



Cutwater Asset Management
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CITY OF ANN ARBOR

Report for the period September 1, 2013 - September 30, 2013

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

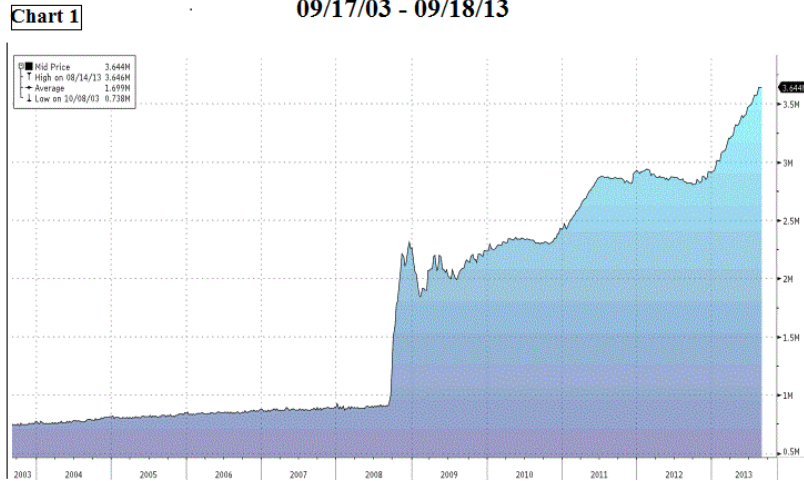
(This report was prepared on October 4, 2013)

Fixed Income Market Review

September 30, 2013

U.S. Federal Reserve Balance Sheet

09/17/03 - 09/18/13

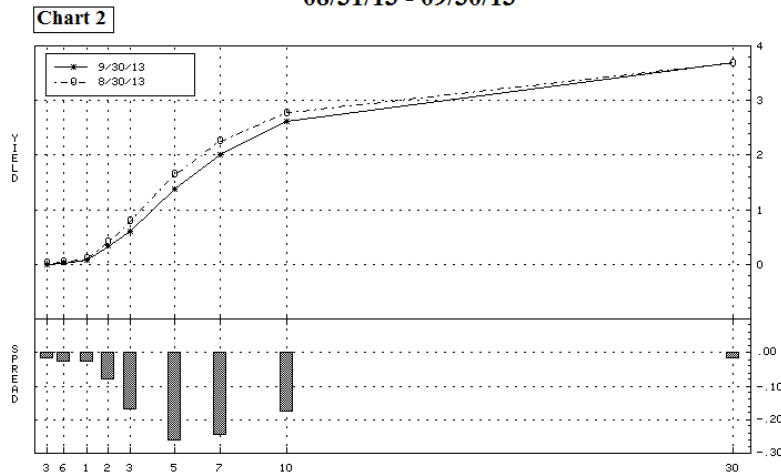


Economic Indicators & Monetary Policy – The Federal Reserve decided not to reduce its asset purchase program of \$85 billion per month at September’s Federal Open Market Committee (FOMC) meeting. Economists expected some level of tapering to occur at this meeting with the Federal Reserve balance sheet at record levels and vastly approaching \$4 trillion. (See Chart 1) U.S. Federal Reserve Chairman Ben Bernanke believes “conditions in the job market today are still far from what all of us would like to see” in order to begin paring back on asset purchases. Economists now expect the Federal Reserve to begin tapering at December’s FOMC meeting.

U.S. nonfarm payrolls increased by 169,000 in August compared to an expected rise of 180,000. This followed a 104,000 revised gain in July that had been previously reported as an increase of 162,000. The unemployment rate fell to 7.3 percent in August as workers left the workforce with a participation rate of only 63.2 percent, the lowest level since August 1978. U.S. retail sales only grew 0.2 percent in August as the largest part of the economy struggles to gain strength. This was the smallest gain in four months and less than the 0.5 percent advance that economists expected. Excluding auto purchases, retail sales grew 3.3 percent from last August.

Treasury Yield Curves

08/31/13 - 09/30/13



At the September 17th/18th FOMC meeting, policy-makers kept the federal funds target rate at a range of zero to 0.25 percent. The FOMC also decided to maintain its \$85 billion in monthly bond purchases to “promote a stronger economic recovery.” Policy-makers are expected to hold the benchmark rate near zero as long as unemployment is above 6.5 percent and the inflation outlook remains below 2.5 percent. The Committee believes that downside risks have diminished in the economy, “but the recent tightening of financial conditions observed” since the end of April “could slow the pace of improvement in the economy and labor market.” The next FOMC meeting is scheduled for October 29th/30th with only two meetings remaining in 2013.

Yield Curve & Spreads – U.S. Treasury yields declined in September after the Federal Reserve decided not to taper its asset purchases of \$85 billion per month as well as political unrest that resulted in the first partial shutdown for the U.S. government in 17 years.

At the end of September, the 3-month Treasury bill yielded 0.005 percent, 6-month Treasury bill yielded 0.03 percent, 2-year Treasury note yielded 0.32 percent, 5-year Treasury note yielded 1.38 percent, 10-year Treasury note yielded 2.61 percent, and the 30-year Treasury yielded 3.69 percent. (See Chart 2)

Additional Information
September 30, 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/.

