



## 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: NOVEMBER 19, 2014**

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

#### **RECOMMENDATION**

Accept the Treasurer’s Report for the first Quarter Ended September 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 First Quarter Treasurer’s report, as of September 30, 2014 is attached. The total cash and investments for the Town is \$24,208,201. Of the total amount, \$12,082,945 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 September 30, 2014

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

	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>
<b>Cash In Bank (Schedule A)</b>	<b>463,634</b>	<b>463,634</b>	<b>463,634</b>	1.9%
<b>Investments (Schedule B)</b>	<b>23,529,513</b>	<b>23,643,205</b>	<b>23,744,567</b>	98.1%
<b>Total Cash and Investments</b>	<b>23,993,146</b>	<b>24,106,838</b>	<b>24,208,201</b>	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

\_\_\_\_\_  
11/6/2014

Date

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

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	397,439
Wells Fargo	Wells Fargo Trust MMF-Cash	66,195
<b>Total</b>		<b><u>463,634</u></b>



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**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**

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

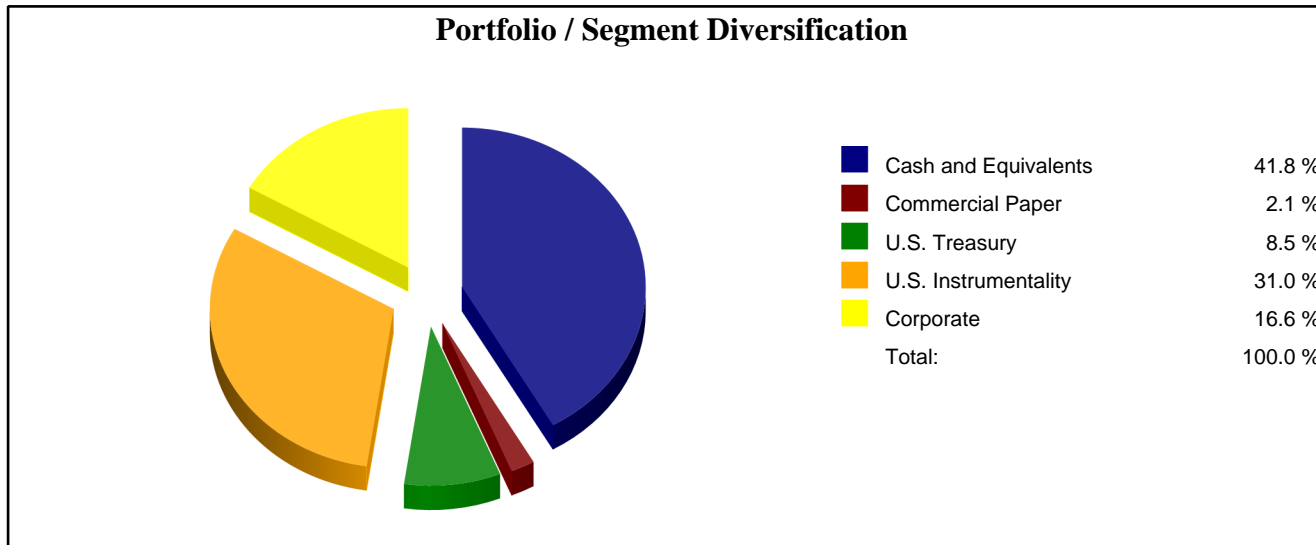
Please contact Accounting by calling the number above or email [camreports@cutwater.com](mailto:camreports@cutwater.com) with questions concerning this report.

( This report was prepared on October 6, 2014 )

**Town of Atherton  
Recap of Securities Held  
September 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	9,914,512.74	9,914,512.74	9,914,512.74	0.00	1	1	41.75	0.26	0.00
Commercial Paper	498,879.17	499,262.50	499,266.00	3.50	178	178	2.10	0.30	0.00
U.S. Treasury	2,015,820.32	2,007,804.76	2,011,386.50	3,581.74	765	765	8.49	0.77	2.07
U.S. Instrumentality	7,365,394.50	7,309,258.04	7,294,031.95	(15,226.09)	813	723	31.02	0.70	1.95
Corporate	3,949,960.75	3,930,931.87	3,924,007.44	(6,924.43)	762	762	16.64	0.82	2.04
<b>Total</b>	<b>23,744,567.48</b>	<b>23,661,769.91</b>	<b>23,643,204.63</b>	<b>(18,565.28)</b>	<b>448</b>	<b>420</b>	<b>100.00</b>	<b>0.53</b>	<b>1.12</b>

