



Cutwater Asset Management
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CITY OF ANN ARBOR

Report for the period December 1, 2013 - December 31, 2013

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, 2014)

Fixed Income Market Review December 31, 2013

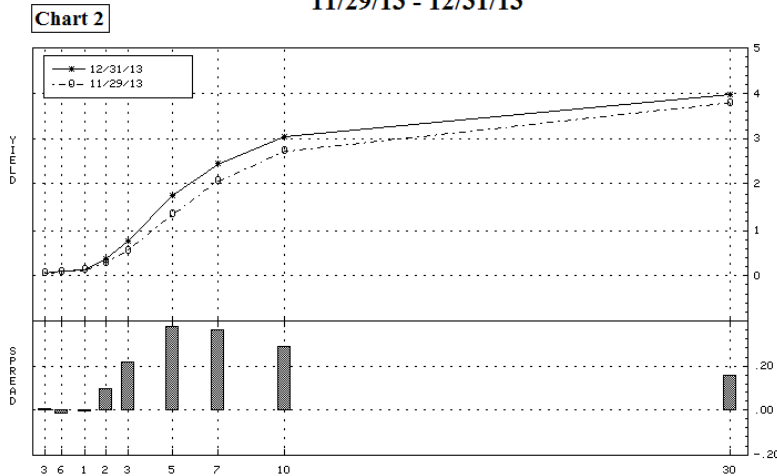
U.S. 10-Year Treasury Yield 01/01/13 - 12/31/13



Economic Indicators & Monetary Policy – Purchases of new homes exceeded expectations in November and sales in October were revised higher to show the strongest annual pace since July 2008.¹ Existing home sales fell 4.3 percent in November to an annual pace of 4.9 million properties sold compared to an expected 5.1 million units.² Housing demand remains relatively strong despite rising mortgage rates in 2013 that corresponded with the increase in long-term Treasury yields-i.e., 10-year Treasury. (See Chart 1)

U.S. retail sales climbed 0.7 percent in November, the largest increase in five months. Sales in October were revised higher to show a monthly increase of 0.6 percent. It appears that consumer spending is rebounding from the rather lackluster pace during the third quarter.³ Durable goods orders increased 3.5 percent in November compared to consensus estimates of 2.0 percent. Excluding demand for transportation equipment, orders were up 1.2 percent, the biggest advance in six months.⁴ Consumer confidence continues to improve with households benefiting from falling gasoline prices and more wealth due to higher stock prices and home values. The employment situation has also improved, making shoppers feel more comfortable spending money during the holiday shopping season.

Treasury Yield Curves 11/29/13 - 12/31/13



At the December 17th/18th Federal Open Market Committee (FOMC) meeting, policy-makers kept the federal funds target rate at a range of zero to 0.25 percent. At this meeting, the Federal Reserve (the Fed) also “decided to modestly reduce the pace of its asset purchases” from \$85 billion per month to \$75 billion in January. In addition, it “will likely reduce the pace of asset purchases in further measured steps at future meetings.” The Fed will continue to monitor labor market conditions and inflation. The FOMC stated that “it will likely be appropriate to maintain the current target range for the federal funds rate well past the time that the unemployment rate declines below 6 ½ percent, especially if projected inflation continues to run below the Committee’s 2 percent longer-run goal.”⁵

Yield Curve & Spreads – U.S. Treasury yields increased in December as a result of the U.S. economy showing strength and the Fed’s decision to start tapering its monthly asset purchases in January.

At the end of December, the 3-month Treasury bill yielded 0.07 percent, 6-month Treasury bill yielded 0.09 percent, 2-year Treasury note yielded 0.38 percent, 5-year Treasury note yielded 1.74 percent, 10-year Treasury note yielded 3.03 percent, and the 30-year Treasury yielded 3.97 percent. (See Chart 2)

Additional Information **December 31, 2013**

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/.

¹ "Sales of New Homes in U.S. Exceeded Forecasts in November." Bloomberg Finance LP. December 24, 2013

² "Leading Index Gain Signals U.S. Strengthening." Bloomberg Finance LP. December 19, 2013

³ U.S. Adjusted Retail & Food Services Sales for November 2013. December 12, 2013 release.

⁴ U.S. Durable Goods New Orders for November 2013. December 24, 2013 release.

⁵ "Press Release", Federal Open Market Committee statement dated December 18, 2013.

