



Cutwater Asset Management
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CITY OF ANN ARBOR

Report for the period September 1, 2012 - September 30, 2012

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

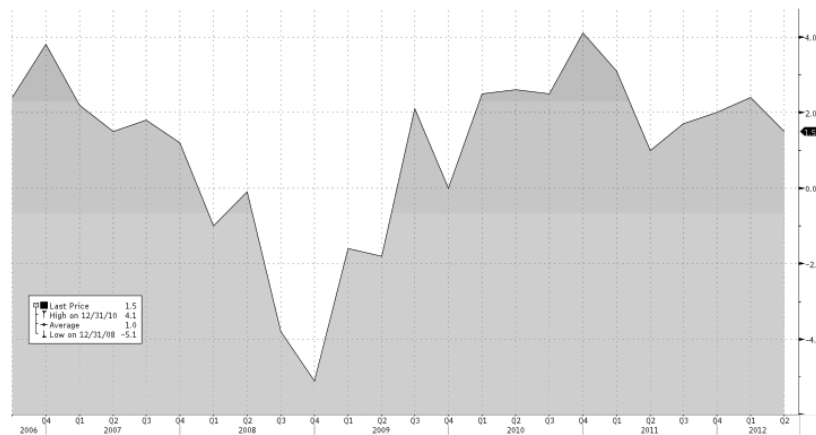
(This report was prepared on October 2, 2012)

Fixed Income Market Review September 30, 2012

U.S. Personal Consumption Expenditures

Chart 1

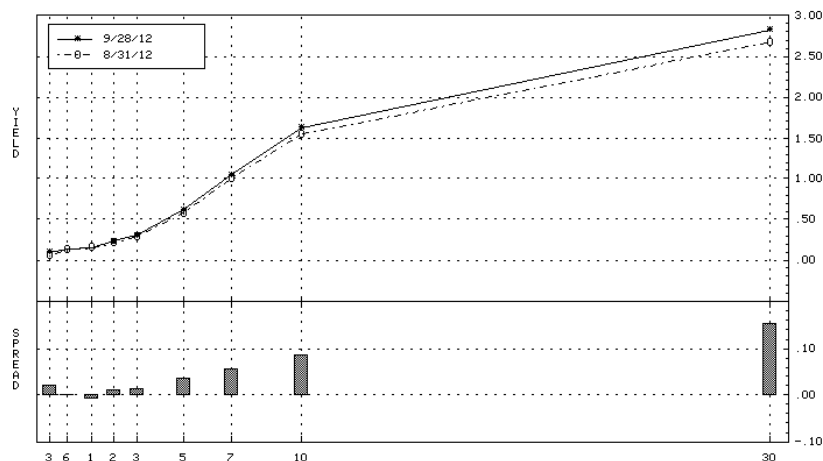
9/30/06-6/30/12



Treasury Yield Curves

Chart 2

8/31/12-9/30/12



Economic Indicators & Monetary Policy – The U.S. economy is showing further signs of slowing as consumer spending stalled in August after a spike in energy prices curtailed household income, indicating the largest part of the economy is struggling to support the economic recovery. Household purchases increased 0.5 percent with the increase largely attributable to a 0.4 percent surge in gas prices. Spending on durable goods, such as automobiles, increased 0.5 percent in August while purchases of non-durable goods, such as gasoline, advanced 0.3 percent. Services dropped 0.1 percent. Retail sales increased 0.9 percent in August, the most in six months. The gain, however, is mostly due to receipts from auto dealers and service stations, which has left consumers with less money to spend on other items.

A struggling job market and rising gasoline prices could make it more difficult to spark a U.S. expansion. While the unemployment rate dropped from 8.3 percent to 8.1 percent in August, the decrease was due to 368,000 people leaving the labor force. The jobless rate has exceeded 8 percent for 43 consecutive months, the longest span since monthly records began in 1948. Slow growth projections have prompted the Federal Reserve to implement more accommodation measures to help spur the 3-year-old expansion. The Federal Open Market Committee directed the Open Market Trading Desk to begin purchasing \$40 billion per month of mortgage-backed securities and extend the average maturity of its Treasury holdings. These actions are intended to place downward pressure on longer-term interest rates. The Fed plans to hold interest rates “exceptionally” low at least through mid-2015.

During the second quarter 2012, the U.S. economy expanded at a revised 1.3 percent annual rate from a prior 1.7 percent estimate, the weakest pace since 2011. The revision reflects slower consumer spending at clothing and general merchandise stores that may be due to rising fuel costs, elevated unemployment, and the prospect for adverse tax law changes. Personal Expenditures grew at a revised 1.5 percent annual rate. (See Chart 1)

Yield Curve & Spreads – Treasury yields moved higher in September due to mixed economic data.

At the end of September, the 3-month Treasury bill yielded 0.09 percent, 6-month Treasury bill yielded 0.13 percent, 2-year Treasury yielded 0.23 percent, 5-year Treasury yielded 0.63 percent, 10-year Treasury yielded 1.63 percent, and the 30-year Treasury yielded 2.82 percent. (See Chart 2)

Additional Information
September 30, 2012

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/.

