CITY OF EASTVALE
CITY COUNCIL STAFF REPORT

ITEM 6.4

MEETING DATE: **NOVEMBER 9, 2016**

TO: **HONORABLE MAYOR AND COUNCILMEMBERS**

FROM: **JAMES R. RILEY, INTERIM FINANCE DIRECTOR**

SUBJECT: **TREASURER'S REPORT – QUARTER ENDED SEPTEMBER 30, 2016**

RECOMMENDATION: RECEIVE AND FILE THE CITY TREASURER'S REPORT

BACKGROUND

In accordance with the City of Eastvale's Investment Policy, adopted May 11, 2016, the City Treasurer is required to submit a quarterly treasurer's report to the City Council. The report shall include types of investments, credit ratings, institutions involved, dates of purchases, dates of maturity, amount of deposits or cost of the security, current market value of the securities, interest rates, investment fund balances and a statement as to whether investments are in compliance with the Investment Policy and whether there are sufficient funds to meet the City's cash obligations for the next six months.

DISCUSSION

The Schedule of Investments includes a breakdown of the City's investments by "Active" or "Inactive" Deposits. "Active Deposits" are those accounts which receive revenues, whereas "Inactive Deposits" are available for use but are not earning revenues. Detail reports for the Morgan Stanley Investment Portfolio and the PFM Managed Investment Portfolio, with all supplemental information required by the City's investment policy, are included in the report.

The Dash Board Report Card, consists of two sections:

I. Portfolio Diversification – This section reflects the diversification of the City of Eastvale's portfolio by both type of instrument and length of maturity.

II. Portfolio Performance Measures – This section compares budget to actuals in the area of interest earned.

The City of Eastvale's Schedule of Investments is in compliance with the City's Investment Policy. The City has sufficient funds to meet its expenditure requirements for the next six months. Total cash and investments at September 30, 2016 is $54,704,199 (book value). Interest income earned through quarter ending on September 30, 2016 is $77,454, which is 86.35% of the 2016-17 budgeted amount for interest of $89,700.

CITY OF EASTVALE
CITY COUNCIL STAFF REPORT

ITEM 6.4

FISCAL IMPACT

Not Applicable.

STRATEGIC PLAN IMPACT

Goal 1: Establish a solid fiscal foundation for the City

ATTACHMENTS

1. Schedule of Investments – September 30, 2016
2. Dash Board Report Card – September 30, 2016
3. Morgan Stanley Investment Portfolio – September 30, 2016
4. PFM Managed Investment Portfolio – September 30, 2016

Prepared by: James R. Riley, Interim Finance Director
Reviewed by: Michele Nissen, City Manager
Reviewed by: John Cavanaugh, City Attorney

City of Eastvale
Schedule of Investments
As of September 30, 2016

Institution	Par Value	Book Value Price @ Cost	(Fair Value) Market Value	Yield
ACTIVE DEPOSITS				
Money Market Accounts:				
Citizens Business Bank - Money Market	$ 1,176,617.21	$ 1,176,617.21	$ 1,176,617.21	0.350%
First American Govt Oblig Fund - US Bank	$ 3,786.29	$ 3,786.29	$ 3,786.29	0.000%
Total Money Market	$ 1,180,403.50	$ 1,180,403.50	$ 1,180,403.50	0.349%
Pooled Investment Accounts:				
Local Agency Investment Fund	$ 12,839,319.60	$ 12,839,319.60	$ 12,843,248.84	0.634%
Total Pooled Investment	$ 12,839,319.60	$ 12,839,319.60	$ 12,843,248.84	0.634%
Morgan Stanley Investment Portfolio				
Certificates of Deposit	$ 2,979,000.00	$ 2,979,000.00	$ 2,989,709.23	0.860%
Total Morgan Stanely Investments	$ 2,979,000.00	$ 2,979,000.00	$ 2,989,709.23	0.860%
PFM Managed Investment Portfolio:				
U.S. Treasury Bond/ Note	$ 5,530,000.00	$ 5,655,541.80	$ 5,654,568.32	1.080%
Asset-Back Security/ Collateralized	$ 145,000.00	$ 144,980.48	$ 145,188.69	1.300%
Federal Agency Bond/ Note	$ 21,995,000.00	$ 22,063,533.50	$ 22,065,444.91	0.920%
Corporate Note	$ 4,000,000.00	$ 4,145,301.90	$ 4,145,121.88	1.940%
Total PFM Managed Investments	$ 31,670,000.00	$ 32,009,357.68	$ 32,010,323.80	1.080%
ACTIVE DEPOSITS TOTAL	$ 48,668,723.10	$ 49,008,080.78	$ 49,023,685.37	0.707%
INACTIVE DEPOSITS				
Checking Account:				
Citizens Business Bank - Checking		$ 5,696,118.22	$ 5,696,118.22	0.000%
Total		$ 5,696,118.22	$ 5,696,118.22	0.000%
INACTIVE DEPOSITS TOTAL		$ 5,696,118.22	$ 5,696,118.22	
GRAND TOTAL CASH		**$ 54,704,199.00**	**$ 54,719,803.59**	

Per Government Code requirements, the Investment Report is in compliance with the City of Eastvale's Investment Policy, and there are adequate funds available to meet budgeted and actual expenditures for the next six months.

