



MBIA Asset Management
1700 Broadway, Suite 2050
Denver, CO 80290
303 860 1100
Fax: 303 860 0016

CITY OF ANN ARBOR

Reports for the period December 1, 2008 – December 31, 2008

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

Fixed Income Market Review

December 31, 2008

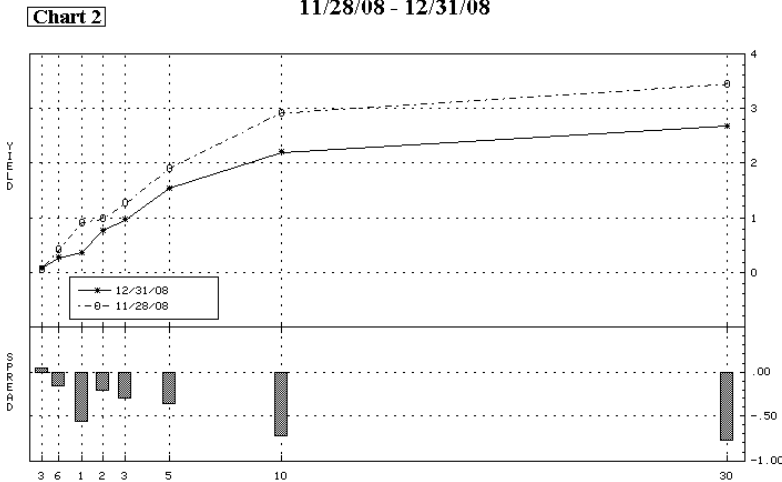
Change in Nonfarm Payrolls
11/30/88 - 11/30/08



Economic Indicators & Monetary Policy – With the economy still showing weakness, the Federal Reserve decreased the Fed funds target rate to a range of zero to 0.25 percent at the Federal Open Market Committee meeting on December 16th. This is a historical low for the Fed funds target rate, and there is no room for further rate reductions. The Fed had the flexibility to bring the target rate down to these low levels because concerns about inflation have diminished, and this final interest rate decrease was seen as necessary to stimulate economic growth since it sees substantial risks to the economy.

The job market continues to deteriorate as the economy sinks further into recession. In November, the economy lost 533,000 jobs; it was the eleventh consecutive month of job losses in 2008. (See Chart 1.) Economists believe that 2008 may be the worst year for the job market since 1945 with 1.9 million jobs lost through November. During September, October and November, the economy lost a total of 1.25 million jobs, or two-thirds of total job losses in 2008.

Treasury Yield Curves
11/28/08 - 12/31/08



Lowering the Fed funds target rate is only one of the tools that the Federal Open Market Committee may utilize to increase economic activity. Since the Fed doesn't have room to cut rates further, Chairman Bernanke has been preparing the markets for a period of quantitative easing. This strategy calls for the government to purchase U.S. Treasury and agency securities. By purchasing significant quantities of these securities, the Fed Chairman hopes to depress yields across the curve, ultimately bringing mortgage and corporate borrowing rates down further to spur economic activity.

Yield Curve & Spreads – The yield curve flattened in December with yields moving lower on the long-end of the curve. The market is anticipating quantitative easing by the Fed and the potential for lower rates as result.

At the end of December, three-month Treasury bills yielded 0.08 percent, six-month Treasury bills yielded 0.26 percent, two-year Treasuries yielded 0.76 percent, five-year Treasuries yielded 1.55 percent, 10-year Treasuries yielded 2.21 percent, and 30-year bonds yielded 2.68. (See Chart 2.)

Additional Information
December 31, 2008

A current version of the investment adviser brochure, for MBIA Municipal Investors Service Corporation, in the form of the Firm's ADV Part II is available for your review. Please contact our Client Service Desk at 1-800-395-5505 or mail your request to:

MBIA Municipal Investor Service Corporation
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.

City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2008 - December 31, 2008

<u>Amortized Cost Basis Activity Summary</u>	
Beginning Amortized Cost Value	222,940,985.09
Additions	
Contributions	5,377,783.29
Interest Received	1,079,091.47
Accrued Interest Sold	77,358.98
Gain on Sales	0.00
Total Additions	6,534,233.74
Deductions	
Withdrawals	0.00
Fees Paid	14,336.00
Accrued Interest Purchased	97,395.83
Loss on Sales	0.00
Total Deductions	(111,731.83)
Accretion (Amortization) for the Period	(196.96)
Ending Amortized Cost Value	229,363,290.04
Ending Fair Value	236,447,898.32
Unrealized Gain (Loss)	7,084,608.28

<u>Detail of Amortized Cost Basis Return</u>				
	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	5,534.25	0.00	0.00	5,534.25
Repurchase Agreement	69.49	0.00	0.00	69.49
Commercial Paper	0.00	52,682.78	0.00	52,682.78
U.S. Treasury	191,367.42	(21,936.41)	0.00	169,431.01
U.S. Instrumentality	492,115.89	(30,943.33)	0.00	461,172.56
Sales and Maturities				
Repurchase Agreement	398.49	0.00	0.00	398.49
U.S. Instrumentality	9,166.67	0.00	0.00	9,166.67
Total	698,652.21	(196.96)	0.00	698,455.25

<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	1.93%	1.24%	0.18%
Overnight Repo	1.69%	1.02%	0.07%
3 Month T-Bill	1.39%	0.91%	0.04%
6 Month T-Bill	1.66%	1.31%	0.26%
1 Year T-Note	1.83%	1.56%	0.50%
2 Year T-Note	2.01%	1.79%	0.83%
5 Year T-Note	2.81%	2.66%	1.52%

<u>Summary of Amortized Cost Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	698,652.21	693,117.96
Accretion (Amortization)	(196.96)	(196.96)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	698,455.25	692,921.00
Average Daily Historical Cost	222,584,992.72	218,846,898.49
Annualized Return	3.70%	3.74%
Annualized Return Net of Fees	3.63%	3.66%
Annualized Return Year to Date Net of Fees	3.87%	4.03%
Weighted Average Effective Maturity in Days	484	504

City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2008 - December 31, 2008

