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CITY OF ANN ARBOR

Reports for the period June 1, 2011 – June 30, 2011

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

Fixed Income Market Review June 30, 2011

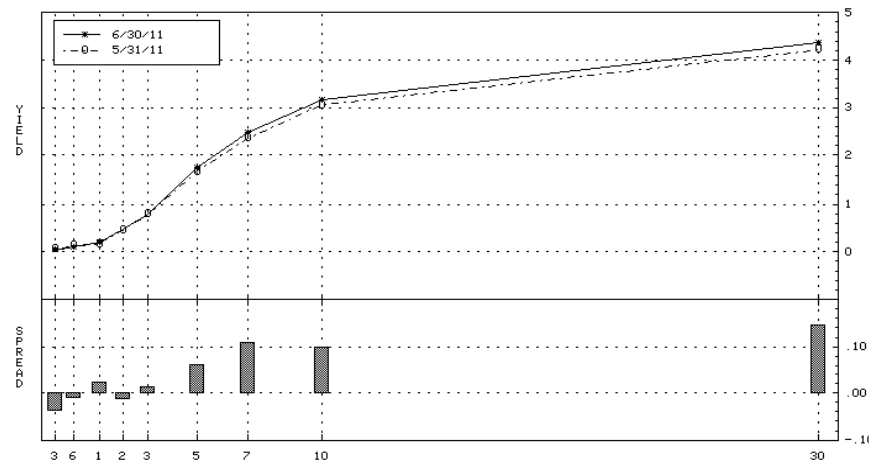
ISM Manufacturing Index 07/31/05 - 06/30/11

Chart 1



Treasury Yield Curves 05/31/11 - 06/30/11

Chart 2



Economic Indicators & Monetary Policy – The Institute for Supply Management’s (ISM) manufacturing index rose to 55.3 in June compared to 53.5 in May, the first gain in four months. (See Chart 1.) Economists expected this index to drop to 52 last month. Figures above 50 signal expansion. The ISM report showed improvement in manufacturing output and hiring at the end of the second quarter. This supports the Federal Reserve’s forecast that the economy will strengthen in the second half of the year.

Sales of existing homes in the U.S. decreased 3.8 percent in May to an annualized pace of 4.81 million units, the lowest level in six months. Sales of distressed properties, which include foreclosures and short sales, accounted for 31 percent of all transactions in May. At the current pace, the inventory of 1.8 million distressed homes nationwide would take around three years to sell.

At its latest meeting on June 21st and 22nd, the Federal Open Market Committee (FOMC) kept the federal funds target rate at a range of zero to 0.25 percent and restated its willingness to keep interest rates “exceptionally low” for “an extended period” of time. The FOMC confirmed that “the economic recovery is continuing at a moderate pace, though somewhat more slowly than the Committee had expected.” The Committee noted that “inflation has picked up in recent months, mainly reflecting higher prices for some commodities” such as oil prices, but “longer-term inflation expectations have remained stable” due to an elevated unemployment rate. The Federal Reserve “will complete its purchases of \$600 billion of longer-term Treasury securities by the end” of June.

Yield Curve & Spreads – Longer-term Treasury yields moved higher in June while short-term yields remained extremely low.

At the end of June, three-month Treasury bills yielded 0.01 percent, six-month Treasury bills yielded 0.10 percent, two-year Treasuries yielded 0.46 percent, five-year Treasuries yielded 1.76 percent, 10-year Treasuries yielded 3.16 percent, and 30-year bonds yielded 4.37 percent. (See Chart 2.)

Additional Information
June 30, 2011

A current version of the investment adviser brochure, for Cutwater 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:

Cutwater 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 June 1, 2011 - June 30, 2011

<u>Amortized Cost Basis Activity Summary</u>	
Beginning Amortized Cost Value	180,517,669.62
Additions	
Contributions	1,964,232.66
Interest Received	787,011.25
Accrued Interest Sold	15,625.00
Gain on Sales	3,189.35
Total Additions	2,770,058.26
Deductions	
Withdrawals	0.00
Fees Paid	11,602.76
Accrued Interest Purchased	0.00
Loss on Sales	0.00
Total Deductions	(11,602.76)
Accretion (Amortization) for the Period	(87,894.25)
Ending Amortized Cost Value	183,188,230.87
Ending Fair Value	185,594,100.92
Unrealized Gain (Loss)	2,405,870.05

<u>Detail of Amortized Cost Basis Return</u>				
	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
U.S. Treasury	102,354.01	(41,559.50)	0.00	60,794.51
U.S. Instrumentality	255,568.84	(46,113.36)	0.00	209,455.48
Sales and Maturities				
U.S. Treasury	20,528.31	(750.97)	0.00	19,777.34
U.S. Instrumentality	8,982.64	529.58	3,189.35	12,701.57
Total	387,433.80	(87,894.25)	3,189.35	302,728.90

