

CITY OF ANN ARBOR

Report for the period December 1, 2014 - December 31, 2014

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

(This report was prepared on January 8, 2015)

Fixed Income Market Review December 31, 2014

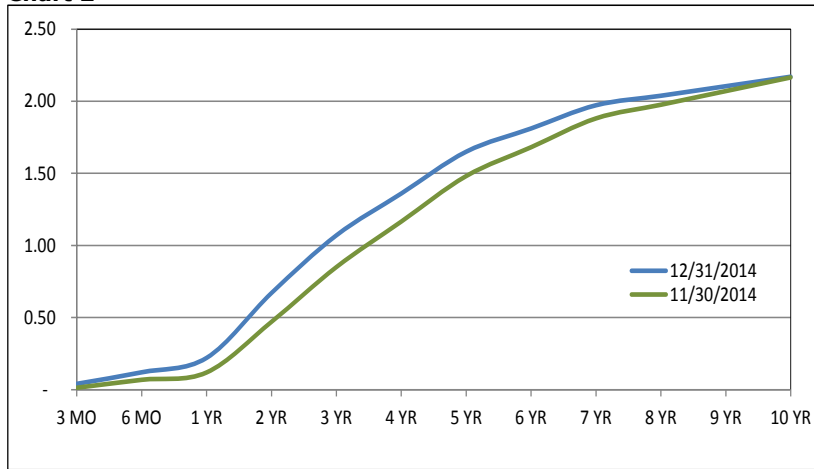
Existing Home Sales
11/2005 – 11/2014

Chart 1



Treasury Yield Curves
11/30/2014 – 12/31/2014

Chart 2



Economic Indicators & Monetary Policy – For the second consecutive month, the third quarter Gross Domestic Product (GDP) was revised upward. The final estimate reached 5.0 percent, marking the fastest rate of GDP growth in more than 10 years. Increased consumer spending and strong employment figures helped support the economic expansion throughout the third quarter. The Institute for Supply Management (ISM) manufacturing index decreased slightly to 58.7 from 59.0, while the non-manufacturing index increased to 59.3 from 57.1

New job growth surged in November, as non-farm payrolls increased by 321,000. Factory payrolls increased by the most in more than a year in November. The strong job growth, however, did not drive down the unemployment rate, as it stayed constant at 5.8 percent. The underemployment rate dropped to 11.4 percent from 11.5 percent and the participation rate remained at 62.8 percent.

Inflation stalled in November as the decrease in oil prices weighed negatively on both the Producer Price Index (PPI) and the Consumer Price Index (CPI). Including food and energy, the PPI decreased 0.2 percent on a month-over-month basis, while the CPI decreased 0.3 percent on a month-over-month basis. The Personal Consumption Expenditures Index also decreased by 0.2 percent on a month-over-month basis. On a year-over-year basis, the PPI and CPI increased at 1.4 percent and 1.3 percent respectively.

Home sales weakened slightly in November. Existing home sales fell 6.1 percent to an annualized rate of 4.93 million (see chart 1), while new home sales decreased 1.6 percent to an annualized rate of 438,000.

In its first meeting since the conclusion of quantitative easing, the Federal Open Market Committee (FOMC) maintained the Fed funds target rate at zero to .25 percent. The FOMC mentioned the importance of patience when raising interest rates in order to normalize monetary policy. FOMC Chair Janet Yellen indicated that the committee will not raise the Fed funds target rate at either of the next two meetings.

Yield Curve & Spreads - At the end of December, the 3-month Treasury bill yielded 0.04 percent, the 6-month Treasury bill yielded 0.04 percent, the 2-year Treasury note yielded 0.66 percent, the 5-year Treasury note yielded 1.65 percent, and the 10-year Treasury note yielded 2.17 percent (See Chart 2).

Additional Information
December 31, 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/.

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 December 1, 2014 - December 31, 2014**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	244,317,507.56
Additions	
Contributions	0.00
Interest Received	183,750.00
Accrued Interest Sold	9,460.85
Gain on Sales	6.71
Total Additions	193,217.56
Deductions	
Withdrawals	7,557,074.80
Fees Paid	15,365.91
Accrued Interest Purchased	41,266.35
Loss on Sales	0.00
Total Deductions	(7,613,707.06)
Accretion (Amortization) for the Period	(77,244.33)
Ending Amortized Cost Value	236,819,773.73
Ending Fair Value	237,023,336.79
Unrealized Gain (Loss)	203,563.06

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Certificates of Deposit	37.55	0.00	0.00	37.55
U.S. Treasury	134,424.18	(52,819.83)	0.00	81,604.35
U.S. Instrumentality	157,090.00	(20,667.90)	0.00	136,422.10
Sales and Maturities				
U.S. Treasury	9,134.61	(3,756.60)	6.71	5,384.72
Total	300,686.34	(77,244.33)	6.71	223,448.72

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.09 %	0.09 %	0.12 %
Overnight Repo	0.08 %	0.10 %	0.17 %
3 Month T-Bill	0.02 %	0.01 %	0.01 %
6 Month T-Bill	0.05 %	0.04 %	0.08 %
1 Year T-Note	0.12 %	0.13 %	0.21 %
2 Year T-Note	0.45 %	0.51 %	0.64 %
5 Year T-Note	1.62 %	1.60 %	1.64 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	300,686.34	300,686.34
Accretion (Amortization)	(77,244.33)	(77,244.33)
Realized Gain (Loss) on Sales	<u>6.71</u>	<u>6.71</u>
Total Income on Portfolio	223,448.72	223,448.72
Average Daily Historical Cost	256,966,156.81	230,869,669.36
Annualized Return	1.02%	1.14%
Annualized Return Net of Fees	0.95%	1.06%
Annualized Return Year to Date Net of Fees	0.99%	1.08%
Weighted Average Effective Maturity in Days	806	839