<u>Fair Value Basis Activity Summary</u>		
Beginning Fair Value		228,049,683.87
Additions		
Contributions	5,377,783.29	
Interest Received	1,079,091.47	
Accrued Interest Sold	77,358.98	
Total Additions		6,534,233.74
Deductions		
Withdrawals	0.00	
Fees Paid	14,336.00	
Accrued Interest Purchased	97,395.83	
Total Deductions		(111,731.83)
Change in Fair Value for the Period		1,975,712.54
Ending Fair Value		236,447,898.32

<u>Detail of Fair Value Basis Return</u>			
	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	5,534.25	0.00	5,534.25
Repurchase Agreement	69.49	0.00	69.49
Commercial Paper	0.00	80,619.00	80,619.00
U.S. Treasury	191,367.42	134,293.41	325,660.83
U.S. Instrumentality	492,115.89	1,761,360.13	2,253,476.02
Sales and Maturities			
Repurchase Agreement	398.49	0.00	398.49
U.S. Instrumentality	9,166.67	(560.00)	8,606.67
Total	698,652.21	1,975,712.54	2,674,364.75

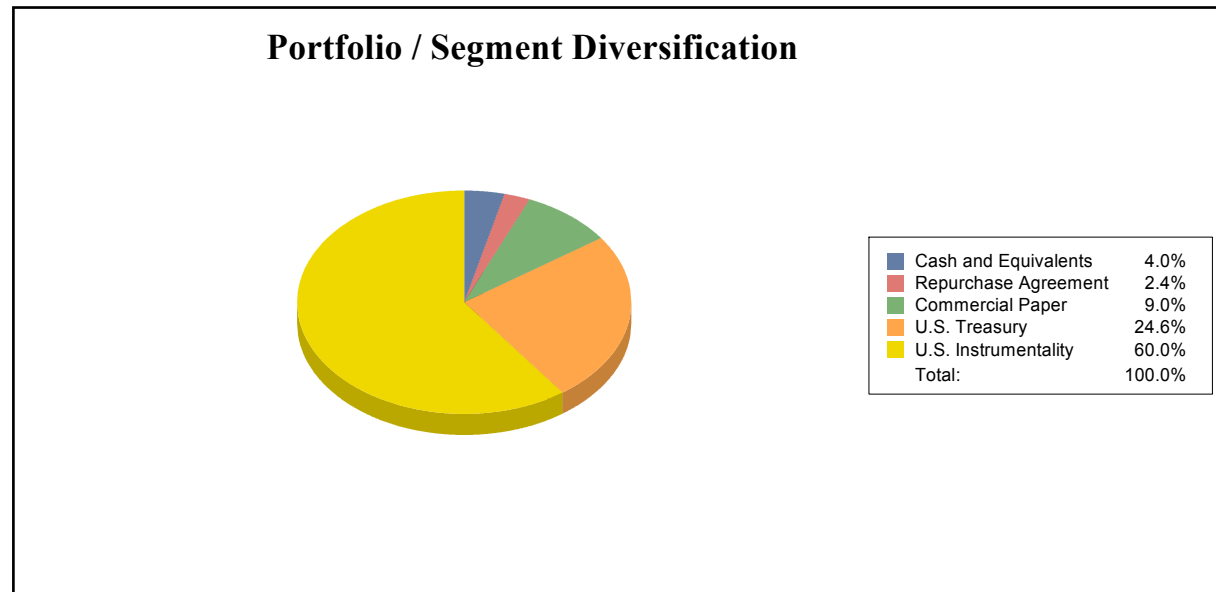
<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	1.93%	1.24%	0.18%
Overnight Repo	1.69%	1.02%	0.07%
3 Month T-Bill	2.20%	1.83%	0.12%
6 Month T-Bill	3.65%	4.02%	2.83%
1 Year T-Note	4.60%	5.17%	5.90%
2 Year T-Note	7.41%	10.38%	8.26%
5 Year T-Note	13.33%	21.84%	28.69%

<u>Summary of Fair Value Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	698,652.21	693,117.96
Change in Fair Value	<u>1,975,712.54</u>	<u>1,975,712.54</u>
Total Income on Portfolio	2,674,364.75	2,668,830.50
Average Daily Historical Cost	222,584,992.72	218,846,898.49
Annualized Return	14.19%	14.40%
Annualized Return Net of Fees	14.11%	14.32%
Annualized Return Year to Date Net of Fees	5.93%	6.22%
Weighted Average Effective Maturity in Days	484	504

**City of Ann Arbor
Recap of Securities Held
December 31, 2008**

	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	9,077,643.85	9,077,643.85	9,077,643.85	0.00	1	1	3.96	1.05	0.00
Repurchase Agreement	5,559,277.18	5,559,277.18	5,559,277.18	0.00	1	1	2.43	0.05	0.00
Commercial Paper	20,678,600.83	20,902,927.50	20,969,739.00	66,811.50	58	58	9.03	3.00	0.16
U.S. Treasury	56,354,990.25	56,648,134.45	58,789,590.41	2,141,455.96	495	495	24.60	3.52	1.30
U.S. Instrumentality	137,443,024.15	137,175,307.06	142,051,647.88	4,876,340.82	1,237	595	59.99	4.15	1.53
TOTAL	229,113,536.26	229,363,290.04	236,447,898.32	7,084,608.28	869	484	100.00	3.67	1.25

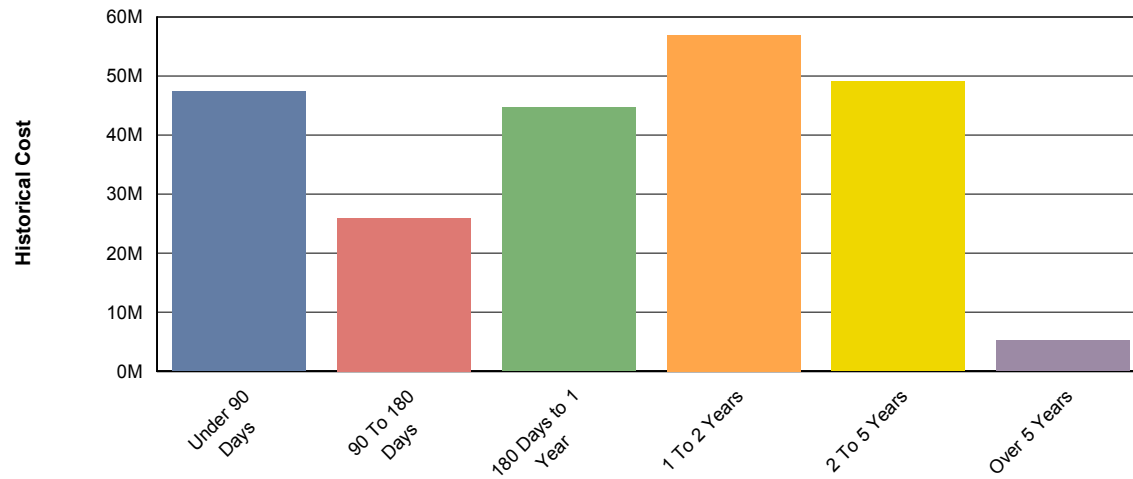
* Weighted Average Yield is calculated on a "yield to worst" basis.



