

MEMORANDUM



TO: Honorable Mayor and City Council Members
FROM: Nevrus Nazarko, Finance Director/Treasurer
CC: Clay J. Pearson, City Manager
Maryanne Cornelius, City Clerk
SUBJECT: Quarterly Investment Report – September 2012
DATE: October 10, 2012

10/11/12
To: Mayor & City
Council Members
FILED

This memo outlines the investment factors and trends that are playing a role in our investment decisions, for the first quarter of the current fiscal year. Furthermore, attached to this memo is the spreadsheet listing of our investment portfolio for the quarter ending 09/30/2012

Nationally

Information received since the Federal Open Market Committee (FOMC) met in August 2012 suggests that to support continued progress toward maximum employment and price stability, the FOMC will keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that exceptionally low levels for the federal funds rate are likely to be warranted at least through mid-2015. //

Locally

The Southeast Michigan Purchasing Managers Index (PMI) for July is at 54.6, down from the June PMI of 60.3. The survey shows growth in the Southeast Michigan business economy, though at a slower rate from the past two months. A PMI value of 50 or more generally indicates an expanding economy. The index for Southeast Michigan has been above 50 for 29 of the past 30 months. Michigan's economy continues to improve at a slow but steady pace. //

The City is continuing to invest pursuant to the Investment Policy and the Retiree Health Care Investment Policy. The City's general funds are invested in a variety of instruments including money market accounts, certificates of deposit, agencies and pooled accounts. The primary focus and order of priority is on security, risk and then yield.

One holding in particular to note is the State of Michigan GO Bond. An Unlimited General Obligation of the State, with the purpose to refund a previous issue whose purpose was for environmental programs. As you are aware, it has appreciated significantly in value since the time of purchase. Primary contributing factors to the appreciation are, decrease in overall yields, continued fiscal strength of Michigan's balance sheet (currently rated Aa2/AA-), limited supply of State of Michigan bonds and continued demand for high quality taxable investments.

Risk

As required by the latest Governmental Accounting Standard Board, GASB 40 identifies a number of reporting and disclosure requirements for public funds that are designed to manage and limit risk in deposits and investments. These disclosures are only required as part of the year-end financial statements, the applicable risks are as follows:

Interest Rate Risk: Disclosure of interest rate risk addresses the exposures of investments to change in market value as interest rates increase or decrease from current levels. In accordance with the City investment policy, the City limits its exposure to possible decline in fair market value by controlling duration or maturities. The City prohibits investment of operating funds in securities maturing more than two years from the date of purchase. Reserve and Capital improvements may be invested in securities exceeding two years but less than five years. The following schedule shows actual investments at the end of this reporting quarter, institutions, type, rate amount, and duration of investment. Please note that all investments are in accordance with the City's Investment Policy and State statutes and meet the City's investment objectives including: Safety of Capital, Liquidity, and lastly Return on Investment.

Credit Risk: There is credit risk associated with the financial institutions, brokers and investment instruments that the City does business with. Also the investment officer must be held to the highest standards. The City's investment policy utilizes the prudent person rule: "Investments are made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Any commercial paper or agencies purchased are those rated A2/P2 or better and AAA respectively. Because the State of Michigan does not require collateralization of public funds, the City's policy restricts Certificates of Deposit investments with financial institutions that have a nationally recognized rating in the upper quartile.

Concentration of Risk: Governments must disclose any single issuer that comprises more than 5% of the investment value in the portfolio. This disclosure is to insure that there is proper diversification and not a concentration of public funds with any one issuer. While CD's and commercial paper are being used only occasionally for diversification, the City's funds are primarily invested in guaranteed accounts and treasuries. To reduce concentration risk, the City's investments are diversified amongst a number of financial institutions with the highest ratings.

Investment Report

Attached is a comprehensive listing of investments the City held at September 30, 2012. The listing includes the market value, type of investment, maturity date, interest rate and amount of investment. The report includes all investment accounts by issuer, pooled fund accounts, as well as the Retiree Health Care Accounts (not subject to Public Act 20 Investment limitations).