**City of Ann Arbor
Activity and Performance Summary
for the period September 1, 2012 - September 30, 2012**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	219,869,658.84
Additions	
Contributions	2,667,824.14
Interest Received	252,525.00
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	2,920,349.14
Deductions	
Withdrawals	0.00
Fees Paid	11,368.19
Accrued Interest Purchased	48,845.63
Loss on Sales	0.00
Total Deductions	(60,213.82)
Accretion (Amortization) for the Period	(107,575.08)
Ending Amortized Cost Value	222,622,219.08
Ending Fair Value	225,715,337.86
Unrealized Gain (Loss)	3,093,118.78

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
U.S. Treasury	165,535.71	(79,375.52)	0.00	86,160.19
U.S. Instrumentality	169,031.22	(28,199.56)	0.00	140,831.66
Sales and Maturities				
U.S. Instrumentality	6,250.00	0.00	0.00	6,250.00
Total	340,816.93	(107,575.08)	0.00	233,241.85

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.12 %	0.15 %	0.15 %
Overnight Repo	0.13 %	0.18 %	0.23 %
3 Month T-Bill	0.05 %	0.08 %	0.09 %
6 Month T-Bill	0.09 %	0.12 %	0.12 %
1 Year T-Note	0.16 %	0.18 %	0.17 %
2 Year T-Note	0.27 %	0.27 %	0.26 %
5 Year T-Note	0.83 %	0.73 %	0.67 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	340,816.93	340,816.93
Accretion (Amortization)	(107,575.08)	(107,575.08)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	233,241.85	233,241.85
Average Daily Historical Cost	246,380,368.39	194,966,045.23
Annualized Return	1.15%	1.46%
Annualized Return Net of Fees	1.08%	1.36%
Annualized Return Year to Date Net of Fees	1.44%	1.57%
Weighted Average Effective Maturity in Days	689	738

**City of Ann Arbor
Activity and Performance Summary
for the period September 1, 2012 - September 30, 2012**

Fair Value Basis Activity Summary

Beginning Fair Value	223,015,451.97
Additions	
Contributions	2,667,824.14
Interest Received	252,525.00
Accrued Interest Sold	0.00
Total Additions	2,920,349.14
Deductions	
Withdrawals	0.00
Fees Paid	11,368.19
Accrued Interest Purchased	48,845.63
Total Deductions	(60,213.82)
Change in Fair Value for the Period	(160,249.43)
Ending Fair Value	225,715,337.86

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
U.S. Treasury	165,535.71	(146,690.63)	18,845.08
U.S. Instrumentality	169,031.22	(9,533.80)	159,497.42
Sales and Maturities			
U.S. Instrumentality	6,250.00	(4,025.00)	2,225.00
Total	340,816.93	(160,249.43)	180,567.50

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.12 %	0.15 %	0.15 %
Overnight Repo	0.13 %	0.18 %	0.23 %
3 Month T-Bill	0.08 %	0.14 %	0.12 %
6 Month T-Bill	0.17 %	0.22 %	0.24 %
1 Year T-Note	0.25 %	0.32 %	0.24 %
2 Year T-Note	0.33 %	0.62 %	-0.12 %
5 Year T-Note	3.54 %	5.54 %	-0.37 %

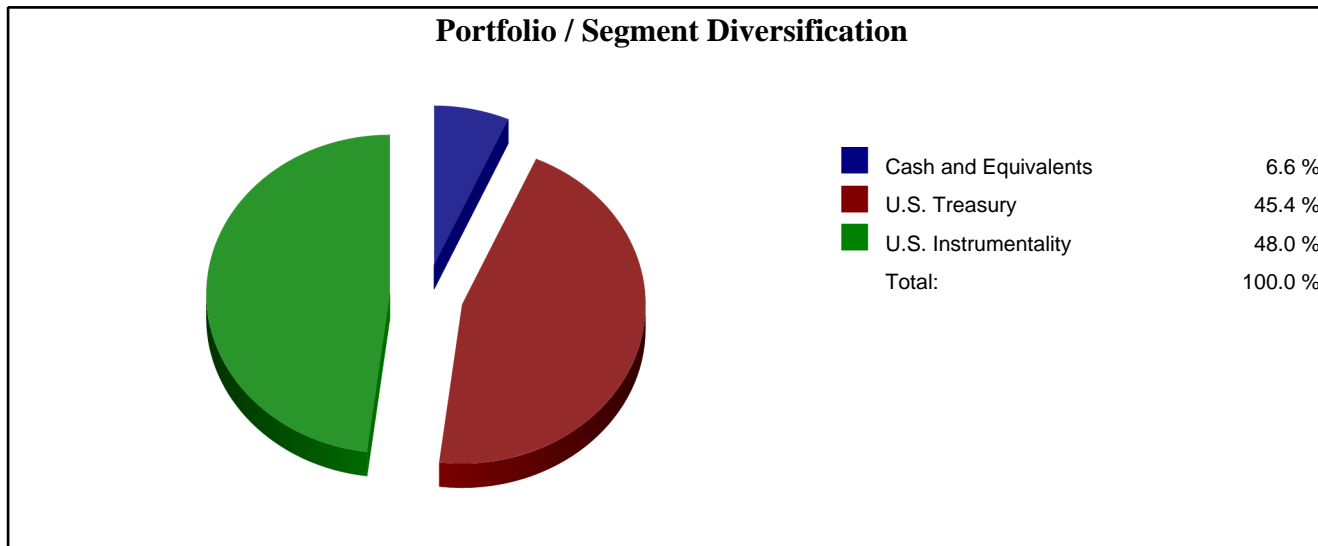
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	340,816.93	340,816.93
Change in Fair Value	<u>(160,249.43)</u>	<u>(160,249.43)</u>
Total Income on Portfolio	180,567.50	180,567.50
Average Daily Historical Cost	246,380,368.39	194,966,045.23
Annualized Return	0.89%	1.13%
Annualized Return Net of Fees	0.82%	1.03%
Annualized Return Year to Date Net of Fees	1.20%	1.31%
Weighted Average Effective Maturity in Days	689	738

