



Cutwater 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, 2010 – December 31, 2010

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

Fixed Income Market Review

December 31, 2010

U.S. Unemployment Rate 11/30/05 - 11/30/10

Chart 1

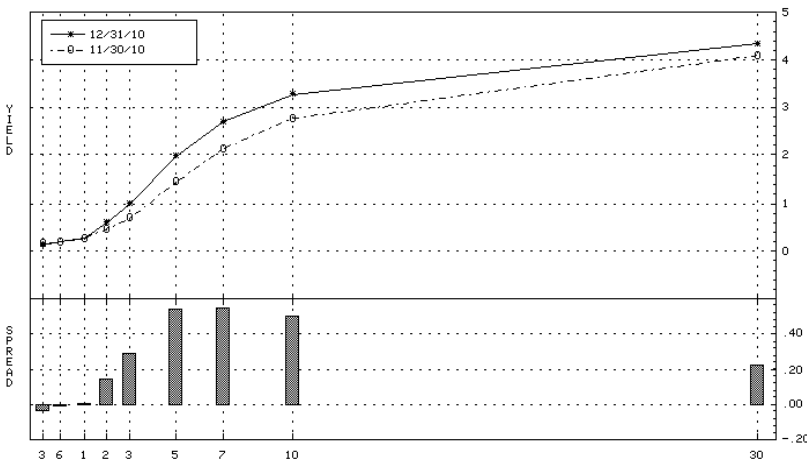


Economic Indicators & Monetary Policy – U.S. payrolls increased by a mere 39,000 in November compared to an expected gain of 150,000. The jobless rate jumped to a seven-month high of 9.8 percent in November while the number of unemployed Americans rose above 15 million in this jobless recovery. After losing 8.4 million jobs in 2008-2009, the U.S. economy created less than a million jobs thru the first 11 months of 2010. This has kept the unemployment rate above 9 percent for the past 19 months and counting. (See Chart 1.)

Despite the unemployment rate hovering around 10 percent, U.S. retailers saw sales increase for a fifth consecutive month with gains of 0.8 percent in November and 6.9 percent during the first 11 months of 2010. Excluding autos and gasoline purchases, sales increased 0.8 percent in November. October sales were also revised higher to show a 1.7 percent gain for the month. Retailers experienced a strong holiday shopping season and department stores had the biggest sales increase in two years. In order for this to continue, the economy needs to create more jobs in 2011, which will help reduce the unemployment rate and increase consumer confidence.

Treasury Yield Curves 11/30/10 - 12/31/10

Chart 2



At its latest meeting on December 14th, the 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 Federal Reserve stated that it “will maintain its existing policy of reinvesting principal payments from its securities holdings.” In addition, “the Committee decided today to continue expanding its holdings of securities as announced in November” with additional purchases of \$600 billion in longer-term Treasury securities thru June 30, 2011. The FOMC confirmed that “the economic recovery is continuing, though at a rate that has been insufficient to bring down unemployment.”

Yield Curve & Spreads – Treasury yields moved higher in December with improvement in economic data.

At the end of December, three-month Treasury bills yielded 0.12 percent, six-month Treasury bills yielded 0.18 percent, two-year Treasuries yielded 0.59 percent, five-year Treasuries yielded 2.01 percent, 10-year Treasuries yielded 3.29 percent, and 30-year bonds yielded 4.33 percent. (See Chart 2.)

Additional Information
December 31, 2010

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 December 1, 2010 - December 31, 2010

<u>Amortized Cost Basis Activity Summary</u>	
Beginning Amortized Cost Value	224,151,131.92
Additions	
Contributions	0.00
Interest Received	881,313.75
Accrued Interest Sold	0.00
Gain on Sales	764.51
Total Additions	882,078.26
Deductions	
Withdrawals	24,091,650.89
Fees Paid	12,976.41
Accrued Interest Purchased	21,445.28
Loss on Sales	0.00
Total Deductions	(24,126,072.58)
Accretion (Amortization) for the Period	(116,884.78)
Ending Amortized Cost Value	200,790,252.82
Ending Fair Value	202,513,322.02
Unrealized Gain (Loss)	1,723,069.20