James R. Riley
Interim Finance Director
11/1/2016

City of Eastvale
Dash Board Report Card
As of September 30, 2016

I. PORTFOLIO DIVERSIFICATION

DIVERSIFICATION BY INSTRUMENT

Money Market	2.41%
LAIF	26.20%
Certificates of Deposit	6.08%
U.S. Treasury Bond/ Note	11.54%
Asset-Backed Security/ Collateralized	0.30%
Federal Agency Bond/ Note	45.02%
Corporate Note	8.46%
	100.00%

DIVERSIFICATION BY MATURITY

Less Than 90 Days	30.13%
Six Months (26 Weeks)	1.52%
One Year (52 Weeks)	1.52%
Two Years (104 Weeks)	21.03%
Three Years (156 Weeks)	22.42%
Four Years (208 Weeks)	10.79%
Five Years +	12.60%
	100.00%

II. PORTFOLIO PERFORMANCE MEASURES

Yield at Cost Month		0.707%
Annual Interest Budget	$	89,700.00
Money Market	$	1,062.47
LAIF	$	19,506.17
Certificate of Deposits	$	4,600.88
U.S. Treasury Bond/ Note	$	21,040.63
Federal Agency Discount Note	$	2,077.51
Federal Agency Bond/ Note	$	29,166.67
Corporate Note	$	-
Total YTD Interest Earned	$	77,454.33
Over/(Under) Annual Budget	$	(12,245.67)
% of Annual Budget		86.348%

Morgan Stanley

Account Summary

Active Assets Account 615-122918-245

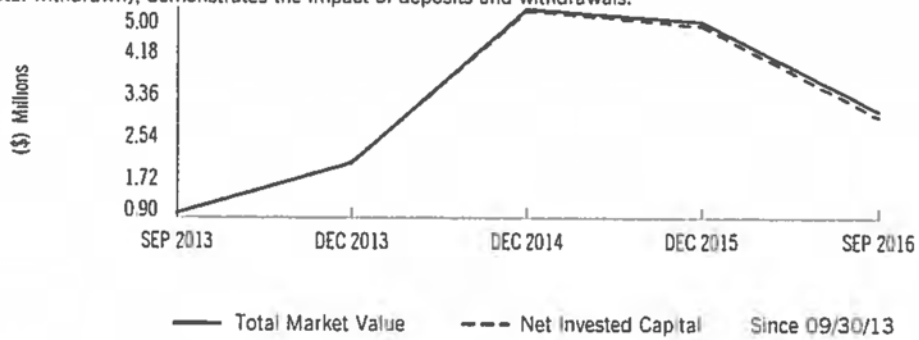
CITY OF EASTVALE
C/O JAMES R RILEY

CHANGE IN VALUE OF YOUR ACCOUNTS (includes accrued interest)

	This Period (9/1/16-9/30/16)	This Year (1/1/16-9/30/16)
TOTAL BEGINNING VALUE	**$3,248,788.95**	**$4,726,440.43**
Credits	—	—
Debits	(254,450.38)	(1,772,783.79)
Security Transfers	—	—
Net Credits/Debits/Transfers	**$(254,450.38)**	**$(1,772,783.79)**
Change in Value	**2,080.28**	**42,762.21**
TOTAL ENDING VALUE	**$2,996,418.85**	**$2,996,418.85**

CHANGE IN VALUE OVER TIME

The display of market value (total account value) and net invested capital (total amount invested minus total withdrawn), demonstrates the impact of deposits and withdrawals.

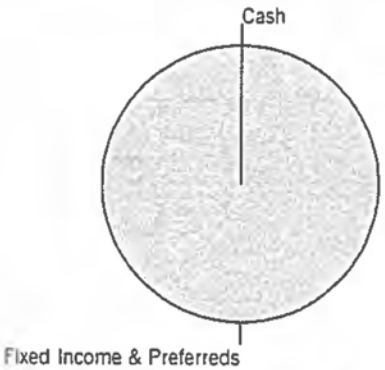


This graph does not reflect corrections to Net Invested Capital or Market Value made subsequent to the dates depicted. It may exclude transactions in Annuities or positions where we are not the custodian, which could delay the reporting of Market Value or affect the Net Invested Capital.

ASSET ALLOCATION (includes accrued interest)

	Market Value	Percentage
Cash	$0.01	0.00
Fixed Income & Preferreds	2,996,418.84	100.00
TOTAL VALUE	**$2,996,418.85**	**100.00%**

FDIC rules apply and Bank Deposits are eligible for FDIC insurance but are not covered by SIPC. Cash and securities (including MMFs) are eligible for SIPC coverage. See Expanded Disclosures. Values may include assets externally held, which are provided to you as a courtesy, and may not be covered by SIPC. For additional information, refer to the corresponding section of this statement.



This asset allocation represents holdings on a trade date basis, and projected settled Cash/ BDP and MMF balances. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes.

Account Summary

Active Assets Account 615-122918-245

CITY OF EASTVALE
C/O JAMES R RILEY

BALANCE SHEET (^ includes accrued interest)

	Last Period (as of 8/31/16)	This Period (as of 9/30/16)
Cash, BDP, MMFs	—	$0.01
Certificates of Deposit ^	3,248,788.95	2,996,418.84
Total Assets	**$3,248,788.95**	**$2,996,418.85**
Total Liabilities (outstanding balance)	—	—
TOTAL VALUE	**$3,248,788.95**	**$2,996,418.85**

INCOME AND DISTRIBUTION SUMMARY

	This Period (9/1/16-9/30/16)	This Year (1/1/16-9/30/16)
Interest	$6,450.39	$31,783.72
Total Taxable Income And Distributions	**$6,450.39**	**$31,783.72**
Total Tax-Exempt Income	—	—
TOTAL INCOME AND DISTRIBUTIONS	**$6,450.39**	**$31,783.72**

Taxable and tax exempt income classifications are based on the characteristics of the underlying securities and not the taxable status of the account.

CASH FLOW

	This Period (9/1/16-9/30/16)	This Year (1/1/16-9/30/16)
OPENING CASH, BDP, MMFs	—	**$0.08**
Sales and Redemptions	248,000.00	1,741,000.00
Income and Distributions	6,450.39	31,783.72
Total Investment Related Activity	**$254,450.39**	**$1,772,783.72**
Electronic Transfers-Debits	(254,450.38)	(1,772,783.79)
Total Cash Related Activity	**$(254,450.38)**	**$(1,772,783.79)**
Total Card/Check Activity	—	—
CLOSING CASH, BDP, MMFs	**$0.01**	**$0.01**

GAIN/(LOSS) SUMMARY

	Realized This Period (9/1/16-9/30/16)	Realized This Year (1/1/16-9/30/16)	Unrealized Inception to Date (as of 9/30/16)
Long-Term Gain	—	—	$10,709.23

The Gain/(Loss) Summary, which may change due to basis adjustments, is provided for informational purposes and should not be used for tax preparation. Refer to Gain/(Loss) in the Expanded Disclosures.