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



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

**Amortized Cost Basis Activity Summary**

<b>Beginning Amortized Cost Value</b>	23,668,233.15
Additions	
Contributions	0.00
Interest Received	25,250.00
Accrued Interest Sold	0.00
Gain on Sales	0.00
<b>Total Additions</b>	<b>25,250.00</b>
Deductions	
Withdrawals	24,097.43
Fees Paid	1,152.57
Accrued Interest Purchased	0.00
Loss on Sales	0.00
<b>Total Deductions</b>	<b>(25,250.00)</b>
Accretion (Amortization) for the Period	(6,463.24)
<b>Ending Amortized Cost Value</b>	<b>23,661,769.91</b>
Ending Fair Value	23,643,204.63
Unrealized Gain (Loss)	(18,565.28)

**Detail of Amortized Cost Basis Return**

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
<b>Current Holdings</b>				
Cash and Equivalents	1,011.52	0.00	0.00	1,011.52
Commercial Paper	0.00	125.00	0.00	125.00
U.S. Treasury	1,582.83	(322.59)	0.00	1,260.24
U.S. Instrumentality	7,515.62	(3,213.99)	0.00	4,301.63
Corporate	5,772.09	(3,051.66)	0.00	2,720.43
<b>Total</b>	<b>15,882.06</b>	<b>(6,463.24)</b>	<b>0.00</b>	<b>9,418.82</b>

**Annualized Comparative Rates of Return**

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.08 %	0.09 %	0.09 %
Overnight Repo	0.07 %	0.08 %	0.06 %
3 Month T-Bill	0.03 %	0.02 %	0.01 %
6 Month T-Bill	0.05 %	0.04 %	0.03 %
1 Year T-Note	0.11 %	0.11 %	0.11 %
2 Year T-Note	0.41 %	0.47 %	0.57 %
5 Year T-Note	1.60 %	1.68 %	1.77 %

**Summary of Amortized Cost Basis Return for the Period**

	Total Portfolio	Excl. Cash Eq.
Interest Earned	15,882.06	14,870.54
Accretion (Amortization)	(6,463.24)	(6,463.24)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	9,418.82	8,407.30
Average Daily Historical Cost	23,745,389.51	13,830,876.77
Annualized Return	0.48%	0.74%
Annualized Return Net of Fees	0.42%	0.64%
Annualized Return Year to Date Net of Fees	0.42%	0.62%
Weighted Average Effective Maturity in Days	420	721

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

<b><u>Fair Value Basis Activity Summary</u></b>	
<b>Beginning Fair Value</b>	23,670,493.65
Additions	
Contributions	0.00
Interest Received	25,250.00
Accrued Interest Sold	0.00
<b>Total Additions</b>	25,250.00
Deductions	
Withdrawals	24,097.43
Fees Paid	1,152.57
Accrued Interest Purchased	0.00
<b>Total Deductions</b>	(25,250.00)
Change in Fair Value for the Period	(27,289.02)
<b>Ending Fair Value</b>	23,643,204.63

<b><u>Detail of Fair Value Basis Return</u></b>			
	<b>Interest Earned</b>	<b>Change in Fair Value</b>	<b>Total Income</b>
<b>Current Holdings</b>			
Cash and Equivalents	1,011.52	0.00	1,011.52
Commercial Paper	0.00	228.50	228.50
U.S. Treasury	1,582.83	(3,242.00)	(1,659.17)
U.S. Instrumentality	7,515.62	(12,614.95)	(5,099.33)
Corporate	5,772.09	(11,660.57)	(5,888.48)
<b>Total</b>	<b>15,882.06</b>	<b>(27,289.02)</b>	<b>(11,406.96)</b>