<u>Detail of Amortized Cost Basis Return</u>				
	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Commercial Paper	0.00	4,202.23	0.00	4,202.23
U.S. Treasury	147,439.83	(42,957.98)	0.00	104,481.85
U.S. Instrumentality	313,231.78	(77,376.17)	0.00	235,855.61
Sales and Maturities				
U.S. Instrumentality	12,668.05	(752.86)	764.51	12,679.70
Total	473,339.66	(116,884.78)	764.51	357,219.39

<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.18%	0.19%	0.19%
Overnight Repo	0.11%	0.14%	0.13%
3 Month T-Bill	0.14%	0.14%	0.14%
6 Month T-Bill	0.20%	0.19%	0.19%
1 Year T-Note	0.32%	0.26%	0.29%
2 Year T-Note	0.70%	0.51%	0.61%
5 Year T-Note	1.92%	1.52%	1.93%

<u>Summary of Amortized Cost Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	473,339.66	473,339.66
Accretion (Amortization)	(116,884.78)	(116,884.78)
Realized Gain (Loss) on Sales	<u>764.51</u>	<u>764.51</u>
Total Income on Portfolio	357,219.39	357,219.39
Average Daily Historical Cost	228,556,505.10	200,901,313.52
Annualized Return	1.84%	2.09%
Annualized Return Net of Fees	1.77%	2.01%
Annualized Return Year to Date Net of Fees	2.22%	2.30%
Weighted Average Effective Maturity in Days	916	947

City of Ann Arbor
Activity and Performance Summary
for the period December 1, 2010 - December 31, 2010

<u>Fair Value Basis Activity Summary</u>		
Beginning Fair Value		227,520,918.55
Additions		
Contributions	0.00	
Interest Received	881,313.75	
Accrued Interest Sold	0.00	
Total Additions		881,313.75
Deductions		
Withdrawals	24,091,650.89	
Fees Paid	12,976.41	
Accrued Interest Purchased	21,445.28	
Total Deductions		(24,126,072.58)
Change in Fair Value for the Period		(1,762,837.70)
Ending Fair Value		202,513,322.02

<u>Detail of Fair Value Basis Return</u>			
	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Commercial Paper	0.00	4,440.00	4,440.00
U.S. Treasury	147,439.83	(978,477.50)	(831,037.67)
U.S. Instrumentality	313,231.78	(779,023.70)	(465,791.92)
Sales and Maturities			
U.S. Instrumentality	12,668.05	(9,776.50)	2,891.55
Total	473,339.66	(1,762,837.70)	(1,289,498.04)