**City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2013 - December 31, 2013**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	223,728,569.04
Additions	
Contributions	0.00
Interest Received	175,375.00
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	175,375.00
Deductions	
Withdrawals	3,557,055.50
Fees Paid	14,321.39
Accrued Interest Purchased	0.00
Loss on Sales	0.00
Total Deductions	(3,571,376.89)
Accretion (Amortization) for the Period	(97,137.88)
Ending Amortized Cost Value	220,235,429.27
Ending Fair Value	219,424,845.80
Unrealized Gain (Loss)	(810,583.47)

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Certificates of Deposit	46.61	0.00	0.00	46.61
U.S. Treasury	172,750.22	(82,415.23)	0.00	90,334.99
U.S. Instrumentality	114,335.92	(14,722.65)	0.00	99,613.27
Sales and Maturities				
Total	287,132.75	(97,137.88)	0.00	189,994.87

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.11 %	0.09 %	0.08 %
Overnight Repo	0.08 %	0.06 %	0.05 %
3 Month T-Bill	0.05 %	0.04 %	0.05 %
6 Month T-Bill	0.07 %	0.06 %	0.07 %
1 Year T-Note	0.13 %	0.12 %	0.13 %
2 Year T-Note	0.31 %	0.35 %	0.34 %
5 Year T-Note	1.17 %	1.47 %	1.58 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	287,132.75	287,132.75
Accretion (Amortization)	(97,137.88)	(97,137.88)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	189,994.87	189,994.87
Average Daily Historical Cost	226,278,725.33	210,478,612.06
Annualized Return	0.99%	1.06%
Annualized Return Net of Fees	0.92%	0.98%
Annualized Return Year to Date Net of Fees	0.99%	1.10%
Weighted Average Effective Maturity in Days	920	975

**City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2013 - December 31, 2013**

Fair Value Basis Activity Summary

Beginning Fair Value	223,963,320.93
Additions	
Contributions	0.00
Interest Received	175,375.00
Accrued Interest Sold	0.00
Total Additions	175,375.00
Deductions	
Withdrawals	3,557,055.50
Fees Paid	14,321.39
Accrued Interest Purchased	0.00
Total Deductions	(3,571,376.89)
Change in Fair Value for the Period	(1,142,473.24)
Ending Fair Value	219,424,845.80

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Certificates of Deposit	46.61	0.00	46.61
U.S. Treasury	172,750.22	(477,132.50)	(304,382.28)
U.S. Instrumentality	114,335.92	(665,340.74)	(551,004.82)
Total	287,132.75	(1,142,473.24)	(855,340.49)

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.11 %	0.09 %	0.08 %
Overnight Repo	0.08 %	0.06 %	0.05 %
3 Month T-Bill	0.09 %	0.10 %	0.12 %
6 Month T-Bill	0.16 %	0.16 %	0.35 %
1 Year T-Note	0.25 %	0.30 %	0.24 %
2 Year T-Note	0.29 %	0.58 %	-1.30 %
5 Year T-Note	-2.45 %	-0.40 %	-17.43 %

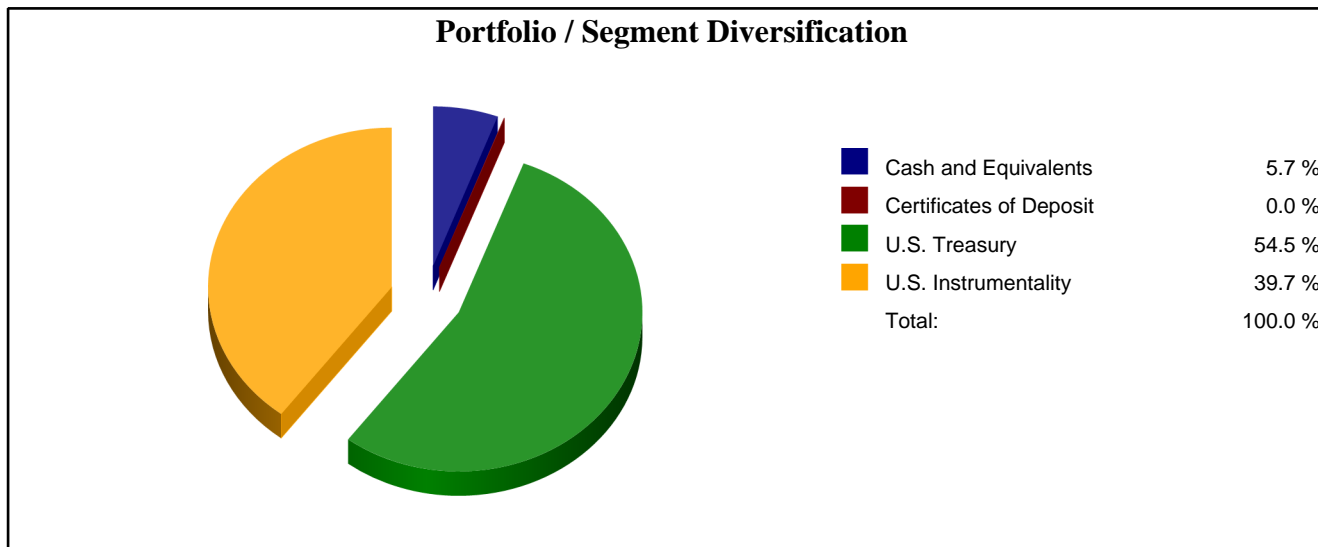
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	287,132.75	287,132.75
Change in Fair Value	<u>(1,142,473.24)</u>	<u>(1,142,473.24)</u>
Total Income on Portfolio	(855,340.49)	(855,340.49)
Average Daily Historical Cost	226,278,725.33	210,478,612.06
Annualized Return	(4.45%)	(4.78%)
Annualized Return Net of Fees	(4.52%)	(4.86%)
Annualized Return Year to Date Net of Fees	(0.60%)	(0.67%)
Weighted Average Effective Maturity in Days	920	975