City of Ann Arbor
Maturity Distribution of Securities Held
December 31, 2008

Maturity	Historical Cost	Percent
Under 90 Days	47,331,601.86	20.66%
90 To 180 Days	25,900,586.33	11.30%
180 Days to 1 Year	44,671,386.88	19.50%
1 To 2 Years	56,945,092.66	24.85%
2 To 5 Years	49,082,368.53	21.42%
Over 5 Years	5,182,500.00	2.26%
	229,113,536.26	100.00%

Maturity Distribution



**City of Ann Arbor
Securities Held
December 31, 2008**

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>													
BankOne	12/31/08	1.050 V		9,077,643.85	9,077,643.85 0.00	9,077,643.85 0.00	9,077,643.85 0.00	0.00	5,534.25	5,534.25	0.00	3.96	1.05
TOTAL				9,077,643.85	9,077,643.85 0.00	9,077,643.85 0.00	9,077,643.85 0.00	0.00	5,534.25	5,534.25	0.00	3.96	
<u>Repurchase Agreement</u>													
Morgan Stanley	12/23/08	0.050 V		5,559,277.18	5,559,277.18 0.00	5,559,277.18 0.00	5,559,277.18 0.00	0.00	0.00	69.49	69.49	2.43	0.05
TOTAL				5,559,277.18	5,559,277.18 0.00	5,559,277.18 0.00	5,559,277.18 0.00	0.00	0.00	69.49	69.49	2.43	
Collateral: 5,282,000 912828JQ4 T-Note 2.750% 10/31/2013													
TOTAL				5,559,277.18	5,559,277.18 0.00	5,559,277.18 0.00	5,559,277.18 0.00	0.00	0.00	69.49	69.49	2.43	
<u>Commercial Paper</u>													
83365RPJ8 Societe Generale NA	08/22/08	0.000	02/18/09	7,000,000.00	6,896,750.00 0.00	6,972,466.67 17,781.95	6,992,447.00 26,607.00	19,980.33	0.00	0.00	0.00	3.01	3.04
4497WOPP7 ING Funding	08/22/08	0.000	02/23/09	7,000,000.00	6,893,162.50 0.00	6,969,392.50 17,902.50	6,990,592.00 26,852.00	21,199.50	0.00	0.00	0.00	3.01	3.06
36959HQD2 GE Capital	08/22/08	0.000	03/13/09	7,000,000.00	6,888,688.33 0.00	6,961,068.33 16,998.33	6,986,700.00 27,160.00	25,631.67	0.00	0.00	0.00	3.01	2.90
TOTAL				21,000,000.00	20,678,600.83 0.00	20,902,927.50 52,682.78	20,969,739.00 80,619.00	66,811.50	0.00	0.00	0.00	9.03	
<u>U.S. Treasury</u>													
912828GL8 T-Note	06/18/07	4.500	03/31/09	4,025,000.00	3,987,580.08 0.00	4,019,892.07 1,779.17	4,067,765.63 (14,147.87)	47,873.56	0.00	15,425.48	46,276.44	1.74	5.05
912828CE8 T-Note	10/31/06	3.125	04/15/09	3,000,000.00	2,891,718.75 0.00	2,987,445.65 3,742.16	3,024,960.00 (5,280.00)	37,514.35	0.00	7,984.21	20,089.29	1.26	4.70
912828FE5 T-Note	05/15/06	4.875	05/15/09	4,000,000.00	3,985,937.50 0.00	3,998,280.68 397.75	4,068,592.00 (10,168.00)	70,311.32	0.00	16,698.90	25,317.68	1.74	5.00
912828CV0 T-Note	10/10/08	3.375	09/15/09	7,000,000.00	7,122,500.00 16,315.61	7,092,595.59 (11,169.12)	7,148,750.00 13,090.00	56,154.41	0.00	20,231.36	70,483.43	3.11	1.47
912828CX6 T-Note	02/21/07	3.375	10/15/09	6,000,000.00	5,799,140.63 0.00	5,940,386.10 6,439.13	6,144,612.00 14,772.00	204,225.90	0.00	17,245.88	43,392.86	2.53	4.73
912828FX3 T-Note	10/10/08	4.625	11/15/09	7,000,000.00	7,232,968.75 0.00	7,184,748.29 (18,010.05)	7,254,023.00 4,613.00	69,274.71	0.00	27,724.45	42,033.84	3.16	1.55

**City of Ann Arbor
Securities Held
December 31, 2008**

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.S. Treasury													
912828DG2 T-Note	09/18/06	3.625	01/15/10	5,000,000.00	4,829,296.88 0.00	4,946,751.87 4,355.39	5,174,805.00 7,605.00	228,053.13	0.00	15,268.34	83,729.62	2.11	4.75
912828DL1 T-Note	10/10/08	3.500	02/15/10	5,325,000.00	5,465,613.28 28,361.41	5,441,940.05 (8,841.81)	5,514,287.78 6,214.28	72,347.73	0.00	15,700.07	70,397.08	2.39	1.51
912828EX4 T-Note	09/01/06	4.500	02/28/11	5,000,000.00	4,958,203.13 0.00	4,979,929.35 789.58	5,406,250.00 15,250.00	426,320.65	0.00	19,267.96	76,450.28	2.16	4.71
912828FK1 T-Note	08/15/06	5.125	06/30/11	5,000,000.00	5,046,093.75 0.00	5,023,564.78 (802.76)	5,533,985.00 20,685.00	510,420.22	128,125.00	21,597.82	707.87	2.20	4.91
912828JD3 T-Note	07/17/08	3.375	06/30/13	5,000,000.00	5,035,937.50 0.00	5,032,600.02 (615.85)	5,451,560.00 81,660.00	418,959.98	84,375.00	14,222.95	466.16	2.20	3.22
TOTAL				56,350,000.00	56,354,990.25 44,677.02	56,648,134.45 (21,936.41)	58,789,590.41 134,293.41	2,141,455.96	212,500.00	191,367.42	479,344.55	24.60	