**City of Ann Arbor
Activity and Performance Summary
for the period September 1, 2013 - September 30, 2013**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	244,959,864.26
Additions	
Contributions	0.00
Interest Received	520,400.00
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	520,400.00
Deductions	
Withdrawals	16,522,230.95
Fees Paid	11,630.93
Accrued Interest Purchased	82,059.23
Loss on Sales	0.00
Total Deductions	(16,615,921.11)
Accretion (Amortization) for the Period	(95,289.14)
Ending Amortized Cost Value	228,769,054.01
Ending Fair Value	228,769,714.07
Unrealized Gain (Loss)	660.06

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Certificates of Deposit	45.10	0.00	0.00	45.10
U.S. Treasury	161,795.09	(82,227.35)	0.00	79,567.74
U.S. Instrumentality	109,876.67	(12,713.67)	0.00	97,163.00
Sales and Maturities				
U.S. Instrumentality	4,739.17	(348.12)	0.00	4,391.05
Total	276,456.03	(95,289.14)	0.00	181,166.89

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.13 %	0.10 %	0.09 %
Overnight Repo	0.12 %	0.06 %	0.05 %
3 Month T-Bill	0.06 %	0.03 %	0.01 %
6 Month T-Bill	0.09 %	0.06 %	0.02 %
1 Year T-Note	0.14 %	0.13 %	0.12 %
2 Year T-Note	0.29 %	0.32 %	0.40 %
5 Year T-Note	0.98 %	1.21 %	1.59 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	276,456.03	276,456.03
Accretion (Amortization)	(95,289.14)	(95,289.14)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	181,166.89	181,166.89
Average Daily Historical Cost	276,045,577.29	206,914,066.96
Annualized Return	0.80%	1.07%
Annualized Return Net of Fees	0.72%	0.96%
Annualized Return Year to Date Net of Fees	1.03%	1.15%
Weighted Average Effective Maturity in Days	899	977

**City of Ann Arbor
Activity and Performance Summary
for the period September 1, 2013 - September 30, 2013**

Fair Value Basis Activity Summary

Beginning Fair Value	244,062,699.60
Additions	
Contributions	0.00
Interest Received	520,400.00
Accrued Interest Sold	0.00
Total Additions	520,400.00
Deductions	
Withdrawals	16,522,230.95
Fees Paid	11,630.93
Accrued Interest Purchased	82,059.23
Total Deductions	(16,615,921.11)
Change in Fair Value for the Period	802,535.58
Ending Fair Value	228,769,714.07

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Certificates of Deposit	45.10	0.00	45.10
U.S. Treasury	161,795.09	317,584.36	479,379.45
U.S. Instrumentality	109,876.67	489,112.52	598,989.19
Sales and Maturities			
U.S. Instrumentality	4,739.17	(4,161.30)	577.87
Total	276,456.03	802,535.58	1,078,991.61

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.13 %	0.10 %	0.09 %
Overnight Repo	0.12 %	0.06 %	0.05 %
3 Month T-Bill	0.11 %	0.10 %	0.12 %
6 Month T-Bill	0.20 %	0.19 %	0.24 %
1 Year T-Note	0.29 %	0.30 %	0.61 %
2 Year T-Note	0.27 %	0.26 %	2.07 %
5 Year T-Note	-1.55 %	-3.46 %	15.33 %

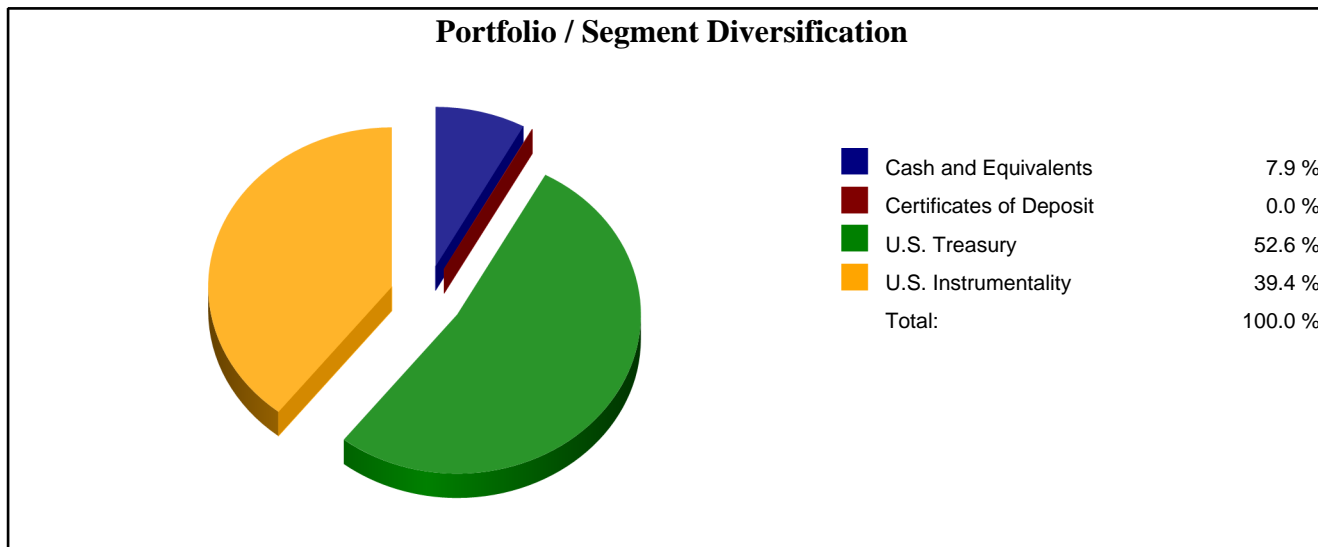
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	276,456.03	276,456.03
Change in Fair Value	<u>802,535.58</u>	<u>802,535.58</u>
Total Income on Portfolio	1,078,991.61	1,078,991.61
Average Daily Historical Cost	276,045,577.29	206,914,066.96
Annualized Return	4.76%	6.34%
Annualized Return Net of Fees	4.68%	6.24%
Annualized Return Year to Date Net of Fees	(0.63%)	(0.70%)
Weighted Average Effective Maturity in Days	899	977

