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CITY OF ANN ARBOR

Report for the period December 1, 2012 - December 31, 2012

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

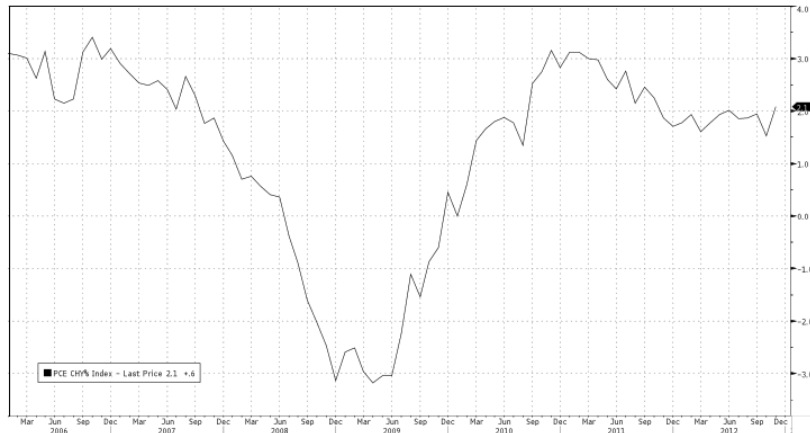
(This report was prepared on January 3, 2013)

Fixed Income Market Review December 31, 2012

U.S. Personal Consumption Expenditures

Chart 1

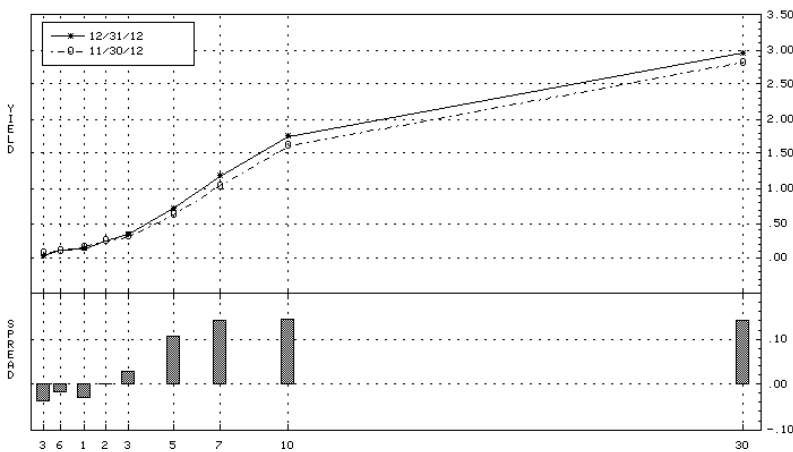
01/01/06 - 11/30/12



Treasury Yield Curves

Chart 2

11/30/12 - 12/31/12



Economic Indicators & Monetary Policy – The U.S. economy appears to be strengthening due to consumer spending increases and a reduced threat of higher taxes. Purchases by consumers in November increased 0.4 percent, 2.1 percent year-over-year (Chart 1), as households purchased gifts for the holidays with minimal impact from superstorm Sandy. Consumer spending makes up about 70 percent of the economy.

Retail sales, an indicator of household spending, advanced 0.3 percent in November after a drop of 0.3 percent the previous month. Ten of 13 major categories showed increases. Car and light truck sales jumped in November as consumers returned to dealerships following Sandy. Light vehicles sold at a 15.5 million annual rate, the highest since 2008. The holiday shopping season started off with a bang as consumers spent 13 percent more during the Thanksgiving weekend than they had during the same period in 2011.

Congress passed a bipartisan budget agreement to reverse the potential economic harm from the so-called fiscal cliff, draconian tax increases, and spending cuts. The bill, which the President said he will sign into law, will make permanent the tax cuts for most households, continue expanded unemployment benefits, and delay automatic spending cuts for a couple of months. The 2 percent payroll tax cut will expire. Such an agreement helps dodge a recession that otherwise would result absent a deal. Congress must focus on raising the \$16.4 trillion debt ceiling by early February to prevent default.

At its latest meeting that ended on December 12th, the FOMC kept the federal funds target rate at a range of 0 to 0.25 percent. Exceptionally low rates are expected as long as the unemployment rate remains above 6.5 percent and inflation remains at or below the 2.5 percent target.

Yield Curve & Spreads – Treasury yields generally increased in December due to signs of economic strength and the possibility of a budget agreement.