U.S. Instrumentality

31331XFS6 FFCB	01/31/07	4.750	12/07/09	5,000,000.00	4,946,750.00 0.00	4,982,608.07 1,585.74	5,189,375.00 53,125.00	206,766.93	118,750.00	19,791.66	15,833.33	2.16	5.15
31398APJ5 FNMA	Call 10/22/08	3.000	03/10/10 03/10/10	6,000,000.00	5,978,220.00 21,000.00	5,981,288.21 1,339.64	6,136,644.00 70,284.00	155,355.79	0.00	15,000.00	55,500.00	2.61	3.27
3128X7QT4 FHLMC	Call 05/12/08	3.250	05/12/10 02/12/09	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,013,095.00 (5,705.00)	13,095.00	0.00	13,541.67	22,118.06	2.18	3.25
3133XFLE4 FHLB	09/01/06	5.250	06/11/10	5,000,000.00	5,035,800.00 0.00	5,013,655.40 (804.79)	5,312,515.00 71,215.00	298,859.60	131,250.00	21,875.00	14,583.33	2.20	5.04
3128X2EV3 FHLMC	Call 08/26/04	4.750	12/08/10 12/08/10	3,000,000.00	3,017,250.00 0.00	3,000,000.00 0.00	3,202,785.00 78,015.00	202,785.00	71,250.00	11,875.00	9,104.17	1.32	4.75
3128X6U38 FHLMC	Call 02/06/08	3.375	02/04/11 02/04/09	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,011,355.00 (2,995.00)	11,355.00	0.00	14,062.50	68,906.25	2.18	3.38
31331TZN4 FFCB	03/28/08	3.750	04/07/11	5,000,000.00	5,131,700.00 0.00	5,098,447.24 (3,694.75)	5,268,500.00 136,850.00	170,052.76	0.00	15,625.00	43,750.00	2.24	2.84
3136F7B48 FNMA	Call 07/25/06	5.625	05/19/11 05/19/09	5,000,000.00	4,989,600.00 0.00	4,994,867.99 183.28	5,073,845.00 7,195.00	78,977.01	0.00	23,437.50	32,812.50	2.18	5.67
3133XR4U1 FHLB	05/23/08	3.125	06/10/11	5,000,000.00	4,940,350.00 0.00	4,952,301.44 1,661.41	5,186,810.00 135,260.00	234,508.56	93,315.97	13,020.83	9,114.58	2.16	3.54
31398ASL7 FNMA	Call 09/18/08	4.250	06/24/11 06/24/09	5,000,000.00	5,045,750.00 0.00	5,028,532.26 (5,083.33)	5,083,005.00 16,955.00	54,472.74	106,250.00	17,708.33	4,131.94	2.20	3.03
3136F9XC2 FNMA	Call 12/16/08	4.250	07/01/11 07/01/10	5,000,000.00	5,169,900.00 97,395.83	5,165,062.99 (4,837.01)	5,233,775.00 63,875.00	68,712.01	0.00	8,854.17	106,250.00	2.26	2.00

**City of Ann Arbor
Securities Held
December 31, 2008**

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.S. Instrumentality														
31398ASQ6 FNMA	Call	11/21/08	4.000	07/07/11 07/07/09	3,000,000.00	3,000,000.00 44,666.67	3,000,000.00 0.00	3,048,075.00 13,125.00	48,075.00	0.00	10,000.00	58,000.00	1.31	4.00
31331GHH5 FFCB	Call	12/19/08	3.000	12/19/11 06/19/09	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,014,555.00 14,555.00	14,555.00	0.00	5,000.00	5,000.00	2.18	3.00
3133XKBC8 FHLB	Call	03/26/07	5.000	03/26/12 03/26/10	3,000,000.00	3,000,000.00 0.00	3,000,000.00 0.00	3,138,624.00 47,634.00	138,624.00	0.00	12,500.00	39,583.33	1.31	5.00
31331XG30 FFCB		11/15/07	5.450	06/21/12	3,885,000.00	4,039,584.15 0.00	4,001,582.21 (2,852.45)	4,337,664.66 141,281.91	336,082.45	105,866.25	17,644.38	5,881.46	1.76	4.48
3133XLMW0 FHLB	Call	12/07/07	5.510	07/20/12 07/20/10	5,000,000.00	5,191,000.00 0.00	5,112,881.80 (6,193.51)	5,308,665.00 90,665.00	195,783.20	0.00	22,958.33	123,209.72	2.27	3.96
31331Y3X6 FFCB		08/01/08	3.950	07/23/12	5,000,000.00	4,988,100.00 4,388.89	4,989,353.93 254.07	5,326,690.00 179,140.00	337,336.07	0.00	16,458.34	86,680.56	2.18	4.02
31331XU91 FFCB	Call	08/24/07	5.540	08/10/12 08/10/09	3,500,000.00	3,525,340.00 0.00	3,507,810.52 (1,095.59)	3,587,678.50 22,893.50	79,867.98	0.00	16,158.34	75,944.17	1.54	5.15
31331X7J5 FFCB	Call	10/30/07	5.050	10/15/12 10/15/09	3,000,000.00	3,015,000.00 0.00	3,006,012.57 (649.44)	3,087,237.00 28,317.00	81,224.43	0.00	12,625.00	31,983.33	1.32	4.78
3136F8VL6 FNMA	Call	06/05/08	5.000	11/07/12 02/07/09	2,000,000.00	2,016,080.00 0.00	2,000,000.00 0.00	2,007,336.00 (3,344.00)	7,336.00	0.00	8,333.33	15,000.00	0.88	5.00
31331YGE4 FFCB		12/31/07	4.250	12/04/12	5,000,000.00	5,040,100.00 0.00	5,031,924.06 (690.61)	5,346,325.00 153,825.00	314,400.94	106,250.00	17,708.33	15,937.50	2.20	4.07
31398AKN1 FNMA	Call	01/07/08	4.550	01/04/13 01/04/10	5,000,000.00	5,014,750.00 0.00	5,007,456.04 (628.09)	5,109,625.00 39,775.00	102,168.96	0.00	18,958.34	111,854.17	2.19	4.39
31398ALB6 FNMA	Call	01/18/08	4.000	01/18/13 01/18/11	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,153,845.00 51,895.00	153,845.00	0.00	16,666.67	90,555.56	2.18	4.00
31359MQV8 FNMA	Call	09/18/06	4.750	02/21/13 02/21/13	5,000,000.00	4,902,300.00 0.00	4,937,085.86 1,289.91	5,435,190.00 111,540.00	498,104.14	0.00	19,791.67	85,763.89	2.14	5.11
3128X7R89 FHLMC	Call	09/25/08	4.510	08/06/13 08/06/10	4,080,000.00	4,087,012.50 25,045.53	4,086,001.88 (319.68)	4,227,018.72 19,518.72	141,016.84	0.00	15,334.00	74,114.33	1.78	4.41
31331XSR4 FFCB		05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,163,312.12 (2,667.37)	5,576,050.00 180,600.00	412,737.88	0.00	20,312.50	72,447.92	2.26	4.16
3133XLWD1 FHLB	Call	12/31/07	5.750	08/27/14 08/27/10	5,000,000.00	5,156,250.00 0.00	5,097,132.73 (4,993.56)	5,287,540.00 8,640.00	190,407.27	0.00	23,958.34	99,027.78	2.25	4.49
3133XNB24 FHLB	Call	12/03/07	5.125	12/03/14 12/03/09	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,136,925.00 16,075.00	136,925.00	128,125.00	21,354.17	19,930.56	2.18	5.13
3133XNXX0 FHLB	Call	01/14/08	4.600	01/14/15 01/14/10	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,114,420.00 16,470.00	114,420.00	0.00	19,166.66	106,694.44	2.18	4.60