**City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2014 - December 31, 2014**

Fair Value Basis Activity Summary

Beginning Fair Value	245,216,839.53
Additions	
Contributions	0.00
Interest Received	183,750.00
Accrued Interest Sold	9,460.85
Total Additions	193,210.85
Deductions	
Withdrawals	7,557,074.80
Fees Paid	15,365.91
Accrued Interest Purchased	41,266.35
Total Deductions	(7,613,707.06)
Change in Fair Value for the Period	(773,006.53)
Ending Fair Value	237,023,336.79

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Certificates of Deposit	37.55	0.00	37.55
U.S. Treasury	134,424.18	(332,510.63)	(198,086.45)
U.S. Instrumentality	157,090.00	(385,809.03)	(228,719.03)
Sales and Maturities			
U.S. Treasury	9,134.61	(54,686.87)	(45,552.26)
Total	300,686.34	(773,006.53)	(472,320.19)

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.09 %	0.09 %	0.12 %
Overnight Repo	0.08 %	0.10 %	0.17 %
3 Month T-Bill	0.06 %	0.04 %	0.00 %
6 Month T-Bill	0.12 %	0.10 %	0.11 %
1 Year T-Note	0.24 %	0.16 %	-0.03 %
BAML 1-3 Yr Tsy Index	0.62 %	0.41 %	-2.87 %
BAML 1-5 Yr Tsy Index	1.24 %	0.86 %	-3.91 %

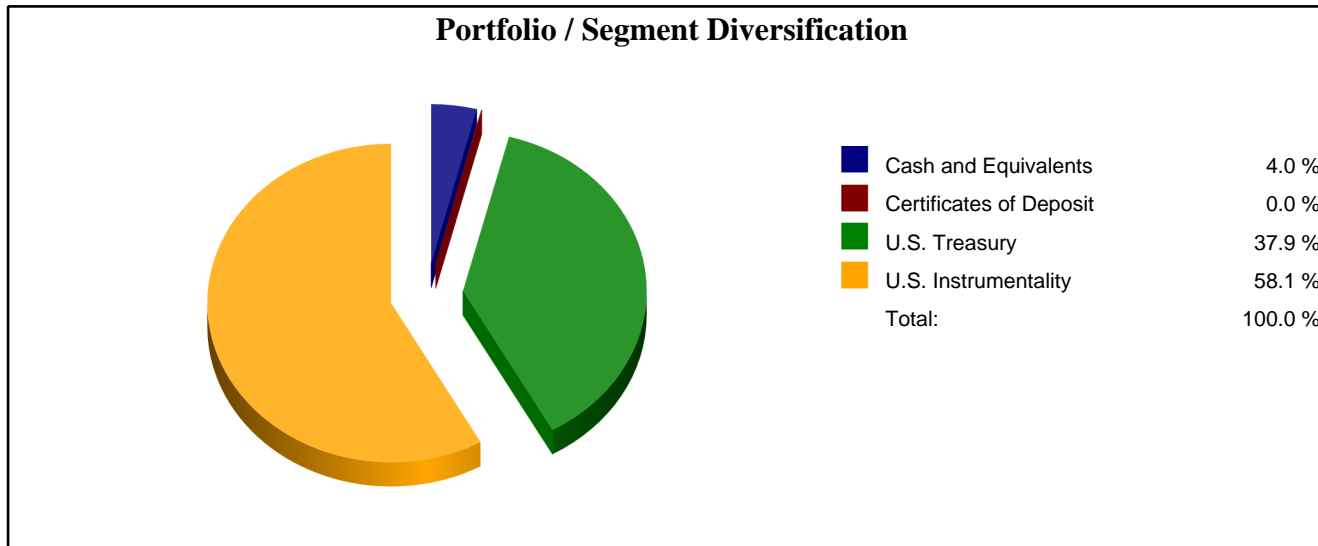
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	300,686.34	300,686.34
Change in Fair Value	<u>(773,006.53)</u>	<u>(773,006.53)</u>
Total Income on Portfolio	(472,320.19)	(472,320.19)
Average Daily Historical Cost	256,966,156.81	230,869,669.36
Annualized Return	(2.16%)	(2.41%)
Annualized Return Net of Fees	(2.24%)	(2.49%)
Annualized Return Year to Date Net of Fees	1.43%	1.57%
Weighted Average Effective Maturity in Days	806	839

**City of Ann Arbor
Recap of Securities Held
December 31, 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	9,539,091.93	9,539,091.93	9,539,091.93	0.00	1	1	3.98	0.00	0.00
Certificates of Deposit	108,993.62	108,993.62	108,993.62	0.00	198	198	0.05	0.40	0.54
U.S. Treasury	90,729,101.59	88,357,555.06	88,952,445.00	594,889.94	606	606	37.87	1.09	1.63
U.S. Instrumentality	139,185,998.40	138,814,133.12	138,422,806.24	(391,326.88)	1,170	992	58.10	1.25	2.61
Total	239,563,185.54	236,819,773.73	237,023,336.79	203,563.06	910	806	100.00	1.14	2.13