**City of Ann Arbor
Recap of Securities Held
December 31, 2013**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	12,715,373.54	12,715,373.54	12,715,373.54	0.00	1	1	5.70	0.00	0.00
Certificates of Deposit	108,248.72	108,248.72	108,248.72	0.00	14	14	0.05	0.50	0.04
U.S. Treasury	121,721,289.10	119,139,321.90	120,022,847.50	883,525.60	711	711	54.54	0.88	1.90
U.S. Instrumentality	88,634,222.90	88,272,485.11	86,578,376.04	(1,694,109.07)	1,381	1,339	39.71	1.36	3.45
Total	223,179,134.26	220,235,429.27	219,424,845.80	(810,583.47)	936	920	100.00	1.02	2.41

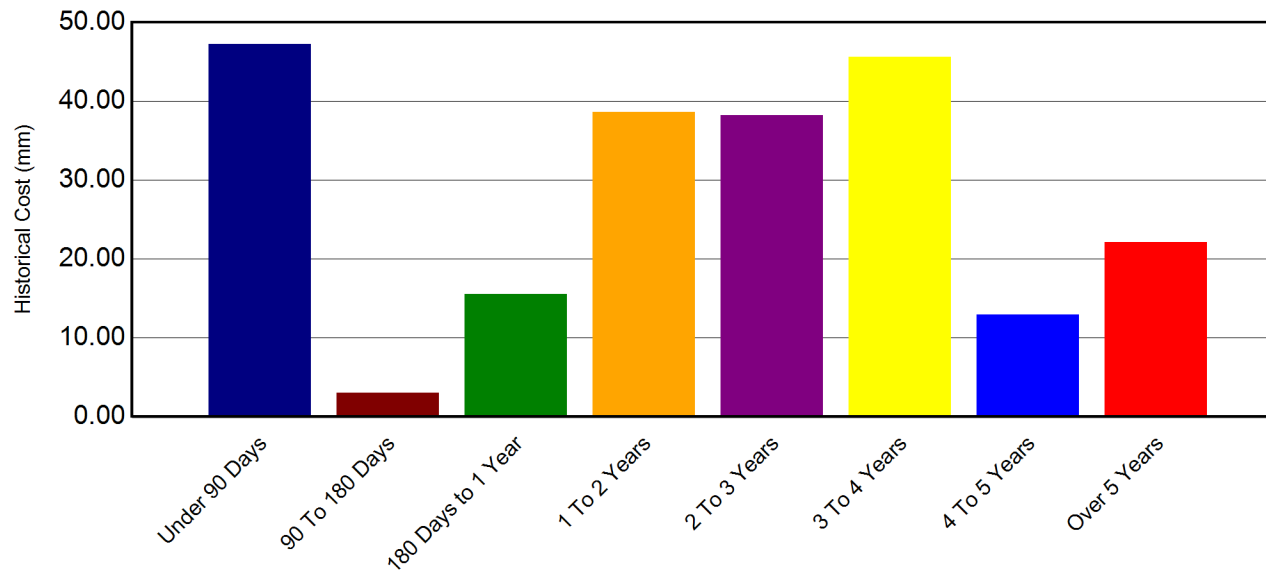
* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Ann Arbor
Maturity Distribution of Securities Held
December 31, 2013**

Maturity	Historical Cost	Percent
Under 90 Days	47,230,653.52	21.16 %
90 To 180 Days	2,990,070.00	1.34 %
180 Days to 1 Year	15,525,893.75	6.96 %
1 To 2 Years	38,605,946.88	17.30 %
2 To 3 Years	38,234,278.45	17.13 %
3 To 4 Years	45,560,781.26	20.41 %
4 To 5 Years	12,932,410.00	5.79 %
Over 5 Years	22,099,100.40	9.90 %
	223,179,134.26	100.00 %