**City of Ann Arbor
Recap of Securities Held
September 30, 2012**

	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	14,864,506.36	14,864,506.36	14,864,506.36	0.00	1	1	6.61	0.00	0.00
U.S. Treasury	101,988,867.21	100,501,651.70	102,495,495.00	1,993,843.30	1,114	1,114	45.38	1.06	2.94
U.S. Instrumentality	107,912,775.07	107,256,061.02	108,355,336.50	1,099,275.48	1,266	382	48.01	1.84	1.03
Total	224,766,148.64	222,622,219.08	225,715,337.86	3,093,118.78	1,113	689	100.00	1.36	1.83

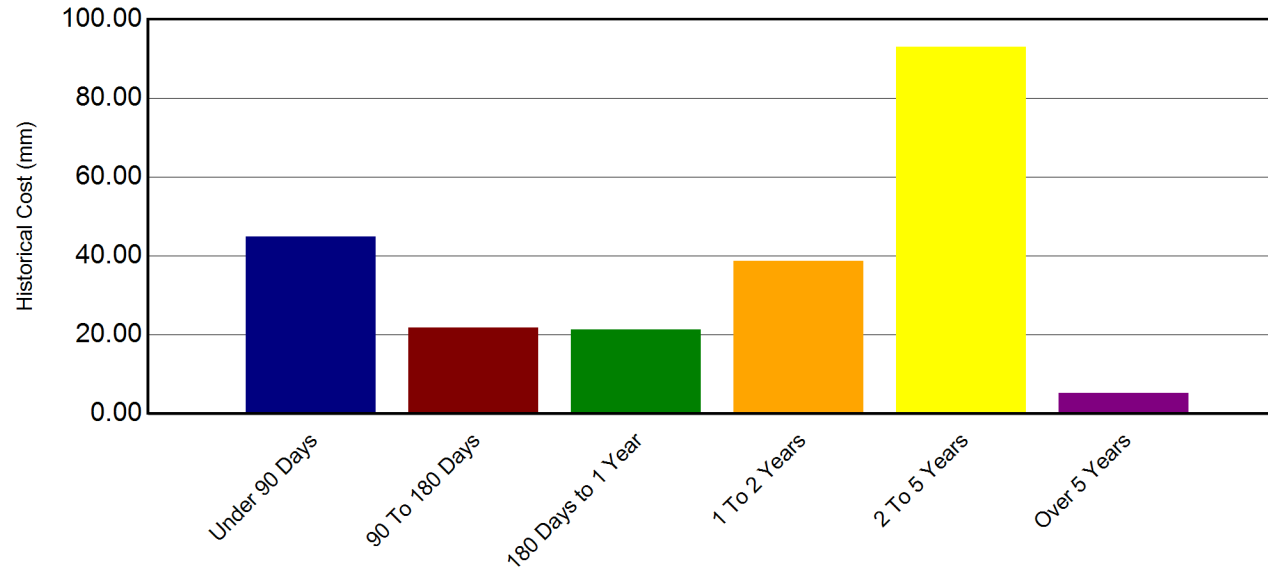
* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Ann Arbor
Maturity Distribution of Securities Held
September 30, 2012**

Maturity	Historical Cost	Percent
Under 90 Days	44,892,106.36	19.97 %
90 To 180 Days	21,762,966.22	9.68 %
180 Days to 1 Year	21,387,067.50	9.52 %
1 To 2 Years	38,654,483.23	17.20 %
2 To 5 Years	92,896,869.08	41.33 %
Over 5 Years	5,172,656.25	2.30 %
	224,766,148.64	100.00 %

Maturity Distribution



**City of Ann Arbor
Securities Held
September 30, 2012**

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													
BankOne	09/30/12	0.000V		14,817,631.36	14,817,631.36	14,817,631.36	14,817,631.36	0.00	0.00	0.00	0.00	6.59	0.00
					0.00	0.00	0.00						
Int Receivable	09/30/12	0.000	10/01/12	46,875.00	46,875.00	46,875.00	46,875.00	0.00	0.00	0.00	0.00	0.02	0.00
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				14,864,506.36	14,864,506.36	14,864,506.36	14,864,506.36	0.00	0.00	0.00	0.00	6.61	
					0.00	0.00	0.00						
U.S. Treasury													
912828JD3	07/17/08	3.375	06/30/13	5,000,000.00	5,035,937.50	5,005,403.54	5,119,140.00	113,736.46	0.00	13,756.79	42,646.06	2.24	3.22
T-Note					0.00	(595.98)	(11,525.00)						
912828KF6	08/26/10	1.875	02/28/14	5,000,000.00	5,173,046.88	5,069,515.71	5,116,795.00	47,279.29	0.00	7,769.33	8,028.31	2.30	0.87
T-Note					0.00	(4,049.46)	(6,250.00)						
912828QC7	08/29/11	1.250	04/15/14	5,000,000.00	5,131,250.00	5,076,699.22	5,078,125.00	1,425.78	0.00	5,122.95	28,859.29	2.28	0.25
T-Note					0.00	(4,101.56)	(4,100.00)						
912828LS7	08/29/11	2.375	10/31/14	5,000,000.00	5,314,062.50	5,205,942.62	5,219,920.00	13,977.38	0.00	9,733.61	49,965.85	2.36	0.38
T-Note					0.00	(8,129.32)	(8,595.00)						
912828LZ1	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25	5,105,044.76	5,201,170.00	96,125.24	0.00	8,709.02	35,706.97	2.32	1.13
T-Note					0.00	(3,989.04)	(8,205.00)						
912828SE1	09/06/12	0.250	02/15/15	5,000,000.00	4,996,875.00	4,996,962.58	4,996,875.00	(87.58)	0.00	849.19	1,596.47	2.22	0.28
T-Note					747.28	87.58	0.00						
912828MR8	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75	5,138,167.88	5,251,955.00	113,787.12	0.00	9,841.16	10,169.20	2.34	1.19
T-Note					0.00	(4,710.27)	(10,155.00)						
912828NL0	08/29/11	1.875	06/30/15	5,000,000.00	5,249,218.75	5,178,242.10	5,215,625.00	37,382.90	0.00	7,642.67	23,692.26	2.34	0.56
T-Note					0.00	(5,336.59)	(7,815.00)						
912828PE4	08/29/11	1.250	10/31/15	5,000,000.00	5,121,875.00	5,089,966.78	5,140,235.00	50,268.22	0.00	5,122.95	26,297.81	2.28	0.66
T-Note					0.00	(2,399.12)	(5,075.00)						
912828PE4	09/06/12	1.250	10/31/15	5,000,000.00	5,143,359.38	5,140,242.87	5,140,235.00	(7.87)	0.00	4,388.84	26,297.81	2.29	0.33
T-Note					21,908.97	(3,116.51)	(3,124.38)						
912828EN6	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50	5,475,435.89	5,644,920.00	169,484.11	0.00	18,342.39	84,986.41	2.58	1.33
T-Note					0.00	(12,511.47)	(16,800.00)						
912828PJ3	08/29/11	1.375	11/30/15	5,000,000.00	5,146,093.75	5,108,583.19	5,161,720.00	53,136.81	0.00	5,635.25	23,104.51	2.29	0.68
T-Note					0.00	(2,820.35)	(5,860.00)						
912828KS8	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63	5,178,197.58	5,382,810.00	204,612.42	0.00	10,877.07	11,239.64	2.35	1.53
T-Note					0.00	(4,290.47)	(10,940.00)						
912828QP8	09/06/12	1.750	05/31/16	5,000,000.00	5,247,656.25	5,243,113.77	5,242,970.00	(143.77)	0.00	5,976.78	29,405.74	2.33	0.41
T-Note					23,428.96	(4,542.48)	(4,686.25)						

