



Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: SEPTEMBER 17, 2014

**SUBJECT: ACCEPTANCE OF TREASURER’S REPORT FOR THE FOURTH
QUARTER ENDED JUNE 30, 2014**

RECOMMENDATION

Accept the Treasurer’s Report for the third Quarter Ended June 30, 2014

BACKGROUND

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

The 4th Quarter Treasurer’s report, as of June 30, 2014 is attached. The total cash and investments for the Town is \$26,625,681. Of the total amount, \$14,141,629 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.

Cutwater Asset Management (formerly MBIA) 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.

FISCAL IMPACT

None.

Attachment: Treasurer’s Report for Third Quarter Ended June 30, 2014

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
June 30, 2014**

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	1,478,143	1,478,143	1,478,143	5.6%
Investments (Schedule B)	24,931,844	25,095,759	25,147,539	94.4%
Total Cash and Investments	26,409,986	26,573,901	26,625,681	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

7/25/2014

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
June 30, 2014**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	917,895
Wells Fargo	Wells Fargo Trust MMF-Cash	<u>560,247</u>
Total		<u><u>1,478,143</u></u>



Cutwater Asset Management
1331 17th Street, Suite 602
Denver, CO 80202
Tel: 303 860 1100
Fax: 303 860 0016

Treasurer's Report Schedule B

TOWN OF ATHERTON

Report for the period June 1, 2014 - June 30, 2014

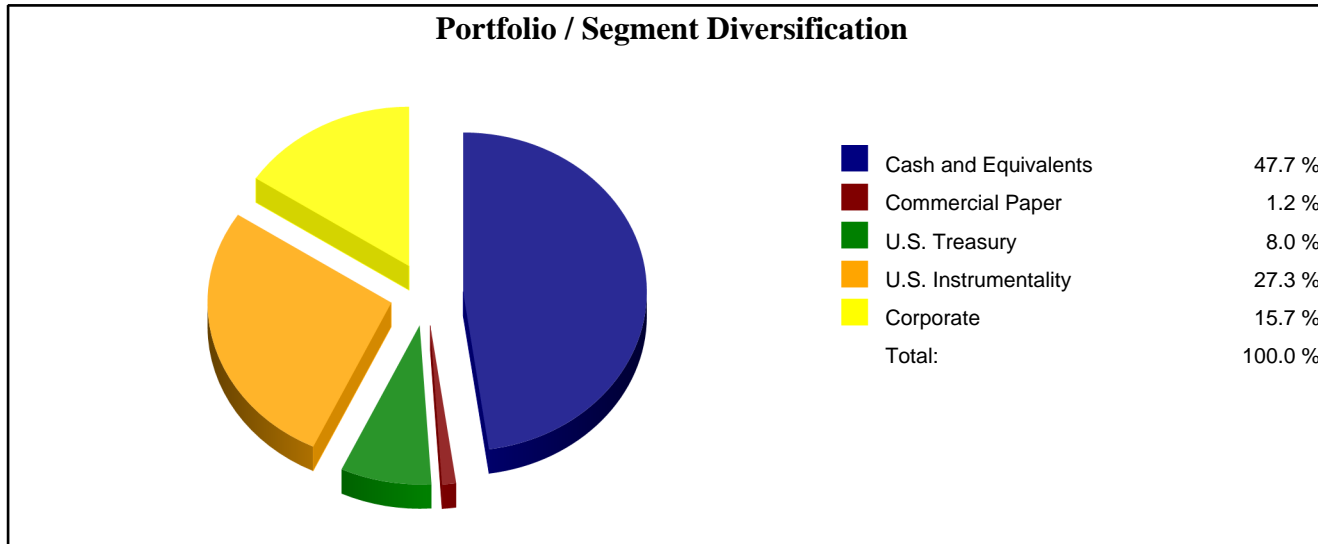
Please contact Accounting by calling the number above or email camreports@cutwater.com with questions concerning this report.