Maturity Distribution



**City of Ann Arbor
Securities Held
December 31, 2013**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
<u>Cash and Equivalents</u>													
JPMorgan Chase	12/31/13	0.000V		12,715,373.54	12,715,373.54	12,715,373.54	12,715,373.54	0.00	0.00	0.00	0.00	5.70	0.00
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				12,715,373.54	12,715,373.54	12,715,373.54	12,715,373.54	0.00	0.00	0.00	0.00	5.70	
					0.00	0.00	0.00						
<u>Certificates of Deposit</u>													
Ann Arbor Bank	04/19/13	0.500	01/14/14	108,248.72	108,248.72	108,248.72	108,248.72	0.00	0.00	46.61	386.39	0.05	0.50
					0.00	0.00	0.00						
TOTAL (Certificates of Deposit)				108,248.72	108,248.72	108,248.72	108,248.72	0.00	0.00	46.61	386.39	0.05	
					0.00	0.00	0.00						
<u>U.S. Treasury</u>													
912828SB7	09/06/13	0.250	01/31/14	5,000,000.00	5,004,296.88	5,000,876.91	5,000,780.00	(96.91)	0.00	1,052.99	5,230.98	2.24	0.03
T-Note					1,256.79	(906.15)	(585.00)						
912828KF6	08/26/10	1.875	02/28/14	5,000,000.00	5,173,046.88	5,007,828.95	5,014,060.00	6,231.05	0.00	8,028.31	31,854.28	2.32	0.87
T-Note					0.00	(4,184.44)	(7,230.00)						
912828SG6	09/06/13	0.250	02/28/14	5,000,000.00	5,004,882.81	5,001,618.30	5,001,170.00	(448.30)	0.00	1,070.44	4,247.24	2.24	0.05
T-Note					207.18	(864.96)	(390.00)						
912828PZ7	09/06/13	1.250	03/15/14	5,000,000.00	5,031,054.69	5,011,931.54	5,011,720.00	(211.54)	0.00	5,352.21	18,646.41	2.25	0.07
T-Note					0.00	(5,066.82)	(4,295.00)						
912828LS7	08/29/11	2.375	10/31/14	5,000,000.00	5,314,062.50	5,082,106.07	5,091,600.00	9,493.93	0.00	10,169.20	20,338.40	2.38	0.38
T-Note					0.00	(8,400.29)	(8,985.00)						
912828LZ1	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25	5,044,278.36	5,088,670.00	44,391.64	0.00	9,048.76	9,340.66	2.33	1.13
T-Note					0.00	(4,122.01)	(8,400.00)						
912828MR8	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75	5,066,414.79	5,125,195.00	58,780.21	0.00	10,169.20	40,348.76	2.36	1.19
T-Note					0.00	(4,867.28)	(9,570.00)						
912828SK7	09/06/13	0.375	03/15/15	5,000,000.00	5,000,781.25	5,000,616.55	5,010,350.00	9,733.45	0.00	1,605.66	5,593.92	2.24	0.36
T-Note					0.00	(43.64)	(785.00)						
912828NL0	08/29/11	1.875	06/30/15	5,000,000.00	5,249,218.75	5,096,948.05	5,121,095.00	24,146.95	46,875.00	7,901.64	258.98	2.35	0.56
T-Note					0.00	(5,514.48)	(8,200.00)						
912828PE4	08/29/11	1.250	10/31/15	5,000,000.00	5,121,875.00	5,053,420.28	5,082,615.00	29,194.72	0.00	5,352.21	10,704.42	2.29	0.66
T-Note					0.00	(2,479.08)	(10,160.00)						
912828PE4	09/06/12	1.250	10/31/15	5,000,000.00	5,143,359.38	5,083,273.10	5,082,615.00	(658.10)	0.00	5,352.21	10,704.42	2.30	0.33
T-Note					0.00	(3,864.47)	(10,160.00)						
912828EN6	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50	5,284,844.49	5,386,525.00	101,680.51	0.00	19,267.96	29,212.71	2.60	1.33
T-Note					0.00	(12,928.52)	(24,215.00)						