At the end of December, the 3-month Treasury bill yielded 0.04 percent, 6-month Treasury bill yielded 0.11 percent, 2-year Treasury yielded 0.25 percent, 5-year Treasury yielded 0.72 percent, 10-year Treasury yielded 1.76 percent, and the 30-year Treasury yielded 2.95 percent. (Chart 2)

Additional Information
December 31, 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 December 1, 2012 - December 31, 2012**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	215,939,467.49
Additions	
Contributions	0.00
Interest Received	411,125.00
Accrued Interest Sold	0.00
Gain on Sales	1,999.18
Total Additions	413,124.18
Deductions	
Withdrawals	5,457,504.65
Fees Paid	13,471.51
Accrued Interest Purchased	0.00
Loss on Sales	0.00
Total Deductions	(5,470,976.16)
Accretion (Amortization) for the Period	(115,020.94)
Ending Amortized Cost Value	210,766,594.57
Ending Fair Value	213,355,968.85
Unrealized Gain (Loss)	2,589,374.28

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Certificates of Deposit	55.68	0.00	0.00	55.68
U.S. Treasury	174,057.58	(83,586.11)	0.00	90,471.47
U.S. Instrumentality	161,812.48	(31,404.94)	0.00	130,407.54
Sales and Maturities				
U.S. Instrumentality	5,520.83	(29.89)	1,999.18	7,490.12
Total	341,446.57	(115,020.94)	1,999.18	228,424.81

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.14 %	0.15 %	0.17 %
Overnight Repo	0.17 %	0.21 %	0.22 %
3 Month T-Bill	0.07 %	0.08 %	0.06 %
6 Month T-Bill	0.11 %	0.13 %	0.12 %
1 Year T-Note	0.17 %	0.18 %	0.15 %
2 Year T-Note	0.28 %	0.26 %	0.26 %
5 Year T-Note	0.76 %	0.68 %	0.70 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	341,446.57	341,446.57
Accretion (Amortization)	(115,020.94)	(115,020.94)
Realized Gain (Loss) on Sales	<u>1,999.18</u>	<u>1,999.18</u>
Total Income on Portfolio	228,424.81	228,424.81
Average Daily Historical Cost	213,278,033.11	203,312,668.13
Annualized Return	1.26%	1.33%
Annualized Return Net of Fees	1.19%	1.25%
Annualized Return Year to Date Net of Fees	1.39%	1.50%
Weighted Average Effective Maturity in Days	688	739

**City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2012 - December 31, 2012**

Fair Value Basis Activity Summary

Beginning Fair Value	218,809,857.88
Additions	
Contributions	0.00
Interest Received	411,125.00
Accrued Interest Sold	0.00
Total Additions	411,125.00
Deductions	
Withdrawals	5,457,504.65
Fees Paid	13,471.51
Accrued Interest Purchased	0.00
Total Deductions	(5,470,976.16)
Change in Fair Value for the Period	(394,037.87)
Ending Fair Value	213,355,968.85

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Certificates of Deposit	55.68	0.00	55.68
U.S. Treasury	174,057.58	(232,995.00)	(58,937.42)
U.S. Instrumentality	161,812.48	(157,277.87)	4,534.61
Sales and Maturities			
U.S. Instrumentality	5,520.83	(3,765.00)	1,755.83
Total	341,446.57	(394,037.87)	(52,591.30)

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.14 %	0.15 %	0.17 %
Overnight Repo	0.17 %	0.21 %	0.22 %
3 Month T-Bill	0.12 %	0.14 %	0.12 %
6 Month T-Bill	0.19 %	0.24 %	0.24 %
1 Year T-Note	0.23 %	0.34 %	0.47 %
2 Year T-Note	0.29 %	0.50 %	0.35 %
5 Year T-Note	2.29 %	1.63 %	-3.90 %

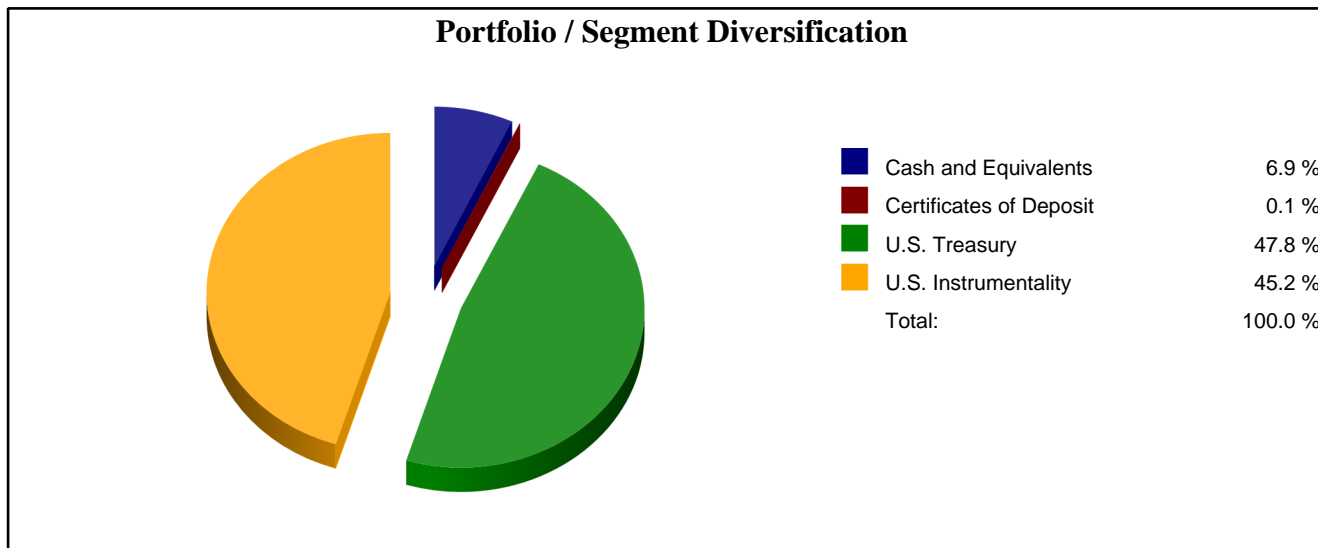
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	341,446.57	341,446.57
Change in Fair Value	<u>(394,037.87)</u>	<u>(394,037.87)</u>
Total Income on Portfolio	(52,591.30)	(52,591.30)
Average Daily Historical Cost	213,278,033.11	203,312,668.13
Annualized Return	(0.29%)	(0.31%)
Annualized Return Net of Fees	(0.36%)	(0.38%)
Annualized Return Year to Date Net of Fees	0.97%	1.05%
Weighted Average Effective Maturity in Days	688	739