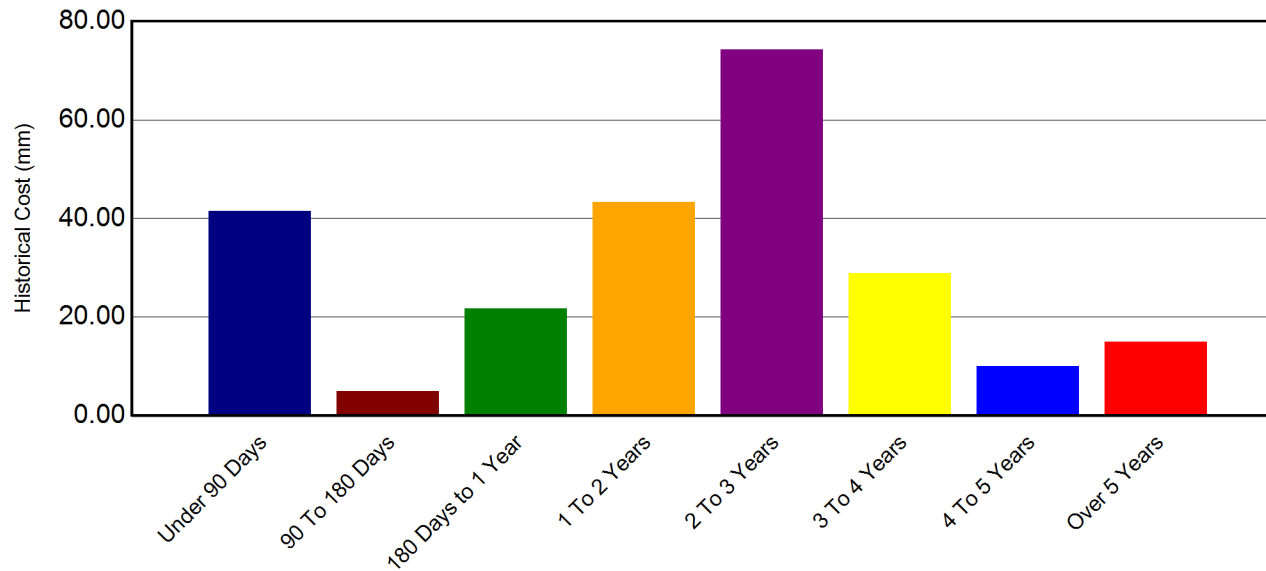
* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Ann Arbor
Maturity Distribution of Securities Held
December 31, 2014**

Maturity	Historical Cost	Percent
Under 90 Days	41,452,099.43	17.30 %
90 To 180 Days	4,992,500.00	2.08 %
180 Days to 1 Year	21,676,537.77	9.05 %
1 To 2 Years	43,253,028.45	18.05 %
2 To 3 Years	74,218,469.89	30.98 %
3 To 4 Years	28,935,100.00	12.08 %
4 To 5 Years	10,049,900.00	4.20 %
Over 5 Years	14,985,550.00	6.26 %
	239,563,185.54	100.00 %

Maturity Distribution



**City of Ann Arbor
Securities Held
December 31, 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>													
JPMorgan Chase	12/31/14	0.000V		9,539,091.93	9,539,091.93	9,539,091.93	9,539,091.93	0.00	0.00	0.00	0.00	3.98	0.00
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				9,539,091.93	9,539,091.93	9,539,091.93	9,539,091.93	0.00	0.00	0.00	0.00	3.98	
					0.00	0.00	0.00						
<u>Certificates of Deposit</u>													
Ann Arbor Bank	10/20/14	0.400	07/17/15	108,993.62	108,993.62	108,993.62	108,993.62	0.00	0.00	37.55	88.41	0.05	0.40
					0.00	0.00	0.00						
TOTAL (Certificates of Deposit)				108,993.62	108,993.62	108,993.62	108,993.62	0.00	0.00	37.55	88.41	0.05	
					0.00	0.00	0.00						
<u>U.S. Treasury</u>													
912828MR8	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75	5,009,106.52	5,017,970.00	8,863.48	0.00	10,169.20	40,348.76	2.20	1.19
T-Note					0.00	(4,867.28)	(10,155.00)						
912828SK7	09/06/13	0.375	03/15/15	5,000,000.00	5,000,781.25	5,000,102.76	5,003,125.00	3,022.24	0.00	1,605.66	5,593.92	2.09	0.36
T-Note					0.00	(43.64)	(1,170.00)						
912828PE4	08/29/11	1.250	10/31/15	5,000,000.00	5,121,875.00	5,024,231.05	5,041,015.00	16,783.95	0.00	5,352.21	10,704.42	2.14	0.66
T-Note					0.00	(2,479.09)	(10,155.00)						
912828EN6	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50	5,132,621.59	5,183,010.00	50,388.41	0.00	19,267.96	29,212.71	2.42	1.33
T-Note					0.00	(12,928.52)	(23,240.00)						
912828PJ3	08/29/11	1.375	11/30/15	5,000,000.00	5,146,093.75	5,031,305.80	5,050,000.00	18,694.20	0.00	5,855.09	6,043.96	2.15	0.68
T-Note					0.00	(2,914.36)	(9,765.00)						
912828KS8	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63	5,060,638.66	5,129,295.00	68,656.34	0.00	11,239.64	44,595.99	2.21	1.53
T-Note					0.00	(4,433.49)	(19,145.00)						
912828QP8	09/06/12	1.750	05/31/16	5,000,000.00	5,247,656.25	5,093,756.88	5,089,650.00	(4,106.88)	0.00	7,451.93	7,692.31	2.19	0.41
T-Note					0.00	(5,632.68)	(21,290.00)						
912828KZ2	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19	2,560,480.47	2,601,465.00	40,984.53	40,625.00	6,848.09	224.45	1.14	1.55
T-Note					0.00	(3,433.87)	(14,355.00)						
912828QR4	08/29/11	1.500	06/30/16	5,000,000.00	5,148,437.50	5,045,866.94	5,074,025.00	28,158.06	37,500.00	6,321.31	207.18	2.15	0.87
T-Note					0.00	(2,604.16)	(20,505.00)						
912828MA5	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88	5,089,145.99	5,196,680.00	107,534.01	0.00	11,710.16	12,087.91	2.21	1.76
T-Note					0.00	(3,953.54)	(28,710.00)						
912828RU6	09/23/14	0.875	11/30/16	5,000,000.00	5,018,750.00	5,016,403.32	5,021,290.00	4,886.68	0.00	3,725.96	3,846.15	2.09	0.70
T-Note					0.00	(727.47)	(18,165.00)						
912828RX0	09/10/13	0.875	12/31/16	5,000,000.00	4,973,828.13	4,984,184.22	5,017,580.00	33,395.78	21,875.00	3,687.44	120.86	2.08	1.04
T-Note					0.00	671.63	(17,575.00)						