**City of Ann Arbor
Securities Held
September 30, 2012**

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
912828KZ2 T-Note	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19 0.00	2,651,533.48 (3,323.11)	2,762,695.00 (6,835.00)	111,161.52	0.00	6,623.64	20,533.29	1.22	1.55
912828QR4 T-Note	08/29/11	1.500	06/30/16	5,000,000.00	5,148,437.50 0.00	5,114,919.35 (2,520.17)	5,200,000.00 (6,250.00)	85,080.65	0.00	6,114.13	18,953.80	2.29	0.87
912828MA5 T-Note	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88 0.00	5,193,978.61 (3,826.01)	5,466,795.00 (9,375.00)	272,816.39	0.00	11,270.50	46,209.02	2.35	1.76
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,243,991.47 (4,543.60)	5,539,060.00 (12,110.00)	295,068.53	0.00	12,430.94	12,845.30	2.38	1.82
912828PA2 T-Note	08/29/11	1.875	09/30/17	5,000,000.00	5,175,000.00 0.00	5,143,603.87 (2,360.61)	5,306,640.00 (4,300.00)	163,036.13	46,875.00	7,685.83	257.55	2.30	1.28
912828PF1 T-Note	08/29/11	1.875	10/31/17	5,000,000.00	5,172,656.25 0.00	5,142,106.43 (2,296.98)	5,307,810.00 (4,690.00)	165,703.57	0.00	7,642.67	39,232.34	2.30	1.29
TOTAL (U.S. Treasury)				97,500,000.00	101,988,867.21 46,085.21	100,501,651.70 (79,375.52)	102,495,495.00 (146,690.63)	1,993,843.30	46,875.00	165,535.71	540,027.63	45.38	

U.S. Instrumentality

31331YGE4 FFCB	12/31/07	4.250	12/04/12	5,000,000.00	5,040,100.00 0.00	5,001,425.78 (668.33)	5,036,025.00 (15,440.00)	34,599.22	0.00	17,708.33	69,062.50	2.24	4.07
31359MQV8 FNMA	Call 09/18/06	4.750	02/21/13 02/21/13	5,000,000.00	4,902,300.00 0.00	4,994,049.79 1,248.30	5,088,580.00 (16,645.00)	94,530.21	0.00	19,791.67	26,388.89	2.18	5.11
31359MQV8 FNMA	Call 08/07/09	4.750	02/21/13 02/21/13	3,418,000.00	3,691,234.92 0.00	3,448,195.20 (6,334.66)	3,478,553.29 (11,378.52)	30,358.09	0.00	13,529.58	18,039.44	1.64	2.38
31359MQV8 FNMA	Call 12/09/09	4.750	02/21/13 02/21/13	2,870,000.00	3,151,231.30 0.00	2,904,372.71 (7,211.06)	2,920,844.92 (9,554.23)	16,472.21	0.00	11,360.41	15,147.22	1.40	1.60
31331GZL6 FFCB	07/01/09	2.800	06/03/13	3,000,000.00	3,018,360.00 0.00	3,003,139.01 (384.37)	3,052,161.00 (5,817.00)	49,021.99	0.00	7,000.00	27,533.33	1.34	2.64
31331GS83 FFCB	10/15/09	2.350	09/23/13	3,300,000.00	3,322,770.00 0.00	3,305,648.99 (474.70)	3,368,673.00 (5,022.60)	63,024.01	38,775.00	6,462.50	1,723.33	1.48	2.17
31398A4N9 FNMA	10/18/10	1.000	10/15/13	3,000,000.00	3,004,050.00 0.00	3,000,000.00 0.00	3,018,216.00 (1,104.00)	18,216.00	0.00	2,500.00	13,833.33	1.34	1.00
31398A4N9 FNMA	10/18/10	1.000	10/15/13	3,165,000.00	3,168,766.35 0.00	3,165,000.00 0.00	3,184,217.88 (1,164.72)	19,217.88	0.00	2,637.50	14,594.17	1.41	1.00
3134G3JR2 FHLMC	01/11/12	0.450	01/09/14	4,000,000.00	4,000,000.00 0.00	4,000,000.00 0.00	4,011,332.00 (32.00)	11,332.00	0.00	1,500.00	4,100.00	1.78	0.45
31331XSR4 FFCB	05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,045,517.44 (2,581.33)	5,334,635.00 (16,755.00)	289,117.56	121,875.00	20,312.50	11,510.42	2.31	4.16
31331JQA4 FFCB	06/11/10	1.900	06/02/14	3,000,000.00	2,990,070.00 0.00	2,995,835.14 205.16	3,081,186.00 (3,315.00)	85,350.86	0.00	4,750.00	18,841.67	1.33	1.99

