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# CITY OF ANN ARBOR

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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.

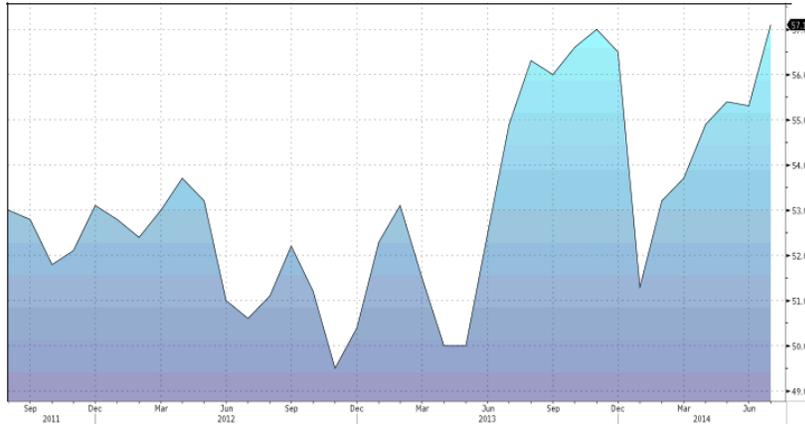
( This report was prepared on October 6, 2014 )

# Fixed Income Market Review

## September 30, 2014

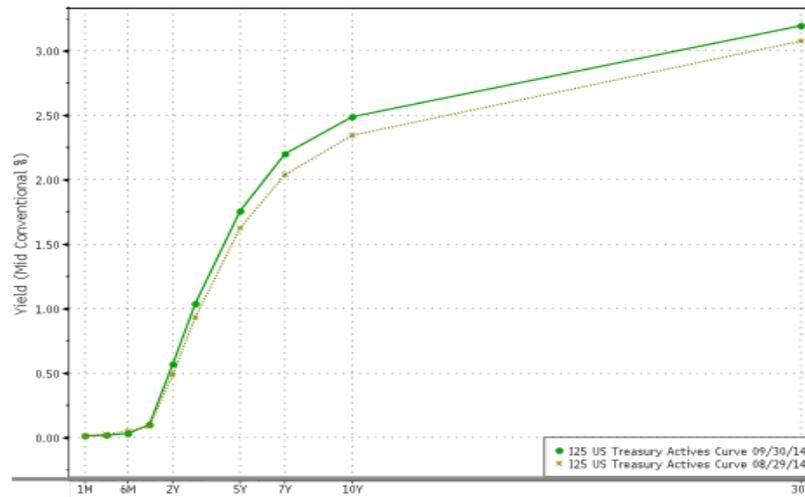
**ISM Manufacturing Index**  
8/2011 – 8/2014

**Chart 1**



**Treasury Yield Curves**  
8/31/2014 – 9/30/2014

**Chart 2**



**Economic Indicators & Monetary Policy** – Gross Domestic Product (GDP) for the second quarter of 2014 was revised upward to 4.6 percent, compared to the negative 2.1 percent growth reported for the first quarter of 2014. GDP is currently growing at a year-over-year rate of 2.6 percent. Household spending and business investment increased, helping push GDP upward. The August readings of the Institute for Supply Management’s indices also showed strong economic growth, as the manufacturing index increased to 59.0 from 57.1 (See Chart 1) and the non-manufacturing index increased to 59.6 from 58.7.

142,000 new jobs were added in August, the lowest number of new jobs since December, 2013. August’s less than expected job growth also marked the first month of fewer than 200,000 jobs in the past seven months. The unemployment rate, however, decreased to 6.1 percent from 6.2 percent as workers exited the labor force. The labor force participation rate also decreased 0.1 percent to 62.8 percent from 62.9 percent.

Inflation indicators once again were muted in August. The year-over-year Producer Price Indices including and excluding food and energy both grew at 1.8 percent, while the year-over-year Consumer Price Indices including and excluding food and energy both grew at 1.7 percent. The Personal Consumption Expenditures Index grew 1.5 percent on a year-over-year basis.

Rebounding from a negative 2.4 percent growth rate in July, new home sales increased by 18.0 percent on a month-over-month basis in August, to reach an annualized rate of 504,000, the highest annual rate since May, 2008. Existing home sales decreased by 1.8 percent in August, compared to a 2.4 percent increase in July.

As projected, the Federal Open Market Committee (FOMC) continued tapering its asset purchases by \$10 billion at the September 17 meeting. The FOMC will likely vote to end Quantitative Easing at the October 28 meeting. Interest rate normalization was also discussed at the most recent FOMC meeting with the committee saying that steps could be taken to begin normalizing the Fed funds target rate in 2015<sup>1</sup>.

**Yield Curve & Spreads** - At the end of August, the 3-month Treasury bill yielded 0.02 percent, the 6-month Treasury bill yielded 0.03 percent, the 2-year Treasury note yielded 0.57 percent, the 5-year Treasury note yielded 1.76 percent, the 10-year Treasury note yielded 2.49 percent, and the 30-year Treasury yielded 3.20 percent (See Chart 2).

**Additional Information**  
**September 30, 2014**

The opinions expressed above are those of Cutwater Asset Management and are subject to change without notice. All statistics represent month-end figures unless otherwise noted.

A current version of the investment adviser brochure for Cutwater Investor Services Corp., in the form of the Firm's ADV Part 2A, is available for your review. Please contact our Client Service Desk at 1-800-395-5505 or mail your request to:

Cutwater Investor Services Corp.  
Attention: Client Services  
113 King Street  
Armonk, NY 10504

A copy of the brochure will be sent to you either by mail or electronically at your option.

In addition, a copy of the most recent version of the Firm's complete Form ADV can be downloaded from the SEC website at [www.adviserinfo.sec.gov/](http://www.adviserinfo.sec.gov/).

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<sup>1</sup> "Federal Reserve's Policy Normalization Plans", Federal Open Market Committee statement dated September 17, 2014.

The information contained in this presentation comes from public sources which Cutwater Asset Management believes to be reliable. All opinions expressed in this document are solely those of Cutwater. A list of sources used for this document is available upon request.

