



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: DECEMBER 18, 2013

**SUBJECT: ACCEPTANCE OF TREASURER'S REPORT FOR THE THIRD
QUARTER ENDED SEPTEMBER 30, 2013**

RECOMMENDATION

Accept the Treasurer's Report for the third Quarter Ended September 30, 2013.

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.

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. We will also present yearly investment policy recommendations to the City Council.

To facilitate the trading and safekeeping of securities, Wells Fargo Bank serves as the safe-keeping agent for the Town.

As part of the Treasurer's Report, a detail cash and investment balance by Fund is also attached. The total cash and investments for the Town is \$22,648,003. Of the total amount \$10,929,335 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.

FISCAL IMPACT

None

Attachment: Treasurer's Report for Third Quarter Ended September 30, 2013

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
September 30, 2013**

	<u>Par Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>% of Portfolio</u>
Cash In Bank (Schedule A)	5,075,451	5,075,451	5,075,451	22.4%
Investments (Schedule B)	17,487,937	17,512,340	17,572,553	77.6%
Total Cash and Investments	<u>22,563,388</u>	<u>22,587,791</u>	<u>22,648,003</u>	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

11/18/2013

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
September 30, 2013**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	418,616
Wells Fargo	Wells Fargo Trust MMF-Cash	<u>4,656,835</u>
Total		<u><u>5,075,451</u></u>



Cutwater Asset Management
1900 Sixteenth Street, Suite 200
Denver, CO 80202
Tel: 303 860 1100
Fax: 303 860 0016

Treasury Report Schedule B

TOWN OF ATHERTON

Report for the period September 1, 2013 - September 30, 2013

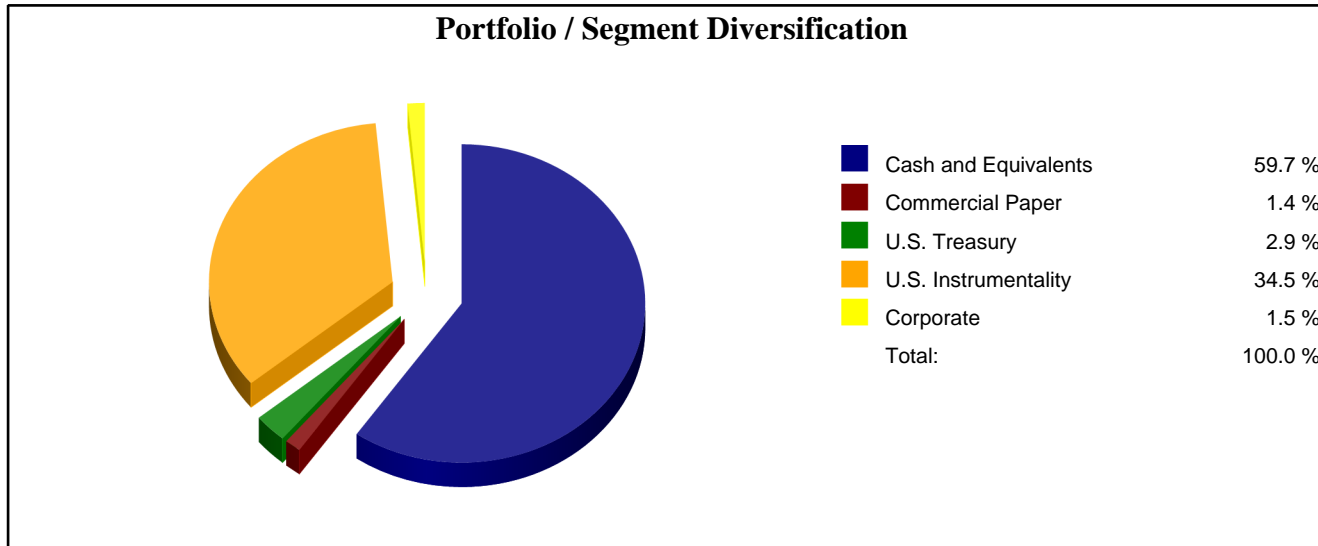
Please contact Accounting by calling the number above or email camreports@cutwater.com with questions concerning this report.