**City of Ann Arbor
Securities Held
September 30, 2012**

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
3134G3YW4 FHLMC	08/30/12	0.375	08/28/14	5,000,000.00	5,004,800.00 104.17	5,004,589.01 (197.80)	5,010,505.00 2,005.00	5,915.99	0.00	1,562.50	1,718.75	2.23	0.33
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,897,787.59 196.17	2,046,924.41 (3,594.73)	149,136.82	0.00	4,603.75	26,394.83	0.84	3.04
3134G24E9 FHLMC	Call 11/17/11	1.200	11/17/15 05/17/13	5,000,000.00	5,012,500.00 0.00	5,005,210.24 (685.56)	5,024,670.00 (2,825.00)	19,459.76	0.00	5,000.00	22,333.33	2.23	1.03
3137EACT4 FHLMC	01/11/12	2.500	05/27/16	4,000,000.00	4,253,480.00 0.00	4,211,603.45 (4,758.70)	4,290,068.00 2,144.00	78,464.55	0.00	8,333.33	34,444.44	1.89	1.02
313370TW8 FHLB	09/10/12	2.000	09/09/16	5,000,000.00	5,276,700.00 277.78	5,272,720.07 (3,979.93)	5,277,420.00 720.00	4,699.93	0.00	5,833.33	6,111.11	2.35	0.60
3136FTEP0 FNMA	Call 10/26/11	1.375V	10/26/16 10/26/12	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,004,555.00 (4,895.00)	4,555.00	0.00	5,729.16	29,600.69	2.22	1.37
3136FTMP1 FNMA	Call 11/23/11	1.125V	11/23/16 11/23/12	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,006,350.00 (3,120.00)	6,350.00	0.00	4,687.50	20,000.00	2.22	1.13
3136FTVF3 FNMA	Call 12/28/11	1.000V	12/28/16 12/28/12	5,000,000.00	4,997,500.00 0.00	4,997,880.41 41.06	5,010,455.00 (2,960.00)	12,574.59	0.00	4,166.67	12,916.67	2.22	1.69
3136G0YV7 FNMA	Call 09/11/12	1.375	08/28/17 02/28/13	5,000,000.00	5,022,650.00 2,482.64	5,019,985.29 (2,664.71)	5,021,400.00 (1,250.00)	1,414.71	0.00	3,819.44	6,302.08	2.23	0.40
3134G3H52 FHLMC	Call 09/12/12	1.000	09/12/17 09/12/13	5,000,000.00	4,997,500.00 0.00	4,997,526.01 26.01	5,004,995.00 7,495.00	7,468.99	0.00	2,638.89	2,638.89	2.22	1.01
313376CK9 FHLB	Call 11/16/11	2.180	11/16/18 11/16/12	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,009,880.00 (5,165.00)	9,880.00	0.00	9,083.33	40,875.00	2.22	2.18
3134G3K90 FHLMC	Call 09/25/12	1.700	09/25/20 09/25/14	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,058,110.00 58,110.00	58,110.00	0.00	1,416.67	1,416.67	2.22	1.70
313380PE1 FHLB	Call 09/28/12	1.850	09/28/20 12/28/12	5,000,000.00	4,990,000.00 0.00	4,990,010.27 10.27	5,005,115.00 15,115.00	15,104.73	0.00	770.83	770.83	2.22	1.88
313380NM5 FHLB	Call 09/19/12	2.300	09/19/22 03/19/13	5,000,000.00	4,995,550.00 0.00	4,995,564.62 14.62	5,010,465.00 14,915.00	14,900.38	0.00	3,833.33	3,833.33	2.22	2.31
TOTAL (U.S. Instrumentality)					106,658,000.00	107,912,775.07 2,864.59	107,256,061.02 (28,199.56)	108,355,336.50 (9,533.80)	1,099,275.48	160,650.00	169,031.22	430,130.92	48.01

**City of Ann Arbor
Securities Held
September 30, 2012**

GRAND TOTAL	219,022,506.36	224,766,148.64	222,622,219.08	225,715,337.86	3,093,118.78	207,525.00	334,566.93	970,158.55	100.00
		48,949.80	(107,575.08)	(156,224.43)					