**City of Ann Arbor
Securities Held
December 31, 2008**

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.S. Instrumentality													
3133XRSQ4 FHLB	Call	08/22/08	07/23/15 07/23/09	5,000,000.00	5,029,687.50 21,649.31	5,017,989.74 (2,747.20)	5,096,480.00 4,680.00	78,490.26	0.00	22,395.83	117,951.39	2.20	4.70
TOTAL				136,465,000.00	137,443,024.15 214,146.23	137,175,307.06 (30,943.33)	142,051,647.88 1,761,360.13	4,876,340.82	861,057.22	492,115.89	1,617,664.27	59.99	
GRAND TOTAL				228,451,921.03	229,113,536.26 258,823.25	229,363,290.04 (196.96)	236,447,898.32 1,976,272.54	7,084,608.28	1,079,091.47	689,087.05	2,097,078.31	100.00	

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2008

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>												
912828GL8	U.S. Treasury	4.500	03/31/2009		AAA	Aaa	4,025,000.00	3,987,580.08	1.74	4,067,765.63	1.72	0.25
912828CE8	U.S. Treasury	3.125	04/15/2009		AAA	Aaa	3,000,000.00	2,891,718.75	1.26	3,024,960.00	1.28	0.29
912828FE5	U.S. Treasury	4.875	05/15/2009		AAA	Aaa	4,000,000.00	3,985,937.50	1.74	4,068,592.00	1.72	0.37
912828CV0	U.S. Treasury	3.375	09/15/2009		AAA	Aaa	7,000,000.00	7,122,500.00	3.11	7,148,750.00	3.02	0.70
912828CX6	U.S. Treasury	3.375	10/15/2009		AAA	Aaa	6,000,000.00	5,799,140.63	2.53	6,144,612.00	2.60	0.78
912828FX3	U.S. Treasury	4.625	11/15/2009		AAA	Aaa	7,000,000.00	7,232,968.75	3.16	7,254,023.00	3.07	0.86
912828DG2	U.S. Treasury	3.625	01/15/2010		AAA	Aaa	5,000,000.00	4,829,296.88	2.11	5,174,805.00	2.19	1.01
912828DL1	U.S. Treasury	3.500	02/15/2010		AAA	Aaa	5,325,000.00	5,465,613.28	2.39	5,514,287.78	2.33	1.10
912828EX4	U.S. Treasury	4.500	02/28/2011		AAA	Aaa	5,000,000.00	4,958,203.13	2.16	5,406,250.00	2.29	2.05
912828FK1	U.S. Treasury	5.125	06/30/2011		AAA	Aaa	5,000,000.00	5,046,093.75	2.20	5,533,985.00	2.34	2.38
912828JD3	U.S. Treasury	3.375	06/30/2013		AAA	Aaa	5,000,000.00	5,035,937.50	2.20	5,451,560.00	2.31	4.20
ISSUER TOTAL							56,350,000.00	56,354,990.25	24.60	58,789,590.41	24.86	1.32
<u>FNMA</u>												
3136F8VL6	U.S. Instrumentality	5.000	11/07/2012	02/07/2009	AAA	Aaa	2,000,000.00	2,016,080.00	0.88	2,007,336.00	0.85	0.10
3136F7B48	U.S. Instrumentality	5.625	05/19/2011	05/19/2009	AAA	Aaa	5,000,000.00	4,989,600.00	2.18	5,073,845.00	2.15	0.38
31398ASL7	U.S. Instrumentality	4.250	06/24/2011	06/24/2009	AAA	Aaa	5,000,000.00	5,045,750.00	2.20	5,083,005.00	2.15	0.48
31398ASQ6	U.S. Instrumentality	4.000	07/07/2011	07/07/2009	AAA	Aaa	3,000,000.00	3,000,000.00	1.31	3,048,075.00	1.29	0.50
31398AKN1	U.S. Instrumentality	4.550	01/04/2013	01/04/2010	AAA	Aaa	5,000,000.00	5,014,750.00	2.19	5,109,625.00	2.16	0.96
31398APJ5	U.S. Instrumentality	3.000	03/10/2010	03/10/2010	AAA	Aaa	6,000,000.00	5,978,220.00	2.61	6,136,644.00	2.60	1.16
3136F9XC2	U.S. Instrumentality	4.250	07/01/2011	07/01/2010	AAA	Aaa	5,000,000.00	5,169,900.00	2.26	5,233,775.00	2.21	1.43
31398ALB6	U.S. Instrumentality	4.000	01/18/2013	01/18/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.18	5,153,845.00	2.18	1.93
31359MQV8	U.S. Instrumentality	4.750	02/21/2013	02/21/2013	AAA	Aaa	5,000,000.00	4,902,300.00	2.14	5,435,190.00	2.30	3.72
ISSUER TOTAL							41,000,000.00	41,116,600.00	17.95	42,281,340.00	17.88	1.32
<u>FFCB</u>												
31331GHH5	U.S. Instrumentality	3.000	12/19/2011	06/19/2009	AAA	Aaa	5,000,000.00	5,000,000.00	2.18	5,014,555.00	2.12	0.46
31331XU91	U.S. Instrumentality	5.540	08/10/2012	08/10/2009	AAA	Aaa	3,500,000.00	3,525,340.00	1.54	3,587,678.50	1.52	0.59
31331X7J5	U.S. Instrumentality	5.050	10/15/2012	10/15/2009	AAA	Aaa	3,000,000.00	3,015,000.00	1.32	3,087,237.00	1.31	0.77
31331XFS6	U.S. Instrumentality	4.750	12/07/2009		AAA	Aaa	5,000,000.00	4,946,750.00	2.16	5,189,375.00	2.19	0.92
31331TZN4	U.S. Instrumentality	3.750	04/07/2011		AAA	Aaa	5,000,000.00	5,131,700.00	2.24	5,268,500.00	2.23	2.17
31331XG30	U.S. Instrumentality	5.450	06/21/2012		AAA	Aaa	3,885,000.00	4,039,584.15	1.76	4,337,664.66	1.83	3.19
31331Y3X6	U.S. Instrumentality	3.950	07/23/2012		AAA	Aaa	5,000,000.00	4,988,100.00	2.18	5,326,690.00	2.25	3.28
31331YGE4	U.S. Instrumentality	4.250	12/04/2012		AAA	Aaa	5,000,000.00	5,040,100.00	2.20	5,346,325.00	2.26	3.61
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AAA	Aaa	5,000,000.00	5,182,500.00	2.26	5,576,050.00	2.36	4.58