**City of Ann Arbor
Securities Held
December 31, 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
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,119,496.75 (4,695.06)	5,239,060.00 (30,080.00)	119,563.25	0.00	12,845.30	50,966.85	2.24	1.82
912828SJ0 T-Note	09/10/13	0.875	02/28/17	5,000,000.00	4,957,812.50 0.00	4,973,728.54 1,032.21	5,011,330.00 (20,700.00)	37,601.46	0.00	3,746.55	14,865.33	2.07	1.12
912828PA2 T-Note	08/29/11	1.875	09/30/17	5,000,000.00	5,175,000.00 0.00	5,078,923.11 (2,439.30)	5,114,060.00 (29,690.00)	35,136.89	0.00	7,984.20	23,952.61	2.16	1.28
912828PA2 T-Note	12/09/14	1.875	09/30/17	5,000,000.00	5,116,015.63 18,028.85	5,113,414.89 (2,600.74)	5,114,060.00 (1,955.63)	645.11	0.00	5,923.76	23,952.61	2.14	1.03
912828PF1 T-Note	08/29/11	1.875	10/31/17	5,000,000.00	5,172,656.25 0.00	5,079,169.21 (2,373.54)	5,115,235.00 (30,075.00)	36,065.79	0.00	8,028.32	16,056.63	2.16	1.29
912828UA6 T-Note	11/18/13	0.625	11/30/17	5,000,000.00	4,923,828.13 0.00	4,944,978.36 1,603.07	4,933,595.00 (25,780.00)	(11,383.36)	0.00	2,661.40	2,747.25	2.06	1.01
TOTAL (U.S. Treasury)				87,500,000.00	90,729,101.59 18,028.85	88,357,555.06 (52,819.83)	88,952,445.00 (332,510.63)	594,889.94	100,000.00	134,424.18	293,219.90	37.87	

U.S. Instrumentality

3130A0FX3 FHLB	08/20/14	0.210	02/18/15	10,000,000.00	10,005,325.00 116.67	10,001,404.40 (907.00)	10,000,950.00 (550.00)	(454.40)	0.00	1,750.00	7,758.33	4.18	0.10
3130A26J0 FHLB	08/20/14	0.090	02/27/15	1,400,000.00	1,399,748.00 0.00	1,399,924.80 40.90	1,399,843.20 (22.40)	(81.60)	0.00	105.00	115.50	0.58	0.12
3130A1FG8 FHLB	08/20/14	0.140	03/02/15	2,000,000.00	2,000,100.00 0.00	2,000,030.93 (15.98)	1,999,916.00 (126.00)	(114.93)	0.00	233.34	925.56	0.83	0.13
3130A2D52 FHLB	08/20/14	0.100	03/09/15	2,200,000.00	2,199,626.00 0.00	2,199,875.33 57.68	2,199,760.20 (88.00)	(115.13)	0.00	183.33	684.44	0.92	0.13
3134G36G0 FHLMC	08/20/14	0.350	03/18/15	1,050,000.00	1,051,333.50 0.00	1,050,482.60 (196.85)	1,050,363.30 (291.90)	(119.30)	0.00	306.25	1,051.46	0.44	0.13
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,903,162.57 202.71	1,943,804.85 (5,675.00)	40,642.28	0.00	4,603.75	12,583.58	0.79	3.04
3137EACT4 FHLMC	01/11/12	2.500	05/27/16	4,000,000.00	4,253,480.00 0.00	4,081,215.12 (4,917.32)	4,113,844.00 (15,660.00)	32,628.88	0.00	8,333.33	9,444.44	1.78	1.02
313370TW8 FHLB	09/10/12	2.000	09/09/16	5,000,000.00	5,276,700.00 0.00	5,116,934.18 (5,875.14)	5,112,090.00 (17,055.00)	(4,844.18)	0.00	8,333.33	31,111.11	2.20	0.60
313381B53 FHLB	11/26/12	0.580	11/14/16	5,000,000.00	4,995,700.00 0.00	4,997,973.15 91.99	4,987,545.00 (5,270.00)	(10,428.15)	0.00	2,416.67	3,786.11	2.09	0.60
3133ECGF5 FFCB	Call 02/27/13	0.800	02/27/17 01/01/15	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,971,105.00 (23,535.00)	(28,895.00)	0.00	3,333.34	13,777.78	2.09	0.80
3133EDEB4 FFCB	01/30/14	1.100	06/28/17	5,000,000.00	5,012,500.00 0.00	5,009,126.51 (311.24)	5,011,235.00 (20,760.00)	2,108.49	27,500.00	4,583.33	458.33	2.09	1.03