**City of Ann Arbor
Recap of Securities Held
December 31, 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	14,746,154.18	14,746,154.18	14,746,154.18	0.00	1	1	6.92	0.00	0.00
Certificates of Deposit	107,763.78	107,763.78	107,763.78	0.00	109	109	0.05	0.60	0.30
U.S. Treasury	101,988,867.21	100,253,589.76	102,000,397.50	1,746,807.74	1,022	1,022	47.83	1.06	2.71
U.S. Instrumentality	96,370,875.07	95,659,086.85	96,501,653.39	842,566.54	1,280	441	45.20	1.64	1.18
Total	213,213,660.24	210,766,594.57	213,355,968.85	2,589,374.28	1,067	688	100.00	1.25	1.83

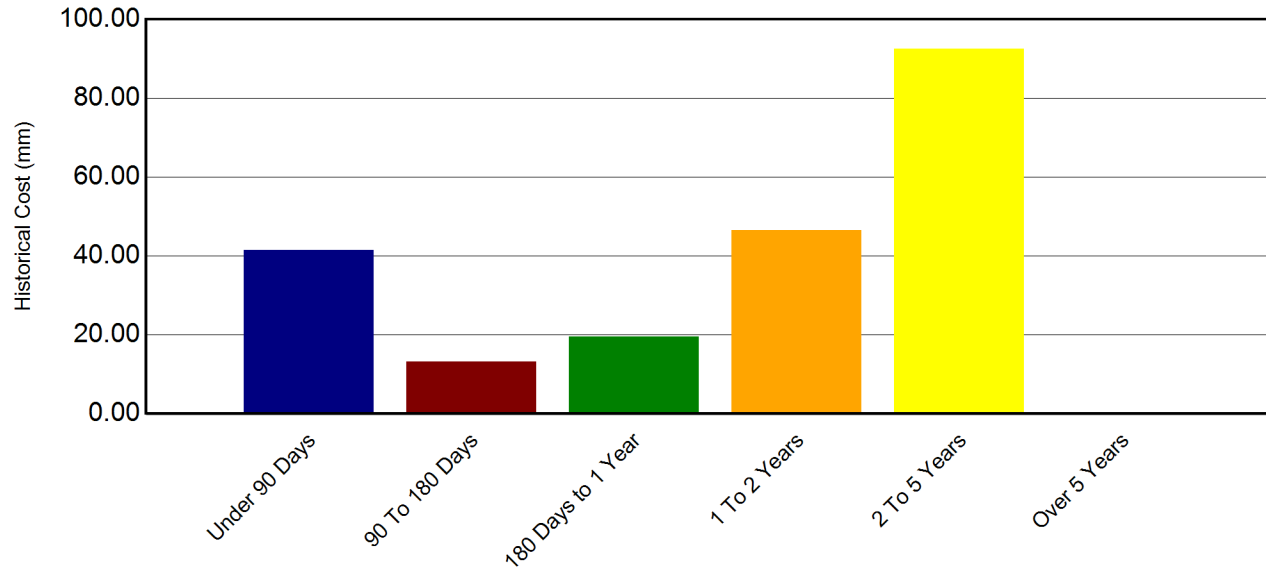
* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Ann Arbor
Maturity Distribution of Securities Held
December 31, 2012**