**City of Ann Arbor  
Activity and Performance Summary  
for the period September 1, 2014 - September 30, 2014**

**Amortized Cost Basis Activity Summary**

<b>Beginning Amortized Cost Value</b>	252,303,456.14
Additions	
Contributions	0.00
Interest Received	388,377.50
Accrued Interest Sold	0.00
Gain on Sales	0.00
<b>Total Additions</b>	<b>388,377.50</b>
Deductions	
Withdrawals	6,730,264.31
Fees Paid	13,113.73
Accrued Interest Purchased	18,052.14
Loss on Sales	0.00
<b>Total Deductions</b>	<b>(6,761,430.18)</b>
Accretion (Amortization) for the Period	(70,617.07)
<b>Ending Amortized Cost Value</b>	<b>245,859,786.39</b>
Ending Fair Value	245,889,007.64
Unrealized Gain (Loss)	29,221.25

**Detail of Amortized Cost Basis Return**

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
<b>Current Holdings</b>				
Certificates of Deposit	36.22	0.00	0.00	36.22
U.S. Treasury	139,425.54	(56,096.80)	0.00	83,328.74
U.S. Instrumentality	121,872.16	(14,635.27)	0.00	107,236.89
<b>Sales and Maturities</b>				
U.S. Instrumentality	0.00	115.00	0.00	115.00
<b>Total</b>	<b>261,333.92</b>	<b>(70,617.07)</b>	<b>0.00</b>	<b>190,716.85</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	261,333.92	261,333.92
Accretion (Amortization)	(70,617.07)	(70,617.07)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	190,716.85	190,716.85
Average Daily Historical Cost	269,803,977.33	215,369,832.00
Annualized Return	0.86%	1.08%
Annualized Return Net of Fees	0.78%	0.98%
Annualized Return Year to Date Net of Fees	1.01%	1.09%
Weighted Average Effective Maturity in Days	819	921

**City of Ann Arbor  
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>	252,730,542.68
Additions	
Contributions	0.00
Interest Received	388,377.50
Accrued Interest Sold	0.00
<b>Total Additions</b>	<b>388,377.50</b>
Deductions	
Withdrawals	6,730,264.31
Fees Paid	13,113.73
Accrued Interest Purchased	18,052.14
<b>Total Deductions</b>	<b>(6,761,430.18)</b>
Change in Fair Value for the Period	(468,482.36)
<b>Ending Fair Value</b>	<b>245,889,007.64</b>

<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>			
Certificates of Deposit	36.22	0.00	36.22
U.S. Treasury	139,425.54	(195,227.50)	(55,801.96)
U.S. Instrumentality	121,872.16	(273,369.86)	(151,497.70)
<b>Sales and Maturities</b>			
U.S. Instrumentality	0.00	115.00	115.00
<b>Total</b>	<b>261,333.92</b>	<b>(468,482.36)</b>	<b>(207,148.44)</b>

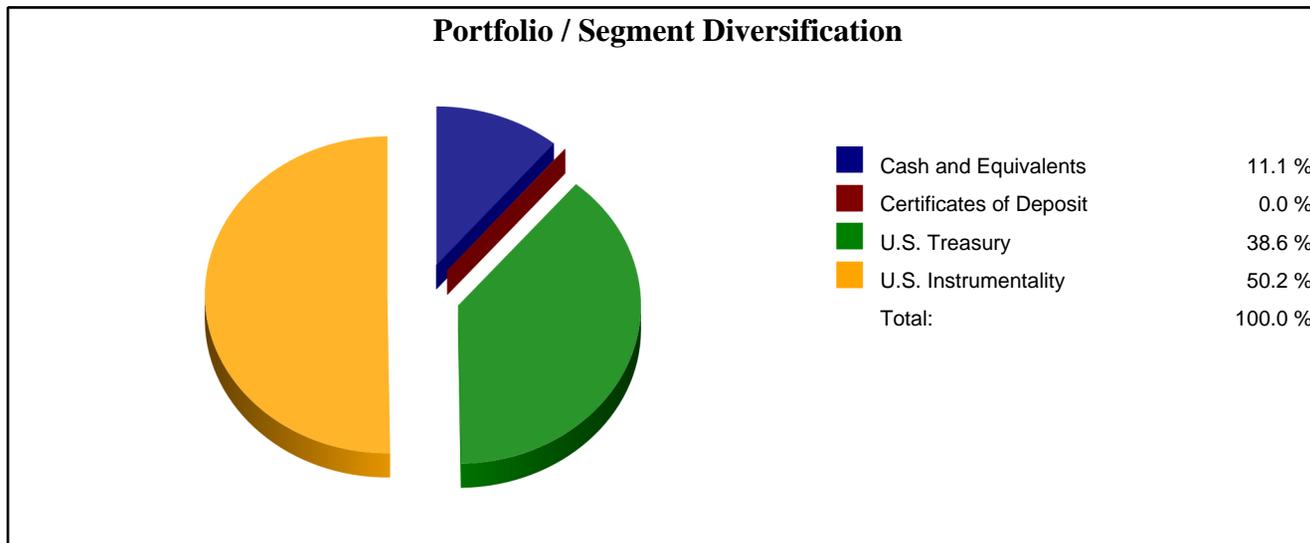
<b><u>Annualized Comparative Rates of Return</u></b>			
	<b>Twelve Month Trailing</b>	<b>Six Month Trailing</b>	<b>One Month</b>
Fed Funds	0.08 %	0.09 %	0.09 %
Overnight Repo	0.07 %	0.08 %	0.06 %
3 Month T-Bill	0.08 %	0.05 %	0.00 %
6 Month T-Bill	0.12 %	0.11 %	0.08 %
1 Year T-Note	0.26 %	0.27 %	0.23 %
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	261,333.92	261,333.92
Change in Fair Value	<u>(468,482.36)</u>	<u>(468,482.36)</u>
Total Income on Portfolio	(207,148.44)	(207,148.44)
Average Daily Historical Cost	269,803,977.33	215,369,832.00
Annualized Return	(0.93%)	(1.17%)
Annualized Return Net of Fees	(1.01%)	(1.27%)
Annualized Return Year to Date Net of Fees	1.53%	1.65%
Weighted Average Effective Maturity in Days	819	921