**City of Ann Arbor
Securities Held
December 31, 2013**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
912828PJ3 T-Note	08/29/11	1.375	11/30/15	5,000,000.00	5,146,093.75 0.00	5,065,619.97 (2,914.36)	5,096,680.00 (11,130.00)	31,060.03	0.00	5,855.09	6,043.96	2.31	0.68
912828KS8 T-Note	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63 0.00	5,112,839.40 (4,433.48)	5,237,500.00 (18,360.00)	124,660.60	0.00	11,239.64	44,595.99	2.37	1.53
912828QP8 T-Note	09/06/12	1.750	05/31/16	5,000,000.00	5,247,656.25 0.00	5,160,077.15 (5,632.68)	5,144,530.00 (22,265.00)	(15,547.15)	0.00	7,451.93	7,692.31	2.35	0.41
912828KZ2 T-Note	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19 0.00	2,600,911.55 (3,433.88)	2,667,187.50 (14,842.50)	66,275.95	40,625.00	6,848.09	224.45	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	5,076,528.90 (2,604.16)	5,115,235.00 (23,825.00)	38,706.10	37,500.00	6,321.31	207.18	2.31	0.87
912828MA5 T-Note	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88 0.00	5,135,695.75 (3,953.54)	5,284,375.00 (35,935.00)	148,679.25	0.00	11,710.16	12,087.91	2.37	1.76
912828RX0 T-Note	09/10/13	0.875	12/31/16	5,000,000.00	4,973,828.13 0.00	4,976,276.33 671.63	5,010,940.00 (28,515.00)	34,663.67	21,875.00	3,687.44	120.86	2.23	1.04
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,174,777.26 (4,695.05)	5,327,735.00 (42,575.00)	152,957.74	0.00	12,845.30	50,966.85	2.40	1.82
912828SJ0 T-Note	09/10/13	0.875	02/28/17	5,000,000.00	4,957,812.50 1,208.56	4,961,575.08 1,032.21	4,998,440.00 (32,420.00)	36,864.92	0.00	3,746.55	14,865.33	2.22	1.12
912828PA2 T-Note	08/29/11	1.875	09/30/17	5,000,000.00	5,175,000.00 0.00	5,107,643.88 (2,439.30)	5,126,560.00 (50,000.00)	18,916.12	0.00	7,984.20	23,952.61	2.32	1.28
912828PF1 T-Note	08/29/11	1.875	10/31/17	5,000,000.00	5,172,656.25 0.00	5,107,115.78 (2,373.55)	5,123,830.00 (51,170.00)	16,714.22	0.00	8,028.32	16,056.63	2.32	1.29
912828UA6 T-Note	11/18/13	0.625	11/30/17	5,000,000.00	4,923,828.13 0.00	4,926,103.46 1,603.07	4,873,440.00 (53,120.00)	(52,663.46)	0.00	2,661.40	2,747.25	2.21	1.01
TOTAL (U.S. Treasury)				117,500,000.00	121,721,289.10 2,672.53	119,139,321.90 (82,415.23)	120,022,847.50 (477,132.50)	883,525.60	146,875.00	172,750.22	366,042.51	54.54	

U.S. Instrumentality

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	4,000,256.00 (1,140.00)	256.00	0.00	1,500.00	8,600.00	1.79	0.45
31331XSR4 FFCB	05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,006,195.19 (2,667.37)	5,047,520.00 (19,945.00)	41,324.81	0.00	20,312.50	72,447.92	2.32	4.16
31331JQA4 FFCB	06/11/10	1.900	06/02/14	3,000,000.00	2,990,070.00 0.00	2,998,960.50 212.01	3,022,227.00 (4,002.00)	23,266.50	28,500.00	4,750.00	4,591.67	1.34	1.99
3134G3YW4 FHLMC	08/30/12	0.375	08/28/14	5,000,000.00	5,004,800.00 0.00	5,001,575.82 (204.40)	5,007,095.00 (520.00)	5,519.18	0.00	1,562.50	6,406.25	2.24	0.33
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,900,775.87 202.71	1,989,482.94 (5,703.57)	88,707.07	0.00	4,603.75	12,583.58	0.85	3.04