(This report was prepared on July 9, 2014)

**Town of Atherton
Recap of Securities Held
June 30, 2014**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	12,007,843.77	12,007,843.77	12,007,843.77	0.00	1	1	47.75	0.23	0.00
Commercial Paper	308,519.33	308,960.95	308,987.02	26.07	14	14	1.23	0.36	0.00
U.S. Treasury	2,015,820.32	2,008,794.06	2,016,016.00	7,221.94	857	857	8.02	0.77	2.31
U.S. Instrumentality	6,865,394.50	6,819,114.26	6,818,575.20	(539.06)	888	845	27.30	0.71	2.27
Corporate	3,949,960.75	3,940,290.31	3,944,336.62	4,046.31	854	850	15.71	0.82	2.27
Total	25,147,538.67	25,085,003.35	25,095,758.61	10,755.26	446	433	100.00	0.50	1.16

* Weighted Average Yield is calculated on a "yield to worst" basis.



**Town of Atherton
Activity and Performance Summary
for the period June 1, 2014 - June 30, 2014**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	25,492,549.23
Additions	
Contributions	0.00
Interest Received	12,968.75
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	12,968.75
Deductions	
Withdrawals	410,747.70
Fees Paid	1,076.04
Accrued Interest Purchased	2,365.32
Loss on Sales	0.00
Total Deductions	(414,189.06)
Accretion (Amortization) for the Period	(6,325.57)
Ending Amortized Cost Value	25,085,003.35
Ending Fair Value	25,095,758.61
Unrealized Gain (Loss)	10,755.26

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	2,033.76	0.00	0.00	2,033.76
Commercial Paper	0.00	90.13	0.00	90.13
U.S. Treasury	1,381.33	(296.88)	0.00	1,084.45
U.S. Instrumentality	7,307.30	(3,214.01)	0.00	4,093.29
Corporate	5,451.25	(3,060.09)	0.00	2,391.16
Sales and Maturities				
Commercial Paper	0.00	155.28	0.00	155.28
Total	16,173.64	(6,325.57)	0.00	9,848.07

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.08 %	0.08 %	0.10 %
Overnight Repo	0.06 %	0.06 %	0.11 %
3 Month T-Bill	0.03 %	0.03 %	0.02 %
6 Month T-Bill	0.05 %	0.05 %	0.04 %
1 Year T-Note	0.12 %	0.11 %	0.10 %
2 Year T-Note	0.37 %	0.40 %	0.45 %
5 Year T-Note	1.55 %	1.63 %	1.68 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	16,173.64	14,139.88
Accretion (Amortization)	(6,325.57)	(6,325.57)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	9,848.07	7,814.31
Average Daily Historical Cost	25,160,378.80	12,912,462.11
Annualized Return	0.48%	0.74%
Annualized Return Net of Fees	0.42%	0.63%
Annualized Return Year to Date Net of Fees	0.41%	0.62%
Weighted Average Effective Maturity in Days	433	828

**Town of Atherton
Activity and Performance Summary
for the period June 1, 2014 - June 30, 2014**

Fair Value Basis Activity Summary

Beginning Fair Value	25,501,357.20
Additions	
Contributions	0.00
Interest Received	12,968.75
Accrued Interest Sold	0.00
Total Additions	12,968.75
Deductions	
Withdrawals	410,747.70
Fees Paid	1,076.04
Accrued Interest Purchased	2,365.32
Total Deductions	(414,189.06)
Change in Fair Value for the Period	(4,378.28)
Ending Fair Value	25,095,758.61

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	2,033.76	0.00	2,033.76
Commercial Paper	0.00	44.80	44.80
U.S. Treasury	1,381.33	(1,405.69)	(24.36)
U.S. Instrumentality	7,307.30	1,806.00	9,113.30
Corporate	5,451.25	(4,873.39)	577.86
Sales and Maturities			
Commercial Paper	0.00	50.00	50.00
Total	16,173.64	(4,378.28)	11,795.36

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.08 %	0.08 %	0.10 %
Overnight Repo	0.06 %	0.06 %	0.11 %
3 Month T-Bill	0.09 %	0.09 %	0.05 %
6 Month T-Bill	0.15 %	0.14 %	0.03 %
1 Year T-Note	0.31 %	0.32 %	0.12 %
BAML 1-3 Yr Tsy Index	0.76 %	0.83 %	-0.54 %
BAML 1-5 Yr Tsy Index	1.16 %	1.62 %	-1.22 %