If you have any questions, or would like any additional information, please do hesitate to contact us.

City of Novi

Investment Portfolio - by Issuer

Report Format: By Transaction
 Group By: Issuer
 Average By: Face Amount / Shares
 Portfolio / Report Group: Report Group: Bank Reconciliation
 As of 9/30/2012

Description	CUSIP/Ticker	Maturity Date	Days To Maturity	% of Portfolio	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value
Bank of America									
Bank of America MM	MM1463	N/A	1	0.02	0.25	25,230.01	25,230.01	25,230.01	25,230.01
Bank of America MM	MM1450	N/A	1	0.18	0.25	265,304.47	265,304.47	265,304.47	265,304.47
Bank of America MM	MM1447	N/A	1	0.02	0.25	36,144.44	36,144.44	36,144.44	36,144.44
Sub Total / Average			1	0.22	0.25	326,678.92	326,678.92	326,678.92	326,678.92
CDARS - Lotus Bank									
CDARS - Lotus Bank 0.7 7/18/2013	CD0784	7/18/2013	291	0.67	0.7	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Sub Total / Average			291	0.67	0.7	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Chase Bank									
Chase Bank MM	MM4220	N/A	1	0.23	0.2	341,945.08	341,945.08	341,945.08	341,945.08
Chase Bank MM	MM4212	N/A	1	0.07	0.2	98,665.52	98,665.52	98,665.52	98,665.52
Chase Bank MM	MM4787	N/A	1	2.55	0.2	3,825,939.24	3,825,939.24	3,825,939.24	3,825,939.24
Sub Total / Average			1	2.85	0.2	4,266,549.84	4,266,549.84	4,266,549.84	4,266,549.84
Citizens Bank									
Citizens Bank MM	MM8155	N/A	1	0.02	0.15	25,889.88	25,889.88	25,889.88	25,889.88
Sub Total / Average			1	0.02	0.15	25,889.88	25,889.88	25,889.88	25,889.88
Comerica - Lockbox									
Comerica - Lockbox MM	MM6003	N/A	1	0.41	0.15	615,599.30	615,599.30	615,599.30	615,599.30
Comerica - Lockbox MM	MM6011	N/A	1	0.01	0.1	8,992.60	8,992.60	8,992.60	8,992.60
Sub Total / Average			1	0.42	0.149	624,591.90	624,591.90	624,591.90	624,591.90
Comerica - Suspense									
Comerica - Suspense MM	MM5089	N/A	1	1.79	0.2	2,689,812.33	2,689,812.33	2,689,812.33	2,689,812.33
Comerica - Suspense MM	MM5097	N/A	1	0.02	0.1	30,181.58	30,181.58	30,181.58	30,181.58
Sub Total / Average			1	1.81	0.199	2,719,993.91	2,719,993.91	2,719,993.91	2,719,993.91
Federated Government Obligation									
Federated Government Obligation MM	MM0653	N/A	1	0.1	0.01	150,847.22	150,847.22	150,847.22	150,847.22
Federated Government Obligation MM	MM0617	N/A	1	0.18	0.01	275,496.12	275,496.12	275,496.12	275,496.12
Federated Government Obligation MM	MM6213	N/A	1	0	0	1,277.82	1,277.82	1,277.82	1,277.82
Federated Government Obligation MM	MM0649	N/A	1	0.04	0.01	57,222.97	57,222.97	57,222.97	57,222.97
Sub Total / Average			1	0.32	0.01	484,844.13	484,844.13	484,844.13	484,844.13
FFCB									
