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CITY OF ANN ARBOR

December 2015

➤ A BNY MELLON COMPANYSM



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FIXED INCOME MARKET REVIEW

As of December 31, 2015

Chart 1: Institute for Supply Management 11/2010 – 11/2015

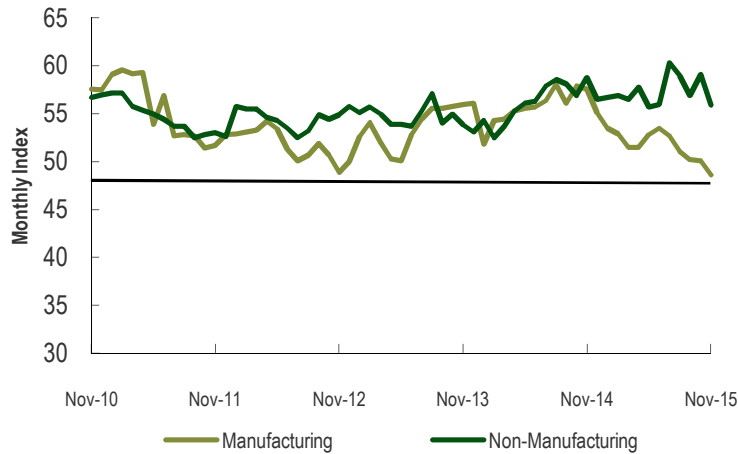
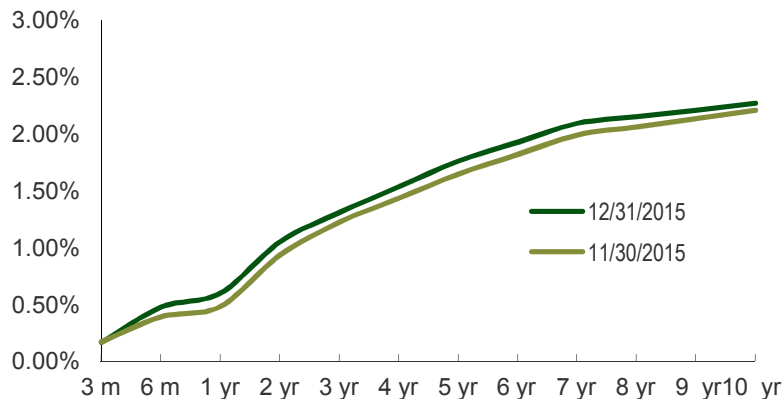


Chart 2: Treasury Yield Curves 11/30/2015–12/31/2015



Economic Indicators & Monetary Policy: The final estimate of third quarter Gross Domestic Product was revised downward to 2.0 percent. The estimate however, exceeded analyst expectations of a 1.9 percent GDP growth rate. GDP growth has topped 2.0 percent for five of the last six quarters. On an annual basis, the GDP growth rate is 2.1 percent. The Institute for Supply Management's (ISM) manufacturing index decreased to 48.6. Figures below 50 indicate contraction, and the ISM manufacturing index fell into contractionary levels for the first time since November, 2012. The ISM non-manufacturing index fell to 55.9 from 59.1 (See Chart 1).

Strong and consistent job growth was a theme throughout 2015, and the trend continued as 211,000 jobs were created in November. The unemployment rate remained at 5.0 percent, as the labor force participation rate increased to 62.5 percent from 62.4 percent. The underemployment rate increased slightly to 9.9 percent from 9.8 percent. Modest wage growth was seen in November as average hourly earnings increased 0.2 percent on a month-over-month basis and 2.3 percent on a year-over-year basis.

November inflation indicators showed signs of growth, as the Producer Price Index (PPI) and Consumer Price Index (CPI) both increased compared to the October reports. The PPI including and excluding food and energy both increased 0.3 percent on a month-over-month basis. In October, PPI including food and energy fell 0.4 percent, while core PPI fell 0.3 percent. On a year-over-year basis, the PPI including food and energy fell 1.1 percent, compared to a 1.6 percent decrease in October, and core PPI increased 0.5 percent, compared to a 0.1 percent increase the month prior. CPI including food and energy was flat on a month-over-month basis and increased 0.5 percent on a year-over-year basis in November. Core CPI grew 0.2 percent and 2.0 percent on a month-over-month and year-over-year basis, respectively.

Existing home sales continued to fall in November, dropping 10.5 percent to an annualized rate of 4.76 million. For the first time since February, 2015, existing home sales dropped below 5 million on an annualized basis. New home sales increased 4.3 percent to an annualized rate of 490,000.

For the first time since 2006 the Federal Open Markets Committee (FOMC) voted to increase the Fed funds target rate. The target for the FOMC's benchmark interest rate is now 0.25 – 0.50 percent, following the 0.25 percent increase. The Committee took the first step towards normalizing interest rates after a seven year period of historically low interest rates that also included three rounds of quantitative easing.

Yield Curve & Spreads: At the end of December, the 3-month Treasury bill yielded 0.16 percent, the 6-month Treasury bill yielded 0.48 percent, the 2-year Treasury note yielded 1.05 percent, the 5-year Treasury note yielded 1.76 percent, and the 10-year Treasury note yielded 2.27 percent (See Chart 2)..