**City of Ann Arbor
Securities Held
December 31, 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
3133ECS7 FFCB	Call 12/01/14	1.010	08/25/17 02/25/15	5,000,000.00	4,995,000.00 841.67	4,995,155.31 155.31	4,992,570.00 (2,430.00)	(2,585.31)	0.00	4,208.33	5,050.00	2.09	1.05
313370S22 FHLB	01/09/14	2.250	09/08/17	5,000,000.00	5,171,550.00 0.00	5,125,777.69 (3,974.63)	5,147,760.00 (32,265.00)	21,982.31	0.00	9,375.00	35,312.50	2.16	1.29
3134G3H52 FHLMC	Call 09/12/12	1.000	09/12/17 03/12/15	5,000,000.00	4,997,500.00 0.00	4,998,651.42 42.44	4,970,795.00 (13,740.00)	(27,856.42)	0.00	4,166.67	15,138.89	2.09	1.01
3133EC2M5 FFCB	Call 11/25/14	0.940	11/13/17 01/13/15	3,185,000.00	3,171,623.00 997.97	3,172,079.60 382.56	3,162,746.41 (13,399.29)	(9,333.19)	0.00	2,494.92	3,991.87	1.32	1.08
3135G0SF1 FNMA	Call 11/28/12	1.000	11/28/17 02/28/15	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,982,755.00 (21,670.00)	(17,245.00)	0.00	4,166.66	4,583.33	2.09	1.00
313371VG8 FHLB	10/22/14	2.250	12/08/17	5,000,000.00	5,191,000.00 0.00	5,179,135.61 (5,180.23)	5,135,035.00 (29,835.00)	(44,100.61)	56,250.00	9,375.00	7,187.50	2.17	1.01
3135G0VC4 FNMA	11/25/14	1.130	02/28/18	6,000,000.00	5,990,040.00 16,385.00	5,990,349.42 259.24	5,970,330.00 (34,908.00)	(20,019.42)	0.00	5,650.00	23,165.00	2.50	1.18
3133ECJX3 FFCB	Call 04/02/13	1.040	03/26/18 01/01/15	5,000,000.00	4,996,700.00 0.00	4,997,859.26 56.24	4,963,670.00 (23,885.00)	(34,189.26)	0.00	4,333.33	13,722.22	2.09	1.05
3135G0WJ8 FNMA	06/03/13	0.875	05/21/18	3,000,000.00	2,953,560.00 0.00	2,968,339.86 794.07	2,950,380.00 (20,367.00)	(17,959.86)	0.00	2,187.50	2,916.67	1.23	1.20
3135G0XG3 FNMA	Call 05/21/13	1.000	05/21/18 02/21/15	5,000,000.00	4,982,150.00 0.00	4,987,917.52 303.03	4,927,755.00 (26,000.00)	(60,162.52)	0.00	4,166.67	5,555.56	2.08	1.07
3133EDZ62 FFCB	Call 10/22/14	1.550	10/22/18 10/22/15	5,000,000.00	4,995,000.00 0.00	4,995,242.98 106.09	4,966,890.00 (25,365.00)	(28,352.98)	0.00	6,458.34	14,854.17	2.09	1.58
3135G0YT4 FNMA	12/09/14	1.625	11/27/18	5,000,000.00	5,017,650.00 2,708.33	5,017,369.84 (280.16)	5,035,590.00 17,940.00	18,220.16	0.00	4,965.28	7,673.61	2.09	1.53
3133EDVK5 FFCB	12/09/14	1.750	03/18/19	5,000,000.00	5,024,600.00 19,687.50	5,024,237.31 (362.69)	5,038,135.00 13,535.00	13,897.69	0.00	5,347.22	25,034.72	2.10	1.63
3130A15L8 FHLB	Call 03/26/14	1.000V	03/26/19 03/26/15	5,000,000.00	4,997,500.00 0.00	4,997,884.72 42.44	5,005,140.00 2,335.00	7,255.28	0.00	4,166.66	13,194.44	2.09	2.12
3134G3JM3 FHLMC	02/28/14	2.000	07/30/19	5,000,000.00	5,025,300.00 0.00	5,021,373.26 (396.51)	5,064,365.00 (12,770.00)	42,991.74	0.00	8,333.33	41,944.44	2.10	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	4,910,215.00 (29,175.00)	(89,785.00)	0.00	7,083.34	22,666.67	2.09	1.70
313380PE1 FHLB	Call 09/28/12	1.850	09/28/20 01/28/15	5,000,000.00	4,990,000.00 0.00	4,992,823.41 106.09	4,890,025.00 (26,740.00)	(102,798.41)	0.00	7,708.33	23,895.83	2.08	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	3,600,097.73 (1,019.64)	3,628,743.28 (12,981.44)	28,645.55	0.00	8,346.75	15,858.83	1.51	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	4,993,142.35 90.92	5,021,240.00 (9,260.00)	28,097.65	0.00	10,791.67	12,230.56	2.08	2.61