Maturity	Historical Cost	Percent
Under 90 Days	41,499,120.40	19.46 %
90 To 180 Days	13,138,623.78	6.16 %
180 Days to 1 Year	19,529,023.85	9.16 %
1 To 2 Years	46,502,760.63	21.81 %
2 To 5 Years	92,544,131.58	43.40 %
Over 5 Years	0.00	0.00 %
	213,213,660.24	100.00 %

Maturity Distribution



**City of Ann Arbor
Securities Held
December 31, 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	12/31/12	0.000V		14,746,154.18	14,746,154.18	14,746,154.18	14,746,154.18	0.00	0.00	0.00	0.00	6.92	0.00
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				14,746,154.18	14,746,154.18	14,746,154.18	14,746,154.18	0.00	0.00	0.00	0.00	6.92	
					0.00	0.00	0.00						
Certificates of Deposit													
PP4H1NLV5	07/23/12	0.600	04/19/13	107,763.78	107,763.78	107,763.78	107,763.78	0.00	0.00	55.68	290.96	0.05	0.60
Ann Arbor Bank					170.63	0.00	0.00						
TOTAL (Certificates of Deposit)				107,763.78	107,763.78	107,763.78	107,763.78	0.00	0.00	55.68	290.96	0.05	
					170.63	0.00	0.00						
U.S. Treasury													
912828JD3	07/17/08	3.375	06/30/13	5,000,000.00	5,035,937.50	5,003,575.87	5,080,080.00	76,504.13	84,375.00	14,222.95	466.16	2.36	3.22
T-Note					0.00	(615.85)	(12,305.00)						
912828KF6	08/26/10	1.875	02/28/14	5,000,000.00	5,173,046.88	5,057,097.37	5,096,290.00	39,192.63	0.00	8,028.31	31,854.28	2.43	0.87
T-Note					0.00	(4,184.44)	(5,665.00)						
912828QC7	08/29/11	1.250	04/15/14	5,000,000.00	5,131,250.00	5,064,121.09	5,066,015.00	1,893.91	0.00	5,322.81	13,392.86	2.41	0.25
T-Note					0.00	(4,238.29)	(2,930.00)						
912828LS7	08/29/11	2.375	10/31/14	5,000,000.00	5,314,062.50	5,181,012.73	5,192,580.00	11,567.27	0.00	10,113.32	20,552.88	2.49	0.38
T-Note					0.00	(8,400.29)	(8,200.00)						
912828LZ1	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25	5,092,811.70	5,177,150.00	84,338.30	0.00	9,048.76	9,340.66	2.44	1.13
T-Note					0.00	(4,122.01)	(7,225.00)						
912828SE1	09/06/12	0.250	02/15/15	5,000,000.00	4,996,875.00	4,997,284.89	4,997,265.00	(19.89)	0.00	1,052.99	4,721.47	2.34	0.28
T-Note					747.28	108.60	390.00						
912828MR8	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75	5,123,723.06	5,224,610.00	100,886.94	0.00	10,169.20	40,348.76	2.47	1.19
T-Note					0.00	(4,867.27)	(8,595.00)						
912828NL0	08/29/11	1.875	06/30/15	5,000,000.00	5,249,218.75	5,161,876.56	5,193,750.00	31,873.44	46,875.00	7,901.64	258.98	2.46	0.56
T-Note					0.00	(5,514.48)	(7,810.00)						
912828PE4	08/29/11	1.250	10/31/15	5,000,000.00	5,121,875.00	5,082,609.50	5,126,560.00	43,950.50	0.00	5,322.80	10,817.31	2.40	0.66
T-Note					0.00	(2,479.08)	(6,250.00)						
912828PE4	09/06/12	1.250	10/31/15	5,000,000.00	5,143,359.38	5,128,774.12	5,126,560.00	(2,214.12)	0.00	5,322.80	10,817.31	2.41	0.33
T-Note					0.00	(3,864.47)	(6,250.00)						
912828EN6	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50	5,437,067.38	5,590,235.00	153,167.62	0.00	19,267.96	29,212.71	2.72	1.33
T-Note					0.00	(12,928.52)	(19,140.00)						
912828PJ3	08/29/11	1.375	11/30/15	5,000,000.00	5,146,093.75	5,099,934.14	5,146,875.00	46,940.86	0.00	5,855.09	6,043.96	2.41	0.68
T-Note					0.00	(2,914.36)	(6,250.00)						