Charts sourced from Bloomberg Finance LP, November 30, 2015, December 31, 2015. Past performance is not indicative of future returns. Please see Additional information.

ACTIVITY AND PERFORMANCE SUMMARY

For the period December 1, 2015 - December 31, 2015

Amortized Cost Basis Activity Summary

Opening balance		219,150,636.45
Income received	213,108.01	
Total receipts		213,108.01
Total disbursements		0.00
Interportfolio transfers	9,784,743.54	
Total Interportfolio transfers		9,784,743.54
Realized gain (loss)		0.00
Total amortization expense		(50,583.27)
Total OID/MKT accretion income		8,460.36
Return of capital		0.00
Closing balance		229,106,365.09
Ending fair value		228,806,390.00
Unrealized gain (loss)		(299,975.09)

Detail of Amortized Cost Basis Return

	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Government Agencies	143,994.59	(15,846.38)	0.00	128,148.21
Government Bonds	114,591.78	(27,487.39)	0.00	87,104.39
Short Term Bills and Notes	0.00	1,210.86	0.00	1,210.86
Total	258,586.37	(42,122.91)	0.00	216,463.46

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.13	0.07	0.02
Overnight Repo	0.18	0.10	0.03
Merrill Lynch 3m US Treas Bill	0.04	0.04	0.02
Merrill Lynch 6m US Treas Bill	0.12	0.09	0.03
ML 1 Year US Treasury Note	0.31	0.20	0.06
ML 2 Year US Treasury Note	0.68	0.38	0.08
ML 5 Year US Treasury Note	1.54	0.80	0.14

* rates reflected are cumulative

Summary of Amortized Cost Basis Return for the Period

	Total portfolio	Excl. cash eq.
Interest earned	258,586.37	258,586.37
Accretion (amortization)	(42,122.91)	(42,122.91)
Realized gain (loss) on sales	0.00	0.00
Total income on portfolio	216,463.46	216,463.46
Average daily amortized cost	228,940,672.96	229,910,627.98
Period return (%)	0.10	0.09
Weighted average final maturity in days	709	709

ACTIVITY AND PERFORMANCE SUMMARY

For the period December 1, 2015 - December 31, 2015

<u>Fair Value Basis Activity Summary</u>		
Opening balance		219,283,855.63
Income received	213,108.01	
Total receipts		213,108.01
Total disbursements		0.00
Interportfolio transfers	9,784,743.54	
Total Interportfolio transfers		9,784,743.54
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		(475,317.18)
Ending fair value		228,806,390.00

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Government Agencies	143,994.59	(300,970.00)	(156,975.41)
Government Bonds	114,591.78	(175,309.18)	(60,717.40)
Short Term Bills and Notes	0.00	962.00	962.00
Total	258,586.37	(475,317.18)	(216,730.81)

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.13	0.07	0.02
Overnight Repo	0.18	0.10	0.03
Merrill Lynch 3m US Treas Bill	0.05	0.04	0.03
Merrill Lynch 6m US Treas Bill	0.22	0.11	0.04
ML 1 Year US Treasury Note	0.15	(0.06)	0.01
ML US Treasury 1-3	0.54	(0.13)	(0.09)
ML US Treasury 1-5	0.98	0.03	(0.15)

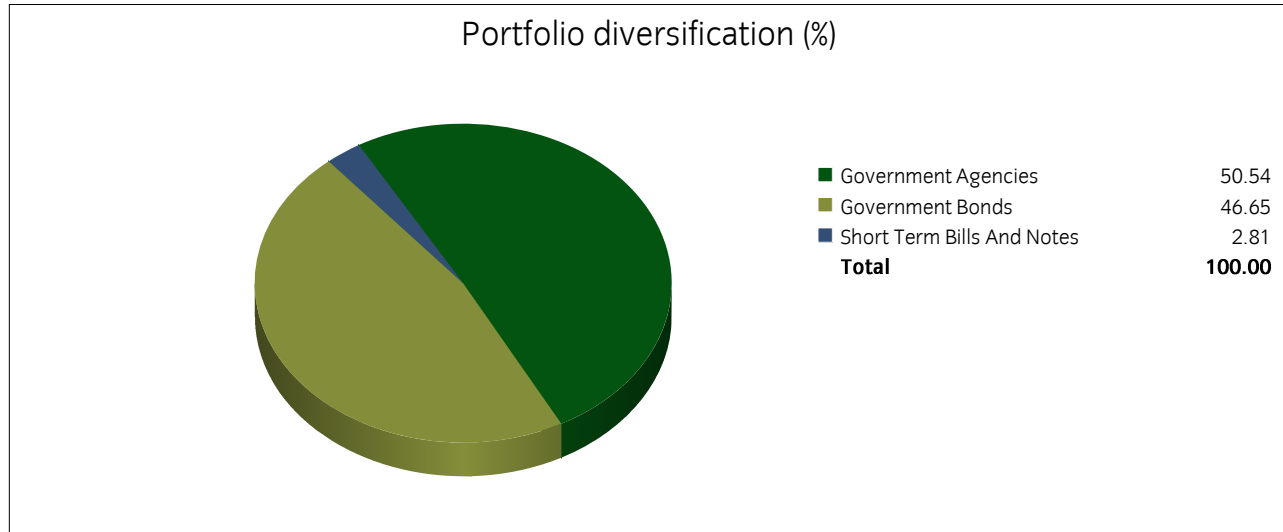
* rates reflected are cumulative

<u>Summary of Fair Value Cost Basis Return for the Period</u>		
	Total portfolio	Excl. cash eq.
Interest earned	258,586.37	258,586.37
Change in fair value	(475,317.18)	(475,317.18)
Total income on portfolio	(216,730.81)	(216,730.81)
Average daily amortized cost	228,940,672.96	229,910,627.98
Period return (%)	(0.09)	(0.10)
Weighted average final maturity in days	709	709