<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.16%	0.13%	0.09%
Overnight Repo	0.10%	0.05%	0.04%
3 Month T-Bill	0.11%	0.08%	0.02%
6 Month T-Bill	0.16%	0.13%	0.07%
1 Year T-Note	0.25%	0.24%	0.18%
2 Year T-Note	0.57%	0.63%	0.41%
5 Year T-Note	1.75%	1.99%	1.58%

<u>Summary of Amortized Cost Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	387,433.80	387,433.80
Accretion (Amortization)	(87,894.25)	(87,894.25)
Realized Gain (Loss) on Sales	<u>3,189.35</u>	<u>3,189.35</u>
Total Income on Portfolio	302,728.90	302,728.90
Average Daily Historical Cost	184,159,071.39	178,536,347.41
Annualized Return	2.00%	2.06%
Annualized Return Net of Fees	1.92%	1.98%
Annualized Return Year to Date Net of Fees	1.93%	2.00%
Weighted Average Effective Maturity in Days	693	736

**City of Ann Arbor
Activity and Performance Summary
for the period June 1, 2011 - June 30, 2011**

<u>Fair Value Basis Activity Summary</u>		
Beginning Fair Value		183,192,817.41
Additions		
Contributions	1,964,232.66	
Interest Received	787,011.25	
Accrued Interest Sold	15,625.00	
Total Additions		2,766,868.91
Deductions		
Withdrawals	0.00	
Fees Paid	11,602.76	
Accrued Interest Purchased	0.00	
Total Deductions		(11,602.76)
Change in Fair Value for the Period		(353,982.64)
Ending Fair Value		185,594,100.92

<u>Detail of Fair Value Basis Return</u>			
	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
U.S. Treasury	102,354.01	(114,440.00)	(12,085.99)
U.S. Instrumentality	255,568.84	(210,844.04)	44,724.80
Sales and Maturities			
U.S. Treasury	20,528.31	(19,920.00)	608.31
U.S. Instrumentality	8,982.64	(8,778.60)	204.04
Total	387,433.80	(353,982.64)	33,451.16

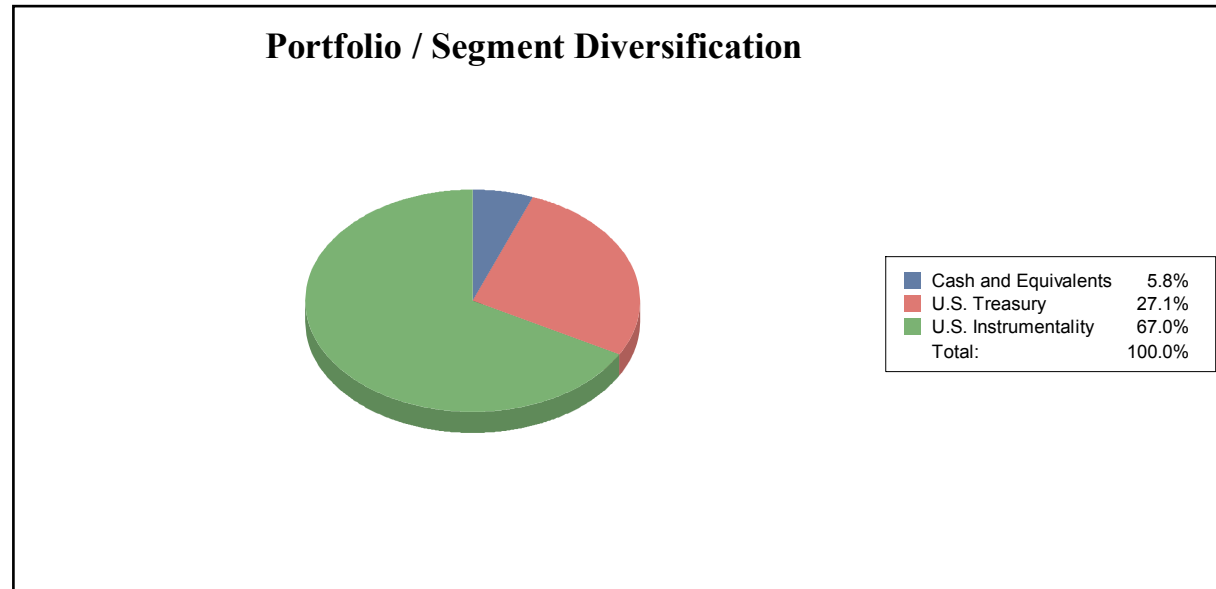
<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.16%	0.13%	0.09%
Overnight Repo	0.10%	0.05%	0.04%
3 Month T-Bill	0.19%	0.18%	0.12%
6 Month T-Bill	0.34%	0.34%	0.36%
1 Year T-Note	0.55%	0.65%	0.36%
2 Year T-Note	1.40%	1.88%	0.85%
5 Year T-Note	3.83%	6.55%	0.12%

<u>Summary of Fair Value Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	387,433.80	387,433.80
Change in Fair Value	<u>(353,982.64)</u>	<u>(353,982.64)</u>
Total Income on Portfolio	33,451.16	33,451.16
Average Daily Historical Cost	184,159,071.39	178,536,347.41
Annualized Return	0.22%	0.23%
Annualized Return Net of Fees	0.14%	0.15%
Annualized Return Year to Date Net of Fees	2.65%	2.74%
Weighted Average Effective Maturity in Days	693	736