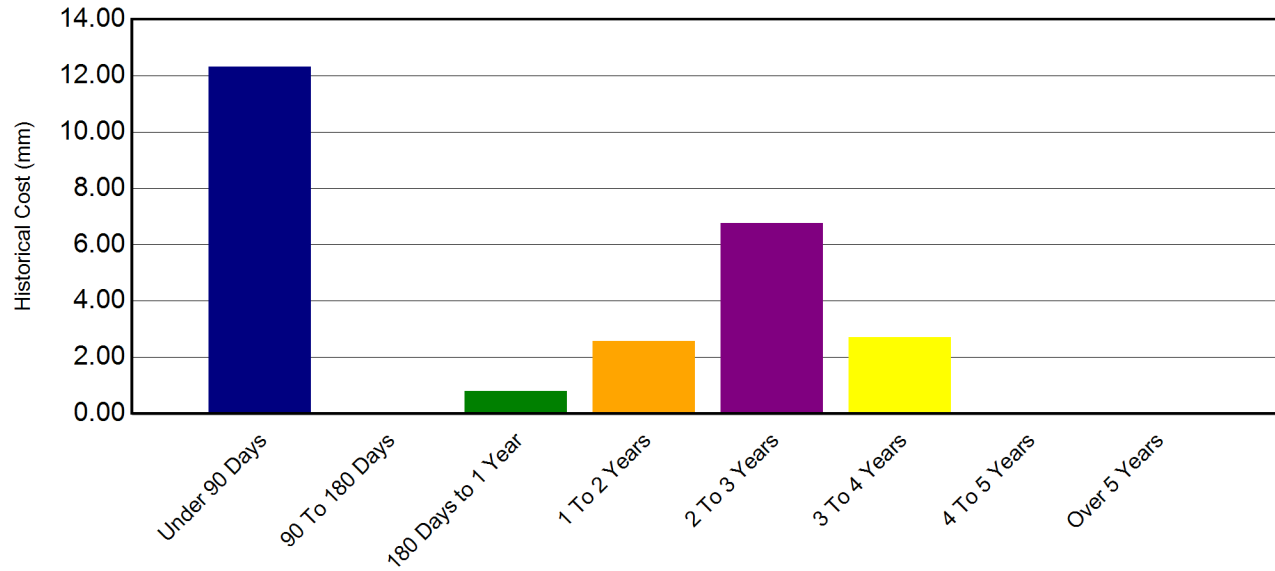
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	16,173.64	14,139.88
Change in Fair Value	<u>(4,378.28)</u>	<u>(4,378.28)</u>
Total Income on Portfolio	11,795.36	9,761.60
Average Daily Historical Cost	25,160,378.80	12,912,462.11
Annualized Return	0.57%	0.92%
Annualized Return Net of Fees	0.52%	0.82%
Annualized Return Year to Date Net of Fees	0.80%	1.40%
Weighted Average Effective Maturity in Days	433	828

**Town of Atherton
Maturity Distribution of Securities Held
June 30, 2014**

Maturity	Historical Cost	Percent
Under 90 Days	12,316,363.10	48.98 %
90 To 180 Days	0.00	0.00 %
180 Days to 1 Year	805,976.00	3.20 %
1 To 2 Years	2,572,562.50	10.23 %
2 To 3 Years	6,752,641.07	26.85 %
3 To 4 Years	2,699,996.00	10.74 %
4 To 5 Years	0.00	0.00 %
Over 5 Years	0.00	0.00 %
	25,147,538.67	100.00 %