RECAP OF SECURITIES HELD

As of December 31, 2015

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Government Agencies	116,675,310.00	116,292,848.73	115,909,016.00	(383,832.73)	1,000	50.54	2.28
Government Bonds	107,709,882.83	106,314,844.41	106,398,726.00	83,881.59	434	46.65	1.17
Short Term Bills And Notes	6,492,969.17	6,498,671.95	6,498,648.00	(23.95)	34	2.81	0.09
Total	230,878,162.00	229,106,365.09	228,806,390.00	(299,975.09)	709	100.00	1.70

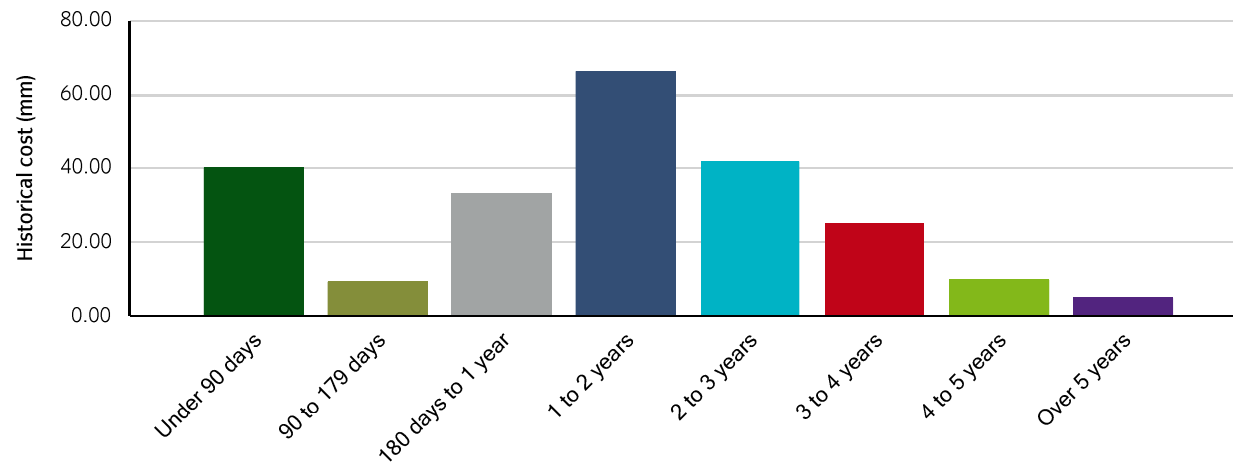


MATURITY DISTRIBUTION OF SECURITIES HELD

As of December 31, 2015

Maturity	Historic cost	Percent
Under 90 days	40,273,869.18	17.44
90 to 179 days	9,253,480.00	4.01
180 days to 1 year	33,188,278.13	14.38
1 to 2 years	66,059,648.44	28.61
2 to 3 years	41,986,258.12	18.19
3 to 4 years	25,131,078.13	10.89
4 to 5 years	9,990,000.00	4.33
Over 5 years	4,995,550.00	2.16
	230,878,162.00	100.00