**City of Ann Arbor  
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	27,583,973.38	27,583,973.38	27,583,973.38	0.00	1	1	11.10	0.00	0.00
Certificates of Deposit	108,665.21	108,665.21	108,665.21	0.00	20	20	0.04	0.40	0.05
U.S. Treasury	96,023,242.21	93,580,667.57	94,239,642.50	658,974.93	677	677	38.62	1.11	1.81
U.S. Instrumentality	124,899,661.81	124,586,480.23	123,956,726.55	(629,753.68)	1,163	1,110	50.24	1.12	2.89
<b>Total</b>	<b>248,615,542.61</b>	<b>245,859,786.39</b>	<b>245,889,007.64</b>	<b>29,221.25</b>	<b>846</b>	<b>819</b>	<b>100.00</b>	<b>0.99</b>	<b>2.15</b>

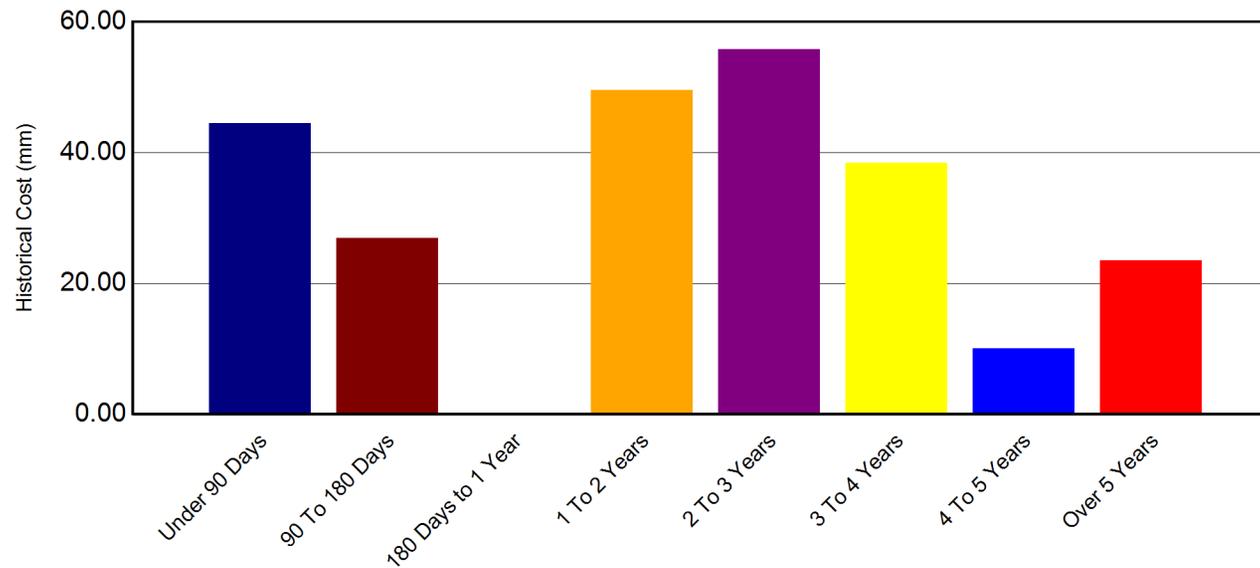
\* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Ann Arbor  
Maturity Distribution of Securities Held  
September 30, 2014**

Maturity	Historical Cost	Percent
Under 90 Days	44,498,246.25	17.90 %
90 To 180 Days	26,915,507.50	10.83 %
180 Days to 1 Year	0.00	0.00 %
1 To 2 Years	49,514,325.72	19.92 %
2 To 3 Years	55,779,593.76	22.44 %
3 To 4 Years	38,407,019.38	15.45 %
4 To 5 Years	10,022,800.00	4.03 %
Over 5 Years	23,478,050.00	9.44 %
	<b>248,615,542.61</b>	<b>100.00 %</b>

**Maturity Distribution**



**City of Ann Arbor  
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>													
JPMorgan Chase	09/30/14	0.000V		27,583,973.38	27,583,973.38	27,583,973.38	27,583,973.38	0.00	0.00	0.00	0.00	11.10	0.00
					0.00	0.00	0.00						
<b>TOTAL (Cash and Equivalents)</b>				27,583,973.38	27,583,973.38	27,583,973.38	27,583,973.38	0.00	0.00	0.00	0.00	11.10	
					0.00	0.00	0.00						
<b><u>Certificates of Deposit</u></b>													
Ann Arbor Bank	01/21/14	0.400	10/20/14	108,665.21	108,665.21	108,665.21	108,665.21	0.00	0.00	36.22	639.92	0.04	0.40
					0.00	0.00	0.00						
<b>TOTAL (Certificates of Deposit)</b>				108,665.21	108,665.21	108,665.21	108,665.21	0.00	0.00	36.22	639.92	0.04	
					0.00	0.00	0.00						
<b><u>U.S. Treasury</u></b>													
912828LZ1	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25	5,007,978.08	5,016,990.00	9,011.92	0.00	8,709.02	35,706.97	2.09	1.13
T-Note					0.00	(3,989.04)	(8,010.00)						
912828MR8	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75	5,023,551.34	5,047,850.00	24,298.66	0.00	9,841.16	10,169.20	2.12	1.19
T-Note					0.00	(4,710.27)	(8,790.00)						
912828SK7	09/06/13	0.375	03/15/15	5,000,000.00	5,000,781.25	5,000,232.26	5,007,420.00	7,187.74	9,375.00	1,542.05	828.73	2.01	0.36
T-Note					0.00	(42.23)	(785.00)						
912828PE4	08/29/11	1.250	10/31/15	5,000,000.00	5,121,875.00	5,031,588.34	5,058,205.00	26,616.66	0.00	5,095.11	26,154.89	2.06	0.66
T-Note					0.00	(2,399.11)	(3,905.00)						
912828EN6	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50	5,170,990.10	5,241,015.00	70,024.90	0.00	18,342.39	84,986.41	2.33	1.33
T-Note					0.00	(12,511.47)	(16,795.00)						
912828PJ3	08/29/11	1.375	11/30/15	5,000,000.00	5,146,093.75	5,039,954.85	5,067,775.00	27,820.15	0.00	5,635.25	23,104.51	2.07	0.68
T-Note					0.00	(2,820.35)	(4,880.00)						
912828KS8	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63	5,073,796.11	5,163,280.00	89,483.89	0.00	10,877.07	11,239.64	2.13	1.53
T-Note					0.00	(4,290.47)	(8,595.00)						
912828QP8	09/06/12	1.750	05/31/16	5,000,000.00	5,247,656.25	5,110,473.22	5,108,010.00	(2,463.22)	0.00	7,172.13	29,405.74	2.11	0.41
T-Note					0.00	(5,450.98)	(7,030.00)						
912828KZ2	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19	2,570,671.32	2,619,922.50	49,251.18	0.00	6,623.64	20,533.29	1.10	1.55
T-Note					0.00	(3,323.10)	(6,347.50)						
912828QR4	08/29/11	1.500	06/30/16	5,000,000.00	5,148,437.50	5,053,595.43	5,088,085.00	34,489.57	0.00	6,114.13	18,953.80	2.07	0.87
T-Note					0.00	(2,520.16)	(6,640.00)						
912828MA5	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88	5,100,879.08	5,220,310.00	119,430.92	0.00	11,270.50	46,209.02	2.13	1.76
T-Note					0.00	(3,826.01)	(15,630.00)						
912828RU6	09/23/14	0.875	11/30/16	5,000,000.00	5,018,750.00	5,018,562.27	5,017,970.00	(592.27)	0.00	956.29	14,702.87	2.02	0.70
T-Note					13,746.58	(187.73)	(780.00)						