**City of Ann Arbor
Securities Held
December 31, 2013**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield	
3134G3RK8 FHLMC	Call 09/10/13	1.000	03/14/16 03/14/14	5,000,000.00	5,011,250.00 0.00	5,004,378.38 (1,885.13)	5,007,905.00 (3,060.00)	3,526.62	0.00	4,166.67	14,861.11	2.25	0.56	
3137EACT4 FHLMC	01/11/12	2.500	05/27/16	4,000,000.00	4,253,480.00 0.00	4,139,112.62 (4,917.32)	4,186,372.00 (8,268.00)	47,259.38	0.00	8,333.33	9,444.44	1.91	1.02	
313370TW8 FHLB	09/10/12	2.000	09/09/16	5,000,000.00	5,276,700.00 0.00	5,186,109.18 (5,875.14)	5,167,695.00 (21,720.00)	(18,414.18)	0.00	8,333.33	31,111.11	2.36	0.60	
313381B53 FHLB	11/26/12	0.580	11/14/16	5,000,000.00	4,995,700.00 0.00	4,996,889.99 91.99	4,970,460.00 (19,520.00)	(26,429.99)	0.00	2,416.67	3,786.11	2.24	0.60	
3133ECGF5 FFCB	Call 02/27/13	0.800	02/27/17 02/27/14	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,978,840.00 (23,905.00)	(21,160.00)	0.00	3,333.34	13,777.78	2.24	0.80	
3134G3H52 FHLMC	Call 09/12/12	1.000	09/12/17 03/12/14	5,000,000.00	4,997,500.00 0.00	4,998,151.70 42.44	4,933,715.00 (40,225.00)	(64,436.70)	0.00	4,166.67	15,138.89	2.24	1.01	
3135G0SF1 FNMA	Call 11/28/12	1.000	11/28/17 02/28/14	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,901,920.00 (48,435.00)	(98,080.00)	0.00	4,166.66	4,583.33	2.24	1.00	
3133ECJX3 FFCB	Call 04/02/13	1.040	03/26/18 03/26/14	5,000,000.00	4,996,700.00 0.00	4,997,197.09 56.24	4,872,880.00 (51,520.00)	(124,317.09)	0.00	4,333.33	13,722.22	2.24	1.05	
3135G0WJ8 FNMA	06/03/13	0.875	05/21/18	3,000,000.00	2,953,560.00 0.00	2,958,990.38 794.06	2,900,697.00 (43,101.00)	(58,293.38)	0.00	2,187.50	2,916.67	1.32	1.20	
3135G0XG3 FNMA	Call 05/21/13	1.000	05/21/18 02/21/14	5,000,000.00	4,982,150.00 0.00	4,984,349.48 303.04	4,854,305.00 (54,460.00)	(130,044.48)	0.00	4,166.67	5,555.56	2.23	1.07	
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	4,652,355.00 (72,620.00)	(347,645.00)	0.00	7,083.34	22,666.67	2.24	1.70	
313380PE1 FHLB	Call 09/28/12	1.850	09/28/20 01/28/14	5,000,000.00	4,990,000.00 0.00	4,991,574.26 106.09	4,685,855.00 (73,255.00)	(305,719.26)	0.00	7,708.33	23,895.83	2.24	1.88	
3130A0A34 FHLB	Call 11/18/13	2.790	11/04/20 11/04/15	3,590,000.00	3,613,550.40 3,895.15	3,612,103.17 (1,019.64)	3,535,755.10 (51,563.17)	(76,348.07)	0.00	8,346.75	15,858.83	1.62	2.45	
313380NM5 FHLB	Call 09/19/12	2.300	09/19/22 01/19/14	5,000,000.00	4,995,550.00 0.00	4,996,121.48 37.77	4,584,710.00 (76,290.00)	(411,411.48)	0.00	9,583.33	32,583.33	2.24	2.31	
313380XN2 FHLB	Call 10/24/12	1.125V	10/24/22 10/24/14	3,500,000.00	3,500,000.00 0.00	3,500,000.00 0.00	3,278,331.00 (46,088.00)	(221,669.00)	0.00	3,281.25	7,328.13	1.57	1.12	
TOTAL (U.S. Instrumentality)					87,995,000.00	88,634,222.90 3,895.15	88,272,485.11 (14,722.65)	86,578,376.04 (665,340.74)	(1,694,109.07)	28,500.00	114,335.92	321,859.43	39.71	

**City of Ann Arbor
Securities Held
December 31, 2013**

GRAND TOTAL	218,318,622.26	223,179,134.26	220,235,429.27	219,424,845.80	(810,583.47)	175,375.00	287,132.75	688,288.33	100.00
		6,567.68	(97,137.88)	(1,142,473.24)					