Maturity distribution



SECURITIES HELD

As of December 31, 2015

Cusip/ Description	Coupon	Maturity/ Call date	Par value or 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
Government Agencies											
3137EACT4 FREDDIE MAC 2.5% 27/05/2016	2.500	05/27/2016	4,000,000.00	4,253,480.00 0.00	4,023,598.20 (4,815.96)	4,030,768.00 (9,120.00)	7,169.80	0.00	8,611.11	9,444.44	1.84
313381B53 FEDERAL HOME LOAN BANK 0.58% 14/11/2016	0.580	11/14/2016	5,000,000.00	4,995,700.00 0.00	4,999,058.44 89.96	4,995,050.00 (3,700.00)	(4,008.44)	0.00	2,497.22	3,786.11	2.16
3133EEUT5 FEDERAL FARM CREDIT BANK 0.7% 23/01/2017	0.700	01/23/2017	5,000,000.00	5,007,450.00 0.00	5,004,329.82 (339.15)	4,993,900.00 (5,000.00)	(10,429.82)	0.00	3,013.89	15,361.11	2.17
3133EDEB4 FEDERAL FARM CREDIT BANK 1.1% 28/06/2017	1.100	06/28/2017	5,000,000.00	5,012,500.00 0.00	5,005,482.10 (294.95)	5,009,150.00 (7,600.00)	3,667.90	27,500.00	4,736.11	458.33	2.17
313370SZ2 FEDERAL HOME LOAN BANK 2.25% 08/09/2017	2.250	09/08/2017	5,000,000.00	5,171,550.00 0.00	5,078,957.15 (3,895.92)	5,093,120.00 (17,830.00)	14,162.85	0.00	9,687.50	35,312.50	2.24
3135G0SF1 FANNIE MAE 1% 28/11/2017 (CALLABLE 28/02/16) #0000	1.000	11/28/2017 02/28/2016	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,986,900.00 (8,250.00)	(13,100.00)	0.00	4,305.55	4,583.33	2.17
313371VG8 FEDERAL HOME LOAN BANK 2.25% 08/12/2017	2.250	12/08/2017	5,000,000.00	5,191,000.00 0.00	5,118,085.03 (5,075.29)	5,096,500.00 (13,650.00)	(21,585.03)	56,250.00	9,687.50	7,187.50	2.25
3135G0VC4 FANNIE MAE 1.13% 28/02/2018 CALLABLE	1.130	02/28/2018	6,000,000.00	5,990,040.00 0.00	5,993,399.49 253.87	5,972,760.00 (38,760.00)	(20,639.49)	0.00	5,838.33	23,165.00	2.59
3133EETE0 FEDERAL FARM CREDIT BANK 1.125% 12/03/2018	1.125	03/12/2018	5,000,000.00	4,988,950.00 0.00	4,991,926.57 305.81	4,992,000.00 (9,800.00)	73.43	0.00	4,843.75	17,031.25	2.16
3133ECJX3 FEDERAL FARM CREDIT BANK 1.04% 26/03/2018 (CALLABLE 13/01/16)	1.040	03/26/2018	5,000,000.00	4,996,700.00 0.00	4,998,521.51 55.03	4,970,200.00 (9,100.00)	(28,321.51)	0.00	4,477.78	13,722.22	2.16

SECURITIES HELD

As of December 31, 2015

Cusip/ Description	Coupon	Maturity/ Call date	Par value or 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
Government Agencies											
3135G0WJ8 FANNIE MAE 0.875% 21/05/2018	0.875	05/21/2018	3,000,000.00	2,953,560.00 0.00	2,977,661.12 751.54	2,971,878.00 (4,530.00)	(5,783.12)	0.00	2,260.42	2,916.67	1.28
3135G0XG3 FANNIE MAE 1% 21/05/2018 (CALLABLE 21/02/16) #0000	1.000	05/21/2018 02/21/2016	5,000,000.00	4,982,150.00 0.00	4,991,485.40 296.67	4,948,600.00 (6,800.00)	(42,885.40)	0.00	4,305.56	5,555.56	2.16
3130A4T93 FEDERAL HOME LOAN BANK 1.125% 29/06/2018 (CALLABLE 29/03/16)	1.125	06/29/2018 03/29/2016	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,002,300.00 (2,000.00)	2,300.00	0.00	4,843.75	14,375.00	2.17
3130A6AE7 FEDERAL HOME LOAN BANK 1.125% 14/09/2018	1.125	09/14/2018	5,000,000.00	5,017,900.00 0.00	5,016,510.04 (508.52)	4,975,250.00 (7,500.00)	(41,260.04)	0.00	4,843.75	22,500.00	2.17
3135G0YT4 FANNIE MAE 1.625% 27/11/2018	1.625	11/27/2018	5,000,000.00	5,017,650.00 0.00	5,012,922.76 (370.28)	5,036,390.00 (10,760.00)	23,467.24	0.00	6,996.53	7,673.61	2.17
313376BR5 FEDERAL HOME LOAN BANK 1.75% 14/12/2018	1.750	12/14/2018	3,000,000.00	3,053,880.00 0.00	3,048,296.82 (1,361.75)	3,028,500.00 (7,470.00)	(19,796.82)	26,250.00	4,520.84	2,479.17	1.32
3133EE5P1 FEDERAL FARM CREDIT BANK 1.32% 30/01/2019	1.320	01/30/2019	5,000,000.00	5,015,650.00 0.00	5,014,088.81 (380.78)	4,968,050.00 (8,850.00)	(46,038.81)	0.00	5,500.00	27,500.00	2.17
3133EDVK5 FEDERAL FARM CREDIT BANK 1.75% 18/03/2019	1.750	03/18/2019	5,000,000.00	5,024,600.00 0.00	5,018,485.92 (478.91)	5,025,550.00 (10,250.00)	7,064.08	0.00	7,534.72	25,034.72	2.18
3134G3JM3 FREDDIE MAC 2% 30/07/2019 CALLABLE	2.000	07/30/2019	5,000,000.00	5,025,300.00 0.00	5,016,651.53 (387.25)	5,066,150.00 (5,700.00)	49,498.47	0.00	8,333.34	41,666.67	2.18
3133EFGU5 FEDERAL FARM CREDIT BANK 1.45% 07/10/2019 (CALLABLE 07/10/16)	1.450	10/07/2019 10/07/2016	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,922,000.00 (18,400.00)	(78,000.00)	0.00	6,243.06	16,916.67	2.17