FFCB 0.35 10/3/2013	31331KB82	10/3/2013	388	1.33	0.35	2,000,000.00	2,000,000.00	2,000,000.00	2,002,580.00
Sub Total / Average			388	1.33	0.35	2,000,000.00	2,000,000.00	2,000,000.00	2,002,580.00
FHLB									
FHLB Step 12/4/2020-12	313379PG8	12/4/2020	2987	2.13	2.572	3,200,000.00	3,200,000.00	3,200,000.00	3,202,112.00
FHLB Step 12/4/2020-12	313379PG8	12/4/2020	2987	2.67	2.572	4,000,000.00	4,000,000.00	4,000,000.00	4,002,640.00
FHLB Step 12/4/2020-12	313379PG8	12/4/2020	2987	0.67	2.572	1,000,000.00	1,000,000.00	1,000,000.00	1,000,660.00
FHLB Step 12/4/2020-12	313379PG8	12/4/2020	2987	2	2.572	3,000,000.00	3,000,000.00	3,000,000.00	3,001,980.00
FHLB Step 2/23/2027-12	313379BK6	2/23/2027	5259	3.34	3.73	5,000,000.00	4,992,499.92	4,992,499.92	5,003,750.00
FHLB Step 6/28/2027-12	313379RG6	6/28/2027	5384	0.2	3.534	300,000.00	300,000.00	300,000.00	299,994.00
FHLB Step 6/28/2027-12	313379RG6	6/28/2027	5384	0.33	3.534	500,000.00	500,000.00	500,000.00	499,990.00
FHLB Step 6/28/2027-12	313379RG6	6/28/2027	5384	0.8	3.534	1,200,000.00	1,200,000.00	1,200,000.00	1,199,976.00
Sub Total / Average			3875	12.14	2.998	16,200,000.00	15,192,499.92	15,192,499.92	16,211,702.00
FHLMC									
FHLMC 1.4 10/19/2016-12	3134G2V74	10/19/2016	1480	2	1.4	3,000,000.00	3,000,000.00	3,000,000.00	3,001,890.00
FHLMC 2 12/27/2019-13	3134G3SM3	12/27/2019	2644	2	2	3,000,000.00	3,000,000.00	3,000,000.00	3,022,020.00
FHLMC 2 12/27/2019-13	3134G3SM3	12/27/2019	2644	1.33	2	2,000,000.00	2,000,000.00	2,000,000.00	2,014,880.00
FHLMC 2.25 12/27/2019-12	3134G3ER7	12/27/2019	2644	4	2.25	6,000,000.00	6,000,000.00	6,000,000.00	6,018,300.00
FHLMC 2.25 12/27/2019-12	3134G3ER7	12/27/2019	2644	2	2.25	3,000,000.00	3,000,000.00	3,000,000.00	3,009,150.00
Sub Total / Average			2439	11.34	2.028	17,000,000.00	17,000,000.00	17,000,000.00	17,066,040.00
Fifth Third									
Fifth Third MM	MM8678	N/A	1	0.25	0.25	369,675.34	369,675.34	369,675.34	369,675.34
Fifth Third MM	MM8678	N/A	1	0.74	0.25	1,107,925.15	1,107,925.15	1,107,925.15	1,107,925.15
Fifth Third MM	MM8678	N/A	1	0.36	0.25	534,052.33	534,052.33	534,052.33	534,052.33
Fifth Third MM	MM8678	N/A	1	4.75	0.25	7,116,509.68	7,116,509.68	7,116,509.68	7,116,509.68
Fifth Third MM	MM8678	N/A	1	10.96	0.25	16,421,227.86	16,421,227.86	16,421,227.86	16,421,227.86
Fifth Third MM	MM8678	N/A	1	-0.11	0.25	-167,854.90	-167,854.90	-167,854.90	-167,854.90
Fifth Third MM	MM8678	N/A	1	0.33	0.25	494,999.64	494,999.64	494,999.64	494,999.64
Fifth Third MM	MM8678	N/A	1	0.36	0.25	545,728.71	545,728.71	545,728.71	545,728.71
Fifth Third MM	MM8678	N/A	1	1.04	0.25	1,552,285.70	1,552,285.70	1,552,285.70	1,552,285.70
Fifth Third MM	MM8678	N/A	1	3.77	0.25	5,645,700.59	5,645,700.59	5,645,700.59	5,645,700.59