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2008

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)
ISSUER TOTAL							40,385,000.00	40,869,074.15	17.84	42,734,075.16	18.07	2.32
<u>FHLB</u>												
3133XRSQ4	U.S. Instrumentality	5.375	07/23/2015	07/23/2009	AAA	Aaa	5,000,000.00	5,029,687.50	2.20	5,096,480.00	2.16	0.54
3133XNB24	U.S. Instrumentality	5.125	12/03/2014	12/03/2009	AAA	Aaa	5,000,000.00	5,000,000.00	2.18	5,136,925.00	2.17	0.90
3133XNKK0	U.S. Instrumentality	4.600	01/14/2015	01/14/2010	AAA	Aaa	5,000,000.00	5,000,000.00	2.18	5,114,420.00	2.16	0.99
3133XKBC8	U.S. Instrumentality	5.000	03/26/2012	03/26/2010	AAA	Aaa	3,000,000.00	3,000,000.00	1.31	3,138,624.00	1.33	1.19
3133XFLE4	U.S. Instrumentality	5.250	06/11/2010		AAA	Aaa	5,000,000.00	5,035,800.00	2.20	5,312,515.00	2.25	1.40
3133XLMW0	U.S. Instrumentality	5.510	07/20/2012	07/20/2010	AAA	Aaa	5,000,000.00	5,191,000.00	2.27	5,308,665.00	2.25	1.47
3133XLWD1	U.S. Instrumentality	5.750	08/27/2014	08/27/2010	AAA	Aaa	5,000,000.00	5,156,250.00	2.25	5,287,540.00	2.24	1.56
3133XR4U1	U.S. Instrumentality	3.125	06/10/2011		AAA	Aaa	5,000,000.00	4,940,350.00	2.16	5,186,810.00	2.19	2.35
ISSUER TOTAL							38,000,000.00	38,353,087.50	16.74	39,581,979.00	16.74	1.31
<u>FHLMC</u>												
3128X6U38	U.S. Instrumentality	3.375	02/04/2011	02/04/2009	AAA	Aaa	5,000,000.00	5,000,000.00	2.18	5,011,355.00	2.12	0.09
3128X7QT4	U.S. Instrumentality	3.250	05/12/2010	02/12/2009	AAA	Aaa	5,000,000.00	5,000,000.00	2.18	5,013,095.00	2.12	0.12
3128X7R89	U.S. Instrumentality	4.510	08/06/2013	08/06/2010	AAA	Aaa	4,080,000.00	4,087,012.50	1.78	4,227,018.72	1.79	1.52
3128X2EV3	U.S. Instrumentality	4.750	12/08/2010	12/08/2010	AAA	Aaa	3,000,000.00	3,017,250.00	1.32	3,202,785.00	1.35	1.86
ISSUER TOTAL							17,080,000.00	17,104,262.50	7.47	17,454,253.72	7.38	0.77
<u>BankOne</u>												
	Cash and Equivalents	1.050					9,077,643.85	9,077,643.85	3.96	9,077,643.85	3.84	0.00
ISSUER TOTAL							9,077,643.85	9,077,643.85	3.96	9,077,643.85	3.84	0.00
<u>Societe Generale NA</u>												
83365RPJ8	Commercial Paper	0.000	02/18/2009		A-1+	P-1	7,000,000.00	6,896,750.00	3.01	6,992,447.00	2.96	0.13
ISSUER TOTAL							7,000,000.00	6,896,750.00	3.01	6,992,447.00	2.96	0.13
<u>ING Funding</u>												
4497W0PP7	Commercial Paper	0.000	02/23/2009		A-1+	P-1	7,000,000.00	6,893,162.50	3.01	6,990,592.00	2.96	0.15
ISSUER TOTAL							7,000,000.00	6,893,162.50	3.01	6,990,592.00	2.96	0.15
<u>GE Capital</u>												
36959HQD2	Commercial Paper	0.000	03/13/2009		A-1+	P-1	7,000,000.00	6,888,688.33	3.01	6,986,700.00	2.95	0.20
ISSUER TOTAL							7,000,000.00	6,888,688.33	3.01	6,986,700.00	2.95	0.20
<u>Morgan Stanley</u>												
	Repurchase Agreement	0.050			NR	P-1	5,559,277.18	5,559,277.18	2.43	5,559,277.18	2.35	0.00

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2008

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)
ISSUER TOTAL							5,559,277.18	5,559,277.18	2.43	5,559,277.18	2.35	0.00
GRAND TOTAL							228,451,921.03	229,113,536.26	100.00	236,447,898.32	100.00	1.27

Highlighted totals are issuers representing 5.00% or more of the portfolio's market value.