**City of Ann Arbor
Securities Held
December 31, 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
912828KS8 T-Note	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63 0.00	5,165,040.13 (4,433.49)	5,350,000.00 (14,060.00)	184,959.87	0.00	11,239.64	44,595.99	2.48	1.53
912828QP8 T-Note	09/06/12	1.750	05/31/16	5,000,000.00	5,247,656.25 0.00	5,226,397.42 (5,632.68)	5,221,875.00 (12,500.00)	(4,522.42)	0.00	7,451.93	7,692.31	2.46	0.41
912828KZ2 T-Note	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19 0.00	2,641,342.64 (3,433.87)	2,742,187.50 (9,960.00)	100,844.86	40,625.00	6,848.09	224.45	1.28	1.55
912828QR4 T-Note	08/29/11	1.500	06/30/16	5,000,000.00	5,148,437.50 0.00	5,107,190.86 (2,604.17)	5,181,640.00 (11,720.00)	74,449.14	37,500.00	6,321.31	207.18	2.41	0.87
912828MA5 T-Note	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88 0.00	5,182,245.52 (3,953.54)	5,430,470.00 (19,530.00)	248,224.48	0.00	11,710.16	12,087.91	2.48	1.76
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,230,057.76 (4,695.05)	5,498,440.00 (24,605.00)	268,382.24	0.00	12,845.30	50,966.85	2.51	1.82
912828PA2 T-Note	08/29/11	1.875	09/30/17	5,000,000.00	5,175,000.00 0.00	5,136,364.66 (2,439.30)	5,278,125.00 (24,610.00)	141,760.34	0.00	7,984.20	23,952.61	2.43	1.28
912828PF1 T-Note	08/29/11	1.875	10/31/17	5,000,000.00	5,172,656.25 0.00	5,135,062.36 (2,373.55)	5,279,690.00 (25,780.00)	144,627.64	0.00	8,028.32	16,056.63	2.43	1.29
TOTAL (U.S. Treasury)				97,500,000.00	101,988,867.21 747.28	100,253,589.76 (83,586.11)	102,000,397.50 (232,995.00)	1,746,807.74	209,375.00	174,057.58	333,611.27	47.83	

U.S. Instrumentality

31359MQV8 FNMA	Call	09/18/06	4.750	02/21/13	5,000,000.00	4,902,300.00 0.00	4,997,877.90 1,289.91	5,031,140.00 (17,880.00)	33,262.10	0.00	19,791.67	85,763.89	2.30	5.11
31359MQV8 FNMA	Call	08/07/09	4.750	02/21/13	3,418,000.00	3,691,234.92 0.00	3,428,768.92 (6,545.81)	3,439,287.30 (12,222.77)	10,518.38	0.00	13,529.58	58,628.19	1.73	2.38
31359MQV8 FNMA	Call	12/09/09	4.750	02/21/13	2,870,000.00	3,151,231.30 0.00	2,882,258.80 (7,451.43)	2,887,874.36 (10,263.12)	5,615.56	0.00	11,360.41	49,228.47	1.48	1.60
31331GZL6 FFCB		07/01/09	2.800	06/03/13	3,000,000.00	3,018,360.00 0.00	3,001,960.28 (397.18)	3,033,561.00 (5,808.00)	31,600.72	42,000.00	7,000.00	6,533.33	1.42	2.64
31331GS83 FFCB		10/15/09	2.350	09/23/13	3,300,000.00	3,322,770.00 0.00	3,304,193.22 (490.53)	3,351,856.20 (4,950.00)	47,662.98	0.00	6,462.50	21,110.83	1.56	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	3,014,583.00 (711.00)	14,583.00	0.00	2,500.00	6,333.33	1.41	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	3,180,385.07 (750.10)	15,385.07	0.00	2,637.50	6,681.67	1.49	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	4,010,856.00 1,328.00	10,856.00	0.00	1,500.00	8,600.00	1.88	0.45
31331XSR4 FFCB		05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,037,601.37 (2,667.37)	5,279,520.00 (16,040.00)	241,918.63	0.00	20,312.50	72,447.92	2.43	4.16