SECURITIES HELD

As of December 31, 2015

Cusip/ Description	Coupon	Maturity/ Call date	Par value or 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
Government Agencies											
3136G0T68 FANNIE MAE 1.33% 24/10/2019 CALLABLE	1.330	10/24/2019	5,000,000.00	4,991,700.00 0.00	4,992,247.31 169.27	4,924,650.00 (21,200.00)	(67,597.31)	0.00	5,726.39	12,376.39	2.16
3134G3K90 FREDDIE MAC 1.7% 25/09/2020 CALLABLE	1.700	09/25/2020	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,947,900.00 (24,200.00)	(52,100.00)	0.00	7,319.45	22,666.67	2.17
313380PE1 FEDERAL HOME LOAN BANK 1.85% 28/09/2020 (CALLABLE 13/01/16)	1.850	09/28/2020	5,000,000.00	4,990,000.00 0.00	4,994,118.46 103.31	5,000,200.00 (600.00)	6,081.54	0.00	7,965.27	23,895.83	2.16
313380NM5 FEDERAL HOME LOAN BANK 2.3% 19/09/2022 (CALLABLE 13/01/16) #0000	2.300	09/19/2022	5,000,000.00	4,995,550.00 0.00	4,997,022.25 36.92	4,951,250.00 (49,900.00)	(45,772.25)	0.00	9,902.77	32,583.33	2.16
Total Government Agencies			116,000,000.00	116,675,310.00 0.00	116,292,848.73 (15,846.38)	115,909,016.00 (300,970.00)	(383,832.73)	110,000.00	143,994.59	388,192.08	50.54
Government Bonds											
912828UM0 USA TREASURY 0.375% 15/02/2016	0.375	02/15/2016	9,500,000.00	9,505,937.50 0.00	9,501,422.53 (958.65)	9,500,000.00 (2,593.50)	(1,422.53)	0.00	3,001.02	13,359.38	4.12
912828KS8 USA TREASURY 2.625% 29/02/2016	2.625	02/29/2016	5,000,000.00	5,287,890.63 0.00	5,008,576.68 (4,431.29)	5,018,007.75 (11,742.25)	9,431.07	0.00	11,177.89	43,990.39	2.29
912828U57 USA TREASURY 0.375% 15/03/2016	0.375	03/15/2016	9,000,000.00	9,004,921.88 0.00	9,001,670.32 (690.40)	9,002,106.00 0.00	435.68	0.00	2,874.32	9,921.02	3.90
912828QR4 USA TREASURY 1.5% 30/06/2016	1.500	06/30/2016	5,000,000.00	5,148,437.50 0.00	5,015,263.06 (2,599.76)	5,023,045.00 (6,250.00)	7,781.94	37,500.00	6,317.93	0.00	2.23

SECURITIES HELD

As of December 31, 2015

Cusip/ Description	Coupon	Maturity/ Call date	Par value or 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
Government Bonds											
912828KZ2 USA TREASURY 3.25% 30/06/2016	3.250	06/30/2016	2,500,000.00	2,732,617.19 0.00	2,520,160.16 (3,433.87)	2,532,874.25 (7,043.13)	12,714.09	40,625.00	6,844.43	0.00	1.18
912828WA4 USA TREASURY 0.625% 15/10/2016	0.625	10/15/2016	5,000,000.00	5,000,976.56 0.00	5,000,834.99 (89.56)	4,995,310.00 (2,540.00)	(5,524.99)	0.00	2,646.85	6,574.45	2.17
912828RU6 USA TREASURY 0.875% 30/11/2016	0.875	11/30/2016	5,000,000.00	5,018,750.00 0.00	5,007,851.56 (726.56)	5,002,930.00 (4,490.00)	(4,921.56)	0.00	3,705.60	3,705.60	2.17
912828MA5 USA TREASURY 2.75% 30/11/2016	2.750	11/30/2016	5,000,000.00	5,291,796.88 0.00	5,042,705.09 (3,951.82)	5,087,728.00 (12,523.75)	45,022.91	0.00	11,646.18	11,646.18	2.29
912828RX0 USA TREASURY 0.875% 31/12/2016	0.875	12/31/2016	5,000,000.00	4,973,828.13 0.00	4,992,077.00 671.07	5,003,125.00 (2,930.00)	11,048.00	21,875.00	3,685.46	0.00	2.15
912828SC5 USA TREASURY 0.875% 31/01/2017	0.875	01/31/2017	5,000,000.00	5,006,835.95 (15,336.28)	5,006,400.64 (435.31)	5,000,390.00 (6,445.95)	(6,010.64)	0.00	2,853.26	18,189.54	2.17
912828B74 USA TREASURY 0.625% 15/02/2017	0.625	02/15/2017	5,000,000.00	4,991,015.60 (9,680.71)	4,991,568.17 552.57	4,987,305.00 (3,710.60)	(4,263.17)	0.00	2,038.04	11,718.75	2.16
912828SJ0 USA TREASURY 0.875% 28/02/2017	0.875	02/28/2017	5,000,000.00	4,957,812.50 0.00	4,985,859.87 1,031.40	5,001,955.00 (3,515.00)	16,095.13	0.00	3,725.96	14,663.46	2.15
912828MS6 USA TREASURY 3% 28/02/2017	3.000	02/28/2017	5,000,000.00	5,360,156.25 0.00	5,064,340.65 (4,693.08)	5,121,095.00 (15,820.00)	56,754.35	0.00	12,774.73	50,274.73	2.32
912828PA2 USA TREASURY 1.875% 30/09/2017	1.875	09/30/2017	10,000,000.00	10,291,015.63 0.00	10,122,398.28 (5,937.95)	10,141,020.00 (37,500.00)	18,621.72	0.00	15,881.15	47,131.15	4.46