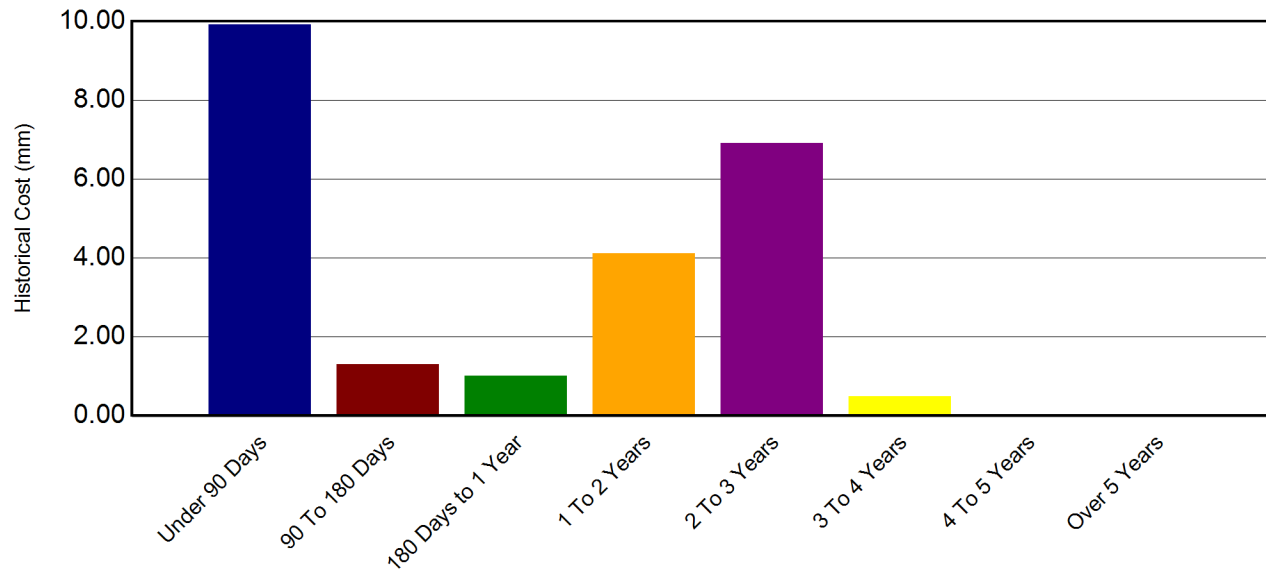
<b><u>Annualized Comparative Rates of Return</u></b>			
	<b>Twelve Month Trailing</b>	<b>Six Month Trailing</b>	<b>One Month</b>
Fed Funds	0.08 %	0.09 %	0.09 %
Overnight Repo	0.07 %	0.08 %	0.06 %
3 Month T-Bill	0.08 %	0.05 %	0.00 %
6 Month T-Bill	0.12 %	0.11 %	0.08 %
1 Year T-Note	0.26 %	0.27 %	0.23 %
BAML 1-3 Yr Tsy Index	0.50 %	0.61 %	-0.68 %
BAML 1-5 Yr Tsy Index	0.64 %	0.98 %	-2.17 %

<b><u>Summary of Fair Value Basis Return for the Period</u></b>		
	<b>Total Portfolio</b>	<b>Excl. Cash Eq.</b>
Interest Earned	15,882.06	14,870.54
Change in Fair Value	<u>(27,289.02)</u>	<u>(27,289.02)</u>
Total Income on Portfolio	(11,406.96)	(12,418.48)
Average Daily Historical Cost	23,745,389.51	13,830,876.77
Annualized Return	(0.58%)	(1.09%)
Annualized Return Net of Fees	(0.64%)	(1.19%)
Annualized Return Year to Date Net of Fees	0.50%	0.78%
Weighted Average Effective Maturity in Days	420	721

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

Maturity	Historical Cost	Percent
Under 90 Days	9,914,512.74	41.75 %
90 To 180 Days	1,304,855.17	5.50 %
180 Days to 1 Year	1,018,170.00	4.29 %
1 To 2 Years	4,109,713.44	17.31 %
2 To 3 Years	6,905,211.13	29.08 %
3 To 4 Years	492,105.00	2.07 %
4 To 5 Years	0.00	0.00 %
Over 5 Years	0.00	0.00 %
	<b>23,744,567.48</b>	<b>100.00 %</b>