**City of Ann Arbor
Recap of Securities Held
June 30, 2011**

	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	10,797,064.59	10,797,064.59	10,797,064.59	0.00	1	1	5.85	0.00	0.00
U.S. Treasury	50,136,523.46	49,698,598.95	49,902,747.50	204,148.55	1,354	1,354	27.15	1.52	3.47
U.S. Instrumentality	123,734,775.12	122,692,567.33	124,894,288.83	2,201,721.50	1,064	486	67.00	2.10	1.28
TOTAL	184,668,363.17	183,188,230.87	185,594,100.92	2,405,870.05	1,081	693	100.00	1.82	1.80

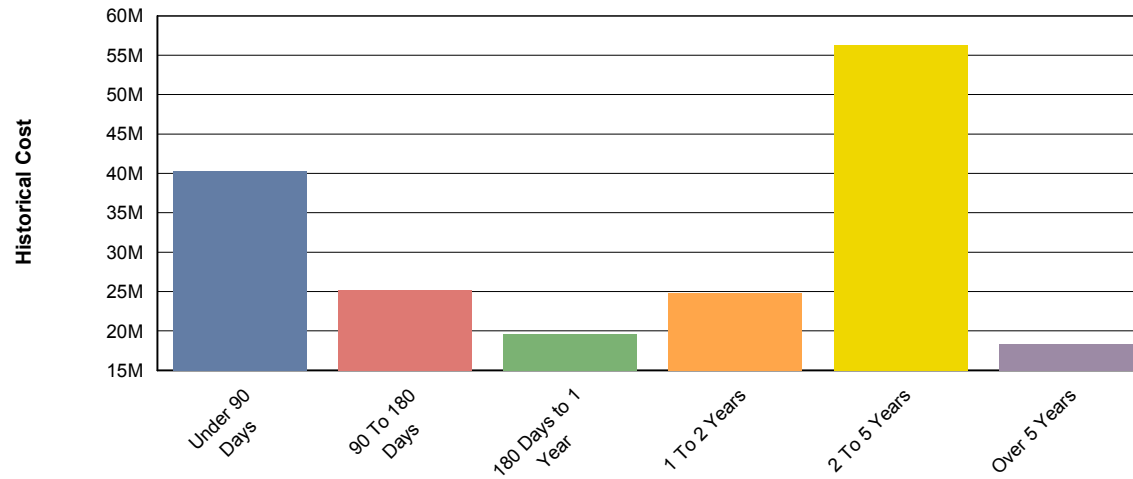
* Weighted Average Yield is calculated on a "yield to worst" basis.



City of Ann Arbor
Maturity Distribution of Securities Held
June 30, 2011

Maturity	Historical Cost	Percent
Under 90 Days	40,329,603.34	21.84%
90 To 180 Days	25,256,817.28	13.68%
180 Days to 1 Year	19,589,364.65	10.61%
1 To 2 Years	24,791,326.22	13.42%
2 To 5 Years	56,316,681.36	30.50%
Over 5 Years	18,384,570.32	9.96%
	184,668,363.17	100.00%