Security Mark at Right

Account Detail

Active Assets Account 615-122918-245

CITY OF EASTVALE
C/O JAMES R RILEY

Investment Objectives†: Income, Aggressive Income

Brokerage Account

† Inform us if your investment objectives, as defined in the Expanded Disclosures, change.

HOLDINGS

This section reflects positions purchased/sold on a trade date basis. "Market Value" and "Unrealized Gain/(Loss)" may not reflect the value that could be obtained in the market. Fixed Income securities are sorted by maturity or pre-refunding date, and alphabetically within date. Estimated Annual Income a) is calculated on a pre-tax basis, b) does not include any reduction for applicable non-US withholding taxes, c) may include return of principal or capital gains which could overstate such estimates, and d) for securities that have a defined maturity date within the next 12 months, is reflected only through maturity date. Actual income or yield may be lower or higher than the estimates. Current yield reflects the income generated by an investment, and does not reflect changes in its price. Structured Investments, identified on the Position Description Details line as "Asset Class: Struct Inv," may appear in various statement product categories. When displayed, the accrued interest, annual income and current yield for those with a contingent income feature (e.g., Range Accrual Notes or Contingent Income Notes) are estimates and assume specified accrual conditions are met during the relevant period and payment in full of all contingent interest. For Floating Rate Securities, the accrued interest, annual income and current yield are estimates based on the current floating coupon rate and may not reflect historic rates within the accrual period.

CASH, BANK DEPOSIT PROGRAM AND MONEY MARKET FUNDS

Cash, Bank Deposit Program, and Money Market Funds are generally displayed on a settlement date basis. You have the right to instruct us to liquidate your bank deposit balance(s) or shares of any money market fund balance(s) at any time and have the proceeds of such liquidation remitted to you. Estimated Annual Income, Accrued Interest, and APY% will only be displayed for fully settled positions.

Description	Market Value	7-Day Current Yield %	Est Ann Income	APY %
MORGAN STANLEY BANK N.A. #	$0.01	—	—	0.020

	Percentage of Holdings	Market Value	Est Ann Income
CASH, BDP, AND MMFs	0.00%	$0.01	$0.00

 # Bank Deposits are held at Morgan Stanley Bank, N.A. and/or Morgan Stanley Private Bank, National Association, affiliates of Morgan Stanley Smith Barney LLC and each a national bank and FDIC member.

CERTIFICATES OF DEPOSIT

Security Description	Trade Date	Face Value	Orig Unit Cost / Adj Unit Cost	Unit Price	Orig Total Cost / Adj Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income / Accrued Interest	Current Yield %
KEY BANK CD CLEVELAND OH CD	4/2/14	249,000.000	$100.000	$100.005	$249,000.00			$747.00	0.29
Coupon Rate 0.600%; Matures 10/17/2016; CUSIP 49306STU0			$100.000		$249,000.00	$249,012.45	$12.45 LT	$681.68	
Int. Semi-Annually Apr/Oct 16; Issued 04/16/14; Maturity Value = $249,000.00; Asset Class: FI & Pref									
SYNOVUS BANK CD COLUMBUS GA CD	5/6/14	249,000.000	100.000	100.032	249,000.00			934.00	0.37
Coupon Rate 0.750%; Matures 11/15/2016; CUSIP 87164DEL0			100.000		249,000.00	249,079.68	79.68 LT	700.31	
Int. Semi-Annually May/Nov 15; Issued 05/15/14; Maturity Value = $249,000.00; Asset Class: FI & Pref									
SALLIE MAE BK CD SALT LAKE CITY UT CD	12/4/13	248,000.000	100.000	100.132	248,000.00			1,302.00	0.52
Coupon Rate 1.050%; Matures 12/12/2016; CUSIP 795450RV9			100.000		248,000.00	248,327.36	327.36 LT	789.73	
Int. Semi-Annually Jun/Dec 11; Issued 12/11/13; Maturity Value = $248,000.00; Asset Class: FI & Pref									