**City of Ann Arbor  
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
912828RX0 T-Note	09/10/13	0.875	12/31/16	5,000,000.00	4,973,828.13 0.00	4,982,191.00 649.97	5,012,500.00 (9,375.00)	30,309.00	0.00	3,566.58	11,056.39	2.00	1.04
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,133,430.47 (4,543.60)	5,260,545.00 (19,145.00)	127,114.53	0.00	12,430.94	12,845.30	2.16	1.82
912828SJ0 T-Note	09/10/13	0.875	02/28/17	5,000,000.00	4,957,812.50 0.00	4,970,665.20 998.91	5,005,080.00 (10,545.00)	34,414.80	0.00	3,625.69	3,746.55	1.99	1.12
912828PA2 T-Note	08/29/11	1.875	09/30/17	5,000,000.00	5,175,000.00 0.00	5,086,162.32 (2,360.61)	5,112,110.00 (16,015.00)	25,947.68	46,875.00	7,685.83	257.55	2.08	1.28
912828PF1 T-Note	08/29/11	1.875	10/31/17	5,000,000.00	5,172,656.25 0.00	5,086,213.28 (2,296.97)	5,109,765.00 (15,625.00)	23,551.72	0.00	7,642.67	39,232.34	2.08	1.29
912828UA6 T-Note	11/18/13	0.625	11/30/17	5,000,000.00	4,923,828.13 0.00	4,940,220.85 1,551.36	4,910,545.00 (12,895.00)	(29,675.85)	0.00	2,561.48	10,502.05	1.98	1.01
912828QQ6 T-Note	04/08/14	2.375	05/31/18	5,000,000.00	5,203,125.00 0.00	5,179,512.05 (4,024.94)	5,172,265.00 (23,440.00)	(7,247.05)	0.00	9,733.61	39,907.79	2.09	1.36
<b>TOTAL (U.S. Treasury)</b>				92,500,000.00	96,023,242.21 13,746.58	93,580,667.57 (56,096.80)	94,239,642.50 (195,227.50)	658,974.93	56,250.00	139,425.54	439,543.04	38.62	

**U.S. Instrumentality**

313385M60 FHLB	09/02/14	0.000	10/31/14	8,100,000.00	8,099,176.95 0.00	8,099,581.50 404.55	8,099,919.00 742.05	337.50	0.00	0.00	0.00	3.26	0.06
313385R24 FHLB	09/02/14	0.000	11/28/14	3,500,000.00	3,499,399.46 0.00	3,499,599.64 200.18	3,499,926.50 527.04	326.86	0.00	0.00	0.00	1.41	0.07
3130A0FX3 FHLB	08/20/14	0.210	02/18/15	10,000,000.00	10,005,325.00 116.67	10,004,096.15 (877.75)	10,002,780.00 (890.00)	(1,316.15)	0.00	1,750.00	2,508.33	4.02	0.10
3130A26J0 FHLB	08/20/14	0.090	02/27/15	1,400,000.00	1,399,748.00 287.00	1,399,803.41 39.58	1,399,676.60 21.00	(126.81)	0.00	105.00	430.50	0.56	0.12
3130A1FG8 FHLB	08/20/14	0.140	03/02/15	2,000,000.00	2,000,100.00 0.00	2,000,078.35 (15.46)	1,999,940.00 (42.00)	(138.35)	1,252.22	233.34	225.56	0.80	0.13
3130A2D52 FHLB	08/20/14	0.100	03/09/15	2,200,000.00	2,199,626.00 0.00	2,199,704.15 55.82	2,199,632.60 30.80	(71.55)	537.78	183.33	134.44	0.88	0.13
3134G36G0 FHLMC	08/20/14	0.350	03/18/15	1,050,000.00	1,051,333.50 0.00	1,051,066.80 (190.50)	1,051,437.45 144.90	370.65	1,837.50	306.25	132.71	0.42	0.13
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,902,560.99 196.17	1,957,387.50 (4,438.65)	54,826.51	0.00	4,603.75	26,394.83	0.76	3.04
3137EACT4 FHLMC	01/11/12	2.500	05/27/16	4,000,000.00	4,253,480.00 0.00	4,095,808.46 (4,758.70)	4,133,156.00 (4,668.00)	37,347.54	0.00	8,333.33	34,444.44	1.71	1.02
313370TW8 FHLB	09/10/12	2.000	09/09/16	5,000,000.00	5,276,700.00 0.00	5,134,370.07 (5,685.61)	5,130,235.00 (3,790.00)	(4,135.07)	50,000.00	8,333.33	6,111.11	2.12	0.60