**City of Ann Arbor
Recap of Securities Held
September 30, 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	18,329,431.06	18,329,431.06	18,329,431.06	0.00	1	1	7.92	0.00	0.00
Certificates of Deposit	108,248.72	108,248.72	108,248.72	0.00	106	106	0.05	0.50	0.29
U.S. Treasury	121,801,757.85	119,465,325.30	120,611,720.00	1,146,394.70	743	743	52.63	0.86	1.98
U.S. Instrumentality	91,193,488.85	90,866,048.93	89,720,314.29	(1,145,734.64)	1,330	1,290	39.40	1.29	3.34
Total	231,432,926.48	228,769,054.01	228,769,714.07	660.06	915	899	100.00	0.96	2.36

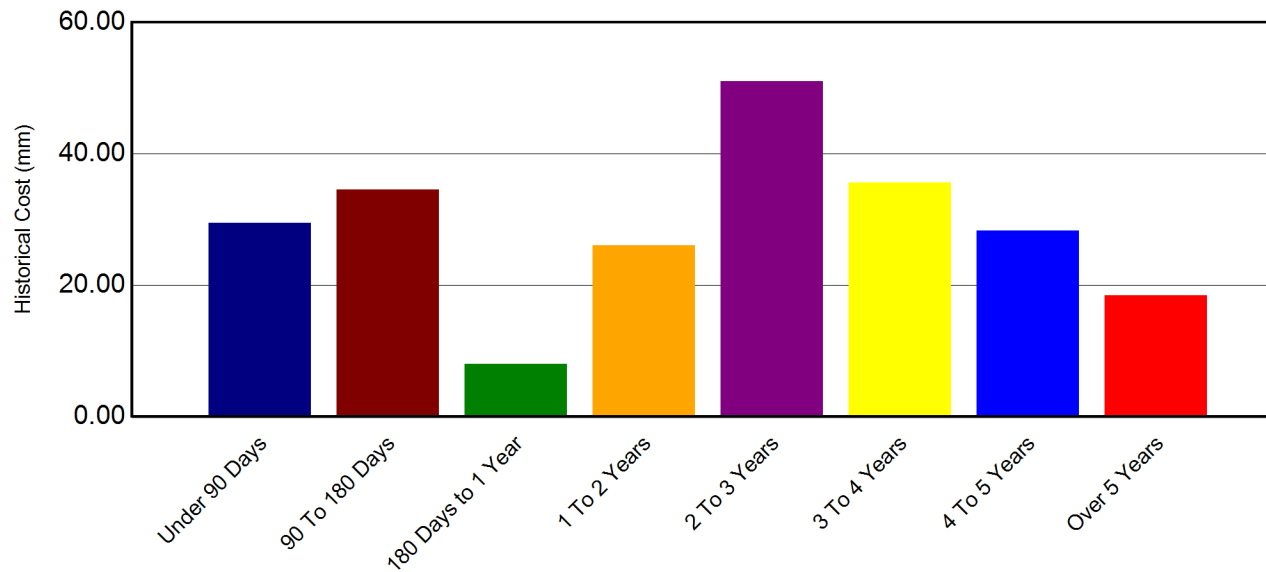
* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Ann Arbor
Maturity Distribution of Securities Held
September 30, 2013**

Maturity	Historical Cost	Percent
Under 90 Days	29,506,544.29	12.75 %
90 To 180 Days	34,515,279.98	14.91 %
180 Days to 1 Year	7,994,870.00	3.45 %
1 To 2 Years	26,029,687.50	11.25 %
2 To 3 Years	51,044,134.70	22.06 %
3 To 4 Years	35,576,793.76	15.37 %
4 To 5 Years	28,280,066.25	12.22 %
Over 5 Years	18,485,550.00	7.99 %
	231,432,926.48	100.00 %

Maturity Distribution



**City of Ann Arbor
Securities Held
September 30, 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	09/30/13	0.000V		18,329,431.06	18,329,431.06	18,329,431.06	18,329,431.06	0.00	0.00	0.00	0.00	7.92	0.00
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				18,329,431.06	18,329,431.06	18,329,431.06	18,329,431.06	0.00	0.00	0.00	0.00	7.92	
					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	45.10	248.07	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	45.10	248.07	0.05	
					0.00	0.00	0.00						
<u>U.S. Treasury</u>													
912828PU8	09/06/13	0.500	11/15/13	5,000,000.00	5,004,296.88	5,002,762.28	5,002,735.00	(27.28)	0.00	1,698.36	9,442.93	2.16	0.05
T-Note					7,744.57	(1,534.60)	(1,561.88)						
912828SB7	09/06/13	0.250	01/31/14	5,000,000.00	5,004,296.88	5,003,566.12	5,003,515.00	(51.12)	0.00	849.19	2,105.98	2.16	0.03
T-Note					1,256.79	(730.76)	(781.88)						
912828KF6	08/26/10	1.875	02/28/14	5,000,000.00	5,173,046.88	5,020,247.29	5,037,695.00	17,447.71	0.00	7,769.33	8,028.31	2.24	0.87
T-Note					0.00	(4,049.46)	(6,640.00)						
912828SG6	09/06/13	0.250	02/28/14	5,000,000.00	5,004,882.81	5,004,185.27	5,004,100.00	(85.27)	0.00	863.26	1,070.44	2.16	0.05
T-Note					207.18	(697.54)	(782.81)						
912828PZ7	09/06/13	1.250	03/15/14	5,000,000.00	5,031,054.69	5,026,968.55	5,027,150.00	181.45	31,250.00	4,290.96	2,762.43	2.17	0.07
T-Note					0.00	(4,086.14)	(3,904.69)						
912828LS7	08/29/11	2.375	10/31/14	5,000,000.00	5,314,062.50	5,107,035.97	5,120,115.00	13,079.03	0.00	9,733.61	49,965.85	2.30	0.74
T-Note					0.00	(8,129.31)	(6,250.00)						
912828LZ1	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25	5,056,511.42	5,114,260.00	57,748.58	0.00	8,709.02	35,706.97	2.25	1.13
T-Note					0.00	(3,989.04)	(4,490.00)						
912828MR8	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75	5,080,859.61	5,152,930.00	72,070.39	0.00	9,841.16	10,169.20	2.27	1.19
T-Note					0.00	(4,710.27)	(1,560.00)						
912828SK7	09/06/13	0.375	03/15/15	5,000,000.00	5,000,781.25	5,000,746.06	5,012,110.00	11,363.94	9,375.00	1,287.29	828.73	2.16	0.36
T-Note					0.00	(35.19)	11,328.75						
912828NL0	08/29/11	1.875	06/30/15	5,000,000.00	5,249,218.75	5,113,313.59	5,138,670.00	25,356.41	0.00	7,642.67	23,692.26	2.27	0.56
T-Note					0.00	(5,336.59)	2,535.00						
912828PE4	08/29/11	1.250	10/31/15	5,000,000.00	5,121,875.00	5,060,777.56	5,093,360.00	32,582.44	0.00	5,095.11	26,154.89	2.21	0.66
T-Note					0.00	(2,399.11)	8,985.00						
912828PE4	09/06/12	1.250	10/31/15	5,000,000.00	5,143,359.38	5,094,741.85	5,093,360.00	(1,381.85)	0.00	5,095.11	26,154.89	2.22	0.33
T-Note					0.00	(3,739.81)	8,985.00						