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Account Detail

Active Assets Account 615-122918-245

CITY OF EASTVALE
C/O JAMES R RILEY

Security Description	Trade Date	Face Value	Orig Unit Cost / Adj Unit Cost	Unit Price	Orig Total Cost / Adj Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income / Accrued Interest	Current Yield %
BANK BARODA NEW YORK NY CD	1/14/14	248,000.000	100.000	100.142	248,000.00			1,240.00	0.49
Coupon Rate 1.000%; Matures 01/17/2017; CUSIP 06062AFB0			100.000		248,000.00	248,352.16	352.16 LT	505.43	
Int. Semi-Annually Jan/Jul 17; Yield to Maturity .523%; Issued 01/17/14; Maturity Value = $248,000.00; Asset Class: FI & Pref									
GE CAP RET BK DRAPER UT CD	2/10/14	248,000.000	100.000	100.191	248,000.00			1,302.00	0.52
Coupon Rate 1.050%; Matures 02/14/2017; CUSIP 36157QVR5			100.000		248,000.00	248,473.68	473.68 LT	332.57	
Int. Semi-Annually Feb/Aug 14; Yield to Maturity .537%; Issued 02/14/14; Maturity Value = $248,000.00; Asset Class: FI & Pref									
goldman sachs NEW YORK NY CD	3/11/14	248,000.000	100.000	100.230	248,000.00			1,302.00	0.52
Coupon Rate 1.050%; Matures 03/20/2017; CUSIP 38147JVW9			100.000		248,000.00	248,570.40	570.40 LT	79.12	
Int. Semi-Annually Mar/Sep 19; Yield to Maturity .563%; Issued 03/19/14; Maturity Value = $248,000.00; Asset Class: FI & Pref									
PRIVATEBANK & TC CHICAGO ILL CD	4/2/14	248,000.000	100.000	100.297	248,000.00			2,480.00	0.99
Coupon Rate 1.000%; Matures 04/17/2017; CUSIP 74267GUJ4			100.000		248,000.00	248,736.56	736.56 LT	1,131.58	
Int. Semi-Annually Apr/Oct 16; Issued 04/16/14; Maturity Value = $248,000.00; Asset Class: FI & Pref									
BARCLAYS BANK CD WILMINGTON DE CD	5/6/14	248,000.000	100.000	100.318	248,000.00			2,728.00	1.09
Coupon Rate 1.100%; Matures 05/15/2017; CUSIP 06740KGW1			100.000		248,000.00	248,788.64	788.64 LT	1,037.82	
Int. Semi-Annually May/Nov 13; Yield to Maturity .591%; Issued 05/13/14; Maturity Value = $248,000.00; Asset Class: FI & Pref									
ALLY BK MIDVALE UT CD	3/17/15	248,000.000	100.000	100.423	248,000.00			2,604.00	1.04
Coupon Rate 1.050%; Matures 09/26/2017; CUSIP 02006LPR8			100.000		248,000.00	249,049.04	1,049.04 LT	28.77	
Int. Semi-Annually Mar/Sep 26; Yield to Maturity .620%; Issued 03/26/15; Maturity Value = $248,000.00; Asset Class: FI & Pref									
HOMEBANK CD LAKE MARY FL CD	3/10/15	249,000.000	100.000	100.518	249,000.00			2,988.00	1.19
Coupon Rate 1.200%; Matures 03/29/2018; CUSIP 43738AFT8			100.000		249,000.00	250,289.82	1,289.82 LT	240.70	
Interest Paid Monthly May 01; Yield to Maturity .851%; Issued 03/30/15; Maturity Value = $249,000.00; Asset Class: FI & Pref									
AMEX CENTURION SALT LAKE CITY UT CD	6/9/15	248,000.000	100.000	100.583	248,000.00			3,844.00	1.54
Coupon Rate 1.550%; Matures 06/18/2018; CUSIP 02587DYT9			100.000		248,000.00	249,445.84	1,445.84 LT	1,102.78	
Int. Semi-Annually Jun/Dec 17; Yield to Maturity 1.206%; Issued 06/17/15; Maturity Value = $248,000.00; Asset Class: FI & Pref									
CAPITAL ONE NA MCLEAN VA CD	9/16/15	248,000.000	100.000	101.445	248,000.00			4,092.00	1.62
Coupon Rate 1.650%; Matures 09/24/2018; CUSIP 14042RAA9			100.000		248,000.00	251,583.60	3,583.60 LT	79.12	
Int. Semi-Annually Mar/Sep 23; Yield to Maturity .913%; Issued 09/23/15; Maturity Value = $248,000.00; Asset Class: FI & Pref									

	Percentage of Holdings	Face Value	Orig Total Cost / Adj Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income / Accrued Interest	Current Yield %
CERTIFICATES OF DEPOSIT		2,979,000.000	$2,979,000.00			$25,563.00	0.86%
			$2,979,000.00	$2,989,709.23	$10,709.23 LT	$6,709.61	
TOTAL CERTIFICATES OF DEPOSIT (includes accrued interest)	100.00%			$2,996,418.84			

Security Mark at Right

Account Detail

Active Assets Account 615-122918-245

CITY OF EASTVALE
C/O JAMES R RILEY

	Percentage of Holdings	Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income Accrued Interest	Current Yield %
TOTAL MARKET VALUE		$2,979,000.00	$2,989,709.24	$10,709.23 LT	$25,563.00 $6,709.61	0.85%
TOTAL VALUE (includes accrued interest)	100.00%		$2,996,418.85			

Unrealized Gain/(Loss) totals only reflect positions that have both cost basis and market value information available. Cash, MMF, Deposits and positions stating 'Please Provide' or 'Pending Corporate Actions' are not included.

ALLOCATION OF ASSETS (^includes accrued interest)

	Cash	Equities	Fixed Income & Preferred Securities	Alternatives	Annuities & Insurance	Structured Investments	Other
Cash, BDP, MMFs	$0.01	—	—	—	—	—	—
Certificates of Deposit ^	—	—	$2,996,418.84	—	—	—	—
TOTAL ALLOCATION OF ASSETS ^	**$0.01**	—	**$2,996,418.84**	—	—	—	—

ACTIVITY

CASH FLOW ACTIVITY BY DATE

Activity Date	Settlement Date	Activity Type	Description	Comments	Quantity	Price	Credits/(Debits)
9/1		Interest Income	HOMEBANK CD 1200 18MH29	CUSIP: 43738AFT8			$253.78
9/2		Withdrawal	BRANCH CHECK	PAID TO CITY OF EASTVALE			(253.78)
9/19		Interest Income	goldman sachs 1050 17MH20	CUSIP: 38147JVW9			1,312.70
9/20		Withdrawal	BRANCH CHECK	PAID TO CITY OF EASTVALE			(1,312.70)
9/23		Interest Income	CAPITAL ONE NA CD 1650 18SP24	CUSIP: 14042RAA9			2,062.82
9/26		Interest Income	DISCOVER BK 1200 16SP26	CUSIP: 254671WR7			1,508.38
9/26		Interest Income	ALLY BK 1050 17SP26	CUSIP: 02006LPR8			1,312.70
9/26		Interest Income	MORGAN STANLEY BANK N.A.				0.01
9/26	9/26	Redemption	DISCOVER BK 1200 16SP26	REDEMPTION OF MATURED BOND CUSIP: 254671WR7	248,000.000	100.0000	248,000.00
9/26		Withdrawal	BRANCH CHECK	PAID TO CITY OF EASTVALE			(252,883.90)
NET CREDITS/(DEBITS)							**$0.01**