**City of Ann Arbor
Securities Held
December 31, 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	
31331JQA4 FFCB	06/11/10	1.900	06/02/14	3,000,000.00	2,990,070.00	2,996,464.32	3,070,449.00	73,984.68	28,500.00	4,750.00	4,591.67	1.40	1.99	
					0.00	212.01	(2,556.00)							
3134G3YW4 FHLMC	08/30/12	0.375	08/28/14	5,000,000.00	5,004,800.00	5,003,982.42	5,008,775.00	4,792.58	0.00	1,562.50	6,406.25	2.35	0.33	
					104.17	(204.39)	2,635.00							
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50	1,898,389.17	2,035,894.46	137,505.29	0.00	4,603.75	12,583.58	0.89	3.04	
					0.00	202.71	(5,937.88)							
3134G24E9 FHLMC	Call	11/17/11	1.200	11/17/15	5,000,000.00	5,012,500.00	5,003,107.86	5,016,870.00	13,762.14	0.00	5,000.00	7,333.33	2.35	1.03
					0.00	(708.41)	(2,355.00)							
3137EACT4 FHLMC	01/11/12	2.500	05/27/16	4,000,000.00	4,253,480.00	4,197,010.11	4,267,816.00	70,805.89	0.00	8,333.33	9,444.44	1.99	1.02	
					0.00	(4,917.32)	(16,984.00)							
313370TW8 FHLB	09/10/12	2.000	09/09/16	5,000,000.00	5,276,700.00	5,255,284.18	5,282,355.00	27,070.82	0.00	8,333.33	31,111.11	2.47	0.60	
					277.78	(5,875.14)	(14,560.00)							
313381B53 FHLB	11/26/12	0.580	11/14/16	5,000,000.00	4,995,700.00	4,995,806.83	4,991,610.00	(4,196.83)	0.00	2,416.67	3,786.11	2.34	0.60	
					966.67	91.99	(11,875.00)							
3136G0YV7 FNMA	Call	09/11/12	1.375	08/28/17	5,000,000.00	5,022,650.00	5,007,727.65	5,010,500.00	2,772.35	0.00	5,729.16	23,489.58	2.36	0.40
					2,482.64	(4,130.29)	(4,525.00)							
3134G3H52 FHLMC	Call	09/12/12	1.000	09/12/17	5,000,000.00	4,997,500.00	4,997,651.97	5,014,260.00	16,608.03	0.00	4,166.67	15,138.89	2.34	1.01
					0.00	42.44	(4,270.00)							
3135G0SF1 FNMA	Call	11/28/12	1.000	11/28/17	5,000,000.00	5,000,000.00	5,000,000.00	5,002,520.00	2,520.00	0.00	4,166.66	4,583.33	2.35	1.00
					0.00	0.00	(8,835.00)							
3134G3K90 FHLMC	Call	09/25/12	1.700	09/25/20	5,000,000.00	5,000,000.00	5,000,000.00	5,056,585.00	56,585.00	0.00	7,083.34	22,666.67	2.35	1.70
					0.00	0.00	(8,010.00)							
313380PE1 FHLB	Call	09/28/12	1.850	09/28/20	5,000,000.00	4,990,000.00	4,990,325.12	5,000,650.00	10,324.88	0.00	7,708.33	23,895.83	2.34	1.88
					0.00	106.09	(3,625.00)							
313380NM5 FHLB	Call	09/19/12	2.300	09/19/22	5,000,000.00	4,995,550.00	4,995,676.73	5,009,105.00	13,428.27	0.00	9,583.33	32,583.33	2.34	2.31
					0.00	37.78	(2,195.00)							
313380XN2 FHLB	Call	10/24/12	1.125V	10/24/22	3,500,000.00	3,500,000.00	3,500,000.00	3,505,201.00	5,201.00	0.00	3,281.25	7,328.13	1.64	1.12
					0.00	0.00	(6,888.00)							
TOTAL (U.S. Instrumentality)					95,158,000.00	96,370,875.07	95,659,086.85	96,501,653.39	842,566.54	70,500.00	161,812.48	520,269.88	45.20	
						3,831.26	(31,404.94)	(157,277.87)						

**City of Ann Arbor
Securities Held
December 31, 2012**

GRAND TOTAL	207,511,917.96	213,213,660.24	210,766,594.57	213,355,968.85	2,589,374.28	279,875.00	335,925.74	854,172.11	100.00
		4,749.17	(114,991.05)	(390,272.87)					