**City of Ann Arbor
Securities Held
September 30, 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
912828EN6 T-Note	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50 0.00	5,323,213.00 (12,511.47)	5,437,500.00 (1,560.00)	114,287.00	0.00	18,342.39	84,986.41	2.50	1.33
912828PJ3 T-Note	08/29/11	1.375	11/30/15	5,000,000.00	5,146,093.75 0.00	5,074,269.02 (2,820.35)	5,107,420.00 9,375.00	33,150.98	0.00	5,635.25	23,104.51	2.22	0.68
912828KS8 T-Note	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63 0.00	5,125,996.84 (4,290.47)	5,263,670.00 11,325.00	137,673.16	0.00	10,877.07	11,239.64	2.28	1.53
912828QP8 T-Note	09/06/12	1.750	05/31/16	5,000,000.00	5,247,656.25 0.00	5,176,793.49 (5,450.98)	5,161,330.00 19,140.00	(15,463.49)	0.00	7,172.13	29,405.74	2.27	0.41
912828KZ2 T-Note	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19 0.00	2,611,102.40 (3,323.10)	2,683,985.00 7,812.50	72,882.60	0.00	6,623.64	20,533.29	1.18	1.55
912828QR4 T-Note	08/29/11	1.500	06/30/16	5,000,000.00	5,148,437.50 0.00	5,084,257.39 (2,520.16)	5,128,125.00 21,485.00	43,867.61	0.00	6,114.13	18,953.80	2.22	0.87
912828MA5 T-Note	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88 0.00	5,147,428.84 (3,826.01)	5,317,190.00 26,175.00	169,761.16	0.00	11,270.50	46,209.02	2.29	1.76
912828RX0 T-Note	09/10/13	0.875	12/31/16	5,000,000.00	4,973,828.13 8,559.78	4,974,283.10 454.97	5,018,750.00 44,921.87	44,466.90	0.00	2,587.48	11,147.26	2.15	1.04
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,188,710.97 (4,543.60)	5,367,580.00 30,470.00	178,869.03	0.00	12,430.94	12,845.30	2.32	1.82
912828SJ0 T-Note	09/10/13	0.875	02/28/17	5,000,000.00	4,957,812.50 1,208.56	4,958,511.74 699.24	5,007,810.00 49,997.50	49,298.26	0.00	2,537.99	3,746.55	2.14	1.12
912828PA2 T-Note	08/29/11	1.875	09/30/17	5,000,000.00	5,175,000.00 0.00	5,114,883.09 (2,360.62)	5,160,940.00 45,705.00	46,056.91	46,875.00	7,685.83	257.55	2.24	1.28
912828PF1 T-Note	08/29/11	1.875	10/31/17	5,000,000.00	5,172,656.25 0.00	5,114,159.85 (2,296.98)	5,157,420.00 46,875.00	43,260.15	0.00	7,642.67	39,232.34	2.24	1.29
TOTAL (U.S. Treasury)				117,500,000.00	121,801,757.85 18,976.88	119,465,325.30 (82,227.35)	120,611,720.00 317,584.36	1,146,394.70	87,500.00	161,795.09	497,744.29	52.63	

U.S. Instrumentality

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	3,000,837.00 (1,677.00)	837.00	0.00	2,500.00	13,833.33	1.30	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	3,165,883.04 (1,769.23)	883.04	0.00	2,637.50	14,594.17	1.37	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	4,004,028.00 (1,148.00)	4,028.00	0.00	1,500.00	4,100.00	1.73	0.45
31331XSR4 FFCB	05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,014,111.27 (2,581.33)	5,108,410.00 (17,715.00)	94,298.73	121,875.00	20,312.50	11,510.42	2.24	4.16
31331JQA4 FFCB	06/11/10	1.900	06/02/14	3,000,000.00	2,990,070.00 0.00	2,998,331.32 205.16	3,035,712.00 (3,237.00)	37,380.68	0.00	4,750.00	18,841.67	1.29	1.99