MONEY MARKET FUND (MMF) AND BANK DEPOSIT PROGRAM ACTIVITY

Activity Date	Activity Type	Description	Credits/(Debits)
9/1	Automatic Investment	BANK DEPOSIT PROGRAM	$253.78
9/2	Automatic Redemption	BANK DEPOSIT PROGRAM	(253.78)

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Account Detail

Active Assets Account 615-122918-245

CITY OF EASTVALE
C/O JAMES R RILEY

MONEY MARKET FUND (MMF) AND BANK DEPOSIT PROGRAM ACTIVITY (CONTINUED)

Activity Date	Activity Type	Description	Credits/(Debits)
9/19	Automatic Investment	BANK DEPOSIT PROGRAM	1,312.70
9/20	Automatic Redemption	BANK DEPOSIT PROGRAM	(1,312.70)
9/23	Automatic Investment	BANK DEPOSIT PROGRAM	2,062.82
9/26	Automatic Redemption	BANK DEPOSIT PROGRAM	(2,062.82)
9/27	Automatic Investment	BANK DEPOSIT PROGRAM	0.01
NET ACTIVITY FOR PERIOD			$0.01

REALIZED GAIN/(LOSS) DETAIL

LONG-TERM GAIN/(LOSS)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
DISCOVER BK 1.200 9-26-16	09/18/13	09/26/16	248,000.000	$248,000.00	$248,000.00	$0.00	
Long-Term This Period				**$248,000.00**	**$248,000.00**	**$0.00**	
Long-Term Year to Date				**$1,741,000.00**	**$1,741,000.00**	**$0.00**	
Net Realized Gain/(Loss) This Period				**$248,000.00**	**$248,000.00**	**$0.00**	
Net Realized Gain/(Loss) Year to Date				**$1,741,000.00**	**$1,741,000.00**	**$0.00**	

Treasury regulations require that we report on Form 1099-B a) adjusted cost basis on the sale of covered securities acquired on or after 1/1/11 (or the applicable date for the type of security), b) the gain or loss as either long-term or short-term, and c) basis adjustments on covered securities due to wash sales, certain corporate actions and transfers by gift or inheritance. This section may not reflect all the basis adjustments required when filing your tax return. Refer to the Expanded Disclosures.

MESSAGES

Update to Morgan Stanley's Independent Equity Research Provider

Effective August 2016, Morgan Stanley switched its independent third-party equity research provider from Standard & Poor's (S&P) to Morningstar, the largest independent research provider, whose core competence is to deliver analyst-driven research. This shift demonstrates Morgan Stanley's continued commitment to servicing our clients. Equity Research, content and ratings currently based on S&P will be replaced with Morningstar, while S&P Credit Ratings will continue to be displayed on your statements. Please contact your Financial Advisor or Private Wealth Advisor if you have any questions.

Consolidated Statement of Financial Condition (In Millions of Dollars)

At June 30, 2016 Morgan Stanley Smith Barney LLC had net capital of $3,751 which exceeded the Securities and Exchange Commission's minimum requirement by $3,595. A copy of the Morgan Stanley Smith Barney LLC Consolidated Statement of Financial Condition at June 30, 2016 can be viewed online at:
http://www.morganstanley.com/about-us-ir/shareholder/morganstanley_smithbarney_llc.pdf or may be mailed to you at no cost by calling 1 (866) 825-1675, after September 15, 2016.

Sign up for eDelivery of your Account Documents Today

Secure, Convenient and Green. Go paperless and save more. Effective November 1, 2016, accounts not enrolled in eDelivery of all eligible account documents for all stand-alone accounts and all accounts within their Account Linked Group (ALG) may be subject to an annual account fee increase. Please refer to the FYI included with this statement to learn more.
Simply visit www.morganstanley.com/edelivery to set your eDelivery preferences today. Please note, if you have not already done so, you will first need to register for Morgan Stanley Online prior to making your eDelivery selections.

Managed Account Summary Statement

For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Transaction Summary - Managed Account	
Opening Market Value	**$28,365,398.85**
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	3,619,571.28
Unsettled Trades	0.00
Change in Current Value	25,353.67
Closing Market Value	**$32,010,323.80**

Cash Transactions Summary - Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	25,673.71
Principal Payments	0.00
Security Purchases	(3,621,673.30)
Net Cash Contribution	(308.38)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	25,673.71
Less Purchased Interest Related to Interest/Coupons	(2,102.02)
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	**$23,571.69**

Cash Balance	
Closing Cash Balance	**$3,786.29**

Earnings Reconciliation (Accrual Basis)	Total
Ending Amortized Value of Securities	31,978,610.75
Ending Accrued Interest	110,534.51
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	25,673.71
Less Cost of New Purchases	(3,621,673.30)
Less Beginning Amortized Value of Securities	(28,367,913.89)
Less Beginning Accrued Interest	(98,851.06)
Total Accrual Basis Earnings	**$26,380.72**

Portfolio Summary and Statistics

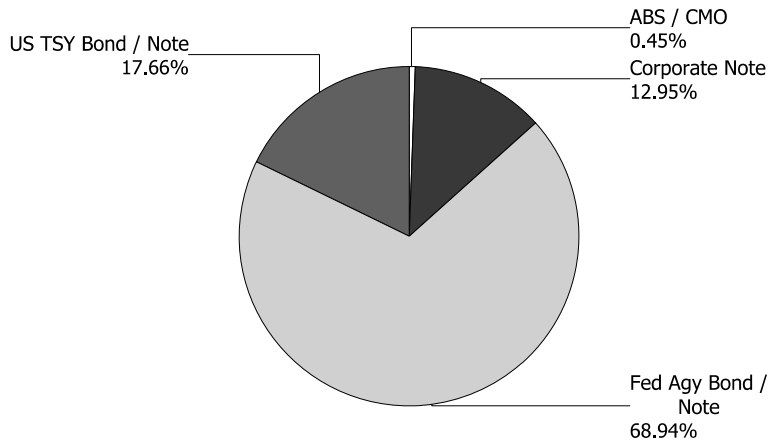
For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