**City of Ann Arbor  
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	
313381B53 FHLB	11/26/12	0.580	11/14/16	5,000,000.00	4,995,700.00 0.00	4,997,700.14 89.03	4,992,570.00 (4,815.00)	(5,130.14)	0.00	2,416.67	11,036.11	2.01	0.60	
3133ECGF5 FFCB	Call 02/27/13	0.800	02/27/17 10/01/14	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,978,200.00 (5,155.00)	(21,800.00)	0.00	3,333.34	3,777.78	2.01	0.80	
3134G5E0 FHLMC	Call 09/29/14	1.000	02/28/17 11/28/14	5,000,000.00	5,000,000.00 4,305.56	5,000,000.00 0.00	4,993,735.00 (6,265.00)	(6,265.00)	0.00	0.00	4,305.56	2.01	1.00	
3133EDEB4 FFCB	01/30/14	1.100	06/28/17	5,000,000.00	5,012,500.00 0.00	5,010,050.20 (301.21)	5,020,080.00 (9,360.00)	10,029.80	0.00	4,583.33	14,208.33	2.02	1.03	
313370SZ2 FHLB	01/09/14	2.250	09/08/17	5,000,000.00	5,171,550.00 0.00	5,137,573.36 (3,846.41)	5,157,895.00 (8,945.00)	20,321.64	56,250.00	9,375.00	7,187.50	2.08	1.29	
3134G3H52 FHLMC	Call 09/12/12	1.000	09/12/17 12/12/14	5,000,000.00	4,997,500.00 0.00	4,998,525.47 41.08	4,984,120.00 (10,810.00)	(14,405.47)	25,000.00	4,166.67	2,638.89	2.01	1.01	
3135G0SF1 FNMA	Call 11/28/12	1.000	11/28/17 11/28/14	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,939,920.00 (18,290.00)	(60,080.00)	0.00	4,166.66	17,083.33	2.01	1.00	
3133ECJX3 FFCB	Call 04/02/13	1.040	03/26/18 10/01/14	5,000,000.00	4,996,700.00 0.00	4,997,692.36 54.43	4,962,435.00 (13,105.00)	(35,257.36)	26,000.00	4,333.33	722.22	2.01	1.05	
3135G0WJ8 FNMA	06/03/13	0.875	05/21/18	3,000,000.00	2,953,560.00 0.00	2,965,983.28 768.45	2,937,903.00 (5,298.00)	(28,080.28)	0.00	2,187.50	9,479.17	1.19	1.20	
3135G0XG3 FNMA	Call 05/21/13	1.000	05/21/18 11/21/14	5,000,000.00	4,982,150.00 0.00	4,987,018.18 293.26	4,906,285.00 (19,220.00)	(80,733.18)	0.00	4,166.67	18,055.56	2.00	1.07	
3130A15L8 FHLB	Call 03/26/14	1.000V	03/26/19 12/26/14	5,000,000.00	4,997,500.00 0.00	4,997,758.76 41.07	4,992,815.00 (9,825.00)	(4,943.76)	25,000.00	4,166.66	694.44	2.01	2.12	
3134G3JM3 FHLMC	02/28/14	2.000	07/30/19	5,000,000.00	5,025,300.00 0.00	5,022,550.00 (383.72)	5,027,995.00 (16,745.00)	5,445.00	0.00	8,333.33	16,944.44	2.02	1.90	
3134G3K90 FHLMC	09/25/12	1.700	09/25/20	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,865,060.00 (12,350.00)	(134,940.00)	42,500.00	7,083.34	1,416.67	2.01	1.70	
313380PE1 FHLB	Call 09/28/12	1.850	09/28/20 10/28/14	5,000,000.00	4,990,000.00 0.00	4,992,508.56 102.67	4,845,595.00 (25,835.00)	(146,913.56)	46,250.00	7,708.33	770.83	2.01	1.88	
3130A0A34 FHLB	Call 11/18/13	2.790	11/04/20 11/04/15	3,590,000.00	3,613,550.40 0.00	3,603,123.76 (986.75)	3,625,935.90 (15,616.50)	22,812.14	0.00	8,346.75	40,899.08	1.45	2.45	
3133EDMG4 FFCB	Call 05/27/14	2.590	05/27/21 05/27/15	5,000,000.00	4,992,500.00 0.00	4,992,872.51 88.00	4,986,210.00 (6,915.00)	(6,662.51)	0.00	10,791.67	44,605.56	2.01	2.61	
313380NM5 FHLB	Call 09/19/12	2.300	09/19/22 10/19/14	5,000,000.00	4,995,550.00 0.00	4,996,454.13 36.55	4,790,375.00 (42,550.00)	(206,079.13)	57,500.00	9,583.33	3,833.33	2.01	2.31	
313380XN2 FHLB	Call 10/24/12	1.125V	10/24/22	3,500,000.00	3,500,000.00 0.00	3,500,000.00 0.00	3,475,507.00 (29,907.50)	(24,493.00)	0.00	3,281.25	17,171.88	1.41	1.12	
<b>TOTAL (U.S. Instrumentality)</b>					124,245,000.00	124,899,661.81	124,586,480.23	123,956,726.55	(629,753.68)	332,127.50	121,872.16	285,212.60	50.24	

**City of Ann Arbor  
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
					4,709.23	(14,635.27)	(273,369.86)						
<b>GRAND TOTAL</b>				<b>244,437,638.59</b>	<b>248,615,542.61</b>	<b>245,859,786.39</b>	<b>245,889,007.64</b>	<b>29,221.25</b>	<b>388,377.50</b>	<b>261,333.92</b>	<b>725,395.56</b>	<b>100.00</b>	
					<b>18,455.81</b>	<b>(70,732.07)</b>	<b>(468,597.36)</b>						