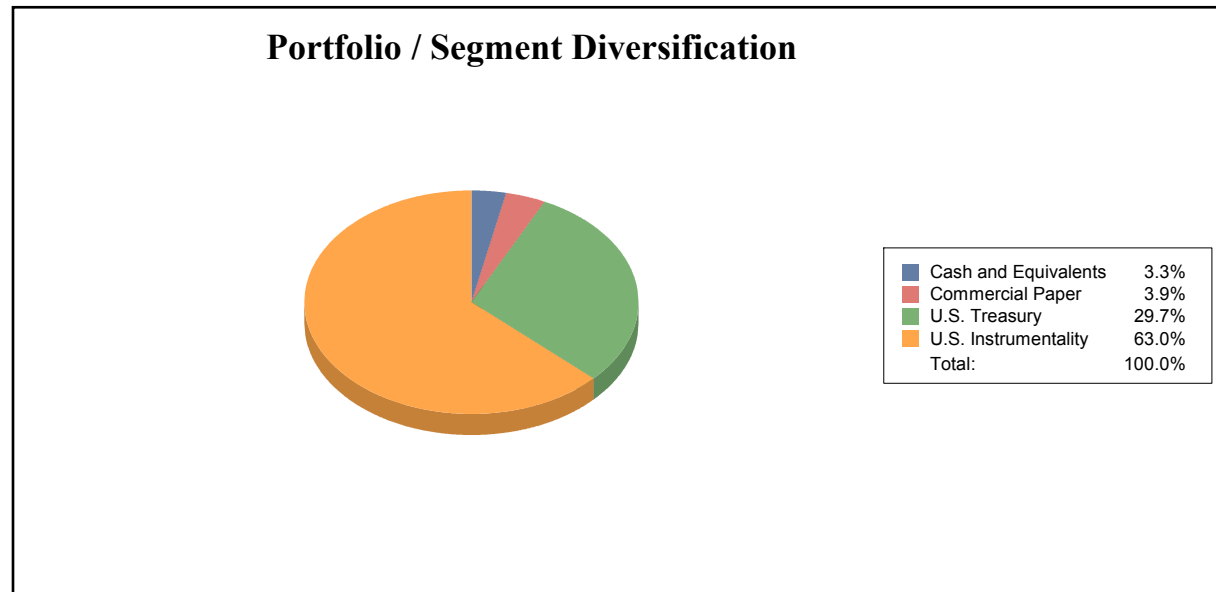
<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.18%	0.19%	0.19%
Overnight Repo	0.11%	0.14%	0.13%
3 Month T-Bill	0.15%	0.20%	0.24%
6 Month T-Bill	0.37%	0.34%	0.47%
1 Year T-Note	0.66%	0.46%	0.24%
2 Year T-Note	2.33%	0.93%	(1.88%)
5 Year T-Note	6.91%	1.15%	(26.96%)

<u>Summary of Fair Value Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	473,339.66	473,339.66
Change in Fair Value	<u>(1,762,837.70)</u>	<u>(1,762,837.70)</u>
Total Income on Portfolio	(1,289,498.04)	(1,289,498.04)
Average Daily Historical Cost	228,556,505.10	200,901,313.52
Annualized Return	(6.64%)	(7.56%)
Annualized Return Net of Fees	(6.72%)	(7.64%)
Annualized Return Year to Date Net of Fees	1.36%	1.41%
Weighted Average Effective Maturity in Days	916	947

**City of Ann Arbor
Recap of Securities Held
December 31, 2010**

	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	6,631,231.42	6,631,231.42	6,631,231.42	0.00	1	1	3.28	0.00	0.00
Commercial Paper	7,963,671.11	7,981,157.78	7,988,176.00	7,018.22	140	140	3.94	0.62	0.38
U.S. Treasury	60,140,820.34	59,952,525.14	59,518,772.50	(433,752.64)	1,300	1,300	29.74	2.07	3.31
U.S. Instrumentality	127,455,834.62	126,225,338.48	128,375,142.10	2,149,803.62	1,119	831	63.04	2.30	2.16
TOTAL	202,191,557.49	200,790,252.82	202,513,322.02	1,723,069.20	1,097	916	100.00	2.09	2.36

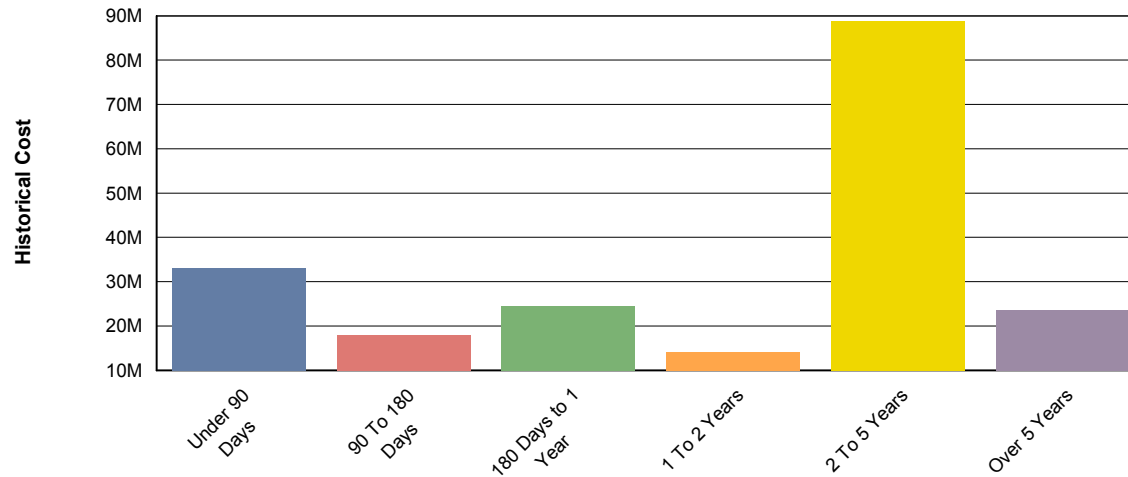
* Weighted Average Yield is calculated on a "yield to worst" basis.