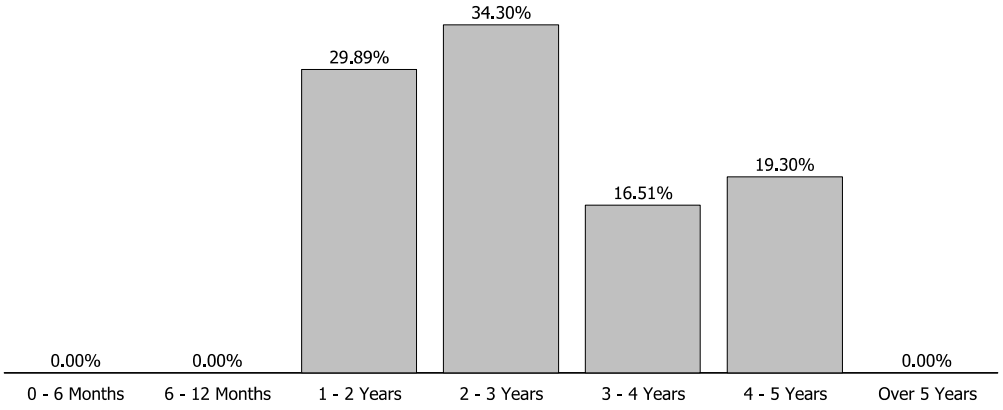
Account Summary

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	5,530,000.00	5,654,568.32	17.66
Federal Agency Bond / Note	21,995,000.00	22,065,444.91	68.94
Corporate Note	4,000,000.00	4,145,121.88	12.95
Asset-Backed Security / Collateralized Mortgage Obligation	145,000.00	145,188.69	0.45
Managed Account Sub-Total	**31,670,000.00**	**32,010,323.80**	**100.00%**
Accrued Interest		110,534.51	
Total Portfolio	**31,670,000.00**	**32,120,858.31**	
Unsettled Trades	**0.00**	**0.00**	

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	1.08%
Yield to Maturity at Market	1.04%
Duration to Worst	2.68
Weighted Average Days to Maturity	1013

Managed Account Issuer Summary

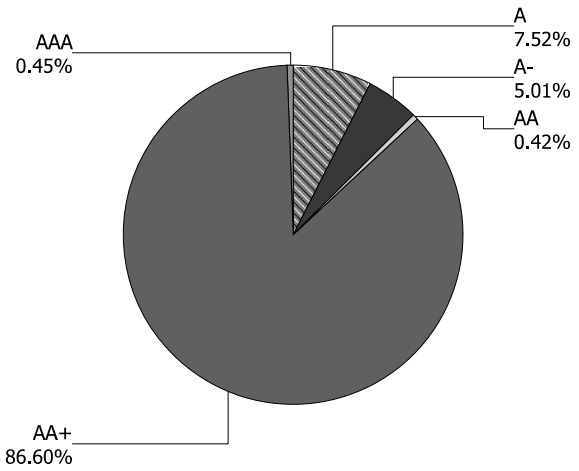
For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Issuer Summary

Issuer	Market Value of Holdings	Percent
AMERICAN EXPRESS CO	812,272.00	2.54
BANK OF NEW YORK CO INC	801,506.55	2.50
BERKSHIRE HATHAWAY INC	135,228.02	0.42
FANNIE MAE	6,223,051.56	19.45
FEDERAL HOME LOAN BANKS	10,377,921.35	32.43
FREDDIE MAC	5,464,472.00	17.07
HSBC HOLDINGS PLC	804,769.76	2.51
HYUNDAI AUTO RECEIVABLES	145,188.69	0.45
JP MORGAN CHASE & CO	790,940.71	2.47
UNITED STATES TREASURY	5,654,568.32	17.66
WELLS FARGO & COMPANY	800,404.84	2.50
Total	**$32,010,323.80**	**100.00%**

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,475,000.00	AA+	Aaa	06/14/16	06/15/16	1,490,614.26	0.95	3,106.32	1,489,367.37	1,488,598.03
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	1,455,000.00	AA+	Aaa	06/14/16	06/15/16	1,489,044.73	1.04	3,983.46	1,486,663.33	1,486,657.89
US TREASURY NOTE DTD 12/02/2013 2.000% 11/30/2020	912828A42	1,000,000.00	AA+	Aaa	08/24/16	08/25/16	1,037,695.31	1.09	6,721.31	1,036,823.60	1,036,562.00
US TREASURY N/B DTD 12/31/2015 1.750% 12/31/2020	912828N48	1,600,000.00	AA+	Aaa	06/03/16	06/06/16	1,638,187.50	1.21	7,076.09	1,635,591.66	1,642,750.40
Security Type Sub-Total		**5,530,000.00**					**5,655,541.80**	**1.08**	**20,887.18**	**5,648,445.96**	**5,654,568.32**
Federal Agency Bond / Note											
FHLMC NOTES DTD 12/11/2015 1.000% 12/15/2017	3137EADX4	3,000,000.00	AA+	Aaa	06/03/16	06/06/16	3,009,720.00	0.79	8,833.33	3,007,693.14	3,010,335.00
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	1,500,000.00	AA+	Aaa	06/03/16	06/06/16	1,501,260.00	0.83	437.50	1,501,038.69	1,501,201.50
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	3,000,000.00	AA+	Aaa	06/03/16	06/06/16	2,999,640.00	0.88	6,708.33	2,999,692.95	3,011,532.00
FANNIE MAE GLOBAL NOTES DTD 08/23/2013 1.875% 09/18/2018	3135G0YM9	2,000,000.00	AA+	Aaa	06/29/16	06/29/16	2,050,440.00	0.73	1,354.17	2,044,679.50	2,040,808.00
FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	750,000.00	AA+	Aaa	09/21/16	09/22/16	748,965.00	0.94	273.44	748,977.55	749,655.00
FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	1,000,000.00	AA+	Aaa	09/30/16	09/30/16	1,000,400.00	0.86	364.58	1,000,399.47	999,540.00
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	1,500,000.00	AA+	Aaa	06/03/16	06/06/16	1,508,220.00	0.89	7,593.75	1,507,124.27	1,507,768.50
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	700,000.00	AA+	Aaa	06/03/16	06/06/16	700,595.00	0.97	680.56	700,527.79	700,993.30
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	2,865,000.00	AA+	Aaa	06/03/16	06/06/16	2,873,824.20	1.02	8,953.13	2,872,906.66	2,876,898.35