Description	CUSIP/Ticker	Maturity Date	Days To Maturity	% of Portfolio	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value
Fifth Third MM	MM8678	N/A	1	1.92	0.25	2,876,642.46	2,876,642.46	2,876,642.46	2,876,642.46
Fifth Third MM	MM8678	N/A	1	1.26	0.25	1,886,753.17	1,886,753.17	1,886,753.17	1,886,753.17
Fifth Third MM	MM8678	N/A	1	1.18	0.25	1,775,344.08	1,775,344.08	1,775,344.08	1,775,344.08
Fifth Third MM	MM8678	N/A	1	0.59	0.25	891,008.59	891,008.59	891,008.59	891,008.59
Fifth Third MM	MM8678	N/A	1	0.44	0.25	666,499.30	666,499.30	666,499.30	666,499.30
Fifth Third MM	MM8678	N/A	1	0.37	0.25	561,139.84	561,139.84	561,139.84	561,139.84
Fifth Third MM	MM8678	N/A	1	0.47	0.25	698,117.83	698,117.83	698,117.83	698,117.83
Fifth Third MM	MM8678	N/A	1	0.58	0.25	871,948.04	871,948.04	871,948.04	871,948.04
Fifth Third MM	MM8678	N/A	1	0.49	0.25	733,001.18	733,001.18	733,001.18	733,001.18
Fifth Third MM	MM8678	N/A	1	0.03	0.25	51,648.03	51,648.03	51,648.03	51,648.03
Fifth Third MM	MM8678	N/A	1	0.04	0.25	67,159.57	67,159.57	67,159.57	67,159.57
Fifth Third MM	MM8678	N/A	1	0.11	0.25	160,889.36	160,889.36	160,889.36	160,889.36
Fifth Third MM	MM8678	N/A	1	0.02	0.25	36,989.32	36,989.32	36,989.32	36,989.32
Fifth Third MM	MM8678	N/A	1	0.16	0.25	244,189.40	244,189.40	244,189.40	244,189.40
Fifth Third MM	MM8678	N/A	1	0.07	0.25	99,244.55	99,244.55	99,244.55	99,244.55
Fifth Third MM	MM8678	N/A	1	0.05	0.25	77,763.28	77,763.28	77,763.28	77,763.28
Fifth Third MM	MM8678	N/A	1	0.05	0.25	80,745.54	80,745.54	80,745.54	80,745.54
Fifth Third MM	MM8678	N/A	1	0.02	0.25	22,674.43	22,674.43	22,674.43	22,674.43
Fifth Third MM	MM8678	N/A	1	0	0.25	3,570.65	3,570.65	3,570.65	3,570.65
Fifth Third MM	MM8678	N/A	1	0.02	0.25	31,644.55	31,644.55	31,644.55	31,644.55
Fifth Third MM	MM8678	N/A	1	0.18	0.25	266,873.85	266,873.85	266,873.85	266,873.85
Fifth Third MM	MM8678	N/A	1	-0.11	0.25	-158,922.94	-158,922.94	-158,922.94	-158,922.94
Sub-Total / Average			1	30.4	0.25	45,565,174.18	45,565,174.18	45,565,174.18	45,529,958.98
Flagstar Bank									
Flagstar Bank MM	MM9225	N/A	1	0.01	0.25	21,503.39	21,503.39	21,503.39	21,503.39
Flagstar Bank MM	MM9316	N/A	1	0.03	0.4	44,557.59	44,557.59	44,557.59	44,557.59
Flagstar Bank MM	MM9382	N/A	1	0.02	0.4	35,621.56	35,621.56	35,621.56	35,621.56
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.17	0.399	250,000.00	250,000.00	250,000.00	250,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.16	0.399	240,000.00	240,000.00	240,000.00	240,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.5	0.399	750,000.00	750,000.00	750,000.00	750,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.2	0.399	300,000.00	300,000.00	300,000.00	300,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.87	0.399	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	1	0.399	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.17	0.399	260,000.00	260,000.00	260,000.00	260,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.33	0.399	500,000.00	500,000.00	500,000.00	500,000.00
Flagstar Bank 0.399 12/27/2012	CD9481	12/27/2012	88	0.13	0.399	200,000.00	200,000.00	200,000.00	200,000.00
Sub-Total / Average			88	3.4	0.399	5,101,682.54	5,101,682.54	5,101,682.54	5,101,682.54
FNMA									
FNMA 1.35 10/24/2016-13	3136FTBQ1	10/24/2016	1485	1.91	1.35	2,870,000.00	2,870,000.00	2,870,000.00	2,905,932.40