SECURITIES HELD

As of December 31, 2015

Cusip/ Description	Coupon	Maturity/ Call date	Par value or 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
Government Bonds											
912828PF1 USA TREASURY 1.875% 31/10/2017	1.875	10/31/2017	5,000,000.00	5,172,656.25 0.00	5,051,231.04 (2,370.39)	5,072,460.00 (16,800.00)	21,228.96	0.00	7,984.20	15,710.85	2.24
912828UA6 USA TREASURY 0.625% 30/11/2017	0.625	11/30/2017	5,000,000.00	4,923,828.13 0.00	4,963,875.13 1,599.82	4,958,595.00 (8,005.00)	(5,280.13)	0.00	2,646.86	2,646.86	2.13
912828XF2 USA TREASURY 1.125% 15/06/2018	1.125	06/15/2018	5,000,000.00	5,013,476.56 0.00	5,012,658.09 (437.46)	4,988,280.00 (12,110.00)	(24,378.09)	28,125.00	4,764.35	2,459.02	2.17
912828L81 USA TREASURY 0.875% 15/10/2018	0.875	10/15/2018	5,000,000.00	4,954,101.56 0.00	4,956,207.39 1,332.26	4,944,920.00 (7,035.00)	(11,287.39)	0.00	3,705.61	9,204.24	2.15
912828B33 USA TREASURY 1.5% 31/01/2019	1.500	01/31/2019	5,000,000.00	5,073,828.13 0.00	5,069,743.76 (1,918.41)	5,017,580.00 (14,255.00)	(52,163.76)	0.00	6,317.94	31,182.07	2.20
Total Government Bonds			106,000,000.00	107,709,882.83 (25,016.99)	106,314,844.41 (27,487.39)	106,398,726.00 (175,309.18)	83,881.59	128,125.00	114,591.78	292,377.69	46.65
Short Term Bills and Notes											
313588SQ9 FANNIE DISCOUNT NOTE 0% 03/02/2016	0.000	02/03/2016	6,500,000.00	6,492,969.17 0.00	6,498,671.95 1,210.86	6,498,648.00 962.00	(23.95)	0.00	0.00	0.00	2.81
Total Short Term Bills and Notes			6,500,000.00	6,492,969.17 0.00	6,498,671.95 1,210.86	6,498,648.00 962.00	(23.95)	0.00	0.00	0.00	2.81
Grand total			228,500,000.00	230,878,162.00 (25,016.99)	229,106,365.09 (42,122.91)	228,806,390.00 (475,317.18)	(299,975.09)	238,125.00	258,586.37	680,569.77	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2015

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
912828UM0	USA TREASURY 0.375%	0.375	02/15/2016		AA+	Aaa	9,500,000.00	9,505,937.50	4.12	9,500,000.00	4.15	0.13
912828KS8	USA TREASURY 2.625%	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.29	5,018,007.75	2.19	0.16
912828US7	USA TREASURY 0.375%	0.375	03/15/2016		AA+	Aaa	9,000,000.00	9,004,921.88	3.90	9,002,106.00	3.93	0.20
912828QR4	USA TREASURY 1.5%	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.23	5,023,045.00	2.20	0.49
912828KZ2	USA TREASURY 3.25%	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.18	2,532,874.25	1.11	0.49
912828WA4	USA TREASURY 0.625%	0.625	10/15/2016		AA+	Aaa	5,000,000.00	5,000,976.56	2.17	4,995,310.00	2.18	0.79
912828MA5	USA TREASURY 2.75%	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.29	5,087,728.00	2.22	0.91
912828RU6	USA TREASURY 0.875%	0.875	11/30/2016		AA+	Aaa	5,000,000.00	5,018,750.00	2.17	5,002,930.00	2.19	0.91
912828RX0	USA TREASURY 0.875%	0.875	12/31/2016		AA+	Aaa	5,000,000.00	4,973,828.13	2.15	5,003,125.00	2.19	1.00
912828SC5	USA TREASURY 0.875%	0.875	01/31/2017		AA+	Aaa	5,000,000.00	5,006,835.95	2.17	5,000,390.00	2.19	1.08
912828B74	USA TREASURY 0.625%	0.625	02/15/2017		AA+	Aaa	5,000,000.00	4,991,015.60	2.16	4,987,305.00	2.18	1.12
912828MS6	USA TREASURY 3%	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.32	5,121,095.00	2.24	1.14
912828SJ0	USA TREASURY 0.875%	0.875	02/28/2017		AA+	Aaa	5,000,000.00	4,957,812.50	2.15	5,001,955.00	2.19	1.15
912828PA2	USA TREASURY 1.875%	1.875	09/30/2017		AA+	Aaa	10,000,000.00	10,291,015.63	4.46	10,141,020.00	4.43	1.72
912828PF1	USA TREASURY 1.875%	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.24	5,072,460.00	2.22	1.80
912828UA6	USA TREASURY 0.625%	0.625	11/30/2017		AA+	Aaa	5,000,000.00	4,923,828.13	2.13	4,958,595.00	2.17	1.90
912828XF2	USA TREASURY 1.125%	1.125	06/15/2018		AA+	Aaa	5,000,000.00	5,013,476.56	2.17	4,988,280.00	2.18	2.42
912828L81	USA TREASURY 0.875%	0.875	10/15/2018		AA+	Aaa	5,000,000.00	4,954,101.56	2.15	4,944,920.00	2.16	2.75
912828B33	USA TREASURY 1.5%	1.500	01/31/2019		AA+	Aaa	5,000,000.00	5,073,828.13	2.20	5,017,580.00	2.19	3.00
Issuer total							106,000,000.00	107,709,882.83	46.65	106,398,726.00	46.50	1.17

