	0.00	10,000.00	10,000.00
03/14/2016 03/14/2016	3135G0VM2	Income	Government Agencies	FANNIE MAE 0.75% 14/03/2017	03/14/2017	500,000.00	0.00	0.00	1,875.00	1,875.00
03/15/2016 03/15/2016	912828J68	Income	Government Bonds	USA TREASURY 1% 15/03/2018	03/15/2018	500,000.00	0.00	0.00	2,500.00	2,500.00
03/18/2016 03/18/2016	3135G0YM9	Income	Government Agencies	FANNIE MAE 1.875%	09/18/2018	500,000.00	0.00	0.00	4,687.50	4,687.50
03/27/2016 03/27/2016	3134G3M31	Income	Government Agencies	FREDDIE MAC 1% 27/09/2017	09/27/2017	1,200,000.00	0.00	0.00	6,000.00	6,000.00
03/29/2016 03/29/2016	3130A5PE3	Income	Government Agencies	FEDERAL HOME LOAN BANK	03/29/2018	500,000.00	0.00	0.00	2,812.50	2,812.50
03/31/2016		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	1.36	1.36

ADDITIONAL INFORMATION

As of March 31, 2016

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.

You cannot invest in an index. The volatility of the benchmark may be materially different from that of the Composite. The benchmark is presented merely to show general trends in the market for the period and is not intended to imply that a clients account is benchmarked to the indices either in composition, volatility, or level of risk. An index has no expenses. Index data is provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark.

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.

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.

Investment advisory services in North America are provided through four different SEC-registered investment advisers using the brand Insight Investment: Cutwater Asset Management Corp. (CAMC), Cutwater Investor Services Corp. (CISC), Pareto New York LLC (PNY) and Pareto Investment Management Limited (PIML). The North American investment advisers are associated with a broader group of global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as Insight, Insight Group or Insight Investment.

Both CISC and CAMC are investment advisers registered with the Securities and Exchange Commission (SEC), under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. You may request, without charge, additional information about Insight. Moreover, specific information relating to Insights strategies, including investment advisory fees, may be obtained from CAMCs and CISCs Forms ADV Part 2A, which are available without charge upon request.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Insight is a group of wholly owned subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of The Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction. Unless you are notified to the contrary, the products and services mentioned are not insured by the FDIC (or by any governmental entity) and are not guaranteed by or obligations of The Bank of New York Mellon Corporation or any of its affiliates. The Bank of New York Corporation assumes no responsibility for the accuracy or completeness of the above data and disclaims all expressed or implied warranties in connection therewith.

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

Fund No.	Fund Name	DEC. Balance
101	General Fund	12,795,553
105	Tennis Fund	91,589
610	Equipment Replacement Fund	315,678
614	Worker's Compensation	287,959
615	General Liability	509,107
616	Employee Benefits	1,490,119
	Total Non-Restricted	<u>15,490,004</u>
201	Special Tax Fund	3,505,708
202	County Measure A Fund	800,723
203	Gas Tax Fund	263,730
204	Measure M	213,049
209	SLES/COPS Grant	91,184
210	Road Constructions Impact Fee	598,529
213	Library Fund	6,025,704
215	Evans Creative Design (formerly fund 715)	28,920
221	Refuse Rate and Stabilization	895,936
401	GF Projects	3,028,409
402	Storm Drainage	30,238
403	Atherton Channel Drainage District	382,326
406	Facilities Construction	1,768,893
730	H-P Park Improvement	6,133
740	Tree Committee	25,349
	Total Restricted	<u>17,664,831</u>
	Total Cash & Investments	<u><u>33,154,835</u></u>

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

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
3/1/2016	11,609,722		-	-	(700,000)	10,909,722	3/31/2016

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

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
2/1/2016	5,091,869	(32,804)	5,067	(4,011)	32,804	5,092,925	2/29/2016 (*)

* Recent available PARS report