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	980,000.00	AA+	Aaa	09/30/16	09/30/16	977,265.80	0.97	1,405.35	977,268.46	976,189.76
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	1,500,000.00	AA+	Aaa	08/03/16	08/04/16	1,497,120.00	0.94	2,078.13	1,497,270.11	1,494,456.00
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	750,000.00	AA+	Aaa	09/21/16	09/22/16	747,960.00	1.09	104.17	747,976.50	749,343.00
FREDDIE MAC GLOBAL NOTES DTD 10/02/2012 1.250% 10/02/2019	3137EADM8	700,000.00	AA+	Aaa	06/03/16	06/06/16	703,976.00	1.08	4,350.69	703,602.22	704,942.00
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	750,000.00	AA+	Aaa	08/02/16	08/03/16	746,767.50	1.22	1,804.69	746,870.32	744,490.50
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	1,000,000.00	AA+	Aaa	08/24/16	08/25/16	997,380.00	1.30	1,458.33	997,431.19	997,292.00
Security Type Sub-Total		**21,995,000.00**					**22,063,533.50**	**0.92**	**46,400.15**	**22,053,458.82**	**22,065,444.91**
Corporate Note											
JP MORGAN SECURITIES DTD 04/23/2009 6.300% 04/23/2019	46625HHL7	710,000.00	A-	A3	06/03/16	06/08/16	798,366.60	1.84	19,631.50	788,951.67	790,940.71
BERKSHIRE HATHAWAY INC CORPORATE NOTES DTD 08/15/2016 1.300% 08/15/2019	084664CK5	135,000.00	AA	Aa2	08/08/16	08/15/16	134,869.05	1.33	224.25	134,874.54	135,228.02
HSBC USA INC CORPORATE NOTES DTD 11/13/2014 2.375% 11/13/2019	40428HPN6	795,000.00	A	A2	06/03/16	06/08/16	805,199.85	1.99	7,237.81	804,297.58	804,769.76
BNY MELLON CORP NOTE (CALLABLE) DTD 08/17/2015 2.600% 08/17/2020	06406HDD8	775,000.00	A	A1	06/03/16	06/08/16	799,226.50	1.82	2,462.78	797,446.05	801,506.55
WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	785,000.00	A	A2	06/03/16	06/08/16	803,007.90	2.01	6,338.88	801,800.95	800,404.84
AMERICAN EXPRESS CREDIT CORP NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	800,000.00	A-	A2	06/03/16	06/08/16	804,632.00	2.13	7,300.00	804,354.70	812,272.00

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		**4,000,000.00**					**4,145,301.90**	**1.94**	**43,195.22**	**4,131,725.49**	**4,145,121.88**
Asset-Backed Security / Collateralized Mortgage Obligation											
HYUNDAI AUTO RECEIVABLES TRUST DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	145,000.00	AAA	Aaa	09/14/16	09/21/16	144,980.48	1.30	51.96	144,980.48	145,188.69
Security Type Sub-Total		**145,000.00**					**144,980.48**	**1.30**	**51.96**	**144,980.48**	**145,188.69**
Managed Account Sub-Total		**31,670,000.00**					**32,009,357.68**	**1.08**	**110,534.51**	**31,978,610.75**	**32,010,323.80**
Securities Sub-Total		**$31,670,000.00**					**$32,009,357.68**	**1.08%**	**$110,534.51**	**$31,978,610.75**	**$32,010,323.80**
Accrued Interest											**$110,534.51**
Total Investments											**$32,120,858.31**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,475,000.00	MORGANST		100.92	1,488,598.03	(2,016.23)	(769.34)	3.25	3.25	0.97
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	1,455,000.00	HSBC		102.18	1,486,657.89	(2,386.84)	(5.44)	3.71	3.71	1.04
US TREASURY NOTE DTD 12/02/2013 2.000% 11/30/2020	912828A42	1,000,000.00	MORGANST		103.66	1,036,562.00	(1,133.31)	(261.60)	3.97	3.97	1.10
US TREASURY N/B DTD 12/31/2015 1.750% 12/31/2020	912828N48	1,600,000.00	HSBC		102.67	1,642,750.40	4,562.90	7,158.74	4.08	4.08	1.10
Security Type Sub-Total		**5,530,000.00**				**5,654,568.32**	**(973.48)**	**6,122.36**	**3.74**	**3.74**	**1.05**
Federal Agency Bond / Note											
FHLMC NOTES DTD 12/11/2015 1.000% 12/15/2017	3137EADX4	3,000,000.00	RBS_SEC		100.34	3,010,335.00	615.00	2,641.86	1.20	1.20	0.71
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	1,500,000.00	MORGANST		100.08	1,501,201.50	(58.50)	162.81	1.46	1.46	0.82
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	3,000,000.00	MORGANST		100.38	3,011,532.00	11,892.00	11,839.05	1.73	1.73	0.65
FANNIE MAE GLOBAL NOTES DTD 08/23/2013 1.875% 09/18/2018	3135G0YM9	2,000,000.00	GOLDMAN		102.04	2,040,808.00	(9,632.00)	(3,871.50)	1.93	1.93	0.83
FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	750,000.00	BARCLAYS		99.95	749,655.00	690.00	677.45	2.01	2.01	0.90
FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	1,000,000.00	JEFFERIE		99.95	999,540.00	(860.00)	(859.47)	2.01	2.01	0.90
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	1,500,000.00	KEYBAN		100.52	1,507,768.50	(451.50)	644.23	2.02	2.02	0.87
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	700,000.00	MORGANST		100.14	700,993.30	398.30	465.51	2.37	2.37	0.94
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	2,865,000.00	KEYBAN		100.42	2,876,898.35	3,074.15	3,991.69	2.67	2.67	0.97
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	980,000.00	BMO		99.61	976,189.76	(1,076.04)	(1,078.70)	2.79	2.79	1.01
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	1,500,000.00	WELLSFAR		99.63	1,494,456.00	(2,664.00)	(2,814.11)	2.80	2.80	1.01