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
September 30, 2012

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>												
912828JD3	U.S. Treasury	3.375	06/30/2013		AA+	Aaa	5,000,000.00	5,035,937.50	2.24	5,119,140.00	2.27	0.75
912828KF6	U.S. Treasury	1.875	02/28/2014		AA+	Aaa	5,000,000.00	5,173,046.88	2.30	5,116,795.00	2.27	1.41
912828QC7	U.S. Treasury	1.250	04/15/2014		AA+	Aaa	5,000,000.00	5,131,250.00	2.28	5,078,125.00	2.25	1.53
912828LS7	U.S. Treasury	2.375	10/31/2014		AA+	Aaa	5,000,000.00	5,314,062.50	2.36	5,219,920.00	2.31	2.03
912828LZ1	U.S. Treasury	2.125	11/30/2014		AA+	Aaa	5,000,000.00	5,207,031.25	2.32	5,201,170.00	2.30	2.12
912828MR8	U.S. Treasury	2.375	02/28/2015		AA+	Aaa	5,000,000.00	5,258,593.75	2.34	5,251,955.00	2.33	2.36
912828SE1	U.S. Treasury	0.250	02/15/2015		AA+	Aaa	5,000,000.00	4,996,875.00	2.22	4,996,875.00	2.21	2.37
912828NL0	U.S. Treasury	1.875	06/30/2015		AA+	Aaa	5,000,000.00	5,249,218.75	2.34	5,215,625.00	2.31	2.68
912828EN6	U.S. Treasury	4.500	11/15/2015		AA+	Aaa	5,000,000.00	5,795,312.50	2.58	5,644,920.00	2.50	2.92
912828PE4	U.S. Treasury	1.250	10/31/2015		AA+	Aaa	10,000,000.00	10,265,234.38	4.57	10,280,470.00	4.55	3.02
912828PJ3	U.S. Treasury	1.375	11/30/2015		AA+	Aaa	5,000,000.00	5,146,093.75	2.29	5,161,720.00	2.29	3.10
912828KS8	U.S. Treasury	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.35	5,382,810.00	2.38	3.29
912828KZ2	U.S. Treasury	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.22	2,762,695.00	1.22	3.54
912828QP8	U.S. Treasury	1.750	05/31/2016		AA+	Aaa	5,000,000.00	5,247,656.25	2.33	5,242,970.00	2.32	3.55
912828QR4	U.S. Treasury	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.29	5,200,000.00	2.30	3.65
912828MA5	U.S. Treasury	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.35	5,466,795.00	2.42	3.94
912828MS6	U.S. Treasury	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.38	5,539,060.00	2.45	4.17
912828PA2	U.S. Treasury	1.875	09/30/2017		AA+	Aaa	5,000,000.00	5,175,000.00	2.30	5,306,640.00	2.35	4.75
912828PF1	U.S. Treasury	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.30	5,307,810.00	2.35	4.84
ISSUER TOTAL							97,500,000.00	101,988,867.21	45.38	102,495,495.00	45.41	2.95
<u>FNMA</u>												
3136FTEP0	U.S. Instrumentality	1.375	10/26/2016	10/26/2012	AA+	Aaa	5,000,000.00	5,000,000.00	2.22	5,004,555.00	2.22	0.08
3136FTMP1	U.S. Instrumentality	1.125	11/23/2016	11/23/2012	AA+	Aaa	5,000,000.00	5,000,000.00	2.22	5,006,350.00	2.22	0.15
3136FTVF3	U.S. Instrumentality	1.000	12/28/2016	12/28/2012	AA+	Aaa	5,000,000.00	4,997,500.00	2.22	5,010,455.00	2.22	0.25
31359MQV8	U.S. Instrumentality	4.750	02/21/2013	02/21/2013	AA+	Aaa	11,288,000.00	11,744,766.22	5.23	11,487,978.21	5.09	0.40
3136G0YV7	U.S. Instrumentality	1.375	08/28/2017	02/28/2013	AA+	Aaa	5,000,000.00	5,022,650.00	2.23	5,021,400.00	2.22	0.42
31398A4N9	U.S. Instrumentality	1.000	10/15/2013		AA+	Aaa	6,165,000.00	6,172,816.35	2.75	6,202,433.88	2.75	1.04
ISSUER TOTAL							37,453,000.00	37,937,732.57	16.88	37,733,172.09	16.72	0.41
<u>FHLMC</u>												
3134G24E9	U.S. Instrumentality	1.200	11/17/2015	05/17/2013	AA+	Aaa	5,000,000.00	5,012,500.00	2.23	5,024,670.00	2.23	0.63
3134G3H52	U.S. Instrumentality	1.000	09/12/2017	09/12/2013	AA+	Aaa	5,000,000.00	4,997,500.00	2.22	5,004,995.00	2.22	0.95
3134G3JR2	U.S. Instrumentality	0.450	01/09/2014		AA+	Aaa	4,000,000.00	4,000,000.00	1.78	4,011,332.00	1.78	1.28

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
September 30, 2012

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)
3134G3YW4	U.S. Instrumentality	0.375	08/28/2014		AA+	Aaa	5,000,000.00	5,004,800.00	2.23	5,010,505.00	2.22	1.91
3134G3K90	U.S. Instrumentality	1.700	09/25/2020	09/25/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.22	5,058,110.00	2.24	1.96
3137EACT4	U.S. Instrumentality	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.89	4,290,068.00	1.90	3.49
ISSUER TOTAL							28,000,000.00	28,268,280.00	12.58	28,399,680.00	12.58	1.67

FFCB

31331YGE4	U.S. Instrumentality	4.250	12/04/2012		AA+	Aaa	5,000,000.00	5,040,100.00	2.24	5,036,025.00	2.23	0.18
31331GZL6	U.S. Instrumentality	2.800	06/03/2013		AA+	Aaa	3,000,000.00	3,018,360.00	1.34	3,052,161.00	1.35	0.67
31331GS83	U.S. Instrumentality	2.350	09/23/2013		AA+	Aaa	3,300,000.00	3,322,770.00	1.48	3,368,673.00	1.49	0.98
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AA+	Aaa	5,000,000.00	5,182,500.00	2.31	5,334,635.00	2.36	1.42
31331JQA4	U.S. Instrumentality	1.900	06/02/2014		AA+	Aaa	3,000,000.00	2,990,070.00	1.33	3,081,186.00	1.37	1.65
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AA+	Aaa	1,905,000.00	1,890,712.50	0.84	2,046,924.41	0.91	2.88
ISSUER TOTAL							21,205,000.00	21,444,512.50	9.54	21,919,604.41	9.71	1.13