(This report was prepared on October 7, 2013)

**Town of Atherton
Recap of Securities Held
September 30, 2013**

	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	10,487,937.21	10,487,937.21	10,487,937.21	0.00	1	1	59.68	0.27	0.00
Commercial Paper	249,577.36	249,702.50	249,767.25	64.75	127	127	1.42	0.35	0.00
U.S. Treasury	511,835.94	506,742.90	512,695.50	5,952.60	1,035	1,035	2.91	1.01	2.77
U.S. Instrumentality	6,063,062.00	6,037,153.86	6,002,398.60	(34,755.26)	1,064	894	34.50	0.68	2.40
Corporate	260,140.00	259,646.10	259,541.75	(104.35)	958	958	1.48	0.66	2.54
Total	17,572,552.51	17,541,182.57	17,512,340.31	(28,842.26)	414	355	100.00	0.44	0.95

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



**Town of Atherton
Activity and Performance Summary
for the period September 1, 2013 - September 30, 2013**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	18,043,912.87
Additions	
Contributions	0.00
Interest Received	15,250.00
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	15,250.00
Deductions	
Withdrawals	514,250.00
Fees Paid	1,000.00
Accrued Interest Purchased	0.00
Loss on Sales	0.00
Total Deductions	(515,250.00)
Accretion (Amortization) for the Period	(2,730.30)
Ending Amortized Cost Value	17,541,182.57
Ending Fair Value	17,512,340.31
Unrealized Gain (Loss)	(28,842.26)

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	2,183.26	0.00	0.00	2,183.26
Commercial Paper	0.00	70.83	0.00	70.83
U.S. Treasury	611.42	(195.63)	0.00	415.79
U.S. Instrumentality	5,197.92	(2,303.11)	0.00	2,894.81
Corporate	447.92	(302.39)	0.00	145.53
Sales and Maturities				
Total	8,440.52	(2,730.30)	0.00	5,710.22

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.13 %	0.10 %	0.09 %
Overnight Repo	0.12 %	0.06 %	0.05 %
3 Month T-Bill	0.06 %	0.03 %	0.01 %
6 Month T-Bill	0.09 %	0.06 %	0.02 %
1 Year T-Note	0.14 %	0.13 %	0.12 %
2 Year T-Note	0.29 %	0.32 %	0.40 %
5 Year T-Note	0.98 %	1.21 %	1.59 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	8,440.52	6,257.26
Accretion (Amortization)	(2,730.30)	(2,730.30)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	5,710.22	3,526.96
Average Daily Historical Cost	17,841,392.58	7,086,788.70
Annualized Return	0.39%	0.61%
Annualized Return Net of Fees	0.32%	0.43%
Annualized Return Year to Date Net of Fees	0.33%	0.45%
Weighted Average Effective Maturity in Days	355	879

**Town of Atherton
Activity and Performance Summary
for the period September 1, 2013 - September 30, 2013**

Fair Value Basis Activity Summary

Beginning Fair Value	17,977,114.41
Additions	
Contributions	0.00
Interest Received	15,250.00
Accrued Interest Sold	0.00
Total Additions	15,250.00
Deductions	
Withdrawals	514,250.00
Fees Paid	1,000.00
Accrued Interest Purchased	0.00
Total Deductions	(515,250.00)
Change in Fair Value for the Period	35,225.90
Ending Fair Value	17,512,340.31

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	2,183.26	0.00	2,183.26
Commercial Paper	0.00	119.50	119.50
U.S. Treasury	611.42	2,226.50	2,837.92
U.S. Instrumentality	5,197.92	32,075.40	37,273.32
Corporate	447.92	804.50	1,252.42
Total	8,440.52	35,225.90	43,666.42

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.13 %	0.10 %	0.09 %
Overnight Repo	0.12 %	0.06 %	0.05 %
3 Month T-Bill	0.11 %	0.10 %	0.12 %
6 Month T-Bill	0.20 %	0.19 %	0.24 %
1 Year T-Note	0.29 %	0.30 %	0.61 %
2 Year T-Note	0.27 %	0.26 %	2.07 %
5 Year T-Note	-1.55 %	-3.46 %	15.33 %