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

**City of Ann Arbor**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**September 30, 2014**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b><u>T-Note</u></b>												
912828LZ1	U.S. Treasury	2.125	11/30/2014		AA+	Aaa	5,000,000.00	5,207,031.25	2.09	5,016,990.00	2.04	0.17
912828MR8	U.S. Treasury	2.375	02/28/2015		AA+	Aaa	5,000,000.00	5,258,593.75	2.12	5,047,850.00	2.05	0.42
912828SK7	U.S. Treasury	0.375	03/15/2015		AA+	Aaa	5,000,000.00	5,000,781.25	2.01	5,007,420.00	2.04	0.46
912828PE4	U.S. Treasury	1.250	10/31/2015		AA+	Aaa	5,000,000.00	5,121,875.00	2.06	5,058,205.00	2.06	1.07
912828EN6	U.S. Treasury	4.500	11/15/2015		AA+	Aaa	5,000,000.00	5,795,312.50	2.33	5,241,015.00	2.13	1.09
912828PJ3	U.S. Treasury	1.375	11/30/2015		AA+	Aaa	5,000,000.00	5,146,093.75	2.07	5,067,775.00	2.06	1.16
912828KS8	U.S. Treasury	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.13	5,163,280.00	2.10	1.40
912828QP8	U.S. Treasury	1.750	05/31/2016		AA+	Aaa	5,000,000.00	5,247,656.25	2.11	5,108,010.00	2.08	1.64
912828KZ2	U.S. Treasury	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.10	2,619,922.50	1.07	1.70
912828QR4	U.S. Treasury	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.07	5,088,085.00	2.07	1.72
912828MA5	U.S. Treasury	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.13	5,220,310.00	2.12	2.09
912828RU6	U.S. Treasury	0.875	11/30/2016		AA+	Aaa	5,000,000.00	5,018,750.00	2.02	5,017,970.00	2.04	2.14
912828RX0	U.S. Treasury	0.875	12/31/2016		AA+	Aaa	5,000,000.00	4,973,828.13	2.00	5,012,500.00	2.04	2.22
912828MS6	U.S. Treasury	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.16	5,260,545.00	2.14	2.34
912828SJ0	U.S. Treasury	0.875	02/28/2017		AA+	Aaa	5,000,000.00	4,957,812.50	1.99	5,005,080.00	2.04	2.39
912828PA2	U.S. Treasury	1.875	09/30/2017		AA+	Aaa	5,000,000.00	5,175,000.00	2.08	5,112,110.00	2.08	2.92
912828PF1	U.S. Treasury	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.08	5,109,765.00	2.08	2.97
912828UA6	U.S. Treasury	0.625	11/30/2017		AA+	Aaa	5,000,000.00	4,923,828.13	1.98	4,910,545.00	2.00	3.11
912828QQ6	U.S. Treasury	2.375	05/31/2018		AA+	Aaa	5,000,000.00	5,203,125.00	2.09	5,172,265.00	2.10	3.49
<b>ISSUER TOTAL</b>							<b>92,500,000.00</b>	<b>96,023,242.21</b>	<b>38.62</b>	<b>94,239,642.50</b>	<b>38.33</b>	<b>1.82</b>

**FHLB**

313385M60	U.S. Instrumentality	0.000	10/31/2014		A-1+	P-1	8,100,000.00	8,099,176.95	3.26	8,099,919.00	3.29	0.08
313385R24	U.S. Instrumentality	0.000	11/28/2014		A-1+	P-1	3,500,000.00	3,499,399.46	1.41	3,499,926.50	1.42	0.16
3130A0FX3	U.S. Instrumentality	0.210	02/18/2015		AA+	Aaa	10,000,000.00	10,005,325.00	4.02	10,002,780.00	4.07	0.38
3130A26J0	U.S. Instrumentality	0.090	02/27/2015		A-1+	P-1	1,400,000.00	1,399,748.00	0.56	1,399,676.60	0.57	0.41
3130A1FG8	U.S. Instrumentality	0.140	03/02/2015		A-1+	P-1	2,000,000.00	2,000,100.00	0.80	1,999,940.00	0.81	0.42
3130A2D52	U.S. Instrumentality	0.100	03/09/2015		A-1+	P-1	2,200,000.00	2,199,626.00	0.88	2,199,632.60	0.89	0.44
3130A0A34	U.S. Instrumentality	2.790	11/04/2020	11/04/2015	AA+	Aaa	3,590,000.00	3,613,550.40	1.45	3,625,935.90	1.47	1.06
313370TW8	U.S. Instrumentality	2.000	09/09/2016		AA+	Aaa	5,000,000.00	5,276,700.00	2.12	5,130,235.00	2.09	1.91
313381B53	U.S. Instrumentality	0.580	11/14/2016		AA+	Aaa	5,000,000.00	4,995,700.00	2.01	4,992,570.00	2.03	2.10
313370SZ2	U.S. Instrumentality	2.250	09/08/2017		AA+	Aaa	5,000,000.00	5,171,550.00	2.08	5,157,895.00	2.10	2.84
3130A15L8	U.S. Instrumentality	1.000	03/26/2019	12/26/2014	AA+	Aaa	5,000,000.00	4,997,500.00	2.01	4,992,815.00	2.03	4.31
313380PE1	U.S. Instrumentality	1.850	09/28/2020	10/28/2014	AA+	Aaa	5,000,000.00	4,990,000.00	2.01	4,845,595.00	1.97	5.63
313380NM5	U.S. Instrumentality	2.300	09/19/2022	10/19/2014	AA+	Aaa	5,000,000.00	4,995,550.00	2.01	4,790,375.00	1.95	7.20

**City of Ann Arbor**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**September 30, 2014**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
313380XN2	U.S. Instrumentality	1.125	10/24/2022	10/24/2014	AA+	Aaa	3,500,000.00	3,500,000.00	1.41	3,475,507.00	1.41	7.30
<b>ISSUER TOTAL</b>							64,290,000.00	64,743,925.81	26.04	64,212,802.60	26.11	2.41

**JPMorgan Chase**

	Cash and Equivalents	0.000			NR	NR	27,583,973.38	27,583,973.38	11.10	27,583,973.38	11.22	0.00
<b>ISSUER TOTAL</b>							27,583,973.38	27,583,973.38	11.10	27,583,973.38	11.22	0.00

**FHLMC**

3134G36G0	U.S. Instrumentality	0.350	03/18/2015		AA+	Aaa	1,050,000.00	1,051,333.50	0.42	1,051,437.45	0.43	0.47
3137EACT4	U.S. Instrumentality	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.71	4,133,156.00	1.68	1.62
3134G5ES0	U.S. Instrumentality	1.000	02/28/2017	11/28/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.01	4,993,735.00	2.03	2.37
3134G3H52	U.S. Instrumentality	1.000	09/12/2017	12/12/2014	AA+	Aaa	5,000,000.00	4,997,500.00	2.01	4,984,120.00	2.03	2.90
3134G3JM3	U.S. Instrumentality	2.000	07/30/2019		AA+	Aaa	5,000,000.00	5,025,300.00	2.02	5,027,995.00	2.04	4.57
3134G3K90	U.S. Instrumentality	1.700	09/25/2020		AA+	Aaa	5,000,000.00	5,000,000.00	2.01	4,865,060.00	1.98	5.65
<b>ISSUER TOTAL</b>							25,050,000.00	25,327,613.50	10.19	25,055,503.45	10.19	3.35