FNMA 1.35 10/24/2016-13	3136FTBQ1	10/24/2016	1485	0.09	1.35	130,000.00	130,000.00	130,000.00	131,827.80
FNMA Step 10/26/2016-12	3136FTEN5	10/26/2016	1487	2	2.156	3,000,000.00	3,000,000.00	3,000,000.00	3,000,570.00
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	2.33	1.257	3,500,000.00	3,500,000.00	3,500,000.00	3,515,890.00
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	1.48	1.257	2,225,000.00	2,225,000.00	2,225,000.00	2,235,101.50
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	0.87	1.257	1,000,000.00	1,000,000.00	1,000,000.00	1,004,540.00
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	1.67	1.257	2,500,000.00	2,500,000.00	2,500,000.00	2,511,350.00
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	1.07	1.257	1,600,000.00	1,600,000.00	1,600,000.00	1,607,264.00
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	0.18	1.257	275,000.00	275,000.00	275,000.00	276,248.50
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	0.33	1.257	500,000.00	500,000.00	500,000.00	502,270.00
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	0.35	1.257	525,000.00	525,000.00	525,000.00	527,383.50
FNMA Step 6/7/2017-13	3136GOJL6	6/7/2017	1711	0.6	1.257	900,000.00	900,000.00	900,000.00	904,088.00
Sub-Total / Average			1640	12.69	1.413	19,025,000.00	19,025,000.00	19,025,000.00	19,122,263.50
Lotus Bank									
Lotus Bank 0.8 10/18/2012	CD0201	10/18/2012	18	0.17	0.8	250,000.00	250,000.00	250,000.00	250,000.00
Sub-Total / Average			18	0.17	0.8	250,000.00	250,000.00	250,000.00	250,000.00
Lotus Bank CDARS - CD3386									
Lotus Bank CDARS - CD3386 MM	MM2548	N/A	1	0.02	0.25	29,270.03	29,270.03	29,270.03	29,270.03
Sub-Total / Average			1	0.02	0.25	29,270.03	29,270.03	29,270.03	29,270.03
MBIA Class									
MBIA Class LGIP	LGIP0007	N/A	1	0.19	0.17	289,319.96	289,319.96	289,319.96	289,319.96
MBIA Class LGIP	LGIP0008	N/A	1	0.02	0.17	34,992.45	34,992.45	34,992.45	34,992.45
MBIA Class LGIP	LGIP0001	N/A	1	0.02	0.17	32,829.09	32,829.09	32,829.09	32,829.09
MBIA Class LGIP	LGIP0002	N/A	1	0.35	0.17	527,062.10	527,062.10	527,062.10	527,062.10
MBIA Class LGIP	LGIP0011	N/A	1	0.01	0.17	10,703.50	10,703.50	10,703.50	10,703.50
MBIA Class LGIP	LGIP0009	N/A	1	0	0.17	6,280.52	6,280.52	6,280.52	6,280.52
Sub-Total / Average			1	0.6	0.17	901,187.62	901,187.62	901,187.62	901,187.62
MERS of Michigan									
MERS of Michigan	MF6320	N/A	2.35	N/A	N/A	3,527,978.49	3,527,978.49	3,527,978.49	3,537,394.96
Sub-Total / Average			N/A	2.35	N/A	3,527,978.49	3,527,978.49	3,527,978.49	3,537,394.96
Michigan Go Bonds Ser 2010 B									
Michigan Go Bonds Ser 2010 B 3.029 11/1/2016	5946106L6	11/1/2016	1493	0.33	2.902	500,000.00	503,505.00	500,000.00	539,305.00
Sub-Total / Average			1493	0.33	2.902	500,000.00	503,505.00	500,000.00	539,305.00
Michigan State GO Bond									
Michigan State GO Bond 2.85 12/1/2018	5946107K7	12/1/2018	2253	2.37	2.9	3,550,000.00	3,538,569.00	3,550,000.00	3,761,012.00
Michigan State GO Bond 2.85 12/1/2018	5946107K7	12/1/2018	2253	0.67	2.9	1,000,000.00	996,780.00	1,000,000.00	1,059,440.00
Michigan State GO Bond 2.85 12/1/2018	5946107K7	12/1/2018	2253	0.3	2.9	450,000.00	448,551.00	450,000.00	476,748.00
Sub-Total / Average			2253	3.34	2.9	5,000,000.00	4,983,900.00	5,000,000.00	5,297,200.00
Morgan Stanley - Smith Barney									