Maturity Distribution



**City of Ann Arbor
Securities Held
June 30, 2011**

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	06/30/11	0.000 V		10,797,064.59	10,797,064.59 0.00	10,797,064.59 0.00	10,797,064.59 0.00	0.00	0.00	0.00	0.00	5.85	0.00
TOTAL				10,797,064.59	10,797,064.59 0.00	10,797,064.59 0.00	10,797,064.59 0.00	0.00	0.00	0.00	0.00	5.85	
U.S. Treasury													
912828MM9 T-Note	03/12/10	0.750	11/30/11	5,000,000.00	4,994,140.63 0.00	4,998,581.81 279.91	5,013,475.00 (2,345.00)	14,893.19	0.00	3,073.77	3,176.23	2.70	0.82
912828JD3 T-Note	07/17/08	3.375	06/30/13	5,000,000.00	5,035,937.50 0.00	5,014,502.14 (595.98)	5,290,625.00 (10,545.00)	276,122.86	84,375.00	13,977.21	458.56	2.73	3.22
912828KF6 T-Note	08/26/10	1.875	02/28/14	5,000,000.00	5,173,046.88 0.00	5,131,337.45 (4,049.46)	5,155,860.00 (5,080.00)	24,522.55	0.00	7,642.66	31,334.92	2.80	0.87
912828LZ1 T-Note	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25 0.00	5,165,944.12 (3,989.04)	5,185,940.00 (7,030.00)	19,995.88	0.00	8,709.02	8,999.32	2.82	1.13
912828MR8 T-Note	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75 0.00	5,210,077.98 (4,710.27)	5,223,450.00 (7,800.00)	13,372.02	0.00	9,680.71	39,690.90	2.85	1.19
912828EN6 T-Note	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50 0.00	5,666,444.35 (12,511.47)	5,644,530.00 (22,265.00)	(21,914.35)	0.00	18,342.39	28,736.41	3.14	1.33
912828KS8 T-Note	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63 0.00	5,243,698.77 (4,290.48)	5,232,810.00 (9,380.00)	(10,888.77)	0.00	10,699.73	43,868.89	2.86	1.53
912828KZ2 T-Note	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19 0.00	2,702,266.19 (3,323.10)	2,682,227.50 (7,030.00)	(20,038.69)	40,625.00	6,729.77	220.79	1.48	1.55
912828MA5 T-Note	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88 0.00	5,252,389.00 (3,826.01)	5,212,890.00 (19,140.00)	(39,499.00)	0.00	11,270.49	11,646.17	2.87	1.76
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,313,357.14 (4,543.60)	5,260,940.00 (23,825.00)	(52,417.14)	0.00	12,228.26	50,135.87	2.90	1.82
TOTAL				47,500,000.00	50,136,523.46 0.00	49,698,598.95 (41,559.50)	49,902,747.50 (114,440.00)	204,148.55	125,000.00	102,354.01	218,268.06	27.15	
U.S. Instrumentality													
3133XHB43 FHLB	02/19/09	4.875	10/05/11	6,765,000.00	7,242,676.65 0.00	6,812,867.39 (14,958.56)	6,849,305.43 (27,141.18)	36,438.04	0.00	27,482.81	78,784.06	3.92	2.10
31331XG30 FFCB	11/15/07	5.450	06/21/12	3,885,000.00	4,039,584.15 0.00	3,917,757.12 (2,760.43)	4,078,018.46 (18,069.13)	160,261.34	105,866.25	17,644.38	5,881.46	2.19	4.48
31331Y3X6 FFCB	08/01/08	3.950	07/23/12	5,000,000.00	4,988,100.00 0.00	4,996,820.11 245.87	5,190,450.00 (16,910.00)	193,629.89	0.00	16,458.34	86,680.56	2.70	4.02

**City of Ann Arbor
Securities Held
June 30, 2011**

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													
31331YGE4 FFCB	12/31/07	4.250	12/04/12	5,000,000.00	5,040,100.00 0.00	5,011,629.00 (668.33)	5,274,785.00 (18,025.00)	263,156.00	106,250.00	17,708.33	15,937.50	2.73	4.07
31359MQV8 FNMA	Call 09/18/06	4.750	02/21/13 02/21/13	5,000,000.00	4,902,300.00 0.00	4,974,992.46 1,248.29	5,348,715.00 (17,900.00)	373,722.54	0.00	19,791.67	85,763.89	2.65	5.11
31359MQV8 FNMA	Call 08/07/09	4.750	02/21/13 02/21/13	3,418,000.00	3,691,234.92 0.00	3,544,904.32 (6,334.66)	3,656,381.57 (12,236.44)	111,477.25	0.00	13,529.58	58,628.19	2.00	2.38
31359MQV8 FNMA	Call 12/09/09	4.750	02/21/13 02/21/13	2,870,000.00	3,151,231.30 0.00	3,014,461.55 (7,211.06)	3,070,162.41 (10,274.60)	55,700.86	0.00	11,360.41	49,228.47	1.71	1.60
31331GZL6 FFCB	07/01/09	2.800	06/03/13	3,000,000.00	3,018,360.00 0.00	3,009,007.03 (384.37)	3,131,085.00 (6,117.00)	122,077.97	42,000.00	7,000.00	6,533.33	1.63	2.64
31331GS83 FFCB	10/15/09	2.350	09/23/13	3,300,000.00	3,322,770.00 0.00	3,312,896.14 (474.71)	3,425,479.20 (1,376.10)	112,583.06	0.00	6,462.50	21,110.83	1.80	2.17
31398A4A7 FNMA	Call 09/27/10	1.200	09/27/13 09/27/11	5,000,000.00	5,007,750.00 0.00	5,001,868.49 (636.99)	5,010,255.00 (2,625.00)	8,386.51	0.00	5,000.00	15,666.67	2.71	1.04
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	3,010,485.00 4,755.00	10,485.00	0.00	2,500.00	6,333.33	1.63	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	3,176,061.68 5,016.53	11,061.68	0.00	2,637.50	6,681.67	1.72	1.00
3134G2JF0 FHLMC	Call 06/09/11	1.050	12/09/13 12/09/11	5,000,000.00	5,002,500.00 0.00	5,002,199.45 (300.55)	5,008,285.00 5,785.00	6,085.55	0.00	3,208.33	3,208.33	2.71	0.95
31331XSR4 FFCB	05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,084,925.74 (2,581.33)	5,538,775.00 (11,540.00)	453,849.26	0.00	20,312.50	72,447.92	2.81	4.16
31331JQA4 FFCB	06/11/10	1.900	06/02/14	3,000,000.00	2,990,070.00 0.00	2,992,702.95 205.16	3,083,169.00 (1,671.00)	90,466.05	28,500.00	4,750.00	4,591.67	1.62	1.99
31331KMF4 FFCB	Call 06/06/11	1.180	06/06/14 06/06/12	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,011,465.00 11,465.00	11,465.00	0.00	4,097.22	4,097.22	2.71	1.18
31398A2Y7 FNMA	Call 08/26/10	1.500	08/26/14 08/26/11	5,000,000.00	5,012,350.00 0.00	5,001,894.79 (1,015.07)	5,009,785.00 (5,255.00)	7,890.21	0.00	6,250.00	26,041.67	2.71	1.25
3136FRCX9 FNMA	Call 03/23/11	1.800	08/28/14 11/28/11	5,000,000.00	5,015,625.00 5,750.00	5,009,375.00 (1,875.00)	5,029,925.00 (6,055.00)	20,550.00	0.00	7,500.00	30,250.00	2.72	1.34
3134G2PM8 FHLMC	Call 06/29/11	1.250	12/29/14 06/29/12	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,962,705.00 (37,295.00)	(37,295.00)	0.00	347.22	347.22	2.71	1.25
3136FMK29 FNMA	Call 06/30/10	3.000	06/30/15 12/30/11	7,000,000.00	7,155,120.00 0.00	7,051,517.96 (8,491.97)	7,096,096.00 (20,286.00)	44,578.04	105,000.00	17,500.00	583.33	3.87	1.50
3134G1UE2 FHLMC	Call 09/30/10	1.250V	09/23/15 09/23/11	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,012,625.00 9,100.00	12,625.00	0.00	5,208.33	16,770.83	2.71	1.24