Federal Home Loan Banks

313381B53	FEDERAL HOME LOAN	0.580	11/14/2016		AA+	Aaa	5,000,000.00	4,995,700.00	2.16	4,995,050.00	2.18	0.87
313370S22	FEDERAL HOME LOAN	2.250	09/08/2017		AA+	Aaa	5,000,000.00	5,171,550.00	2.24	5,093,120.00	2.23	1.65
313371VG8	FEDERAL HOME LOAN	2.250	12/08/2017		AA+	Aaa	5,000,000.00	5,191,000.00	2.25	5,096,500.00	2.23	1.90

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2015

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3130A4T93	FEDERAL HOME LOAN	1.125	06/29/2018	03/29/2016	AA+	Aaa	5,000,000.00	5,000,000.00	2.17	5,002,300.00	2.19	1.28
3130A6AE7	FEDERAL HOME LOAN	1.125	09/14/2018		AA+	Aaa	5,000,000.00	5,017,900.00	2.17	4,975,250.00	2.17	2.65
313376BR5	FEDERAL HOME LOAN	1.750	12/14/2018		AA+	Aaa	3,000,000.00	3,053,880.00	1.32	3,028,500.00	1.32	2.88
313380PE1	FEDERAL HOME LOAN	1.850	09/28/2020		AA+	Aaa	5,000,000.00	4,990,000.00	2.16	5,000,200.00	2.19	1.46
313380NM5	FEDERAL HOME LOAN	2.300	09/19/2022		AA+	Aaa	5,000,000.00	4,995,550.00	2.16	4,951,250.00	2.16	3.41
Issuer total							38,000,000.00	38,415,580.00	16.64	38,142,170.00	16.67	1.97
Federal Farm Credit Banks												
3133EEUT5	FEDERAL FARM CREDIT	0.700	01/23/2017		AA+	Aaa	5,000,000.00	5,007,450.00	2.17	4,993,900.00	2.18	1.05
3133EDEB4	FEDERAL FARM CREDIT	1.100	06/28/2017		AA+	Aaa	5,000,000.00	5,012,500.00	2.17	5,009,150.00	2.19	1.48
3133EETE0	FEDERAL FARM CREDIT	1.125	03/12/2018		AA+	Aaa	5,000,000.00	4,988,950.00	2.16	4,992,000.00	2.18	2.16
3133ECJX3	FEDERAL FARM CREDIT	1.040	03/26/2018		AA+	Aaa	5,000,000.00	4,996,700.00	2.16	4,970,200.00	2.17	1.84
3133EE5P1	FEDERAL FARM CREDIT	1.320	01/30/2019		AA+	Aaa	5,000,000.00	5,015,650.00	2.17	4,968,050.00	2.17	3.00
3133EDVK5	FEDERAL FARM CREDIT	1.750	03/18/2019		AA+	Aaa	5,000,000.00	5,024,600.00	2.18	5,025,550.00	2.20	3.11
3133EFGU5	FEDERAL FARM CREDIT	1.450	10/07/2019	10/07/2016	AA+	Aaa	5,000,000.00	5,000,000.00	2.17	4,922,000.00	2.15	3.00
Issuer total							35,000,000.00	35,045,850.00	15.18	34,880,850.00	15.24	2.23
Federal National Mortgage Association												
3135G0SF1	FANNIE MAE 1%	1.000	11/28/2017	02/28/2016	AA+	Aaa	5,000,000.00	5,000,000.00	2.17	4,986,900.00	2.18	1.49
3135G0VC4	FANNIE MAE 1.13%	1.130	02/28/2018		AA+	Aaa	6,000,000.00	5,990,040.00	2.59	5,972,760.00	2.61	2.13
3135G0XG3	FANNIE MAE 1%	1.000	05/21/2018	02/21/2016	AA+	Aaa	5,000,000.00	4,982,150.00	2.16	4,948,600.00	2.16	2.11
3135G0WJ8	FANNIE MAE 0.875%	0.875	05/21/2018		AA+	Aaa	3,000,000.00	2,953,560.00	1.28	2,971,878.00	1.30	2.36
3135G0YT4	FANNIE MAE 1.625%	1.625	11/27/2018		AA+	Aaa	5,000,000.00	5,017,650.00	2.17	5,036,390.00	2.20	2.84
3136G0T68	FANNIE MAE 1.33%	1.330	10/24/2019		AA+	Aaa	5,000,000.00	4,991,700.00	2.16	4,924,650.00	2.15	3.71
Issuer total							29,000,000.00	28,935,100.00	12.53	28,841,178.00	12.61	2.44