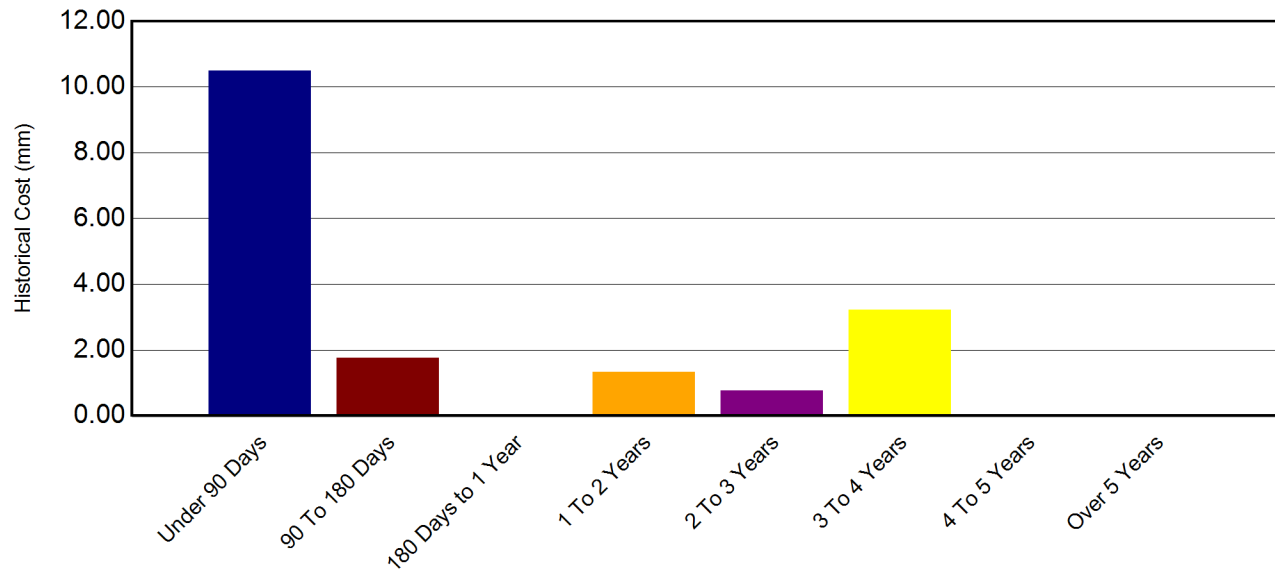
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	8,440.52	6,257.26
Change in Fair Value	<u>35,225.90</u>	<u>35,225.90</u>
Total Income on Portfolio	43,666.42	41,483.16
Average Daily Historical Cost	17,841,392.58	7,086,788.70
Annualized Return	2.98%	7.12%
Annualized Return Net of Fees	2.91%	6.95%
Annualized Return Year to Date Net of Fees	(0.03%)	(0.36%)
Weighted Average Effective Maturity in Days	355	879

**Town of Atherton
Maturity Distribution of Securities Held
September 30, 2013**

Maturity	Historical Cost	Percent
Under 90 Days	10,487,937.21	59.68 %
90 To 180 Days	1,761,077.36	10.02 %
180 Days to 1 Year	0.00	0.00 %
1 To 2 Years	1,324,146.00	7.54 %
2 To 3 Years	771,975.94	4.39 %
3 To 4 Years	3,227,416.00	18.37 %
4 To 5 Years	0.00	0.00 %
Over 5 Years	0.00	0.00 %
	17,572,552.51	100.00 %