**City of Ann Arbor
Securities Held
June 30, 2011**

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													
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,894,792.77 196.16	1,997,849.70 (12,031.98)	103,056.93	0.00	4,603.75	12,583.58	1.02	3.04
31331JG98 FFCB	Call	12/01/10	2.050	12/21/15 07/21/11	5,380,000.00	5,380,000.00 0.00	5,380,000.00 0.00	5,381,813.06 16.14	1,813.06	55,145.00	9,190.83	3,063.61	2.91 2.05
31331J7F4 FFCB	Call	01/20/11	2.370	01/11/16 01/11/12	3,395,000.00	3,394,660.50 2,011.54	3,394,690.77 5.61	3,427,031.83 (7,506.34)	32,341.06	0.00	6,705.13	37,995.71	1.84 2.37
3136FMR30 FNMA	Call	07/22/10	2.000V	01/21/16 07/21/11	4,117,000.00	4,132,438.75 0.00	4,117,000.00 0.00	4,120,993.49 (6,014.94)	3,993.49	0.00	6,861.67	36,595.56	2.24 2.00
3136FP3S4 FNMA	Call	01/28/11	1.000V	01/28/16 07/28/11	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	5,002,355.00 (2,660.00)	2,355.00	0.00	4,166.67	21,250.00	2.71 1.00
3136FRHV8 FNMA	Call	05/05/11	1.250V	04/27/16 10/27/11	3,000,000.00	3,001,875.00 833.33	3,001,264.29 (321.42)	3,009,387.00 (2,052.00)	8,122.71	0.00	3,125.00	6,666.67	1.63 1.12
313371DT0 FHLB	Call	10/27/10	1.000V	10/27/17 10/27/11	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,980,845.00 (3,940.00)	0.00	4,166.67	8,888.89	2.71 1.00	
TOTAL				122,200,000.00	123,734,775.12 8,594.87	122,692,567.33 (46,113.36)	124,894,288.83 (210,844.04)	2,201,721.50	442,761.25	255,568.84	722,612.17	67.00	
GRAND TOTAL				180,497,064.59	184,668,363.17 8,594.87	183,188,230.87 (87,672.86)	185,594,100.92 (325,284.04)	2,405,870.05	567,761.25	357,922.85	940,880.23	100.00	