Description	CUSIP/Ticker	Maturity Date	Days To Maturity	% of Portfolio	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value
Morgan Stanley - Smith Barney	MF4302		N/A	3.82	N/A	5,729,203.09	5,729,203.09	5,729,203.09	6,828,038.17
Sub Total / Average			N/A	3.82	N/A	5,729,203.09	5,729,203.09	5,729,203.09	6,828,038.17
Morgan Stanley Smith Barney									
Morgan Stanley Smith Barney Cash	CASH4526	N/A	1	0	0	0.88	0.88	0.88	0.00
Sub Total / Average			1	0	0	0.88	0.88	0.88	0.00
Oakland County									
Oakland County LGIP	LGIP7257	N/A	1	4.88	0.766	7,321,492.50	7,321,492.50	7,321,492.50	7,321,492.50
Oakland County LGIP	LGIP7259	N/A	1	0.21	0.766	307,497.68	307,497.68	307,497.68	307,497.68
Oakland County LGIP	LGIP7258	N/A	1	1.24	0.766	1,852,978.49	1,852,978.49	1,852,978.49	1,852,978.49
Sub Total / Average			1	6.33	0.766	9,481,968.67	9,481,968.67	9,481,968.67	9,481,968.67
UBS Financial									
UBS Financial	MF2525		N/A	3.6	N/A	5,401,621.81	5,401,621.81	5,401,621.81	6,336,409.02
UBS Financial Cash	CASH4366	N/A	1	0	0	0.4	0.4	0.4	0.00
UBS Financial 0 11/30/2012	90262CLW5	11/30/2012	61	0.17	0.508	250,000.00	249,465.28	249,465.28	249,880.00
UBS Financial 0 11/30/2012	90262CLW5	11/30/2012	61	0.33	0.508	500,000.00	498,930.56	498,930.56	499,720.00
UBS Financial 0 11/30/2012	90262CLW5	11/30/2012	61	0.99	0.508	1,485,000.00	1,481,823.74	1,481,823.74	1,484,168.40
UBS Financial 0 11/30/2012	90262CLW5	11/30/2012	61	0.33	0.508	500,000.00	498,930.56	498,930.56	499,720.00
Sub Total / Average			61	5.43	0.508	8,136,622.21	8,130,772.35	8,130,772.35	9,069,877.78
Total / Average			1160	100	1.163	149,898,636.29	149,870,691.35	149,883,286.35	152,416,417.83

Note: The market value for MERS of Michigan reflects the balance as of 06/30/2012. The statement for the period ending 09/30/2012 has not been received as of the date of this report.