Maturity Distribution



**Town of Atherton
Securities Held
September 30, 2013**

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	
Cash and Equivalents														
LAIF	09/30/13	0.271V		10,487,937.21	10,487,937.21	10,487,937.21	10,487,937.21	0.00	0.00	2,183.26	5,541.05	59.68	0.27	
					0.00	0.00	0.00							
TOTAL (Cash and Equivalents)				10,487,937.21	10,487,937.21	10,487,937.21	10,487,937.21	0.00	0.00	2,183.26	5,541.05	59.68		
					0.00	0.00	0.00							
Commercial Paper														
4497W1B47	08/09/13	0.000	02/04/14	250,000.00	249,577.36	249,702.50	249,767.25	64.75	0.00	0.00	0.00	1.42	0.35	
ING Funding					0.00	70.83	119.50							
TOTAL (Commercial Paper)				250,000.00	249,577.36	249,702.50	249,767.25	64.75	0.00	0.00	0.00	1.42		
					0.00	70.83	119.50							
U.S. Treasury														
912828QX1	08/12/11	1.500	07/31/16	500,000.00	511,835.94	506,742.90	512,695.50	5,952.60	0.00	611.42	1,263.59	2.91	1.01	
T-Note					0.00	(195.63)	2,226.50							
TOTAL (U.S. Treasury)				500,000.00	511,835.94	506,742.90	512,695.50	5,952.60	0.00	611.42	1,263.59	2.91		
					0.00	(195.63)	2,226.50							
U.S. Instrumentality														
3134G3LF5	Call	02/29/12	1.000	02/13/15	1,000,000.00	1,008,750.00	1,001,652.10	1,003,229.00	1,576.90	0.00	833.33	1,333.33	5.74	0.55
FHLMC				02/13/14		0.00	(367.13)	(518.00)						
313370JB5		10/23/12	1.750	09/11/15	500,000.00	518,170.00	512,251.38	512,726.50	475.12	4,375.00	729.17	486.11	2.95	0.48
FHLB						0.00	(517.66)	91.50						
3134G3GY0	Call	01/25/12	1.125	01/13/16	500,000.00	502,750.00	500,397.77	501,149.50	751.73	0.00	468.75	1,218.75	2.86	0.84
FHLMC				01/13/14		0.00	(114.75)	(227.00)						
3135G0VH3	Call	04/19/13	0.750	03/04/16	800,000.00	805,976.00	804,534.42	803,130.40	(1,404.02)	3,000.00	500.00	450.00	4.59	0.35
FNMA				03/04/15		0.00	(262.11)	1,654.40						
3135G0VM2	Call	04/17/13	0.750	03/14/17	500,000.00	501,290.00	500,639.15	493,309.00	(7,330.15)	1,875.00	312.50	177.08	2.85	0.46
FNMA				03/14/14		0.00	(116.92)	3,991.50						
3137EADF3		08/06/12	1.250	05/12/17	500,000.00	511,200.00	508,490.11	503,452.00	(5,038.11)	0.00	520.83	2,413.19	2.91	0.77
FHLMC						0.00	(193.11)	4,269.00						
313379DD8		11/09/12	1.000	06/21/17	500,000.00	507,000.00	505,645.70	500,230.50	(5,415.20)	0.00	416.67	1,388.89	2.89	0.69
FHLB						0.00	(124.63)	5,939.00						
3137EADH9		07/31/12	1.000	06/29/17	500,000.00	504,650.00	503,543.23	498,940.50	(4,602.73)	0.00	416.67	1,277.78	2.87	0.81
FHLMC						0.00	(77.76)	4,731.00						
3134G3M31		04/19/13	1.000	09/27/17	1,200,000.00	1,203,276.00	1,200,000.00	1,186,231.20	(13,768.80)	6,000.00	1,000.00	133.33	6.85	1.00

**Town of Atherton
Securities Held
September 30, 2013**

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
FHLMC					0.00	(529.04)	12,144.00						
TOTAL (U.S. Instrumentality)				6,000,000.00	6,063,062.00	6,037,153.86	6,002,398.60	(34,755.26)	15,250.00	5,197.92	8,878.46	34.50	
					0.00	(2,303.11)	32,075.40						
Corporate													
478160AY0	08/13/13	2.150	05/15/16	250,000.00	260,140.00	259,646.10	259,541.75	(104.35)	0.00	447.92	2,030.56	1.48	0.66
Johnson & Johnson					1,313.89	(302.39)	804.50						
TOTAL (Corporate)				250,000.00	260,140.00	259,646.10	259,541.75	(104.35)	0.00	447.92	2,030.56	1.48	
					1,313.89	(302.39)	804.50						

GRAND TOTAL	17,487,937.21	17,572,552.51	17,541,182.57	17,512,340.31	(28,842.26)	15,250.00	8,440.52	17,713.66	100.00
		1,313.89	(2,730.30)	35,225.90					

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, 2013**

Fund No.	Fund Name	SEPT Balance
101	General Fund	8,570,861
105	Tennis Fund	14,347
610	Equipment Replacement Fund	413,832
614	Worker's Compensation	213,848
615	General Liability	386,977
616	Employee Benefits	1,329,469
	Total Non-Restricted	<u>10,929,335</u>
201	Special Tax Fund	1,189,677
202	County Measure A Fund	398,586
203	Gas Tax Fund	136,879
204	Measure M	78,495
209	SLES/COPS Grant	21,020
210	Road Constructions Impact Fee	779,755
213	Library Fund	6,255,668
215	Evans Creative Design (formerly fund 715)	57,842
401	GF Projects	284,590
402	Storm Drainage	29,800
403	Atherton Channel Drainage District	150,844
406	Facilities Construction	2,304,487
730	H-P Park Improvement	6,045
740	Tree Committee	24,982
	Total Restricted	<u>11,718,668</u>
	Total Cash & Investments	<u><u>22,648,003</u></u>