**Maturity Distribution**





**Town of Atherton  
Securities Held  
September 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
<b><u>Cash and Equivalents</u></b>													
LAIF	09/30/14	0.260V		9,914,512.74	9,914,512.74	9,914,512.74	9,914,512.74	0.00	0.00	1,011.52	3,286.17	41.75	0.26
					0.00	0.00	0.00						
<b>TOTAL (Cash and Equivalents)</b>				9,914,512.74	9,914,512.74	9,914,512.74	9,914,512.74	0.00	0.00	1,011.52	3,286.17	41.75	
					0.00	0.00	0.00						
<b><u>Commercial Paper</u></b>													
06737JQT5	07/01/14	0.000	03/27/15	500,000.00	498,879.17	499,262.50	499,266.00	3.50	0.00	0.00	0.00	2.10	0.30
Barclays US Funding					0.00	125.00	228.50						
<b>TOTAL (Commercial Paper)</b>				500,000.00	498,879.17	499,262.50	499,266.00	3.50	0.00	0.00	0.00	2.10	
					0.00	125.00	228.50						
<b><u>U.S. Treasury</u></b>													
912828QX1	08/12/11	1.500	07/31/16	500,000.00	511,835.94	504,362.67	508,847.50	4,484.83	0.00	611.42	1,263.59	2.16	1.01
T-Note					0.00	(195.63)	(742.50)						
912828WA4	05/01/14	0.625	10/15/16	500,000.00	499,882.81	499,902.78	499,804.50	(98.28)	0.00	256.14	1,442.96	2.11	0.63
T-Note					136.61	3.92	(625.00)						
912828RU6	05/13/14	0.875	11/30/16	500,000.00	502,734.38	502,320.70	501,797.00	(523.70)	0.00	358.61	1,470.29	2.12	0.66
T-Note					0.00	(88.02)	(820.00)						
912828SC5	06/19/14	0.875	01/31/17	500,000.00	501,367.19	501,218.61	500,937.50	(281.11)	0.00	356.66	737.09	2.11	0.77
T-Note					0.00	(42.86)	(1,054.50)						
<b>TOTAL (U.S. Treasury)</b>				2,000,000.00	2,015,820.32	2,007,804.76	2,011,386.50	3,581.74	0.00	1,582.83	4,913.93	8.49	
					136.61	(322.59)	(3,242.00)						
<b><u>U.S. Instrumentality</u></b>													
313370JB5	10/23/12	1.750	09/11/15	500,000.00	518,170.00	505,953.13	507,256.50	1,303.37	4,375.00	729.17	486.11	2.18	0.48
FHLB					0.00	(517.67)	(347.50)						
3133725D2	10/02/13	2.125	12/21/15	750,000.00	777,967.50	765,399.39	766,394.25	994.86	0.00	1,328.12	4,427.08	3.28	0.43
FHLB					0.00	(1,035.83)	(929.25)						
3135G0VH3	Call	0.750	03/04/16	800,000.00	805,976.00	801,345.47	802,213.60	868.13	3,000.00	500.00	450.00	3.39	0.35
FNMA			03/04/15		0.00	(262.11)	(317.60)						
313370TW8	10/02/13	2.000	09/09/16	1,000,000.00	1,035,900.00	1,023,721.44	1,026,047.00	2,325.56	10,000.00	1,666.66	1,222.22	4.36	0.76
FHLB					0.00	(1,003.72)	(758.00)						
3135G0VM2	04/17/13	0.750	03/14/17	500,000.00	501,290.00	500,000.00	497,598.00	(2,402.00)	1,875.00	312.50	177.08	2.11	0.75
FNMA					0.00	0.00	(2,012.50)						
3137EADF3	08/06/12	1.250	05/12/17	500,000.00	511,200.00	506,140.69	503,456.50	(2,684.19)	0.00	520.83	2,413.19	2.15	0.77
FHLMC					0.00	(193.10)	(644.00)						

**Town of Atherton  
Securities Held  
September 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	504,129.38	500,345.50	(3,783.88)	0.00	416.67	1,388.89	2.14	0.69
					0.00	(124.63)	138.50						
3137EADH9 FHLMC	07/31/12	1.000	06/29/17	500,000.00	504,650.00	502,597.16	499,233.50	(3,363.66)	0.00	416.67	1,277.78	2.13	0.81
					0.00	(77.76)	(1,071.50)						
3137EADJ5 FHLMC	02/13/14	1.000	07/28/17	500,000.00	499,965.00	499,971.38	497,949.50	(2,021.88)	0.00	416.67	875.00	2.11	1.00
					0.00	0.83	(1,704.50)						
3130A2PE0 FHLB	Call 08/14/14	0.500V	08/14/17	500,000.00	500,000.00	500,000.00	500,278.00	278.00	0.00	208.33	326.39	2.11	0.50
			08/14/15		0.00	0.00	(477.00)						
3134G3M31 FHLMC	04/19/13	1.000	09/27/17	1,200,000.00	1,203,276.00	1,200,000.00	1,193,259.60	(6,740.40)	6,000.00	1,000.00	133.33	5.07	1.00
					0.00	0.00	(4,491.60)						
<b>TOTAL (U.S. Instrumentality)</b>					7,250,000.00	7,365,394.50	7,294,031.95	(15,226.09)	25,250.00	7,515.62	13,177.07	31.02	
					0.00	(3,213.99)	(12,614.95)						