**City of Ann Arbor
Securities Held
September 30, 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
3134G3YW4 FHLMC	08/30/12	0.375	08/28/14	5,000,000.00	5,004,800.00 0.00	5,002,182.42 (197.80)	5,009,845.00 650.00	7,662.58	0.00	1,562.50	1,718.75	2.16	0.33
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,900,174.29 196.17	2,000,114.75 95.25	99,940.46	0.00	4,603.75	26,394.83	0.82	3.04
3134G3RK8 FHLMC	Call 09/10/13	1.000	03/14/16 03/14/14	5,000,000.00	5,011,250.00 0.00	5,009,972.97 (1,277.03)	5,016,170.00 4,920.00	6,197.03	25,000.00	2,916.67	2,361.11	2.17	0.56
3137EACT4 FHLMC	01/11/12	2.500	05/27/16	4,000,000.00	4,253,480.00 0.00	4,153,705.96 (4,758.70)	4,192,012.00 9,116.00	38,306.04	0.00	8,333.33	34,444.44	1.84	1.02
313370TW8 FHLB	09/10/12	2.000	09/09/16	5,000,000.00	5,276,700.00 0.00	5,203,545.07 (5,685.61)	5,185,335.00 24,225.00	(18,210.07)	50,000.00	8,333.33	6,111.11	2.28	0.60
313381B53 FHLB	11/26/12	0.580	11/14/16	5,000,000.00	4,995,700.00 0.00	4,996,616.98 89.03	4,961,285.00 33,210.00	(35,331.98)	0.00	2,416.67	11,036.11	2.16	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	4,970,895.00 28,555.00	(29,105.00)	0.00	3,333.34	3,777.78	2.16	0.80
3134G3H52 FHLMC	Call 09/12/12	1.000	09/12/17 12/12/13	5,000,000.00	4,997,500.00 0.00	4,998,025.74 41.07	4,940,015.00 47,770.00	(58,010.74)	25,000.00	4,166.67	2,638.89	2.16	1.01
3135G0SF1 FNMA	Call 11/28/12	1.000	11/28/17 11/28/13	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,919,330.00 49,895.00	(80,670.00)	0.00	4,166.66	17,083.33	2.16	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	4,997,030.18 54.42	4,906,575.00 47,420.00	(90,455.18)	26,000.00	4,333.33	722.22	2.16	1.05
3135G0WJ8 FNMA	06/03/13	0.875	05/21/18	3,000,000.00	2,953,560.00 875.00	2,956,633.80 768.45	2,915,952.00 38,079.00	(40,681.80)	0.00	2,187.50	9,479.17	1.28	1.20
3135G0XG3 FNMA	Call 05/21/13	1.000	05/21/18 11/21/13	5,000,000.00	4,982,150.00 0.00	4,983,450.14 293.27	4,878,810.00 51,920.00	(104,640.14)	0.00	4,166.67	18,055.56	2.15	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	4,790,515.00 69,960.00	(209,485.00)	42,500.00	7,083.34	1,416.67	2.16	1.70
313380PE1 FHLB	Call 09/28/12	1.850	09/28/20 10/28/13	5,000,000.00	4,990,000.00 0.00	4,991,259.41 102.67	4,754,890.00 69,130.00	(236,369.41)	46,250.00	7,708.33	770.83	2.16	1.88
313380NM5 FHLB	Call 09/19/12	2.300	09/19/22 10/19/13	5,000,000.00	4,995,550.00 0.00	4,996,009.38 36.56	4,650,590.00 7,790.00	(345,419.38)	57,500.00	9,583.33	3,833.33	2.16	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	3,313,110.50 31,923.50	(186,889.50)	0.00	3,281.25	17,171.88	1.51	1.12
TOTAL (U.S. Instrumentality)					90,570,000.00	91,193,488.85 875.00	90,866,048.93 (12,713.67)	89,720,314.29 489,112.52	(1,145,734.64)	394,125.00	109,876.67	219,895.60	39.40

**City of Ann Arbor
Securities Held
September 30, 2013**

GRAND TOTAL	226,507,679.78	231,432,926.48	228,769,054.01	228,769,714.07	660.06	481,625.00	271,716.86	717,887.96	100.00
		19,851.88	(94,941.02)	806,696.88					