FHLB

313376CK9	U.S. Instrumentality	2.180	11/16/2018	11/16/2012	AA+	Aaa	5,000,000.00	5,000,000.00	2.22	5,009,880.00	2.22	0.13
313380PE1	U.S. Instrumentality	1.850	09/28/2020	12/28/2012	AA+	Aaa	5,000,000.00	4,990,000.00	2.22	5,005,115.00	2.22	0.25
313380NM5	U.S. Instrumentality	2.300	09/19/2022	03/19/2013	AA+	Aaa	5,000,000.00	4,995,550.00	2.22	5,010,465.00	2.22	0.47
313370TW8	U.S. Instrumentality	2.000	09/09/2016		AA+	Aaa	5,000,000.00	5,276,700.00	2.35	5,277,420.00	2.34	3.80
ISSUER TOTAL							20,000,000.00	20,262,250.00	9.01	20,302,880.00	8.99	1.20

BankOne

	Cash and Equivalents	0.000					14,817,631.36	14,817,631.36	6.59	14,817,631.36	6.56	0.00
ISSUER TOTAL							14,817,631.36	14,817,631.36	6.59	14,817,631.36	6.56	0.00

Int Receivable

	Cash and Equivalents	0.000	10/01/2012				46,875.00	46,875.00	0.02	46,875.00	0.02	0.00
ISSUER TOTAL							46,875.00	46,875.00	0.02	46,875.00	0.02	0.00

GRAND TOTAL	219,022,506.36	224,766,148.64	100.00	225,715,337.86	100.00	1.84
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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, 2012 - September 30, 2012**

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>								
912828PE4 T-Note	09/06/2012	1.250	10/31/2015	5,000,000.00	102.867	5,143,359.38	21,908.97	0.33
912828QP8 T-Note	09/06/2012	1.750	05/31/2016	5,000,000.00	104.953	5,247,656.25	23,428.96	0.41
912828SE1 T-Note	09/06/2012	0.250	02/15/2015	5,000,000.00	99.938	4,996,875.00	747.28	0.28
TOTAL (U.S. Treasury)				15,000,000.00		15,387,890.63	46,085.21	
<u>U.S. Instrumentality</u>								
313370TW8 FHLB	09/10/2012	2.000	09/09/2016	5,000,000.00	105.534	5,276,700.00	277.78	0.60
3136G0YV7 FNMA	Call 09/11/2012	1.375	08/28/2017 02/28/2013	5,000,000.00	100.453	5,022,650.00	2,482.64	0.40
3134G3H52 FHLMC	Call 09/12/2012	1.000	09/12/2017 09/12/2013	5,000,000.00	99.950	4,997,500.00	0.00	1.01
313380NM5 FHLB	Call 09/19/2012	2.300	09/19/2022 03/19/2013	5,000,000.00	99.911	4,995,550.00	0.00	2.31
3134G3K90 FHLMC	Call 09/25/2012	1.700	09/25/2020 09/25/2014	5,000,000.00	100.000	5,000,000.00	0.00	1.70
313380PE1 FHLB	Call 09/28/2012	1.850	09/28/2020 12/28/2012	5,000,000.00	99.800	4,990,000.00	0.00	1.88
TOTAL (U.S. Instrumentality)				30,000,000.00		30,282,400.00	2,760.42	
GRAND TOTAL				45,000,000.00		45,670,290.63	48,845.63	

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

**City of Ann Arbor
Securities Sold and Matured
September 1, 2012 - September 30, 2012**

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>													
BankOne	09/30/2012	0.000V		37,857,030.31	37,857,030.31	37,857,030.31	100.00	37,857,030.31	0.00	0.00	0.00	0.00	0.00
						0.00		0.00					
TOTAL (Cash and Equivalents)				37,857,030.31	37,857,030.31	37,857,030.31		37,857,030.31	0.00	0.00	0.00	0.00	
						0.00		0.00					
<u>U.S. Instrumentality</u>													
31331KZP8	09/26/2012	1.800	09/26/2017	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,000.00	0.00	0.00	45,000.00	6,250.00	1.80
FFCB						0.00		(4,025.00)					
TOTAL (U.S. Instrumentality)				5,000,000.00	5,000,000.00	5,000,000.00		5,000,000.00	0.00	0.00	45,000.00	6,250.00	
						0.00		(4,025.00)					
GRAND TOTAL				42,857,030.31	42,857,030.31	42,857,030.31		42,857,030.31	0.00	0.00	45,000.00	6,250.00	
						0.00		(4,025.00)					