**City of Ann Arbor
Securities Purchased
for the period December 1, 2008 - December 31, 2008**

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	12/31/2008	1.050 V		5,512,000.35	100.000	5,512,000.35	0.00	1.05	
BankOne	12/31/2008	1.050 V		5,534.25	100.000	5,534.25	0.00	1.05	
TOTAL				5,517,534.60		5,517,534.60	0.00		
<u>Repurchase Agreement</u>									
Morgan Stanley	12/01/2008	0.250 V		10,324,503.69	100.000	10,324,503.69	0.00	0.25	
Morgan Stanley	12/03/2008	0.200 V		10,452,772.09	100.000	10,452,772.09	0.00	0.20	
Morgan Stanley	12/04/2008	0.150 V		10,559,080.16	100.000	10,559,080.16	0.00	0.15	
Morgan Stanley	12/08/2008	0.020 V		5,559,150.55	100.000	5,559,150.55	0.00	0.02	
Morgan Stanley	12/23/2008	0.050 V		5,559,277.18	100.000	5,559,277.18	0.00	0.05	
TOTAL				42,454,783.67		42,454,783.67	0.00		
<u>U.S. Instrumentality</u>									
3136F9XC2 FNMA	Call	12/16/2008	4.250	07/01/2011 07/01/2010	5,000,000.00	103.398	5,169,900.00	97,395.83	2.00
31331GHH5 FFCB	Call	12/19/2008	3.000	12/19/2011 06/19/2009	5,000,000.00	100.000	5,000,000.00	0.00	3.00
TOTAL				10,000,000.00		10,169,900.00	97,395.83		
GRAND TOTAL				57,972,318.27		58,142,218.27	97,395.83		

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

City of Ann Arbor
Securities Sold and Matured
for the period December 1, 2008 - December 31, 2008

CUSIP/ Description	Sale or Maturity Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost	Amortized Cost at Sale or Maturity / Accr / (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>Repurchase Agreement</u>														
Morgan Stanley	12/01/08	0.350 V		6,824,209.87	6,824,209.87	6,824,209.87 0.00	100.00	6,824,209.87 0.00	0.00	293.82	0.00	0.00	0.35	
Morgan Stanley	12/03/08	0.250 V		10,324,503.69	10,324,503.69	10,324,503.69 0.00	100.00	10,324,503.69 0.00	0.00	143.40	0.00	143.40	0.25	
Morgan Stanley	12/04/08	0.200 V		10,452,772.09	10,452,772.09	10,452,772.09 0.00	100.00	10,452,772.09 0.00	0.00	58.07	0.00	58.07	0.20	
Morgan Stanley	12/08/08	0.150 V		10,559,080.16	10,559,080.16	10,559,080.16 0.00	100.00	10,559,080.16 0.00	0.00	70.39	0.00	70.39	0.15	
Morgan Stanley	12/23/08	0.020 V		5,559,150.55	5,559,150.55	5,559,150.55 0.00	100.00	5,559,150.55 0.00	0.00	126.63	0.00	126.63	0.02	
TOTAL				43,719,716.36	43,719,716.36	43,719,716.36 0.00		43,719,716.36 0.00	0.00	692.31	0.00	398.49		
<u>U.S. Instrumentality</u>														
3133XPWS9 FHLB	Call	12/12/08	3.750	03/10/11 01/05/09	8,000,000.00	8,023,750.00	8,000,000.00 0.00	100.00	8,000,000.00 (560.00)	0.00	76,666.67	0.00	9,166.67	3.11
TOTAL				8,000,000.00	8,023,750.00	8,000,000.00 0.00		8,000,000.00 (560.00)	0.00	76,666.67	0.00	9,166.67		
GRAND TOTAL				51,719,716.36	51,743,466.36	51,719,716.36 0.00		51,719,716.36 (560.00)	0.00	77,358.98	0.00	9,565.16		