**Corporate**

459200GU9 IBM Corp	05/05/14	2.000	01/05/16	500,000.00	513,440.00	510,157.11	508,701.00	(1,456.11)	0.00	833.33	2,388.89	2.16	0.38
					0.00	(660.99)	(1,506.50)						
478160AY0 Johnson & Johnson	08/13/13	2.150	05/15/16	250,000.00	260,140.00	255,967.08	256,299.00	331.92	0.00	447.92	2,030.56	1.10	0.66
					0.00	(302.38)	(640.25)						
89236TAL9 Toyota Motor Credit	03/31/14	0.800	05/17/16	500,000.00	502,845.00	502,172.15	501,134.50	(1,037.65)	0.00	333.33	1,488.89	2.12	0.53
					0.00	(109.70)	(691.00)						
36962G6Z2 GE Capital	05/05/14	1.500	07/12/16	500,000.00	507,585.00	506,170.53	506,037.00	(133.53)	0.00	625.00	1,645.83	2.14	0.80
					0.00	(284.79)	(679.00)						
19416QDH0 Colgate-Palm Co.	03/31/14	5.200	11/07/16	500,000.00	556,755.00	545,785.55	545,118.50	(667.05)	0.00	2,166.67	10,400.00	2.34	0.78
					0.00	(1,788.49)	(2,271.50)						
90331HMC4 US Bank NA	Call 03/31/14	1.100	01/30/17	615,000.00	617,490.75	617,034.73	614,419.44	(2,615.29)	0.00	563.75	1,146.29	2.60	0.95
			12/30/16		0.00	(74.35)	(2,071.32)						
037833AM2 Apple Inc	06/23/14	1.050	05/05/17	500,000.00	499,600.00	499,638.20	498,332.50	(1,305.70)	0.00	437.50	2,114.58	2.10	1.08
					685.42	11.46	(2,137.00)						
594918AP9 Microsoft	10/04/13	0.875	11/15/17	500,000.00	492,105.00	494,006.52	493,965.50	(41.02)	0.00	364.59	1,652.78	2.07	1.27
					0.00	157.58	(1,664.00)						
<b>TOTAL (Corporate)</b>					3,865,000.00	3,949,960.75	3,924,007.44	(6,924.43)	0.00	5,772.09	22,867.82	16.64	
					685.42	(3,051.66)	(11,660.57)						

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

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<b>GRAND TOTAL</b>	23,529,512.74	23,744,567.48	23,661,769.91	23,643,204.63	(18,565.28)	25,250.00	15,882.06	44,244.99	100.00
		822.03	(6,463.24)	(27,289.02)					

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

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

<b>Fund No.</b>	<b>Fund Name</b>	<b>SEPT Balance</b>
101	General Fund	9,887,513
105	Tennis Fund	18,661
610	Equipment Replacement Fund	339,937
614	Worker's Compensation	164,201
615	General Liability	260,821
616	Employee Benefits	1,411,812
	<b>Total Non-Restricted</b>	<u>12,082,945</u>
201	Special Tax Fund	1,599,163
202	County Measure A Fund	682,720
203	Gas Tax Fund	226,342
204	Measure M	45,804
209	SLES/COPS Grant	8,680
210	Road Constructions Impact Fee	593,460
213	Library Fund	6,190,629
215	Evans Creative Design (formerly fund 715)	45,423
220	Traffic Congest. Relief	24,330
401	GF Projects	234,965
402	Storm Drainage	29,982
403	Atherton Channel Drainage District	241,625
406	Facilities Construction	2,170,916
730	H-P Park Improvement	6,081
740	Tree Committee	25,135
	<b>Total Restricted</b>	<u>12,125,256</u>
	<b>Total Cash &amp; Investments</b>	<u><u>24,208,201</u></u>