**City of Ann Arbor
Securities Held
December 31, 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
313380NM5	Call	09/19/12	09/19/22	5,000,000.00	4,995,550.00	4,996,566.24	4,868,210.00	(128,356.24)	0.00	9,583.33	32,583.33	2.09	2.31
FHLB			01/19/15		0.00	37.78	4,205.00						
TOTAL (U.S. Instrumentality)				138,330,000.00	139,185,998.40	138,814,133.12	138,422,806.24	(391,326.88)	83,750.00	157,090.00	408,256.78	58.10	
					40,737.14	(20,667.90)	(385,809.03)						

GRAND TOTAL				235,478,085.55	239,563,185.54	236,819,773.73	237,023,336.79	203,563.06	183,750.00	291,551.73	701,565.09	100.00	
					58,765.99	(73,487.73)	(718,319.66)						

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 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)
<u>T-Note</u>												
912828MR8	U.S. Treasury	2.375	02/28/2015		AA+	Aaa	5,000,000.00	5,258,593.75	2.20	5,017,970.00	2.12	0.16
912828SK7	U.S. Treasury	0.375	03/15/2015		AA+	Aaa	5,000,000.00	5,000,781.25	2.09	5,003,125.00	2.11	0.20
912828PE4	U.S. Treasury	1.250	10/31/2015		AA+	Aaa	5,000,000.00	5,121,875.00	2.14	5,041,015.00	2.13	0.83
912828EN6	U.S. Treasury	4.500	11/15/2015		AA+	Aaa	5,000,000.00	5,795,312.50	2.42	5,183,010.00	2.19	0.86
912828PJ3	U.S. Treasury	1.375	11/30/2015		AA+	Aaa	5,000,000.00	5,146,093.75	2.15	5,050,000.00	2.13	0.91
912828KS8	U.S. Treasury	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.21	5,129,295.00	2.16	1.14
912828QP8	U.S. Treasury	1.750	05/31/2016		AA+	Aaa	5,000,000.00	5,247,656.25	2.19	5,089,650.00	2.15	1.40
912828KZ2	U.S. Treasury	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.14	2,601,465.00	1.10	1.47
912828QR4	U.S. Treasury	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.15	5,074,025.00	2.14	1.49
912828MA5	U.S. Treasury	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.21	5,196,680.00	2.19	1.87
912828RU6	U.S. Treasury	0.875	11/30/2016		AA+	Aaa	5,000,000.00	5,018,750.00	2.09	5,021,290.00	2.12	1.90
912828RX0	U.S. Treasury	0.875	12/31/2016		AA+	Aaa	5,000,000.00	4,973,828.13	2.08	5,017,580.00	2.12	1.98
912828MS6	U.S. Treasury	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.24	5,239,060.00	2.21	2.08
912828SJ0	U.S. Treasury	0.875	02/28/2017		AA+	Aaa	5,000,000.00	4,957,812.50	2.07	5,011,330.00	2.11	2.13
912828PA2	U.S. Treasury	1.875	09/30/2017		AA+	Aaa	10,000,000.00	10,291,015.63	4.30	10,228,120.00	4.32	2.67
912828PF1	U.S. Treasury	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.16	5,115,235.00	2.16	2.75
912828UA6	U.S. Treasury	0.625	11/30/2017		AA+	Aaa	5,000,000.00	4,923,828.13	2.06	4,933,595.00	2.08	2.88
ISSUER TOTAL							87,500,000.00	90,729,101.59	37.87	88,952,445.00	37.53	1.64
<u>FHLB</u>												
3130A0FX3	U.S. Instrumentality	0.210	02/18/2015		AA+	Aaa	10,000,000.00	10,005,325.00	4.18	10,000,950.00	4.22	0.13
3130A26J0	U.S. Instrumentality	0.090	02/27/2015		A-1+	P-1	1,400,000.00	1,399,748.00	0.58	1,399,843.20	0.59	0.16
3130A1FG8	U.S. Instrumentality	0.140	03/02/2015		A-1+	P-1	2,000,000.00	2,000,100.00	0.83	1,999,916.00	0.84	0.17
3130A2D52	U.S. Instrumentality	0.100	03/09/2015		A-1+	P-1	2,200,000.00	2,199,626.00	0.92	2,199,760.20	0.93	0.19
3130A15L8	U.S. Instrumentality	1.000	03/26/2019	03/26/2015	AA+	Aaa	5,000,000.00	4,997,500.00	2.09	5,005,140.00	2.11	0.24
3130A0A34	U.S. Instrumentality	2.790	11/04/2020	11/04/2015	AA+	Aaa	3,590,000.00	3,613,550.40	1.51	3,628,743.28	1.53	0.83
313370TW8	U.S. Instrumentality	2.000	09/09/2016		AA+	Aaa	5,000,000.00	5,276,700.00	2.20	5,112,090.00	2.16	1.65
313381B53	U.S. Instrumentality	0.580	11/14/2016		AA+	Aaa	5,000,000.00	4,995,700.00	2.09	4,987,545.00	2.10	1.85
313370SZ2	U.S. Instrumentality	2.250	09/08/2017		AA+	Aaa	5,000,000.00	5,171,550.00	2.16	5,147,760.00	2.17	2.59
313371VG8	U.S. Instrumentality	2.250	12/08/2017		AA+	Aaa	5,000,000.00	5,191,000.00	2.17	5,135,035.00	2.17	2.84
313380PE1	U.S. Instrumentality	1.850	09/28/2020	01/28/2015	AA+	Aaa	5,000,000.00	4,990,000.00	2.08	4,890,025.00	2.06	5.38
313380NM5	U.S. Instrumentality	2.300	09/19/2022	01/19/2015	AA+	Aaa	5,000,000.00	4,995,550.00	2.09	4,868,210.00	2.05	6.96
ISSUER TOTAL							54,190,000.00	54,836,349.40	22.89	54,375,017.68	22.94	2.07