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

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
June 30, 2011

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>FNMA</u>												
3136FMR30	U.S. Instrumentality	2.000	01/21/2016	07/21/2011	AAA	Aaa	4,117,000.00	4,132,438.75	2.24	4,120,993.49	2.22	0.06
3136FP3S4	U.S. Instrumentality	1.000	01/28/2016	07/28/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.71	5,002,355.00	2.70	0.08
31398A2Y7	U.S. Instrumentality	1.500	08/26/2014	08/26/2011	AAA	Aaa	5,000,000.00	5,012,350.00	2.71	5,009,785.00	2.70	0.16
31398A4A7	U.S. Instrumentality	1.200	09/27/2013	09/27/2011	AAA	Aaa	5,000,000.00	5,007,750.00	2.71	5,010,255.00	2.70	0.24
3136FRHV8	U.S. Instrumentality	1.250	04/27/2016	10/27/2011	AAA	Aaa	3,000,000.00	3,001,875.00	1.63	3,009,387.00	1.62	0.32
3136FRCX9	U.S. Instrumentality	1.800	08/28/2014	11/28/2011	AAA	Aaa	5,000,000.00	5,015,625.00	2.72	5,029,925.00	2.71	0.41
3136FMK29	U.S. Instrumentality	3.000	06/30/2015	12/30/2011	AAA	Aaa	7,000,000.00	7,155,120.00	3.87	7,096,096.00	3.82	0.50
31359MQV8	U.S. Instrumentality	4.750	02/21/2013	02/21/2013	AAA	Aaa	11,288,000.00	11,744,766.22	6.36	12,075,258.98	6.51	1.57
31398A4N9	U.S. Instrumentality	1.000	10/15/2013		AAA	Aaa	6,165,000.00	6,172,816.35	3.34	6,186,546.68	3.33	2.26
ISSUER TOTAL							51,570,000.00	52,242,741.32	28.29	52,540,602.15	28.31	0.80
<u>T-Note</u>												
912828MM9	U.S. Treasury	0.750	11/30/2011		AAA	Aaa	5,000,000.00	4,994,140.63	2.70	5,013,475.00	2.70	0.42
912828JD3	U.S. Treasury	3.375	06/30/2013		AAA	Aaa	5,000,000.00	5,035,937.50	2.73	5,290,625.00	2.85	1.95
912828KF6	U.S. Treasury	1.875	02/28/2014		AAA	Aaa	5,000,000.00	5,173,046.88	2.80	5,155,860.00	2.78	2.59
912828LZ1	U.S. Treasury	2.125	11/30/2014		AAA	Aaa	5,000,000.00	5,207,031.25	2.82	5,185,940.00	2.79	3.30
912828MR8	U.S. Treasury	2.375	02/28/2015		AAA	Aaa	5,000,000.00	5,258,593.75	2.85	5,223,450.00	2.81	3.49
912828EN6	U.S. Treasury	4.500	11/15/2015		AAA	Aaa	5,000,000.00	5,795,312.50	3.14	5,644,530.00	3.04	4.00
912828KS8	U.S. Treasury	2.625	02/29/2016		AAA	Aaa	5,000,000.00	5,287,890.63	2.86	5,232,810.00	2.82	4.36
912828KZ2	U.S. Treasury	3.250	06/30/2016		AAA	Aaa	2,500,000.00	2,732,617.19	1.48	2,682,227.50	1.45	4.63
912828MA5	U.S. Treasury	2.750	11/30/2016		AAA	Aaa	5,000,000.00	5,291,796.88	2.87	5,212,890.00	2.81	5.02
912828MS6	U.S. Treasury	3.000	02/28/2017		AAA	Aaa	5,000,000.00	5,360,156.25	2.90	5,260,940.00	2.83	5.17
ISSUER TOTAL							47,500,000.00	50,136,523.46	27.15	49,902,747.50	26.89	3.45
<u>FFCB</u>												
31331JG98	U.S. Instrumentality	2.050	12/21/2015	07/21/2011	AAA	Aaa	5,380,000.00	5,380,000.00	2.91	5,381,813.06	2.90	0.06
31331J7F4	U.S. Instrumentality	2.370	01/11/2016	01/11/2012	AAA	Aaa	3,395,000.00	3,394,660.50	1.84	3,427,031.83	1.85	0.52
31331KMF4	U.S. Instrumentality	1.180	06/06/2014	06/06/2012	AAA	Aaa	5,000,000.00	5,000,000.00	2.71	5,011,465.00	2.70	0.93
31331XG30	U.S. Instrumentality	5.450	06/21/2012		AAA	Aaa	3,885,000.00	4,039,584.15	2.19	4,078,018.46	2.20	0.96
31331Y3X6	U.S. Instrumentality	3.950	07/23/2012		AAA	Aaa	5,000,000.00	4,988,100.00	2.70	5,190,450.00	2.80	1.03
31331YGE4	U.S. Instrumentality	4.250	12/04/2012		AAA	Aaa	5,000,000.00	5,040,100.00	2.73	5,274,785.00	2.84	1.40
31331GZL6	U.S. Instrumentality	2.800	06/03/2013		AAA	Aaa	3,000,000.00	3,018,360.00	1.63	3,131,085.00	1.69	1.88
31331GS83	U.S. Instrumentality	2.350	09/23/2013		AAA	Aaa	3,300,000.00	3,322,770.00	1.80	3,425,479.20	1.85	2.17
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AAA	Aaa	5,000,000.00	5,182,500.00	2.81	5,538,775.00	2.98	2.53
31331JQA4	U.S. Instrumentality	1.900	06/02/2014		AAA	Aaa	3,000,000.00	2,990,070.00	1.62	3,083,169.00	1.66	2.84
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AAA	Aaa	1,905,000.00	1,890,712.50	1.02	1,997,849.70	1.08	4.00