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2013

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>												
912828SB7	U.S. Treasury	0.250	01/31/2014		AA+	Aaa	5,000,000.00	5,004,296.88	2.24	5,000,780.00	2.28	0.08
912828KF6	U.S. Treasury	1.875	02/28/2014		AA+	Aaa	5,000,000.00	5,173,046.88	2.32	5,014,060.00	2.29	0.16
912828SG6	U.S. Treasury	0.250	02/28/2014		AA+	Aaa	5,000,000.00	5,004,882.81	2.24	5,001,170.00	2.28	0.16
912828PZ7	U.S. Treasury	1.250	03/15/2014		AA+	Aaa	5,000,000.00	5,031,054.69	2.25	5,011,720.00	2.28	0.20
912828LS7	U.S. Treasury	2.375	10/31/2014		AA+	Aaa	5,000,000.00	5,314,062.50	2.38	5,091,600.00	2.32	0.83
912828LZ1	U.S. Treasury	2.125	11/30/2014		AA+	Aaa	5,000,000.00	5,207,031.25	2.33	5,088,670.00	2.32	0.91
912828MR8	U.S. Treasury	2.375	02/28/2015		AA+	Aaa	5,000,000.00	5,258,593.75	2.36	5,125,195.00	2.34	1.14
912828SK7	U.S. Treasury	0.375	03/15/2015		AA+	Aaa	5,000,000.00	5,000,781.25	2.24	5,010,350.00	2.28	1.20
912828NL0	U.S. Treasury	1.875	06/30/2015		AA+	Aaa	5,000,000.00	5,249,218.75	2.35	5,121,095.00	2.33	1.48
912828EN6	U.S. Treasury	4.500	11/15/2015		AA+	Aaa	5,000,000.00	5,795,312.50	2.60	5,386,525.00	2.45	1.81
912828PE4	U.S. Treasury	1.250	10/31/2015		AA+	Aaa	10,000,000.00	10,265,234.38	4.60	10,165,230.00	4.63	1.81
912828PJ3	U.S. Treasury	1.375	11/30/2015		AA+	Aaa	5,000,000.00	5,146,093.75	2.31	5,096,680.00	2.32	1.89
912828KS8	U.S. Treasury	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.37	5,237,500.00	2.39	2.10
912828QP8	U.S. Treasury	1.750	05/31/2016		AA+	Aaa	5,000,000.00	5,247,656.25	2.35	5,144,530.00	2.34	2.37
912828KZ2	U.S. Treasury	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.22	2,667,187.50	1.22	2.42
912828QR4	U.S. Treasury	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.31	5,115,235.00	2.33	2.46
912828MA5	U.S. Treasury	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.37	5,284,375.00	2.41	2.81
912828RX0	U.S. Treasury	0.875	12/31/2016		AA+	Aaa	5,000,000.00	4,973,828.13	2.23	5,010,940.00	2.28	2.96
912828MS6	U.S. Treasury	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.40	5,327,735.00	2.43	3.00
912828SJ0	U.S. Treasury	0.875	02/28/2017		AA+	Aaa	5,000,000.00	4,957,812.50	2.22	4,998,440.00	2.28	3.10
912828PA2	U.S. Treasury	1.875	09/30/2017		AA+	Aaa	5,000,000.00	5,175,000.00	2.32	5,126,560.00	2.34	3.60
912828PF1	U.S. Treasury	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.32	5,123,830.00	2.34	3.68
912828UA6	U.S. Treasury	0.625	11/30/2017		AA+	Aaa	5,000,000.00	4,923,828.13	2.21	4,873,440.00	2.22	3.85
ISSUER TOTAL							117,500,000.00	121,721,289.10	54.54	120,022,847.50	54.70	1.90
<u>FHLMC</u>												
3134G3JR2	U.S. Instrumentality	0.450	01/09/2014		AA+	Aaa	4,000,000.00	4,000,000.00	1.79	4,000,256.00	1.82	0.02
3134G3RK8	U.S. Instrumentality	1.000	03/14/2016	03/14/2014	AA+	Aaa	5,000,000.00	5,011,250.00	2.25	5,007,905.00	2.28	0.20
3134G3YW4	U.S. Instrumentality	0.375	08/28/2014		AA+	Aaa	5,000,000.00	5,004,800.00	2.24	5,007,095.00	2.28	0.66
3137EACT4	U.S. Instrumentality	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.91	4,186,372.00	1.91	2.34
3134G3H52	U.S. Instrumentality	1.000	09/12/2017	03/12/2014	AA+	Aaa	5,000,000.00	4,997,500.00	2.24	4,933,715.00	2.25	3.60
3134G3K90	U.S. Instrumentality	1.700	09/25/2020	09/25/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.24	4,652,355.00	2.12	6.26
ISSUER TOTAL							28,000,000.00	28,267,030.00	12.67	27,787,698.00	12.66	2.20