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
September 30, 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>												
912828PU8	U.S. Treasury	0.500	11/15/2013		AA+	Aaa	5,000,000.00	5,004,296.88	2.16	5,002,735.00	2.19	0.12
912828SB7	U.S. Treasury	0.250	01/31/2014		AA+	Aaa	5,000,000.00	5,004,296.88	2.16	5,003,515.00	2.19	0.33
912828KF6	U.S. Treasury	1.875	02/28/2014		AA+	Aaa	5,000,000.00	5,173,046.88	2.24	5,037,695.00	2.20	0.42
912828SG6	U.S. Treasury	0.250	02/28/2014		AA+	Aaa	5,000,000.00	5,004,882.81	2.16	5,004,100.00	2.19	0.42
912828PZ7	U.S. Treasury	1.250	03/15/2014		AA+	Aaa	5,000,000.00	5,031,054.69	2.17	5,027,150.00	2.20	0.46
912828LS7	U.S. Treasury	2.375	10/31/2014		AA+	Aaa	5,000,000.00	5,314,062.50	2.30	5,120,115.00	2.24	1.06
912828LZ1	U.S. Treasury	2.125	11/30/2014		AA+	Aaa	5,000,000.00	5,207,031.25	2.25	5,114,260.00	2.24	1.15
912828MR8	U.S. Treasury	2.375	02/28/2015		AA+	Aaa	5,000,000.00	5,258,593.75	2.27	5,152,930.00	2.25	1.40
912828SK7	U.S. Treasury	0.375	03/15/2015		AA+	Aaa	5,000,000.00	5,000,781.25	2.16	5,012,110.00	2.19	1.45
912828NL0	U.S. Treasury	1.875	06/30/2015		AA+	Aaa	5,000,000.00	5,249,218.75	2.27	5,138,670.00	2.25	1.72
912828EN6	U.S. Treasury	4.500	11/15/2015		AA+	Aaa	5,000,000.00	5,795,312.50	2.50	5,437,500.00	2.38	2.02
912828PE4	U.S. Treasury	1.250	10/31/2015		AA+	Aaa	10,000,000.00	10,265,234.38	4.44	10,186,720.00	4.45	2.05
912828PJ3	U.S. Treasury	1.375	11/30/2015		AA+	Aaa	5,000,000.00	5,146,093.75	2.22	5,107,420.00	2.23	2.13
912828KS8	U.S. Treasury	2.625	02/29/2016		AA+	Aaa	5,000,000.00	5,287,890.63	2.28	5,263,670.00	2.30	2.35
912828QP8	U.S. Treasury	1.750	05/31/2016		AA+	Aaa	5,000,000.00	5,247,656.25	2.27	5,161,330.00	2.26	2.60
912828KZ2	U.S. Treasury	3.250	06/30/2016		AA+	Aaa	2,500,000.00	2,732,617.19	1.18	2,683,985.00	1.17	2.63
912828QR4	U.S. Treasury	1.500	06/30/2016		AA+	Aaa	5,000,000.00	5,148,437.50	2.22	5,128,125.00	2.24	2.69
912828MA5	U.S. Treasury	2.750	11/30/2016		AA+	Aaa	5,000,000.00	5,291,796.88	2.29	5,317,190.00	2.32	3.02
912828RX0	U.S. Treasury	0.875	12/31/2016		AA+	Aaa	5,000,000.00	4,973,828.13	2.15	5,018,750.00	2.19	3.20
912828MS6	U.S. Treasury	3.000	02/28/2017		AA+	Aaa	5,000,000.00	5,360,156.25	2.32	5,367,580.00	2.35	3.26
912828SJ0	U.S. Treasury	0.875	02/28/2017		AA+	Aaa	5,000,000.00	4,957,812.50	2.14	5,007,810.00	2.19	3.36
912828PA2	U.S. Treasury	1.875	09/30/2017		AA+	Aaa	5,000,000.00	5,175,000.00	2.24	5,160,940.00	2.26	3.85
912828PF1	U.S. Treasury	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	2.24	5,157,420.00	2.25	3.90
ISSUER TOTAL							117,500,000.00	121,801,757.85	52.63	120,611,720.00	52.72	1.98
<u>FHLMC</u>												
3134G3JR2	U.S. Instrumentality	0.450	01/09/2014		AA+	Aaa	4,000,000.00	4,000,000.00	1.73	4,004,028.00	1.75	0.27
3134G3RK8	U.S. Instrumentality	1.000	03/14/2016	03/14/2014	AA+	Aaa	5,000,000.00	5,011,250.00	2.17	5,016,170.00	2.19	0.45
3134G3YW4	U.S. Instrumentality	0.375	08/28/2014		AA+	Aaa	5,000,000.00	5,004,800.00	2.16	5,009,845.00	2.19	0.91
3137EACT4	U.S. Instrumentality	2.500	05/27/2016		AA+	Aaa	4,000,000.00	4,253,480.00	1.84	4,192,012.00	1.83	2.56
3134G3H52	U.S. Instrumentality	1.000	09/12/2017	12/12/2013	AA+	Aaa	5,000,000.00	4,997,500.00	2.16	4,940,015.00	2.16	3.86
3134G3K90	U.S. Instrumentality	1.700	09/25/2020	09/25/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.16	4,790,515.00	2.09	6.53
ISSUER TOTAL							28,000,000.00	28,267,030.00	12.21	27,952,585.00	12.22	2.47

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
September 30, 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	2.28	5,185,335.00	2.27	2.86
313381B53	U.S. Instrumentality	0.580	11/14/2016		AA+	Aaa	5,000,000.00	4,995,700.00	2.16	4,961,285.00	2.17	3.08
313380PE1	U.S. Instrumentality	1.850	09/28/2020	10/28/2013	AA+	Aaa	5,000,000.00	4,990,000.00	2.16	4,754,890.00	2.08	6.49
313380NM5	U.S. Instrumentality	2.300	09/19/2022	10/19/2013	AA+	Aaa	5,000,000.00	4,995,550.00	2.16	4,650,590.00	2.03	7.98
313380XN2	U.S. Instrumentality	1.125	10/24/2022	10/24/2014	AA+	Aaa	3,500,000.00	3,500,000.00	1.51	3,313,110.50	1.45	8.17
ISSUER TOTAL							23,500,000.00	23,757,950.00	10.27	22,865,210.50	9.99	5.47
<u>FFCB</u>												
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AA+	Aaa	5,000,000.00	5,182,500.00	2.24	5,108,410.00	2.23	0.46
31331JQA4	U.S. Instrumentality	1.900	06/02/2014		AA+	Aaa	3,000,000.00	2,990,070.00	1.29	3,035,712.00	1.33	0.67
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AA+	Aaa	1,905,000.00	1,890,712.50	0.82	2,000,114.75	0.87	1.95
3133ECGF5	U.S. Instrumentality	0.800	02/27/2017	02/27/2014	AA+	Aaa	5,000,000.00	5,000,000.00	2.16	4,970,895.00	2.17	3.35
3133ECJX3	U.S. Instrumentality	1.040	03/26/2018	03/26/2014	AA+	Aaa	5,000,000.00	4,996,700.00	2.16	4,906,575.00	2.14	4.36
ISSUER TOTAL							19,905,000.00	20,059,982.50	8.67	20,021,706.75	8.75	2.31
<u>FNMA</u>												
31398A4N9	U.S. Instrumentality	1.000	10/15/2013		AA+	Aaa	6,165,000.00	6,172,816.35	2.67	6,166,720.04	2.70	0.04
3135G0SF1	U.S. Instrumentality	1.000	11/28/2017	11/28/2013	AA+	Aaa	5,000,000.00	5,000,000.00	2.16	4,919,330.00	2.15	4.04
3135G0XG3	U.S. Instrumentality	1.000	05/21/2018	11/21/2013	AA+	Aaa	5,000,000.00	4,982,150.00	2.15	4,878,810.00	2.13	4.49
3135G0WJ8	U.S. Instrumentality	0.875	05/21/2018		AA+	Aaa	3,000,000.00	2,953,560.00	1.28	2,915,952.00	1.27	4.51
ISSUER TOTAL							19,165,000.00	19,108,526.35	8.26	18,880,812.04	8.25	2.92
<u>JPMorgan Chase</u>												
	Cash and Equivalents	0.000					18,329,431.06	18,329,431.06	7.92	18,329,431.06	8.01	0.00
ISSUER TOTAL							18,329,431.06	18,329,431.06	7.92	18,329,431.06	8.01	0.00
<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	0.29
ISSUER TOTAL							108,248.72	108,248.72	0.05	108,248.72	0.05	0.29