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2015

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Mortgage Corp												
3137EACT4	FREDDIE MAC 2.5%	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.84	4,030,768.00	1.76	0.40
3134G3JM3	FREDDIE MAC 2%	2.000	07/30/2019		AA+	Aaa	5,000,000.00	5,025,300.00	2.18	5,066,150.00	2.21	3.44
3134G3K90	FREDDIE MAC 1.7%	1.700	09/25/2020		AA+	Aaa	5,000,000.00	5,000,000.00	2.17	4,947,900.00	2.16	4.55
Issuer total							14,000,000.00	14,278,780.00	6.18	14,044,818.00	6.14	2.92
Fannie Mae Discount Notes												
313588SQ9	FANNIE DISCOUNT NOTE	0.000	02/03/2016		AA+	Aaa	6,500,000.00	6,492,969.17	2.81	6,498,648.00	2.84	0.09
Issuer total							6,500,000.00	6,492,969.17	2.81	6,498,648.00	2.84	0.09
Grand total							228,500,000.00	230,878,162.00	100.00	228,806,390.00	100.00	1.70

SECURITIES PURCHASED

For the period December 1, 2015 - December 31, 2015

Cusip / Description	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Government Bonds							
912828SC5 USA TREASURY 0.875% 31/01/2017	12/04/2015 12/07/2015	0.875	01/31/2017	5,000,000.00	100.14	(5,006,835.95)	(15,336.28)
912828B74 USA TREASURY 0.625% 15/02/2017	12/04/2015 12/07/2015	0.625	02/15/2017	5,000,000.00	99.82	(4,991,015.60)	(9,680.71)
Total Government Bonds				10,000,000.00		(9,997,851.55)	(25,016.99)
Grand total				10,000,000.00		(9,997,851.55)	(25,016.99)

TRANSACTION REPORT

For the period December 1, 2015 - December 31, 2015

Trade date/ Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
12/04/2015 12/07/2015	912828B74	Bought	Government Bonds	USA TREASURY 0.625%	02/15/2017	5,000,000.00	0.00	(4,991,015.60)	(9,680.71)	(5,000,696.31)
12/04/2015 12/07/2015	912828SC5	Bought	Government Bonds	USA TREASURY 0.875%	01/31/2017	5,000,000.00	0.00	(5,006,835.95)	(15,336.28)	(5,022,172.23)
12/08/2015 12/08/2015	313371VG8	Income	Government Agencies	FEDERAL HOME LOAN BANK	12/08/2017	5,000,000.00	0.00	0.00	56,250.00	56,250.00
12/14/2015 12/14/2015	313376BR5	Income	Government Agencies	FEDERAL HOME LOAN BANK	12/14/2018	3,000,000.00	0.00	0.00	26,250.00	26,250.00
12/15/2015 12/15/2015	912828XF2	Income	Government Bonds	USA TREASURY 1.125%	06/15/2018	5,000,000.00	0.00	0.00	28,125.00	28,125.00
12/28/2015 12/28/2015	3133EDEB4	Income	Government Agencies	FEDERAL FARM CREDIT BANK	06/28/2017	5,000,000.00	0.00	0.00	27,500.00	27,500.00
12/31/2015 12/31/2015	912828KZ2	Income	Government Bonds	USA TREASURY 3.25%	06/30/2016	2,500,000.00	0.00	0.00	40,625.00	40,625.00
12/31/2015 12/31/2015	912828QR4	Income	Government Bonds	USA TREASURY 1.5%	06/30/2016	5,000,000.00	0.00	0.00	37,500.00	37,500.00
12/31/2015 12/31/2015	912828RX0	Income	Government Bonds	USA TREASURY 0.875%	12/31/2016	5,000,000.00	0.00	0.00	21,875.00	21,875.00

SECURITIES BID AND OFFER

For the period December 1, 2015 - December 31, 2015

Trans	Settle	Description	Call date	Broker	Par value	Discount	Price	YTM/YTC	Competitive
BUY	12/07/2015	Usa Treasury 0.875% 31/01/2017		MIZUFI	5,000,000	0.00	100.14	0.76	WELLFA @ 100.136719 MSUSFI @ 100.136719
BUY	12/07/2015	Usa Treasury 0.625% 15/02/2017		MIZUFI	5,000,000	0.00	99.82	0.78	MLUSFI @ 99.820312 MSUSFI @ 99.820312

ADDITIONAL INFORMATION

As of December 31, 2015

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S. Treasury and U.S. agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

You cannot invest in an index. The volatility of the benchmark may be materially different from that of the Composite. The benchmark is presented merely to show general trends in the market for the period and is not intended to imply that a clients account is benchmarked to the indices either in composition, volatility, or level of risk. An index has no expenses. Index data is provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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