Maturity Distribution



**Town of Atherton
Securities Held
June 30, 2014**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ 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	Yield
<u>Cash and Equivalents</u>													
LAIF	06/30/14	0.228V		12,007,843.77	12,007,843.77	12,007,843.77	12,007,843.77	0.00	0.00	2,033.76	5,162.06	47.75	0.23
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				12,007,843.77	12,007,843.77	12,007,843.77	12,007,843.77	0.00	0.00	2,033.76	5,162.06	47.75	
					0.00	0.00	0.00						
<u>Commercial Paper</u>													
4497W1GE0	02/04/14	0.000	07/14/14	309,000.00	308,519.33	308,960.95	308,987.02	26.07	0.00	0.00	0.00	1.23	0.36
ING Funding					0.00	90.13	44.80						
TOTAL (Commercial Paper)				309,000.00	308,519.33	308,960.95	308,987.02	26.07	0.00	0.00	0.00	1.23	
					0.00	90.13	44.80						
<u>U.S. Treasury</u>													
912828QX1	08/12/11	1.500	07/31/16	500,000.00	511,835.94	504,962.62	510,351.50	5,388.88	0.00	621.54	3,128.45	2.04	1.01
T-Note					0.00	(195.63)	(1,015.50)						
912828WA4	05/01/14	0.625	10/15/16	500,000.00	499,882.81	499,890.77	500,469.00	578.23	0.00	256.15	657.45	1.99	0.63
T-Note					136.61	3.91	(585.50)						
912828RU6	05/13/14	0.875	11/30/16	500,000.00	502,734.38	502,590.62	503,008.00	417.38	0.00	358.61	370.56	2.00	0.66
T-Note					0.00	(88.02)	(625.00)						
912828SC5	06/19/14	0.875	01/31/17	500,000.00	501,367.19	501,350.05	502,187.50	837.45	0.00	145.03	1,824.93	1.99	0.77
T-Note					1,679.90	(17.14)	820.31						
TOTAL (U.S. Treasury)				2,000,000.00	2,015,820.32	2,008,794.06	2,016,016.00	7,221.94	0.00	1,381.33	5,981.39	8.02	
					1,816.51	(296.88)	(1,405.69)						
<u>U.S. Instrumentality</u>													
313370JB5	10/23/12	1.750	09/11/15	500,000.00	518,170.00	507,540.64	509,080.50	1,539.86	0.00	729.17	2,673.61	2.06	0.48
FHLB					0.00	(517.66)	(862.50)						
3133725D2	10/02/13	2.125	12/21/15	750,000.00	777,967.50	768,575.94	769,204.50	628.56	7,968.75	1,328.13	442.71	3.09	0.43
FHLB					0.00	(1,035.84)	(850.50)						
3135G0VH3	Call	0.750	03/04/16	800,000.00	805,976.00	802,149.26	802,295.20	145.94	0.00	500.00	1,950.00	3.20	0.35
FNMA			03/04/15		0.00	(262.11)	(470.40)						
313370TW8	10/02/13	2.000	09/09/16	1,000,000.00	1,035,900.00	1,026,799.53	1,030,391.00	3,591.47	0.00	1,666.66	6,222.22	4.12	0.76
FHLB					0.00	(1,003.73)	(1,266.00)						
3135G0VM2	04/17/13	0.750	03/14/17	500,000.00	501,290.00	500,000.00	499,512.50	(487.50)	0.00	312.50	1,114.58	1.99	0.75
FNMA					0.00	0.00	(176.50)						
3137EADF3	08/06/12	1.250	05/12/17	500,000.00	511,200.00	506,732.87	505,664.00	(1,068.87)	0.00	520.83	850.69	2.03	0.77
FHLMC					0.00	(193.11)	1,315.50						

**Town of Atherton
Securities Held
June 30, 2014**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ 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	Yield
313379DD8 FHLB	11/09/12	1.000	06/21/17	500,000.00	507,000.00	504,511.57	501,554.00	(2,957.57)	2,500.00	416.67	138.89	2.02	0.69
					0.00	(124.63)	(317.50)						
3137EADH9 FHLMC	07/31/12	1.000	06/29/17	500,000.00	504,650.00	502,835.62	501,003.00	(1,832.62)	2,500.00	416.67	27.78	2.01	0.81
					0.00	(77.76)	1,143.50						
3137EADJ5 FHLMC	02/13/14	1.000	07/28/17	500,000.00	499,965.00	499,968.83	501,214.50	1,245.67	0.00	416.67	2,125.00	1.99	1.00
					208.33	0.83	894.00						
3134G3M31 FHLMC	04/19/13	1.000	09/27/17	1,200,000.00	1,203,276.00	1,200,000.00	1,198,656.00	(1,344.00)	0.00	1,000.00	3,133.33	4.78	1.00
					0.00	0.00	2,396.40						
TOTAL (U.S. Instrumentality)				6,750,000.00	6,865,394.50	6,819,114.26	6,818,575.20	(539.06)	12,968.75	7,307.30	18,678.81	27.30	
					208.33	(3,214.01)	1,806.00						