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
September 30, 2013

GRAND TOTAL	226,507,679.78	231,432,926.48	100.00	228,769,714.07	100.00	2.34
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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, 2013 - September 30, 2013**

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>								
912828PU8 T-Note	09/06/2013	0.500	11/15/2013	5,000,000.00	100.086	5,004,296.88	7,744.57	0.05
912828PZ7 T-Note	09/06/2013	1.250	03/15/2014	5,000,000.00	100.621	5,031,054.69	29,721.47	0.07
912828SB7 T-Note	09/06/2013	0.250	01/31/2014	5,000,000.00	100.086	5,004,296.88	1,256.79	0.03
912828SG6 T-Note	09/06/2013	0.250	02/28/2014	5,000,000.00	100.098	5,004,882.81	207.18	0.05
912828SK7 T-Note	09/06/2013	0.375	03/15/2015	5,000,000.00	100.016	5,000,781.25	8,916.44	0.36
912828RX0 T-Note	09/10/2013	0.875	12/31/2016	5,000,000.00	99.477	4,973,828.13	8,559.78	1.04
912828SJ0 T-Note	09/10/2013	0.875	02/28/2017	5,000,000.00	99.156	4,957,812.50	1,208.56	1.12
TOTAL (U.S. Treasury)				35,000,000.00		34,976,953.14	57,614.79	
<u>U.S. Instrumentality</u>								
3134G3RK8 FHLMC	Call 09/10/2013	1.000	03/14/2016 03/14/2014	5,000,000.00	100.225	5,011,250.00	24,444.44	0.56
TOTAL (U.S. Instrumentality)				5,000,000.00		5,011,250.00	24,444.44	
GRAND TOTAL				40,000,000.00		39,988,203.14	82,059.23	

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

**City of Ann Arbor
Securities Sold and Matured
September 1, 2013 - September 30, 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	09/30/2013	0.000V		52,536,849.25	52,536,849.25	52,536,849.25	100.00	52,536,849.25	0.00	0.00	0.00	0.00	0.00
						0.00		0.00					
TOTAL (Cash and Equivalents)				52,536,849.25	52,536,849.25	52,536,849.25		52,536,849.25	0.00	0.00	0.00	0.00	
						0.00		0.00					
<u>U.S. Instrumentality</u>													
31331GS83	09/23/2013	2.350	09/23/2013	3,300,000.00	3,322,770.00	3,300,000.00	100.00	3,300,000.00	0.00	0.00	38,775.00	4,739.17	2.17
FFCB						(348.12)		(4,161.30)					
TOTAL (U.S. Instrumentality)				3,300,000.00	3,322,770.00	3,300,000.00		3,300,000.00	0.00	0.00	38,775.00	4,739.17	
						(348.12)		(4,161.30)					
GRAND TOTAL				55,836,849.25	55,859,619.25	55,836,849.25		55,836,849.25	0.00	0.00	38,775.00	4,739.17	
						(348.12)		(4,161.30)					