City of Ann Arbor
Maturity Distribution of Securities Held
December 31, 2010

Maturity	Historical Cost	Percent
Under 90 Days	33,189,293.30	16.41%
90 To 180 Days	18,035,721.11	8.92%
180 Days to 1 Year	24,438,031.03	12.09%
1 To 2 Years	14,067,784.15	6.96%
2 To 5 Years	88,788,266.95	43.91%
Over 5 Years	23,672,460.95	11.71%
	202,191,557.49	100.00%

Maturity Distribution



**City of Ann Arbor
Securities Held
December 31, 2010**

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	12/31/10	0.000 V		6,631,231.42	6,631,231.42 0.00	6,631,231.42 0.00	6,631,231.42 0.00	0.00	0.00	0.00	0.00	3.28	0.00
TOTAL				6,631,231.42	6,631,231.42 0.00	6,631,231.42 0.00	6,631,231.42 0.00	0.00	0.00	0.00	0.00	3.28	
<u>Commercial Paper</u>													
4497W1SL1 ING Funding	08/25/10	0.000	05/20/11	8,000,000.00	7,963,671.11 0.00	7,981,157.78 4,202.23	7,988,176.00 4,440.00	7,018.22	0.00	0.00	0.00	3.94	0.62
TOTAL				8,000,000.00	7,963,671.11 0.00	7,981,157.78 4,202.23	7,988,176.00 4,440.00	7,018.22	0.00	0.00	0.00	3.94	
<u>U.S. Treasury</u>													
912828EX4 T-Note	09/01/06	4.500	02/28/11	5,000,000.00	4,958,203.13 0.00	4,998,522.72 789.58	5,033,400.00 (19,335.00)	34,877.28	0.00	19,267.96	76,450.28	2.45	4.71
912828FK1 T-Note	08/15/06	5.125	06/30/11	5,000,000.00	5,046,093.75 0.00	5,004,661.17 (802.75)	5,121,290.00 (20,505.00)	116,628.83	128,125.00	21,597.82	707.87	2.50	4.91
912828MM9 T-Note	03/12/10	0.750	11/30/11	5,000,000.00	4,994,140.63 0.00	4,996,893.04 289.24	5,019,725.00 (1,760.00)	22,831.96	0.00	3,193.68	3,296.70	2.47	0.82
912828JD3 T-Note	07/17/08	3.375	06/30/13	5,000,000.00	5,035,937.50 0.00	5,018,097.88 (615.84)	5,323,830.00 (33,980.00)	305,732.12	84,375.00	14,222.95	466.16	2.49	3.22
912828KF6 T-Note	08/26/10	1.875	02/28/14	5,000,000.00	5,173,046.88 0.00	5,155,769.19 (4,184.44)	5,120,310.00 (50,000.00)	(35,459.19)	0.00	8,028.31	31,854.28	2.56	0.87
912828LZ1 T-Note	08/26/10	2.125	11/30/14	5,000,000.00	5,207,031.25 0.00	5,190,011.34 (4,122.01)	5,121,875.00 (81,250.00)	(68,136.34)	0.00	9,048.76	9,340.66	2.58	1.13
912828MR8 T-Note	08/26/10	2.375	02/28/15	5,000,000.00	5,258,593.75 0.00	5,238,496.60 (4,867.28)	5,153,150.00 (92,150.00)	(85,346.60)	0.00	10,169.20	40,348.76	2.60	1.19
912828EN6 T-Note	08/26/10	4.500	11/15/15	5,000,000.00	5,795,312.50 0.00	5,741,930.22 (12,928.52)	5,598,045.00 (139,455.00)	(143,885.22)	0.00	19,267.96	29,212.71	2.87	1.33
912828KS8 T-Note	08/26/10	2.625	02/29/16	5,000,000.00	5,287,890.63 0.00	5,269,584.62 (4,433.49)	5,131,640.00 (136,720.00)	(137,944.62)	0.00	11,239.64	44,595.99	2.62	1.53
912828KZ2 T-Note	09/30/10	3.250	06/30/16	2,500,000.00	2,732,617.19 0.00	2,722,315.57 (3,433.87)	2,635,742.50 (76,757.50)	(86,573.07)	40,625.00	6,848.09	224.45	1.35	1.55
912828MA5 T-Note	08/26/10	2.750	11/30/16	5,000,000.00	5,291,796.88 0.00	5,275,472.58 (3,953.54)	5,103,515.00 (160,940.00)	(171,957.58)	0.00	11,710.16	12,087.91	2.62	1.76
912828MS6 T-Note	08/26/10	3.000	02/28/17	5,000,000.00	5,360,156.25 0.00	5,340,770.21 (4,695.06)	5,156,250.00 (165,625.00)	(184,520.21)	0.00	12,845.30	50,966.85	2.65	1.82