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
June 30, 2011

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							43,865,000.00	44,246,857.15	23.96	45,539,921.25	24.54	1.48
<u>FHLMC</u>												
3134G1UE2	U.S. Instrumentality	1.250	09/23/2015	09/23/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.71	5,012,625.00	2.70	0.23
3134G2JF0	U.S. Instrumentality	1.050	12/09/2013	12/09/2011	AAA	Aaa	5,000,000.00	5,002,500.00	2.71	5,008,285.00	2.70	0.44
3134G2PM8	U.S. Instrumentality	1.250	12/29/2014	06/29/2012	AAA	Aaa	5,000,000.00	5,000,000.00	2.71	4,962,705.00	2.67	3.41
ISSUER TOTAL							15,000,000.00	15,002,500.00	8.12	14,983,615.00	8.07	1.35
<u>FHLB</u>												
3133XHB43	U.S. Instrumentality	4.875	10/05/2011		AAA	Aaa	6,765,000.00	7,242,676.65	3.92	6,849,305.43	3.69	0.26
313371DT0	U.S. Instrumentality	1.000	10/27/2017	10/27/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.71	4,980,845.00	2.68	5.81
ISSUER TOTAL							11,765,000.00	12,242,676.65	6.63	11,830,150.43	6.37	2.60
<u>BankOne</u>												
	Cash and Equivalents	0.000					10,797,064.59	10,797,064.59	5.85	10,797,064.59	5.82	0.00
ISSUER TOTAL							10,797,064.59	10,797,064.59	5.85	10,797,064.59	5.82	0.00
GRAND TOTAL							180,497,064.59	184,668,363.17	100.00	185,594,100.92	100.00	1.79

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

**City of Ann Arbor
Securities Purchased
for the period June 1, 2011 - June 30, 2011**

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	06/30/2011	0.000 V		5,352,766.15	100.000	5,352,766.15	0.00	0.00	
TOTAL				5,352,766.15		5,352,766.15	0.00		
<u>U.S. Instrumentality</u>									
31331KMF4 FFCB	Call	06/06/2011	1.180	06/06/2014 06/06/2012	5,000,000.00	100.000	5,000,000.00	0.00	1.18
3134G2JF0 FHLMC	Call	06/09/2011	1.050	12/09/2013 12/09/2011	5,000,000.00	100.050	5,002,500.00	0.00	0.95
3134G2PM8 FHLMC	Call	06/29/2011	1.250	12/29/2014 06/29/2012	5,000,000.00	100.000	5,000,000.00	0.00	1.25
TOTAL				15,000,000.00		15,002,500.00	0.00		
GRAND TOTAL				20,352,766.15		20,355,266.15	0.00		

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

City of Ann Arbor
Securities Sold and Matured
for the period June 1, 2011 - June 30, 2011

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>U.S. Treasury</u>													
912828FK1 T-Note	06/30/11	5.125	06/30/11	5,000,000.00	5,046,093.75	5,000,000.00 (750.97)	100.00	5,000,000.00 (19,920.00)	0.00	0.00	128,125.00	20,528.31	4.91
TOTAL				5,000,000.00	5,046,093.75	5,000,000.00 (750.97)		5,000,000.00 (19,920.00)	0.00	0.00	128,125.00	20,528.31	
<u>U.S. Instrumentality</u>													
3133XR4U1 FHLB	06/10/11	3.125	06/10/11	5,000,000.00	4,940,350.00	5,000,000.00 482.35	100.00	5,000,000.00 (3,450.00)	0.00	0.00	78,125.00	3,906.25	3.54
313371XS0 FHLB	Call 06/16/11	1.000 V	12/16/15 09/16/11	2,600,000.00	2,600,000.00	2,600,000.00 0.00	100.00	2,600,000.00 (1,198.60)	0.00	0.00	13,000.00	1,083.33	1.00
3134G1TY0 FHLMC	Call 06/24/11	1.250 V	09/24/15 09/24/11	5,000,000.00	4,996,250.00	4,996,810.65 47.23	100.00	5,000,000.00 (4,130.00)	3,189.35	15,625.00	0.00	3,993.06	1.25
TOTAL				12,600,000.00	12,536,600.00	12,596,810.65 529.58		12,600,000.00 (8,778.60)	3,189.35	15,625.00	91,125.00	8,982.64	
GRAND TOTAL				17,600,000.00	17,582,693.75	17,596,810.65 (221.39)		17,600,000.00 (28,698.60)	3,189.35	15,625.00	219,250.00	29,510.95	