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
Federal Agency Bond / Note											
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	750,000.00	MORGANST		99.91	749,343.00	1,383.00	1,366.50	2.94	2.94	1.03
FREDDIE MAC GLOBAL NOTES DTD 10/02/2012 1.250% 10/02/2019	3137EADM8	700,000.00	WELLSFAR		100.71	704,942.00	966.00	1,339.78	2.93	2.93	1.01
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	750,000.00	MERRILL		99.27	744,490.50	(2,277.00)	(2,379.82)	4.63	4.63	1.28
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	1,000,000.00	BMO		99.73	997,292.00	(88.00)	(139.19)	4.71	4.71	1.31
Security Type Sub-Total		**21,995,000.00**				**22,065,444.91**	**1,911.41**	**11,986.09**	**2.27**	**2.27**	**0.89**
Corporate Note											
JP MORGAN SECURITIES DTD 04/23/2009 6.300% 04/23/2019	46625HHL7	710,000.00	BARCLAYS		111.40	790,940.71	(7,425.89)	1,989.04	2.34	2.34	1.73
BERKSHIRE HATHAWAY INC CORPORATE NOTES DTD 08/15/2016 1.300% 08/15/2019	084664CK5	135,000.00	MERRILL		100.17	135,228.02	358.97	353.48	2.81	2.81	1.24
HSBC USA INC CORPORATE NOTES DTD 11/13/2014 2.375% 11/13/2019	40428HPN6	795,000.00	WELLSFAR		101.23	804,769.76	(430.09)	472.18	2.97	2.97	1.97
BNY MELLON CORP NOTE (CALLABLE) DTD 08/17/2015 2.600% 08/17/2020	06406HDD8	775,000.00	BARCLAYS	07/17/20	103.42	801,506.55	2,280.05	4,060.50	3.65	3.60	1.69
WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	785,000.00	WELLSFAR		101.96	800,404.84	(2,603.06)	(1,396.11)	3.93	3.93	2.06
AMERICAN EXPRESS CREDIT CORP NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	800,000.00	CSFB		101.53	812,272.00	7,640.00	7,917.30	4.32	4.32	1.90
Security Type Sub-Total		**4,000,000.00**				**4,145,121.88**	**(180.02)**	**13,396.39**	**3.42**	**3.42**	**1.85**
Asset-Backed Security / Collateralized Mortgage Obligation											
HYUNDAI AUTO RECEIVABLES TRUST DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	145,000.00	JPMCHASE		100.13	145,188.69	208.21	208.21	2.40	2.27	1.23
Security Type Sub-Total		**145,000.00**				**145,188.69**	**208.21**	**208.21**	**2.40**	**2.27**	**1.23**

Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst	YTM at Mkt
Managed Account Sub-Total		**31,670,000.00**				**32,010,323.80**	**966.12**	**31,713.05**	**2.68**	**2.68**	**1.04**
Securities Sub-Total		**$31,670,000.00**				**$32,010,323.80**	**$966.12**	**$31,713.05**	**2.68**	**2.68**	**1.04%**
Accrued Interest						**$110,534.51**					
Total Investments						**$32,120,858.31**					

Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2016**

CITY OF EASTVALE - INVESTMENT PORTFOLIO - 20240100

Transaction Type Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY										
09/14/16	09/21/16	HYUNDAI AUTO RECEIVABLES TRUST DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	145,000.00	(144,980.48)	0.00	(144,980.48)			
09/21/16	09/22/16	FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	750,000.00	(747,960.00)	(270.83)	(748,230.83)			
09/21/16	09/22/16	FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	750,000.00	(748,965.00)	(109.38)	(749,074.38)			
09/30/16	09/30/16	FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	1,000,000.00	(1,000,400.00)	(340.28)	(1,000,740.28)			
09/30/16	09/30/16	FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	980,000.00	(977,265.80)	(1,381.53)	(978,647.33)			
Transaction Type Sub-Total				**3,625,000.00**	**(3,619,571.28)**	**(2,102.02)**	**(3,621,673.30)**			
INTEREST										
09/01/16	09/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	7.04	7.04			
09/18/16	09/18/16	FANNIE MAE GLOBAL NOTES DTD 08/23/2013 1.875% 09/18/2018	3135G0YM9	2,000,000.00	0.00	18,750.00	18,750.00			
09/19/16	09/19/16	FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	1,500,000.00	0.00	6,562.50	6,562.50			
09/26/16	09/26/16	FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	750,000.00	0.00	354.17	354.17			
Transaction Type Sub-Total				**4,250,000.00**	**0.00**	**25,673.71**	**25,673.71**			
Managed Account Sub-Total					**(3,619,571.28)**	**23,571.69**	**(3,595,999.59)**			
Total Security Transactions					**($3,619,571.28)**	**$23,571.69**	**($3,595,999.59)**			