Corporate

459200GU9 IBM Corp	05/05/14	2.000	01/05/16	500,000.00	513,440.00	512,184.13	511,534.50	(649.63)	0.00	833.33	4,888.89	2.04	0.38
					3,333.33	(660.98)	(1,308.00)						
478160AY0 Johnson & Johnson	08/13/13	2.150	05/15/16	250,000.00	260,140.00	256,894.39	257,483.75	589.36	0.00	447.92	686.81	1.03	0.66
					0.00	(302.39)	(824.50)						
89236TAL9 Toyota Motor Credit	03/31/14	0.800	05/17/16	500,000.00	502,845.00	502,508.57	502,717.50	208.93	0.00	333.33	488.89	2.00	0.53
					0.00	(109.71)	(250.00)						
36962G6Z2 GE Capital	05/05/14	1.500	07/12/16	500,000.00	507,585.00	507,043.89	507,515.50	471.61	0.00	625.00	3,520.83	2.02	0.80
					2,354.17	(284.80)	(258.50)						
19416QDH0 Colgate-Palm Co.	03/31/14	5.200	11/07/16	500,000.00	556,755.00	551,270.27	551,071.00	(199.27)	0.00	2,166.67	3,900.00	2.21	0.78
					0.00	(1,788.50)	(1,859.00)						
90331HMC4 US Bank NA	Call 03/31/14	1.100	01/30/17 12/30/16	615,000.00	617,490.75	617,262.74	617,237.37	(25.37)	0.00	563.75	2,837.54	2.46	0.95
					1,127.50	(74.35)	(1,106.39)						
037833AM2 Apple Inc	06/23/14	1.050	05/05/17	500,000.00	499,600.00	499,603.06	500,600.00	996.94	0.00	116.66	802.08	1.99	1.08
					685.42	3.06	1,000.00						
594918AP9 Microsoft	10/04/13	0.875	11/15/17	500,000.00	492,105.00	493,523.26	496,177.00	2,653.74	0.00	364.59	559.03	1.96	1.27
					0.00	157.58	(267.00)						
TOTAL (Corporate)				3,865,000.00	3,949,960.75	3,940,290.31	3,944,336.62	4,046.31	0.00	5,451.25	17,684.07	15.71	
					7,500.42	(3,060.09)	(4,873.39)						

GRAND TOTAL

24,931,843.77 **25,147,538.67** **25,085,003.35** **25,095,758.61** **10,755.26** **12,968.75** **16,173.64** **47,506.33** **100.00**
9,525.26 **(6,480.85)** **(4,428.28)**

V = variable rate, current rate shown, average rate for Cash & Equivalents

**Town of Atherton
Quarterly Treasurer's Report
Cash & Investments Balance By Fund
June 30, 2014**

Fund No.	Fund Name	JUNE Balance
101	General Fund	11,913,158
105	Tennis Fund	17,687
610	Equipment Replacement Fund	318,311
614	Worker's Compensation	107,099
615	General Liability	368,167
616	Employee Benefits	1,417,206
	Total Non-Restricted	<u>14,141,629</u>
201	Special Tax Fund	1,947,352
202	County Measure A Fund	659,430
203	Gas Tax Fund	213,914
204	Measure M	45,817
209	SLES/COPS Grant	20,896
210	Road Constructions Impact Fee	592,210
213	Library Fund	6,186,334
215	Evans Creative Design (formerly fund 715)	58,069
220	Traffic Congest. Relief	24,277
401	GF Projects	238,810
402	Storm Drainage	29,917
403	Atherton Channel Drainage District	240,696
406	Facilities Construction	2,195,182
730	H-P Park Improvement	6,068
740	Tree Committee	25,080
	Total Restricted	<u>12,484,053</u>
	Total Cash & Investments	<u><u>26,625,681</u></u>