**City of Ann Arbor
Securities Held
December 31, 2010**

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
TOTAL				57,500,000.00	60,140,820.34 0.00	59,952,525.14 (42,957.98)	59,518,772.50 (978,477.50)	(433,752.64)	253,125.00	147,439.83	299,552.62	29.74	
U.S. Instrumentality													
31331TZN4 FFCB	03/28/08	3.750	04/07/11	5,000,000.00	5,131,700.00 0.00	5,011,441.81 (3,694.75)	5,046,070.00 (16,525.00)	34,628.19	0.00	15,625.00	43,750.00	2.54	2.84
3133XR4U1 FHLB	05/23/08	3.125	06/10/11	5,000,000.00	4,940,350.00 0.00	4,991,424.98 1,661.41	5,057,380.00 (10,610.00)	65,955.02	78,125.00	13,020.83	9,114.58	2.44	3.54
3133XHB43 FHLB	02/19/09	4.875	10/05/11	6,765,000.00	7,242,676.65 0.00	6,903,117.36 (15,457.18)	6,994,306.44 (24,759.90)	91,189.08	0.00	27,482.81	78,784.06	3.58	2.10
31331XG30 FFCB	11/15/07	5.450	06/21/12	3,885,000.00	4,039,584.15 0.00	3,934,411.72 (2,852.45)	4,163,768.18 (16,911.40)	229,356.46	105,866.25	17,644.38	5,881.46	2.00	4.48
3134G1KZ6 FHLMC	Call 07/20/10	1.000	07/20/12 01/20/11	5,000,000.00	5,004,300.00 0.00	5,000,444.02 (724.46)	5,001,235.00 (2,000.00)	790.98	0.00	4,166.67	22,361.11	2.48	0.83
31331Y3X6 FFCB	08/01/08	3.950	07/23/12	5,000,000.00	4,988,100.00 0.00	4,995,336.71 254.07	5,261,725.00 (15,640.00)	266,388.29	0.00	16,458.34	86,680.56	2.47	4.02
31331YGE4 FFCB	12/31/07	4.250	12/04/12	5,000,000.00	5,040,100.00 0.00	5,015,661.28 (690.61)	5,342,605.00 (21,830.00)	326,943.72	106,250.00	17,708.33	15,937.50	2.49	4.07
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	5,006,350.00 (14,430.00)	6,350.00	0.00	16,666.67	90,555.56	2.47	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	4,967,461.07 1,289.90	5,415,350.00 (28,285.00)	447,888.93	0.00	19,791.67	85,763.89	2.42	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	3,583,123.42 (6,545.81)	3,701,933.26 (19,335.63)	118,809.84	0.00	13,529.58	58,628.19	1.83	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	3,057,968.27 (7,451.43)	3,108,410.90 (16,235.59)	50,442.63	0.00	11,360.41	49,228.47	1.56	1.60
31331GZL6 FFCB	07/01/09	2.800	06/03/13	3,000,000.00	3,018,360.00 0.00	3,011,326.06 (397.18)	3,136,305.00 (15,129.00)	124,978.94	42,000.00	7,000.00	6,533.33	1.49	2.64
31331GS83 FFCB	10/15/09	2.350	09/23/13	3,300,000.00	3,322,770.00 0.00	3,315,760.19 (490.53)	3,416,400.90 (20,974.80)	100,640.71	0.00	6,462.50	21,110.83	1.64	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	5,005,711.64 (658.22)	4,990,970.00 (20,755.00)	(14,741.64)	0.00	5,000.00	15,666.67	2.48	1.04
31398A4N9 FNMA	Call 10/18/10	1.000	10/15/13 04/15/11	3,000,000.00	3,004,050.00 250.00	3,002,353.07 (701.40)	2,977,989.00 (14,682.00)	(24,364.07)	0.00	2,500.00	6,333.33	1.49	0.72
31398A4N9 FNMA	Call 10/18/10	1.000	10/15/13 04/15/11	3,165,000.00	3,168,766.35 263.75	3,167,188.27 (652.27)	3,141,778.40 (15,489.51)	(25,409.87)	0.00	2,637.50	6,681.67	1.57	0.76
31331XSR4 FFCB	05/23/08	4.875	03/14/14	5,000,000.00	5,182,500.00 0.00	5,100,499.76 (2,667.38)	5,568,390.00 (55,860.00)	467,890.24	0.00	20,312.50	72,447.92	2.56	4.16