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 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)
<u>FFCB</u>												
3133EDMG4	U.S. Instrumentality	2.590	05/27/2021	05/27/2015	AA+	Aaa	5,000,000.00	4,992,500.00	2.08	5,021,240.00	2.12	0.40
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AA+	Aaa	1,905,000.00	1,890,712.50	0.79	1,943,804.85	0.82	0.76
3133ECGF5	U.S. Instrumentality	0.800	02/27/2017	01/01/2015	AA+	Aaa	5,000,000.00	5,000,000.00	2.09	4,971,105.00	2.10	2.12
3133EDEB4	U.S. Instrumentality	1.100	06/28/2017		AA+	Aaa	5,000,000.00	5,012,500.00	2.09	5,011,235.00	2.11	2.45
3133EECS7	U.S. Instrumentality	1.010	08/25/2017	02/25/2015	AA+	Aaa	5,000,000.00	4,995,000.00	2.09	4,992,570.00	2.11	2.60
3133EC2M5	U.S. Instrumentality	0.940	11/13/2017	01/13/2015	AA+	Aaa	3,185,000.00	3,171,623.00	1.32	3,162,746.41	1.33	2.81
3133ECJX3	U.S. Instrumentality	1.040	03/26/2018	01/01/2015	AA+	Aaa	5,000,000.00	4,996,700.00	2.09	4,963,670.00	2.09	3.16
3133EDZ62	U.S. Instrumentality	1.550	10/22/2018	10/22/2015	AA+	Aaa	5,000,000.00	4,995,000.00	2.09	4,966,890.00	2.10	3.67
3133EDVK5	U.S. Instrumentality	1.750	03/18/2019		AA+	Aaa	5,000,000.00	5,024,600.00	2.10	5,038,135.00	2.13	4.03
ISSUER TOTAL							40,090,000.00	40,078,635.50	16.73	40,071,396.26	16.91	2.56
<u>FNMA</u>												
3135G0SF1	U.S. Instrumentality	1.000	11/28/2017	02/28/2015	AA+	Aaa	5,000,000.00	5,000,000.00	2.09	4,982,755.00	2.10	2.86
3135G0VC4	U.S. Instrumentality	1.130	02/28/2018		AA+	Aaa	6,000,000.00	5,990,040.00	2.50	5,970,330.00	2.52	3.08
3135G0XG3	U.S. Instrumentality	1.000	05/21/2018	02/21/2015	AA+	Aaa	5,000,000.00	4,982,150.00	2.08	4,927,755.00	2.08	3.31
3135G0WJ8	U.S. Instrumentality	0.875	05/21/2018		AA+	Aaa	3,000,000.00	2,953,560.00	1.23	2,950,380.00	1.24	3.32
3135G0YT4	U.S. Instrumentality	1.625	11/27/2018		AA+	Aaa	5,000,000.00	5,017,650.00	2.09	5,035,590.00	2.12	3.77
ISSUER TOTAL							24,000,000.00	23,943,400.00	9.99	23,866,810.00	10.07	3.26
<u>FHLMC</u>												
3134G36G0	U.S. Instrumentality	0.350	03/18/2015		AA+	Aaa	1,050,000.00	1,051,333.50	0.44	1,050,363.30	0.44	0.21
3137EACT4	U.S. Instrumentality	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.78	4,113,844.00	1.74	1.38
3134G3H52	U.S. Instrumentality	1.000	09/12/2017	03/12/2015	AA+	Aaa	5,000,000.00	4,997,500.00	2.09	4,970,795.00	2.10	2.64
3134G3JM3	U.S. Instrumentality	2.000	07/30/2019		AA+	Aaa	5,000,000.00	5,025,300.00	2.10	5,064,365.00	2.14	4.33
3134G3K90	U.S. Instrumentality	1.700	09/25/2020		AA+	Aaa	5,000,000.00	5,000,000.00	2.09	4,910,215.00	2.07	5.40
ISSUER TOTAL							20,050,000.00	20,327,613.50	8.49	20,109,582.30	8.48	3.36
<u>JPMorgan Chase</u>												
	Cash and Equivalents	0.000			NR	NR	9,539,091.93	9,539,091.93	3.98	9,539,091.93	4.02	0.00
ISSUER TOTAL							9,539,091.93	9,539,091.93	3.98	9,539,091.93	4.02	0.00
<u>Ann Arbor Bank</u>												
	Certificates of Deposit	0.400	07/17/2015		NR	NR	108,993.62	108,993.62	0.05	108,993.62	0.05	0.54
ISSUER TOTAL							108,993.62	108,993.62	0.05	108,993.62	0.05	0.54

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2014

GRAND TOTAL	235,478,085.55	239,563,185.54	100.00	237,023,336.79	100.00	2.13
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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
December 1, 2014 - December 31, 2014**

CUSIP/Description	Purchase Date	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<u>U.S. Treasury</u>								
912828PA2 T-Note	12/09/2014	1.875	09/30/2017	5,000,000.00	102.320	5,116,015.63	18,028.85	1.03
TOTAL (U.S. Treasury)				5,000,000.00		5,116,015.63	18,028.85	
<u>U.S. Instrumentality</u>								
3133EECS7 FFCB	Call 12/01/2014	1.010	08/25/2017 02/25/2015	5,000,000.00	99.900	4,995,000.00	841.67	1.05
3133EDVK5 FFCB	12/09/2014	1.750	03/18/2019	5,000,000.00	100.492	5,024,600.00	19,687.50	1.63
3135G0YT4 FNMA	12/09/2014	1.625	11/27/2018	5,000,000.00	100.353	5,017,650.00	2,708.33	1.53
TOTAL (U.S. Instrumentality)				15,000,000.00		15,037,250.00	23,237.50	
GRAND TOTAL				20,000,000.00		20,153,265.63	41,266.35	