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

**City of Ann Arbor
Transaction Report
for the period September 1, 2012 - September 30, 2012**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
09/06/2012	912828PE4	Bought	TSY	T-Note	10/31/2015	5,000,000.00	5,143,359.38	21,908.97	(5,165,268.35)	(5,165,268.35)
09/06/2012	912828QP8	Bought	TSY	T-Note	05/31/2016	5,000,000.00	5,247,656.25	23,428.96	(5,271,085.21)	(10,436,353.56)
09/06/2012	912828SE1	Bought	TSY	T-Note	02/15/2015	5,000,000.00	4,996,875.00	747.28	(4,997,622.28)	(15,433,975.84)
09/10/2012	313370TW8	Bought	INS	FHLB	09/09/2016	5,000,000.00	5,276,700.00	277.78	(5,276,977.78)	(20,710,953.62)
09/11/2012	3136G0YV7	Bought	INS	FNMA	08/28/2017	5,000,000.00	5,022,650.00	2,482.64	(5,025,132.64)	(25,736,086.26)
09/12/2012	3134G3H52	Bought	INS	FHLMC	09/12/2017	5,000,000.00	4,997,500.00	0.00	(4,997,500.00)	(30,733,586.26)
09/14/2012	31331XSR4	Interest	INS	FFCB	03/14/2014	5,000,000.00	0.00	121,875.00	121,875.00	(30,611,711.26)
09/19/2012	313380NM5	Bought	INS	FHLB	09/19/2022	5,000,000.00	4,995,550.00	0.00	(4,995,550.00)	(35,607,261.26)
09/23/2012	31331GS83	Interest	INS	FFCB	09/23/2013	3,300,000.00	0.00	38,775.00	38,775.00	(35,568,486.26)
09/25/2012	3134G3K90	Bought	INS	FHLMC	09/25/2020	5,000,000.00	5,000,000.00	0.00	(5,000,000.00)	(40,568,486.26)
09/26/2012	31331KZP8	Interest	INS	FFCB	09/26/2017	5,000,000.00	0.00	45,000.00	45,000.00	(40,523,486.26)
09/26/2012	31331KZP8	Call	INS	FFCB	09/26/2017	5,000,000.00	5,000,000.00	0.00	5,000,000.00	(35,523,486.26)
09/28/2012	313380PE1	Bought	INS	FHLB	09/28/2020	5,000,000.00	4,990,000.00	0.00	(4,990,000.00)	(40,513,486.26)
09/30/2012		Bought	CE	Int Receivable	10/01/2012	46,875.00	46,875.00	0.00	(46,875.00)	(40,560,361.26)
09/30/2012		Sold	CE	BankOne		37,857,030.31	37,857,030.31	0.00	37,857,030.31	(2,703,330.95)
09/30/2012	912828PA2	Interest	TSY	T-Note	09/30/2017	5,000,000.00	0.00	46,875.00	46,875.00	(2,656,455.95)
Portfolio Activity Total										(2,656,455.95)

Net Contributions:	2,667,824.14
Net Withdrawals:	0.00

Fees Charged:	15,398.77
Fees Paid:	11,368.19

**City of Ann Arbor
Securities Bid and Offer
for the period 9/1/2012 - 9/30/2012**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
BUY	09/06/2012	T-Note .25 02/15/2015		BAS	5,000,000		99.938	0.275	UBS @ 99-30.5 MOR @ 99-30.5
BUY	09/06/2012	T-Note 1.25 10/31/2015		UBS	5,000,000		102.867	0.33	MIZ @ 102-27.75 MER @ 102-28
BUY	09/06/2012	T-Note 1.75 05/31/2016		MIZ	5,000,000		104.953	0.41	MOR @ 104-30.5 MER @ 104-30.5
BUY	09/10/2012	FHLB 2 09/09/2016		MOR	5,000,000		105.534	0.60	CIT - FNMA 5.25% 09/15/16 @ YTM 0.57 MIZ - TSY NOTE 1.00% 08/31/16 @ YTM 0.47
BUY	09/11/2012	FNMA 1.375 08/28/2017	02/28/13	WUN	5,000,000		100.453	1.28/0.40	UBS - FNMA .75% 02/27/13 @ YTM 0.16 MER - FHLMC DISC 02/28/13 @ YTM 0.14
BUY	09/12/2012	FHLMC 1 09/12/2017	09/12/13	UBS	5,000,000		99.950	1.01/1.05	MOR - FHLMC 1.00% 09/29/17 @ YTM 0.79 MIZ - TSY NOTE 1.875% 09/30/17 @ YTM 0.64
BUY	09/19/2012	FHLB 2.3 09/19/2022	03/19/13	BAS	5,000,000		99.911	2.31/2.48	MIZ - TSY NOTE 1.625 08/15/22 @ YTM 1.59 UBS - FHLMC 2.375 01/13/22 @ YTM 1.80
BUY	09/25/2012	FHLMC 1.7 09/25/2020	09/25/14	MGK	5,000,000		100.000	1.70/1.70	MIZ - TSY NOTE 2.625% 08/15/20 @ YTM 1.28 MOR - FHLB 4.625% 09/11/20 @ YTM 1.50
BUY	09/28/2012	FHLB 1.85 09/28/2020	12/28/12	MOR	5,000,000		99.800	1.88/2.65	COMERICA @ YTM 1.85 MIZ - FFCB CALL 1.84 06/20-12/12 @ YTM 1.85

**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
10/09/2012	Interest	31331GY29	FFCB	2.900	10/09/2015		1,905,000.00	0.00	27,622.50	27,622.50
10/15/2012	Interest	912828QC7	T-Note	1.250	04/15/2014		5,000,000.00	0.00	31,250.00	31,250.00
10/15/2012	Interest	31398A4N9	FNMA	1.000	10/15/2013		3,165,000.00	0.00	15,825.00	15,825.00
10/15/2012	Interest	31398A4N9	FNMA	1.000	10/15/2013		3,000,000.00	0.00	15,000.00	15,000.00
10/26/2012	Interest	3136FTEP0	FNMA	0.000	10/26/2016	10/26/2012	5,000,000.00	0.00	34,375.00	34,375.00
10/30/2012	Interest	912828LS7	T-Note	2.375	10/31/2014		5,000,000.00	0.00	59,375.00	59,375.00
10/30/2012	Interest	912828PE4	T-Note	1.250	10/31/2015		5,000,000.00	0.00	31,250.00	31,250.00
10/30/2012	Interest	912828PE4	T-Note	1.250	10/31/2015		5,000,000.00	0.00	31,250.00	31,250.00
10/31/2012	Interest	912828PF1	T-Note	1.875	10/31/2017		5,000,000.00	0.00	46,875.00	46,875.00

END OF REPORTS



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