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2013

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>FHLB</u>												
313370TW8	U.S. Instrumentality	2.000	09/09/2016		AA+	Aaa	5,000,000.00	5,276,700.00	2.36	5,167,695.00	2.36	2.61
313381B53	U.S. Instrumentality	0.580	11/14/2016		AA+	Aaa	5,000,000.00	4,995,700.00	2.24	4,970,460.00	2.27	2.84
3130A0A34	U.S. Instrumentality	2.790	11/04/2020	11/04/2015	AA+	Aaa	3,590,000.00	3,613,550.40	1.62	3,535,755.10	1.61	6.15
313380PE1	U.S. Instrumentality	1.850	09/28/2020	01/28/2014	AA+	Aaa	5,000,000.00	4,990,000.00	2.24	4,685,855.00	2.14	6.23
313380NM5	U.S. Instrumentality	2.300	09/19/2022	01/19/2014	AA+	Aaa	5,000,000.00	4,995,550.00	2.24	4,584,710.00	2.09	7.72
313380XN2	U.S. Instrumentality	1.125	10/24/2022	10/24/2014	AA+	Aaa	3,500,000.00	3,500,000.00	1.57	3,278,331.00	1.49	7.95
ISSUER TOTAL							27,090,000.00	27,371,500.40	12.26	26,222,806.10	11.95	5.34
<u>FFCB</u>												
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AA+	Aaa	5,000,000.00	5,182,500.00	2.32	5,047,520.00	2.30	0.20
31331JQA4	U.S. Instrumentality	1.900	06/02/2014		AA+	Aaa	3,000,000.00	2,990,070.00	1.34	3,022,227.00	1.38	0.42
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AA+	Aaa	1,905,000.00	1,890,712.50	0.85	1,989,482.94	0.91	1.73
3133ECGF5	U.S. Instrumentality	0.800	02/27/2017	02/27/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.24	4,978,840.00	2.27	3.10
3133ECJX3	U.S. Instrumentality	1.040	03/26/2018	03/26/2014	AA+	Aaa	5,000,000.00	4,996,700.00	2.24	4,872,880.00	2.22	4.11
ISSUER TOTAL							19,905,000.00	20,059,982.50	8.99	19,910,949.94	9.07	2.07
<u>JPMorgan Chase</u>												
	Cash and Equivalents	0.000					12,715,373.54	12,715,373.54	5.70	12,715,373.54	5.79	0.00
ISSUER TOTAL							12,715,373.54	12,715,373.54	5.70	12,715,373.54	5.79	0.00
<u>FNMA</u>												
3135G0SF1	U.S. Instrumentality	1.000	11/28/2017	02/28/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.24	4,901,920.00	2.23	3.81
3135G0XG3	U.S. Instrumentality	1.000	05/21/2018	02/21/2014	AA+	Aaa	5,000,000.00	4,982,150.00	2.23	4,854,305.00	2.21	4.26
3135G0WJ8	U.S. Instrumentality	0.875	05/21/2018		AA+	Aaa	3,000,000.00	2,953,560.00	1.32	2,900,697.00	1.32	4.27
ISSUER TOTAL							13,000,000.00	12,935,710.00	5.80	12,656,922.00	5.77	4.09
<u>Ann Arbor Bank</u>												
	Certificates of Deposit	0.500	01/14/2014		NR	NR	108,248.72	108,248.72	0.05	108,248.72	0.05	0.04
ISSUER TOTAL							108,248.72	108,248.72	0.05	108,248.72	0.05	0.04

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2013

GRAND TOTAL	218,318,622.26	223,179,134.26	100.00	219,424,845.80	100.00	2.38
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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, 2013 - December 31, 2013**

NOTE: There is no activity for the period.

**City of Ann Arbor
Securities Sold and Matured
December 1, 2013 - December 31, 2013**

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	12/31/2013	0.000V		3,180,376.89	3,180,376.89	3,180,376.89	100.00	3,180,376.89	0.00	0.00	0.00	0.00	0.00
						0.00		0.00					
TOTAL (Cash and Equivalents)				3,180,376.89	3,180,376.89	3,180,376.89		3,180,376.89	0.00	0.00	0.00	0.00	
						0.00		0.00					
GRAND TOTAL				3,180,376.89	3,180,376.89	3,180,376.89		3,180,376.89	0.00	0.00	0.00	0.00	
						0.00		0.00					

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

**City of Ann Arbor
Transaction Report
for the period December 1, 2013 - December 31, 2013**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
12/02/2013		Maturity	CE	Int Receivable	12/02/2013	215,625.00	215,625.00	0.00	215,625.00	215,625.00
12/02/2013	31331JQA4	Interest	INS	FFCB	06/02/2014	3,000,000.00	0.00	28,500.00	28,500.00	244,125.00
12/31/2013		Sold	CE	JPMorgan Chase		3,180,376.89	3,180,376.89	0.00	3,180,376.89	3,424,501.89
12/31/2013	912828KZ2	Interest	TSY	T-Note	06/30/2016	2,500,000.00	0.00	40,625.00	40,625.00	3,465,126.89
12/31/2013	912828NL0	Interest	TSY	T-Note	06/30/2015	5,000,000.00	0.00	46,875.00	46,875.00	3,512,001.89
12/31/2013	912828QR4	Interest	TSY	T-Note	06/30/2016	5,000,000.00	0.00	37,500.00	37,500.00	3,549,501.89
12/31/2013	912828RX0	Interest	TSY	T-Note	12/31/2016	5,000,000.00	0.00	21,875.00	21,875.00	3,571,376.89
Portfolio Activity Total										3,571,376.89

Net Contributions:	0.00
Net Withdrawals:	3,557,055.50

Fees Charged:	14,142.42
Fees Paid:	14,321.39

**City of Ann Arbor
Securities Bid and Offer
for the period 12/1/2013 - 12/31/2013**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
No Activity this period									

**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
01/09/2014	Maturity	3134G3JR2	FHLMC	0.450	01/09/2014		4,000,000.00	4,000,000.00	9,000.00	4,009,000.00
01/14/2014	Maturity		Ann Arbor Bank	0.500	01/14/2014		108,248.72	108,248.72	405.93	108,654.65
01/31/2014	Maturity	912828SB7	T-Note	0.250	01/31/2014		5,000,000.00	5,000,000.00	6,250.00	5,006,250.00

END OF REPORTS



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