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 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	2.36	5,080,080.00	2.38	0.50
912828KF6	U.S. Treasury	1.875	02/28/2014		AA+	Aaa	5,000,000.00	5,173,046.88	2.43	5,096,290.00	2.39	1.15
912828QC7	U.S. Treasury	1.250	04/15/2014		AA+	Aaa	5,000,000.00	5,131,250.00	2.41	5,066,015.00	2.37	1.28
912828LS7	U.S. Treasury	2.375	10/31/2014		AA+	Aaa	5,000,000.00	5,314,062.50	2.49	5,192,580.00	2.43	1.80
912828LZ1	U.S. Treasury	2.125	11/30/2014		AA+	Aaa	5,000,000.00	5,207,031.25	2.44	5,177,150.00	2.43	1.88
912828MR8	U.S. Treasury	2.375	02/28/2015		AA+	Aaa	5,000,000.00	5,258,593.75	2.47	5,224,610.00	2.45	2.10
912828SE1	U.S. Treasury	0.250	02/15/2015		AA+	Aaa	5,000,000.00	4,996,875.00	2.34	4,997,265.00	2.34	2.12
912828NL0	U.S. Treasury	1.875	06/30/2015		AA+	Aaa	5,000,000.00	5,249,218.75	2.46	5,193,750.00	2.43	2.45
912828EN6	U.S. Treasury	4.500	11/15/2015		AA+	Aaa	5,000,000.00	5,795,312.50	2.72	5,590,235.00	2.62	2.72
912828PE4	U.S. Treasury	1.250	10/31/2015		AA+	Aaa	10,000,000.00	10,265,234.38	4.81	10,253,120.00	4.81	2.78
912828PJ3	U.S. Treasury	1.375	11/30/2015		AA+	Aaa	5,000,000.00	5,146,093.75	2.41	5,146,875.00	2.41	2.86
912828KS8	U.S. Treasury	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.48	5,350,000.00	2.51	3.03
912828QP8	U.S. Treasury	1.750	05/31/2016		AA+	Aaa	5,000,000.00	5,247,656.25	2.46	5,221,875.00	2.45	3.32
912828KZ2	U.S. Treasury	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.28	2,742,187.50	1.29	3.34
912828QR4	U.S. Treasury	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.41	5,181,640.00	2.43	3.42
912828MA5	U.S. Treasury	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.48	5,430,470.00	2.55	3.73
912828MS6	U.S. Treasury	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.51	5,498,440.00	2.58	3.91
912828PA2	U.S. Treasury	1.875	09/30/2017		AA+	Aaa	5,000,000.00	5,175,000.00	2.43	5,278,125.00	2.47	4.54
912828PF1	U.S. Treasury	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.43	5,279,690.00	2.47	4.62
ISSUER TOTAL							97,500,000.00	101,988,867.21	47.83	102,000,397.50	47.81	2.72
<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	2.35	5,016,870.00	2.35	0.38
3134G3H52	U.S. Instrumentality	1.000	09/12/2017	09/12/2013	AA+	Aaa	5,000,000.00	4,997,500.00	2.34	5,014,260.00	2.35	0.69
3134G3JR2	U.S. Instrumentality	0.450	01/09/2014		AA+	Aaa	4,000,000.00	4,000,000.00	1.88	4,010,856.00	1.88	1.02
3134G3YW4	U.S. Instrumentality	0.375	08/28/2014		AA+	Aaa	5,000,000.00	5,004,800.00	2.35	5,008,775.00	2.35	1.65
3134G3K90	U.S. Instrumentality	1.700	09/25/2020	09/25/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.35	5,056,585.00	2.37	1.70
3137EACT4	U.S. Instrumentality	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.99	4,267,816.00	2.00	3.28
ISSUER TOTAL							28,000,000.00	28,268,280.00	13.26	28,375,162.00	13.30	1.42
<u>FNMA</u>												
31359MQV8	U.S. Instrumentality	4.750	02/21/2013	02/21/2013	AA+	Aaa	11,288,000.00	11,744,766.22	5.51	11,358,301.66	5.32	0.14
3136G0YV7	U.S. Instrumentality	1.375	08/28/2017	02/28/2013	AA+	Aaa	5,000,000.00	5,022,650.00	2.36	5,010,500.00	2.35	0.16
3135G0SF1	U.S. Instrumentality	1.000	11/28/2017	05/28/2013	AA+	Aaa	5,000,000.00	5,000,000.00	2.35	5,002,520.00	2.34	0.41

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 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)
31398A4N9	U.S. Instrumentality	1.000	10/15/2013		AA+	Aaa	6,165,000.00	6,172,816.35	2.90	6,194,968.07	2.90	0.78
ISSUER TOTAL							27,453,000.00	27,940,232.57	13.10	27,566,289.73	12.92	0.34

FHLB

313380PE1	U.S. Instrumentality	1.850	09/28/2020	01/28/2013	AA+	Aaa	5,000,000.00	4,990,000.00	2.34	5,000,650.00	2.34	0.08
313380NM5	U.S. Instrumentality	2.300	09/19/2022	03/19/2013	AA+	Aaa	5,000,000.00	4,995,550.00	2.34	5,009,105.00	2.35	0.22
313380XN2	U.S. Instrumentality	1.125	10/24/2022	10/24/2014	AA+	Aaa	3,500,000.00	3,500,000.00	1.64	3,505,201.00	1.64	1.79
313370TW8	U.S. Instrumentality	2.000	09/09/2016		AA+	Aaa	5,000,000.00	5,276,700.00	2.47	5,282,355.00	2.48	3.55
313381B53	U.S. Instrumentality	0.580	11/14/2016		AA+	Aaa	5,000,000.00	4,995,700.00	2.34	4,991,610.00	2.34	3.82
ISSUER TOTAL							23,500,000.00	23,757,950.00	11.14	23,788,921.00	11.15	1.91

FFCB

31331GZL6	U.S. Instrumentality	2.800	06/03/2013		AA+	Aaa	3,000,000.00	3,018,360.00	1.42	3,033,561.00	1.42	0.42
31331GS83	U.S. Instrumentality	2.350	09/23/2013		AA+	Aaa	3,300,000.00	3,322,770.00	1.56	3,351,856.20	1.57	0.72
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AA+	Aaa	5,000,000.00	5,182,500.00	2.43	5,279,520.00	2.47	1.17
31331JQA4	U.S. Instrumentality	1.900	06/02/2014		AA+	Aaa	3,000,000.00	2,990,070.00	1.40	3,070,449.00	1.44	1.40
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AA+	Aaa	1,905,000.00	1,890,712.50	0.89	2,035,894.46	0.95	2.67
ISSUER TOTAL							16,205,000.00	16,404,412.50	7.69	16,771,280.66	7.86	1.17