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

**City of Ann Arbor
Transaction Report
for the period June 1, 2011 - June 30, 2011**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
06/02/2011	31331JQA4	Interest	INS	FFCB	06/02/2014	3,000,000.00	0.00	28,500.00	28,500.00	28,500.00
06/03/2011	31331GZL6	Interest	INS	FFCB	06/03/2013	3,000,000.00	0.00	42,000.00	42,000.00	70,500.00
06/04/2011	31331YGE4	Interest	INS	FFCB	12/04/2012	5,000,000.00	0.00	106,250.00	106,250.00	176,750.00
06/06/2011	31331KMF4	Bought	INS	FFCB	06/06/2014	5,000,000.00	5,000,000.00	0.00	(5,000,000.00)	(4,823,250.00)
06/09/2011	3134G2JF0	Bought	INS	FHLMC	12/09/2013	5,000,000.00	5,002,500.00	0.00	(5,002,500.00)	(9,825,750.00)
06/10/2011	3133XR4U1	Maturity	INS	FHLB	06/10/2011	5,000,000.00	5,000,000.00	0.00	5,000,000.00	(4,825,750.00)
	3133XR4U1	Interest	INS	FHLB	06/10/2011	5,000,000.00	0.00	78,125.00	78,125.00	(4,747,625.00)
06/16/2011	313371XS0	Interest	INS	FHLB	12/16/2015	2,600,000.00	0.00	13,000.00	13,000.00	(4,734,625.00)
	313371XS0	Call	INS	FHLB	12/16/2015	2,600,000.00	2,600,000.00	0.00	2,600,000.00	(2,134,625.00)
06/21/2011	31331JG98	Interest	INS	FFCB	12/21/2015	5,380,000.00	0.00	55,145.00	55,145.00	(2,079,480.00)
	31331XG30	Interest	INS	FFCB	06/21/2012	3,885,000.00	0.00	105,866.25	105,866.25	(1,973,613.75)
06/24/2011	3134G1TY0	Call	INS	FHLMC	09/24/2015	5,000,000.00	4,996,810.65	15,625.00	5,015,625.00	3,042,011.25
06/29/2011	3134G2PM8	Bought	INS	FHLMC	12/29/2014	5,000,000.00	5,000,000.00	0.00	(5,000,000.00)	(1,957,988.75)
06/30/2011	3136FMK29	Interest	INS	FNMA	06/30/2015	7,000,000.00	0.00	105,000.00	105,000.00	(1,852,988.75)
	912828FK1	Maturity	TSY	T-Note	06/30/2011	5,000,000.00	5,000,000.00	0.00	5,000,000.00	3,147,011.25
	912828FK1	Interest	TSY	T-Note	06/30/2011	5,000,000.00	0.00	128,125.00	128,125.00	3,275,136.25
	912828JD3	Interest	TSY	T-Note	06/30/2013	5,000,000.00	0.00	84,375.00	84,375.00	3,359,511.25
	912828KZ2	Interest	TSY	T-Note	06/30/2016	2,500,000.00	0.00	40,625.00	40,625.00	3,400,136.25
		Bought	CE	BankOne		5,352,766.15	5,352,766.15	0.00	(5,352,766.15)	(1,952,629.90)
Portfolio Activity Total										(1,952,629.90)

Net Contributions

1,964,232.66

Net Withdrawals

0.00

Fees Charged

11,509.94

Fees Paid

11,602.76

City of Ann Arbor
Securities Purchased Bid and Offer
for the period June 1, 2011 – June 30, 2011

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
6/6/2011	FFCB	1.180	6/6/2014 6/6/2012	5,000,000.00	Dain Rauscher Inc.	YTM 1.18	FFCB Call 1.18% 06/06/14(06/06/12)	x
					UBS Financial Services DTC # 0221	YTM 1.17	FNMA Call 1.17% 06/20/14(06/20/12)	
					Merrill Lynch, Pierce, Fenner & Smith Inc. DTC# 772	YTM 1.02	FNMA 1.125% 06/27/14	
6/9/2011	FHLMC	1.050	12/9/2013 12/9/2011	5,000,000.00	CitiGroup DTC# 418	YTC 0.95	FHLMC Call 1.05% 12/09/13(12/09/11)	x
					Morgan Stanley DTC #015	YTC 0.89	FHLB Call 1.05% 11/25/13(11/25/11)	
					Merrill Lynch, Pierce, Fenner & Smith Inc. DTC# 772	YTM 0.13	FHLMC 1.125% 12/15/11	
6/29/2011	FHLMC	1.250	12/29/2014 6/29/2012	5,000,000.00	UBS Financial Services DTC # 0221	YTM 1.25	FHLMC Call 1.25% 12/29/14(06/29/12)	x
					Jefferies & Co. DTC# 0019	YTM 1.25	FHLMC Call 1.25% 12/29/14(06/29/12)	
					Merrill Lynch, Pierce, Fenner & Smith Inc. DTC# 772	YTM 1.00	FNMA 2.625% 11/20/14	

City of Ann Arbor
Securities Sold Bid and Offer
for the period June 1, 2011 – June 30, 2011

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
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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
07/11/2011	Interest	31331J7F4	FFCB	2.370	01/11/2016	01/11/2012	3,395,000.00	0.00	40,230.75	40,230.75
07/21/2011	Interest	3136FMR30	FNMA	0.000	01/21/2016	07/21/2011	4,117,000.00	0.00	41,170.00	41,170.00
07/23/2011	Interest	31331Y3X6	FFCB	3.950	07/23/2012		5,000,000.00	0.00	98,750.00	98,750.00
07/28/2011	Potential Call	3136FP3S4	FNMA	0.000	01/28/2016	07/28/2011	5,000,000.00	5,000,000.00	25,000.00	5,025,000.00