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

**City of Ann Arbor
Transaction Report
for the period September 1, 2013 - September 30, 2013**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
09/03/2013		Maturity	CE	Int Receivable	09/03/2013	246,875.00	246,875.00	0.00	246,875.00	246,875.00
09/06/2013	912828PU8	Bought	TSY	T-Note	11/15/2013	5,000,000.00	5,004,296.88	7,744.57	(5,012,041.45)	(4,765,166.45)
09/06/2013	912828PZ7	Bought	TSY	T-Note	03/15/2014	5,000,000.00	5,031,054.69	29,721.47	(5,060,776.16)	(9,825,942.61)
09/06/2013	912828SB7	Bought	TSY	T-Note	01/31/2014	5,000,000.00	5,004,296.88	1,256.79	(5,005,553.67)	(14,831,496.28)
09/06/2013	912828SG6	Bought	TSY	T-Note	02/28/2014	5,000,000.00	5,004,882.81	207.18	(5,005,089.99)	(19,836,586.27)
09/06/2013	912828SK7	Bought	TSY	T-Note	03/15/2015	5,000,000.00	5,000,781.25	8,916.44	(5,009,697.69)	(24,846,283.96)
09/09/2013	313370TW8	Interest	INS	FHLB	09/09/2016	5,000,000.00	0.00	50,000.00	50,000.00	(24,796,283.96)
09/10/2013	3134G3RK8	Bought	INS	FHLMC	03/14/2016	5,000,000.00	5,011,250.00	24,444.44	(5,035,694.44)	(29,831,978.40)
09/10/2013	912828RX0	Bought	TSY	T-Note	12/31/2016	5,000,000.00	4,973,828.13	8,559.78	(4,982,387.91)	(34,814,366.31)
09/10/2013	912828SJ0	Bought	TSY	T-Note	02/28/2017	5,000,000.00	4,957,812.50	1,208.56	(4,959,021.06)	(39,773,387.37)
09/12/2013	3134G3H52	Interest	INS	FHLMC	09/12/2017	5,000,000.00	0.00	25,000.00	25,000.00	(39,748,387.37)
09/14/2013	31331XSR4	Interest	INS	FFCB	03/14/2014	5,000,000.00	0.00	121,875.00	121,875.00	(39,626,512.37)
09/14/2013	3134G3RK8	Interest	INS	FHLMC	03/14/2016	5,000,000.00	0.00	25,000.00	25,000.00	(39,601,512.37)
09/15/2013	912828PZ7	Interest	TSY	T-Note	03/15/2014	5,000,000.00	0.00	31,250.00	31,250.00	(39,570,262.37)
09/15/2013	912828SK7	Interest	TSY	T-Note	03/15/2015	5,000,000.00	0.00	9,375.00	9,375.00	(39,560,887.37)
09/19/2013	313380NM5	Interest	INS	FHLB	09/19/2022	5,000,000.00	0.00	57,500.00	57,500.00	(39,503,387.37)
09/23/2013	31331GS83	Maturity	INS	FFCB	09/23/2013	3,300,000.00	3,300,000.00	0.00	3,300,000.00	(36,203,387.37)
09/23/2013	31331GS83	Interest	INS	FFCB	09/23/2013	3,300,000.00	0.00	38,775.00	38,775.00	(36,164,612.37)
09/25/2013	3134G3K90	Interest	INS	FHLMC	09/25/2020	5,000,000.00	0.00	42,500.00	42,500.00	(36,122,112.37)
09/26/2013	3133ECJX3	Interest	INS	FFCB	03/26/2018	5,000,000.00	0.00	26,000.00	26,000.00	(36,096,112.37)
09/28/2013	313380PE1	Interest	INS	FHLB	09/28/2020	5,000,000.00	0.00	46,250.00	46,250.00	(36,049,862.37)
09/30/2013		Sold	CE	JPMorgan Chase		52,536,849.25	52,536,849.25	0.00	52,536,849.25	16,486,986.88
09/30/2013	912828PA2	Interest	TSY	T-Note	09/30/2017	5,000,000.00	0.00	46,875.00	46,875.00	16,533,861.88
Portfolio Activity Total									16,533,861.88	

Net Contributions:	0.00
Net Withdrawals:	16,522,230.95

Fees Charged:	17,252.85
Fees Paid:	11,630.93

**City of Ann Arbor
Securities Bid and Offer
for the period 9/1/2013 - 9/30/2013**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
BUY	09/06/2013	T-Note .25 01/31/2014		MIZ	5,000,000		100.086	0.03	MOR @ 100-2.75 JEF @ 100-2.75
BUY	09/06/2013	T-Note .25 02/28/2014		MIZ	5,000,000		100.098	0.05	RBC @ 100-3.125 JEF @ 100-3.25
BUY	09/06/2013	T-Note .375 03/15/2015		MOR	5,000,000		100.016	0.36	JEF @ 100-00.5 RBC @ 100-00.5
BUY	09/06/2013	T-Note .5 11/15/2013		JEF	5,000,000		100.086	0.05	MOR @ 100-2.875 MIZ @ 100-2.875
BUY	09/06/2013	T-Note 1.25 03/15/2014		MIZ	5,000,000		100.621	0.065	RBC @ 100-19.875 WEL @ 100-20
BUY	09/10/2013	FHLMC 1 03/14/2016	03/14/14	WUN	5,000,000		100.225	0.91/0.56	CIT - FHLB DISC 03/14/14 @ YTM 0.04 UBS - TSY NOTE 1.25 03/15/14 @ YTM 0.06
BUY	09/10/2013	T-Note .875 02/28/2017		MOR	5,000,000		99.156	1.12	MIZ @ 99-5.25 RBC @ 99-5.50
BUY	09/10/2013	T-Note .875 12/31/2016		MIZ	5,000,000		99.477	1.04	MER @ 99-15.5 JEF @ 99-15.625

**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
10/09/2013	Interest	31331GY29	FFCB	2.900	10/09/2015		1,905,000.00	0.00	27,622.50	27,622.50
10/15/2013	Maturity	31398A4N9	FNMA	1.000	10/15/2013		3,165,000.00	3,165,000.00	15,825.00	3,180,825.00
10/15/2013	Maturity	31398A4N9	FNMA	1.000	10/15/2013		3,000,000.00	3,000,000.00	15,000.00	3,015,000.00
10/24/2013	Interest	313380XN2	FHLB	0.000	10/24/2022	10/24/2014	3,500,000.00	0.00	19,687.50	19,687.50
10/30/2013	Interest	912828PE4	T-Note	1.250	10/31/2015		5,000,000.00	0.00	31,250.00	31,250.00
10/30/2013	Interest	912828PE4	T-Note	1.250	10/31/2015		5,000,000.00	0.00	31,250.00	31,250.00
10/30/2013	Interest	912828LS7	T-Note	2.375	10/31/2014		5,000,000.00	0.00	59,375.00	59,375.00
10/31/2013	Interest	912828PF1	T-Note	1.875	10/31/2017		5,000,000.00	0.00	46,875.00	46,875.00
11/14/2013	Interest	313381B53	FHLB	0.580	11/14/2016		5,000,000.00	0.00	14,500.00	14,500.00

END OF REPORTS



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For any questions concerning this report please contact accounting either by phone or email to camreports@cutwater.com.