**FFCB**

31331GY29	U.S. Instrumentality	2.900	10/09/2015		AA+	Aaa	1,905,000.00	1,890,712.50	0.76	1,957,387.50	0.80	1.00
3133ECGF5	U.S. Instrumentality	0.800	02/27/2017	10/01/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.01	4,978,200.00	2.02	2.38
3133EDEB4	U.S. Instrumentality	1.100	06/28/2017		AA+	Aaa	5,000,000.00	5,012,500.00	2.02	5,020,080.00	2.04	2.69
3133ECJX3	U.S. Instrumentality	1.040	03/26/2018	10/01/2014	AA+	Aaa	5,000,000.00	4,996,700.00	2.01	4,962,435.00	2.02	3.41
3133EDMG4	U.S. Instrumentality	2.590	05/27/2021	05/27/2015	AA+	Aaa	5,000,000.00	4,992,500.00	2.01	4,986,210.00	2.03	6.02
<b>ISSUER TOTAL</b>							21,905,000.00	21,892,412.50	8.81	21,904,312.50	8.91	3.39

**FNMA**

3135G0SF1	U.S. Instrumentality	1.000	11/28/2017	11/28/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.01	4,939,920.00	2.01	3.09
3135G0XG3	U.S. Instrumentality	1.000	05/21/2018	11/21/2014	AA+	Aaa	5,000,000.00	4,982,150.00	2.00	4,906,285.00	2.00	3.54
3135G0WJ8	U.S. Instrumentality	0.875	05/21/2018		AA+	Aaa	3,000,000.00	2,953,560.00	1.19	2,937,903.00	1.19	3.55
<b>ISSUER TOTAL</b>							13,000,000.00	12,935,710.00	5.20	12,784,108.00	5.20	3.37

**City of Ann Arbor**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**September 30, 2014**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b><u>Ann Arbor Bank</u></b>												
	Certificates of Deposit	0.400	10/20/2014		NR	NR	108,665.21	108,665.21	0.04	108,665.21	0.04	0.05
<b>ISSUER TOTAL</b>							108,665.21	108,665.21	0.04	108,665.21	0.04	0.05

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<b>GRAND TOTAL</b>	<b>244,437,638.59</b>	<b>248,615,542.61</b>	<b>100.00</b>	<b>245,889,007.64</b>	<b>100.00</b>	<b>2.15</b>
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Highlighted totals are issuers representing 5.00% or more of the portfolio's market value

**City of Ann Arbor  
Securities Purchased  
September 1, 2014 - September 30, 2014**

CUSIP/Description	Purchase Date	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<b><u>U.S. Treasury</u></b>								
912828RU6 T-Note	09/23/2014	0.875	11/30/2016	5,000,000.00	100.375	5,018,750.00	13,746.58	0.70
<b>TOTAL (U.S. Treasury)</b>				5,000,000.00		5,018,750.00	13,746.58	
<b><u>U.S. Instrumentality</u></b>								
313385M60 FHLB	09/02/2014	0.000	10/31/2014	8,100,000.00	99.990	8,099,176.95	0.00	0.06
313385R24 FHLB	09/02/2014	0.000	11/28/2014	3,500,000.00	99.983	3,499,399.46	0.00	0.07
313385H33 FHLB	09/03/2014	0.000	09/26/2014	4,000,000.00	99.997	3,999,885.00	0.00	0.05
3134G5ES0 FHLMC	Call 09/29/2014	1.000	02/28/2017 11/28/2014	5,000,000.00	100.000	5,000,000.00	4,305.56	1.00
<b>TOTAL (U.S. Instrumentality)</b>				20,600,000.00		20,598,461.41	4,305.56	
<b>GRAND TOTAL</b>				<b>25,600,000.00</b>		<b>25,617,211.41</b>	<b>18,052.14</b>	

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

**City of Ann Arbor  
Securities Sold and Matured  
September 1, 2014 - September 30, 2014**

CUSIP/ Description	Sale or Maturity Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost	Amortized Cost at Sale or Maturity / Acct/ (Amort)	Sale/ Maturity Price	Fair Value at Sale or Maturity / Chg.In Fair Value	Realized Gain (Loss)	Accrued Interest Sold	Interest Received	Interest Earned	Yield
<b><u>Cash and Equivalents</u></b>													
JPMorgan Chase	09/30/2014	0.000V		27,768,389.09	27,768,389.09	27,768,389.09	100.00	27,768,389.09	0.00	0.00	0.00	0.00	0.00
						0.00		0.00					
<b>TOTAL (Cash and Equivalents)</b>				27,768,389.09	27,768,389.09	27,768,389.09		27,768,389.09	0.00	0.00	0.00	0.00	
						0.00		0.00					
<b><u>U.S. Instrumentality</u></b>													
313385H33	09/26/2014	0.000	09/26/2014	4,000,000.00	3,999,885.00	4,000,000.00	100.00	4,000,000.00	0.00	0.00	0.00	0.00	0.05
FHLB						115.00		115.00					
<b>TOTAL (U.S. Instrumentality)</b>				4,000,000.00	3,999,885.00	4,000,000.00		4,000,000.00	0.00	0.00	0.00	0.00	
						115.00		115.00					
<b>GRAND TOTAL</b>				31,768,389.09	31,768,274.09	31,768,389.09		31,768,389.09	0.00	0.00	0.00	0.00	
						115.00		115.00					