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

**City of Ann Arbor
Transaction Report
for the period December 1, 2008 - December 31, 2008**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance					
12/01/2008		Maturity Repo Lend	RP	Morgan Stanley		6,824,209.87	6,824,209.87	293.82	6,824,503.69	6,824,503.69					
		Repo Bought	RP	Morgan Stanley		10,324,503.69	10,324,503.69	0.00	(10,324,503.69)	(3,500,000.00)					
12/03/2008	3133XNB24	Interest	INS	FHLB	12/03/2014	5,000,000.00	0.00	128,125.00	128,125.00	(3,371,875.00)					
		Maturity Repo Lend	RP	Morgan Stanley		10,324,503.69	10,324,503.69	143.40	10,324,647.09	6,952,772.09					
		Repo Bought	RP	Morgan Stanley		10,452,772.09	10,452,772.09	0.00	(10,452,772.09)	(3,500,000.00)					
12/04/2008	31331YGE4	Interest	INS	FFCB	12/04/2012	5,000,000.00	0.00	106,250.00	106,250.00	(3,393,750.00)					
		Maturity Repo Lend	RP	Morgan Stanley		10,452,772.09	10,452,772.09	58.07	10,452,830.16	7,059,080.16					
		Repo Bought	RP	Morgan Stanley		10,559,080.16	10,559,080.16	0.00	(10,559,080.16)	(3,500,000.00)					
12/07/2008	31331XFS6	Interest	INS	FFCB	12/07/2009	5,000,000.00	0.00	118,750.00	118,750.00	(3,381,250.00)					
12/08/2008	3128X2EV3	Interest	INS	FHLMC	12/08/2010	3,000,000.00	0.00	71,250.00	71,250.00	(3,310,000.00)					
		Maturity Repo Lend	RP	Morgan Stanley		10,559,080.16	10,559,080.16	70.39	10,559,150.55	7,249,150.55					
		Repo Bought	RP	Morgan Stanley		5,559,150.55	5,559,150.55	0.00	(5,559,150.55)	1,690,000.00					
12/10/2008	3133XR4U1	Interest	INS	FHLB	06/10/2011	5,000,000.00	0.00	93,315.97	93,315.97	1,783,315.97					
12/11/2008	3133XFLE4	Interest	INS	FHLB	06/11/2010	5,000,000.00	0.00	131,250.00	131,250.00	1,914,565.97					
12/12/2008	3133XPWS9	Call	INS	FHLB	03/10/2011	8,000,000.00	8,000,000.00	76,666.67	8,076,666.67	9,991,232.64					
12/16/2008	3136F9XC2	Bought	INS	FNMA	07/01/2011	5,000,000.00	5,169,900.00	97,395.83	(5,267,295.83)	4,723,936.81					
12/19/2008	31331GHH5	Bought	INS	FFCB	12/19/2011	5,000,000.00	5,000,000.00	0.00	(5,000,000.00)	(276,063.19)					
12/21/2008	31331XG30	Interest	INS	FFCB	06/21/2012	3,885,000.00	0.00	105,866.25	105,866.25	(170,196.94)					
12/23/2008		Maturity Repo Lend	RP	Morgan Stanley		5,559,150.55	5,559,150.55	126.63	5,559,277.18	5,389,080.24					
		Repo Bought	RP	Morgan Stanley		5,559,277.18	5,559,277.18	0.00	(5,559,277.18)	(170,196.94)					
12/24/2008	31398ASL7	Interest	INS	FNMA	06/24/2011	5,000,000.00	0.00	106,250.00	106,250.00	(63,946.94)					
12/31/2008	912828FK1	Interest	TSY	T-Note	06/30/2011	5,000,000.00	0.00	128,125.00	128,125.00	64,178.06					
	912828JD3	Interest	TSY	T-Note	06/30/2013	5,000,000.00	0.00	84,375.00	84,375.00	148,553.06					
		Interest	CE	BankOne		3,560,109.25	0.00	5,534.25	5,534.25	154,087.31					
		Bought	CE	BankOne		5,517,534.60	5,517,534.60	0.00	(5,517,534.60)	(5,363,447.29)					
Portfolio Activity Total									(5,363,447.29)						
Net Contributions		5,377,783.29		Net Withdrawals		0.00		Fees Charged		13,911.56		Fees Paid		14,336.00	

**City of Ann Arbor
Repurchase Agreement Bid and Offer
for the period December 1, 2008 - December 31, 2008**

Date	Description	Rate	Maturity	Par Value/Shares	Broker	Bid/Offer	*Accepted	Comments
Purchases								
12/01/08	Repo	var	open	10,324,503.69	Morgan Stanley	0.25	*Accepted	Ann Arbor 99
					Mizuho Securities	0.25		
					Banc of America	0.25		
12/03/08	Repo	var	open	10,452,772.09	Morgan Stanley	0.20	*Accepted	Ann Arbor 99
					Banc of America	0.20		
					Mizuho Securities	0.20		
12/04/08	Repo	var	open	10,559,080.16	Morgan Stanley	0.15	*Accepted	Ann Arbor 99
					Mizuho Securities	0.10		
					Banc of America	0.10		
12/08/08	Repo	var	open	5,559,150.55	Morgan Stanley	0.02	*Accepted	Ann Arbor 99
					Banc of America	0.02		
					Mizuho Securities	0.02		
12/23/08	Repo	var	open	5,559,277.18	Morgan Stanley	0.05	*Accepted	Ann Arbor 99
					Mizuho Securities	0.04		
					Banc of America	0.04		

=

-

City of Ann Arbor
Securities Purchased Bid and Offer
for the period September 1, 2008 – September 30, 2008

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
9/25/2008	FHLB	0.000	10/1/2008	5,042,000.00	Mizuho Securities	d 2.00	FHLB Disc 10/01/08	x
					Banc of America	d 1.90	FHLB Disc 10/01/08	
					Direct	d 1.25	GE Capital Corp 10/01/08	

City of Ann Arbor
Securities Sold Bid and Offer
for the period December 1, 2008 – December 31, 2008

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
------	-------------	-------------	--------------------	------------------	--------	-----------	----------	----------

No Sale Activity

**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
01/01/2009	Interest	3136F9XC2	FNMA	4.250	07/01/2011	07/01/2010	5,000,000.00	0.00	106,250.00	106,250.00
01/04/2009	Interest	31398AKN1	FNMA	4.550	01/04/2013	01/04/2010	5,000,000.00	0.00	113,750.00	113,750.00
01/07/2009	Interest	31398ASQ6	FNMA	4.000	07/07/2011	07/07/2009	3,000,000.00	0.00	60,000.00	60,000.00
01/14/2009	Interest	3133XNXK0	FHLB	4.600	01/14/2015	01/14/2010	5,000,000.00	0.00	115,000.00	115,000.00
01/15/2009	Interest	912828DG2	T-Note	3.625	01/15/2010		5,000,000.00	0.00	90,625.00	90,625.00
01/18/2009	Interest	31398ALB6	FNMA	4.000	01/18/2013	01/18/2011	5,000,000.00	0.00	100,000.00	100,000.00
01/20/2009	Interest	3133XLMW0	FHLB	5.510	07/20/2012	07/20/2010	5,000,000.00	0.00	137,750.00	137,750.00
01/23/2009	Interest	3133XRSQ4	FHLB	5.375	07/23/2015	07/23/2009	5,000,000.00	0.00	134,375.00	134,375.00
01/23/2009	Interest	31331Y3X6	FFCB	3.950	07/23/2012		5,000,000.00	0.00	98,750.00	98,750.00
02/04/2009	Interest	3128X6U38	FHLMC	3.375	02/04/2011	02/04/2009	5,000,000.00	0.00	84,375.00	84,375.00
02/06/2009	Interest	3128X7R89	FHLMC	4.510	08/06/2013	08/06/2010	4,080,000.00	0.00	92,004.00	92,004.00
02/10/2009	Interest	31331XU91	FFCB	5.540	08/10/2012	08/10/2009	3,500,000.00	0.00	96,950.00	96,950.00