BankOne

	Cash and Equivalents	0.000					14,746,154.18	14,746,154.18	6.92	14,746,154.18	6.91	0.00
ISSUER TOTAL							14,746,154.18	14,746,154.18	6.92	14,746,154.18	6.91	0.00

Ann Arbor Bank

PP4H1NLV5	Certificates of Deposit	0.600	04/19/2013		NR	NR	107,763.78	107,763.78	0.05	107,763.78	0.05	0.30
ISSUER TOTAL							107,763.78	107,763.78	0.05	107,763.78	0.05	0.30

GRAND TOTAL	207,511,917.96	213,213,660.24	100.00	213,355,968.85	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
December 1, 2012 - December 31, 2012**

CUSIP/Description	Purchase Date	Rate/Coupon	Maturity/ Call Date	Par Value/ Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<u>Cash and Equivalents</u>								
BankOne	12/31/2012	0.000V		4,940,148.84	100.000	4,940,148.84	0.00	0.00
TOTAL (Cash and Equivalents)				4,940,148.84		4,940,148.84	0.00	
GRAND TOTAL				4,940,148.84		4,940,148.84	0.00	

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

City of Ann Arbor
Securities Sold and Matured
December 1, 2012 - December 31, 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>U.S. Instrumentality</u>													
31331YGE4	12/04/2012	4.250	12/04/2012	5,000,000.00	5,040,100.00	5,000,000.00	100.00	5,000,000.00	0.00	0.00	106,250.00	1,770.83	4.07
FFCB						(66.83)		(570.00)					
3136FTVF3	Call 12/28/2012	1.125V	12/28/2016	5,000,000.00	4,997,500.00	4,998,000.82	100.00	5,000,000.00	1,999.18	0.00	25,000.00	3,750.00	1.13
FNMA			12/28/2013			36.94		(3,195.00)					
TOTAL (U.S. Instrumentality)				10,000,000.00	10,037,600.00	9,998,000.82		10,000,000.00	1,999.18	0.00	131,250.00	5,520.83	
GRAND TOTAL				10,000,000.00	10,037,600.00	9,998,000.82		10,000,000.00	1,999.18	0.00	131,250.00	5,520.83	
						(29.89)		(3,765.00)					

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

**City of Ann Arbor
Transaction Report
for the period December 1, 2012 - December 31, 2012**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
12/02/2012	31331JQA4	Interest	INS	FFCB	06/02/2014	3,000,000.00	0.00	28,500.00	28,500.00	28,500.00
12/03/2012	31331GZL6	Interest	INS	FFCB	06/03/2013	3,000,000.00	0.00	42,000.00	42,000.00	70,500.00
12/04/2012	31331YGE4	Maturity	INS	FFCB	12/04/2012	5,000,000.00	5,000,000.00	0.00	5,000,000.00	5,070,500.00
12/04/2012	31331YGE4	Interest	INS	FFCB	12/04/2012	5,000,000.00	0.00	106,250.00	106,250.00	5,176,750.00
12/28/2012	3136FTVF3	Interest	INS	FNMA	12/28/2016	5,000,000.00	0.00	25,000.00	25,000.00	5,201,750.00
12/28/2012	3136FTVF3	Call	INS	FNMA	12/28/2016	5,000,000.00	5,000,000.00	0.00	5,000,000.00	10,201,750.00
12/31/2012		Bought	CE	BankOne		4,940,148.84	4,940,148.84	0.00	(4,940,148.84)	5,261,601.16
12/31/2012	912828JD3	Interest	TSY	T-Note	06/30/2013	5,000,000.00	0.00	84,375.00	84,375.00	5,345,976.16
12/31/2012	912828KZ2	Interest	TSY	T-Note	06/30/2016	2,500,000.00	0.00	40,625.00	40,625.00	5,386,601.16
12/31/2012	912828NL0	Interest	TSY	T-Note	06/30/2015	5,000,000.00	0.00	46,875.00	46,875.00	5,433,476.16
12/31/2012	912828QR4	Interest	TSY	T-Note	06/30/2016	5,000,000.00	0.00	37,500.00	37,500.00	5,470,976.16
Portfolio Activity Total									5,470,976.16	

Net Contributions:	0.00
Net Withdrawals:	5,457,504.65

Fees Charged:	13,329.88
Fees Paid:	13,471.51

**City of Ann Arbor
Securities Bid and Offer
for the period 12/1/2012 - 12/31/2012**

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
01/09/2013	Interest	3134G3JR2	FHLMC	0.450	01/09/2014		4,000,000.00	0.00	9,000.00	9,000.00

END OF REPORTS



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