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



**City of Ann Arbor  
Transaction Report  
for the period September 1, 2014 - September 30, 2014**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
09/02/2014		Maturity	CE	Int Receivable	09/02/2014	221,875.00	221,875.00	0.00	221,875.00	221,875.00
09/02/2014	3130A1FG8	Interest	INS	FHLB	03/02/2015	2,000,000.00	0.00	1,252.22	1,252.22	223,127.22
09/02/2014	313385M60	Bought	INS	FHLB	10/31/2014	8,100,000.00	8,099,176.95	0.00	(8,099,176.95)	(7,876,049.73)
09/02/2014	313385R24	Bought	INS	FHLB	11/28/2014	3,500,000.00	3,499,399.46	0.00	(3,499,399.46)	(11,375,449.19)
09/03/2014	313385H33	Bought	INS	FHLB	09/26/2014	4,000,000.00	3,999,885.00	0.00	(3,999,885.00)	(15,375,334.19)
09/08/2014	313370SZ2	Interest	INS	FHLB	09/08/2017	5,000,000.00	0.00	56,250.00	56,250.00	(15,319,084.19)
09/09/2014	3130A2D52	Interest	INS	FHLB	03/09/2015	2,200,000.00	0.00	537.78	537.78	(15,318,546.41)
09/09/2014	313370TW8	Interest	INS	FHLB	09/09/2016	5,000,000.00	0.00	50,000.00	50,000.00	(15,268,546.41)
09/12/2014	3134G3H52	Interest	INS	FHLMC	09/12/2017	5,000,000.00	0.00	25,000.00	25,000.00	(15,243,546.41)
09/15/2014	912828SK7	Interest	TSY	T-Note	03/15/2015	5,000,000.00	0.00	9,375.00	9,375.00	(15,234,171.41)
09/18/2014	3134G36G0	Interest	INS	FHLMC	03/18/2015	1,050,000.00	0.00	1,837.50	1,837.50	(15,232,333.91)
09/19/2014	313380NM5	Interest	INS	FHLB	09/19/2022	5,000,000.00	0.00	57,500.00	57,500.00	(15,174,833.91)
09/23/2014	912828RU6	Bought	TSY	T-Note	11/30/2016	5,000,000.00	5,018,750.00	13,746.58	(5,032,496.58)	(20,207,330.49)
09/25/2014	3134G3K90	Interest	INS	FHLMC	09/25/2020	5,000,000.00	0.00	42,500.00	42,500.00	(20,164,830.49)
09/26/2014	3130A15L8	Interest	INS	FHLB	03/26/2019	5,000,000.00	0.00	25,000.00	25,000.00	(20,139,830.49)
09/26/2014	313385H33	Maturity	INS	FHLB	09/26/2014	4,000,000.00	4,000,000.00	0.00	4,000,000.00	(16,139,830.49)
09/26/2014	3133ECJX3	Interest	INS	FFCB	03/26/2018	5,000,000.00	0.00	26,000.00	26,000.00	(16,113,830.49)
09/28/2014	313380PE1	Interest	INS	FHLB	09/28/2020	5,000,000.00	0.00	46,250.00	46,250.00	(16,067,580.49)
09/29/2014	3134G5ES0	Bought	INS	FHLMC	02/28/2017	5,000,000.00	5,000,000.00	4,305.56	(5,004,305.56)	(21,071,886.05)
09/30/2014		Sold	CE	JPMorgan Chase		27,768,389.09	27,768,389.09	0.00	27,768,389.09	6,696,503.04
09/30/2014	912828PA2	Interest	TSY	T-Note	09/30/2017	5,000,000.00	0.00	46,875.00	46,875.00	6,743,378.04
<b>Portfolio Activity Total</b>									<b>6,743,378.04</b>	

<b>Net Contributions:</b>	<b>0.00</b>
<b>Net Withdrawals:</b>	<b>6,730,264.31</b>

<b>Fees Charged:</b>	<b>16,862.75</b>
<b>Fees Paid:</b>	<b>13,113.73</b>

**City of Ann Arbor  
Securities Bid and Offer  
for the period 9/1/2014 - 9/30/2014**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
BUY	09/02/2014	FHLBDN 0 10/31/2014		UBS	8,100,000	0.062	99.990	0.062	MER - FHLB DISC 10/28/14 @ YTM 0.025 JEF - FHLB DISC 10/28/14 @ YTM 0.025
BUY	09/02/2014	FHLBDN 0 11/28/2014		UBS	3,500,000	0.071	99.983	0.07	MIZ - FHLB DISC 11/21/14 @ YTM 0.045 CIT - FHLB DISC 11/21/14 @ YTM 0.045
BUY	09/03/2014	FHLBDN 0 09/26/2014		WELLS	4,000,000	0.045	99.997	0.045	MER - FHLB DISC 10/03/14 @ YTM 0.02 CIT - FHLB DISC 10/03/14 @ YTM 0.02
BUY	09/23/2014	T-Note .875 11/30/2016		MOR	5,000,000		100.375	0.70	UBS @ 100-12 JEF @ 100-12
BUY	09/29/2014	FHLMC 1 02/28/2017	11/28/14	MIZ	5,000,000		100.000	1.00/1.00	MER - TSY NOTE 2.125 11/30/14 @ YTM 0.00 UBS - TSY NOTE 0.875 02/28/17 @ YTM 0.82

**City of Ann Arbor  
Upcoming Cash Activity  
for the next 45 days**

Date	Transaction	CUSIP	Description	Coupon	Maturity Date	Next Call Date	Par / Shares	Principal	Interest	Transaction Total
10/09/2014	Interest	31331GY29	FFCB	2.900	10/09/2015		1,905,000.00	0.00	27,622.50	27,622.50
10/20/2014	Maturity		Ann Arbor Bank	0.400	10/20/2014		108,665.21	108,665.21	662.86	109,328.07
10/24/2014	Potential Call	313380XN2	FHLB	1.125	10/24/2022	10/24/2014	3,500,000.00	3,500,000.00	19,687.50	3,519,687.50
10/31/2014	Interest	912828PE4	T-Note	1.250	10/31/2015		5,000,000.00	0.00	31,250.00	31,250.00
10/31/2014	Maturity	313385M60	FHLB	0.000	10/31/2014		8,100,000.00	8,100,000.00	0.00	8,100,000.00
10/31/2014	Interest	912828PF1	T-Note	1.875	10/31/2017		5,000,000.00	0.00	46,875.00	46,875.00
11/04/2014	Interest	3130A0A34	FHLB	2.790	11/04/2020	11/04/2015	3,590,000.00	0.00	50,080.50	50,080.50
11/14/2014	Interest	313381B53	FHLB	0.580	11/14/2016		5,000,000.00	0.00	14,500.00	14,500.00

# END OF REPORTS



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For any questions concerning this report please contact accounting either by phone or email to [camreports@cutwater.com](mailto:camreports@cutwater.com).