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

**City of Ann Arbor
Securities Sold and Matured
December 1, 2014 - December 31, 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
<u>Cash and Equivalents</u>													
JPMorgan Chase	12/31/2014	0.000V		17,109,308.71	17,109,308.71	17,109,308.71	100.00	17,109,308.71	0.00	0.00	0.00	0.00	0.00
						0.00		0.00					
TOTAL (Cash and Equivalents)				17,109,308.71	17,109,308.71	17,109,308.71		17,109,308.71	0.00	0.00	0.00	0.00	
						0.00		0.00					
<u>U.S. Treasury</u>													
912828QQ6 T-Note	12/29/2014	2.375	05/31/2018	5,000,000.00	5,203,125.00	5,167,571.42 (3,756.60)	103.35	5,167,578.13 (54,686.87)	6.71	9,460.85	0.00	9,134.61	1.36
TOTAL (U.S. Treasury)				5,000,000.00	5,203,125.00	5,167,571.42 (3,756.60)		5,167,578.13 (54,686.87)	6.71	9,460.85	0.00	9,134.61	
GRAND TOTAL				22,109,308.71	22,312,433.71	22,276,880.13 (3,756.60)		22,276,886.84 (54,686.87)	6.71	9,460.85	0.00	9,134.61	

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

**City of Ann Arbor
Transaction Report
for the period December 1, 2014 - December 31, 2014**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
12/01/2014		Maturity	CE	Prn Receivable	12/01/2014	5,000,000.00	5,000,000.00	0.00	5,000,000.00	5,000,000.00
12/01/2014		Maturity	CE	Int Receivable	12/01/2014	296,875.00	296,875.00	0.00	296,875.00	5,296,875.00
12/01/2014	3133EECS7	Bought	INS	FFCB	08/25/2017	5,000,000.00	4,995,000.00	841.67	(4,995,841.67)	301,033.33
12/08/2014	313371VG8	Interest	INS	FHLB	12/08/2017	5,000,000.00	0.00	56,250.00	56,250.00	357,283.33
12/09/2014	3133EDVK5	Bought	INS	FFCB	03/18/2019	5,000,000.00	5,024,600.00	19,687.50	(5,044,287.50)	(4,687,004.17)
12/09/2014	3135G0YT4	Bought	INS	FNMA	11/27/2018	5,000,000.00	5,017,650.00	2,708.33	(5,020,358.33)	(9,707,362.50)
12/09/2014	912828PA2	Bought	TSY	T-Note	09/30/2017	5,000,000.00	5,116,015.63	18,028.85	(5,134,044.48)	(14,841,406.98)
12/28/2014	3133EDEB4	Interest	INS	FFCB	06/28/2017	5,000,000.00	0.00	27,500.00	27,500.00	(14,813,906.98)
12/29/2014	912828QQ6	Sold	TSY	T-Note	05/31/2018	5,000,000.00	5,167,578.13	9,460.85	5,177,038.98	(9,636,868.00)
12/31/2014		Sold	CE	JPMorgan Chase		17,109,308.71	17,109,308.71	0.00	17,109,308.71	7,472,440.71
12/31/2014	912828KZ2	Interest	TSY	T-Note	06/30/2016	2,500,000.00	0.00	40,625.00	40,625.00	7,513,065.71
12/31/2014	912828QR4	Interest	TSY	T-Note	06/30/2016	5,000,000.00	0.00	37,500.00	37,500.00	7,550,565.71
12/31/2014	912828RX0	Interest	TSY	T-Note	12/31/2016	5,000,000.00	0.00	21,875.00	21,875.00	7,572,440.71
Portfolio Activity Total										7,572,440.71

Net Contributions:	0.00
Net Withdrawals:	7,557,074.80

Fees Charged:	16,060.38
Fees Paid:	15,365.91

**City of Ann Arbor
Securities Bid and Offer
for the period 12/1/2014 - 12/31/2014**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
BUY	12/01/2014	FFCB 1.01 08/25/2017	02/25/15	JEF	5,000,000		99.900	1.05/1.41	WELLS - FFCB CALL 1.01 08/25/17-02/15 @ 99.9 MER - TSY NOTE 1.875 08/31/17 @ YTM 0.87
BUY	12/09/2014	FFCB 1.75 03/18/2019		WELLS	5,000,000		100.492	1.63	RBC @ 100.517 RAY @ 100.621
BUY	12/09/2014	FNMA 1.625 11/27/2018		MER	5,000,000		100.353	1.53	MOR @ 100.410 JEF @ 100.372
BUY	12/09/2014	T-Note 1.875 09/30/2017		JEF	5,000,000		102.320	1.03	MER @ 102-10.25 MOR @ 102-10.25
SELL	12/29/2014	T-Note 2.375 05/31/2018		MOR	5,000,000		103.352	1.37	WEL @ 103-10.75 MIZ @ 103-10.5

**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
01/30/2015	Interest	3134G3JM3	FHLMC	2.000	07/30/2019		5,000,000.00	0.00	50,000.00	50,000.00

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.

➤ A BNY MELLON COMPANYSM