**City of Ann Arbor
Securities Held
December 31, 2010**

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													
31331JQA4 FFCB	06/11/10	1.900	06/02/14	3,000,000.00	2,990,070.00 0.00	2,991,465.12 212.00	3,057,210.00 (26,949.00)	65,744.88	28,500.00	4,750.00	4,591.67	1.48	1.99
31398A2Y7 FNMA	Call 08/26/10	1.500	08/26/14 08/26/11	5,000,000.00	5,012,350.00 0.00	5,008,019.04 (1,048.91)	4,950,190.00 (52,225.00)	(57,829.04)	0.00	6,250.00	26,041.67	2.48	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	7,102,752.85 (8,775.03)	7,155,792.00 (25,438.00)	53,039.15	105,000.00	17,500.00	583.33	3.54	1.50
3134G1UE2 FHLMC	Call 09/30/10	1.000V	09/23/15 03/23/11	5,000,000.00	5,000,000.00 972.22	5,000,000.00 0.00	4,982,590.00 (25,850.00)	(17,410.00)	0.00	4,166.67	13,611.11	2.47	1.00
3134G1TY0 FHLMC	Call 09/24/10	1.250V	09/24/15 03/24/11	5,000,000.00	4,996,250.00 0.00	4,996,453.31 63.66	4,977,780.00 (33,305.00)	(18,673.31)	0.00	5,208.34	16,840.28	2.47	2.33
31331GY29 FFCB	10/15/09	2.900	10/09/15	1,905,000.00	1,890,712.50 0.00	1,893,609.23 202.70	1,976,458.45 (39,462.08)	82,849.22	0.00	4,603.75	12,583.58	0.94	3.04
313371XS0 FHLB	Call 12/16/10	1.000V	12/16/15 03/16/11	2,600,000.00	2,600,000.00 0.00	2,600,000.00 0.00	2,598,991.20 (1,008.80)	(1,008.80)	0.00	1,083.33	1,083.33	1.29	1.00
31331JG98 FFCB	Call 12/01/10	2.050	12/21/15 01/21/11	5,380,000.00	5,380,000.00 0.00	5,380,000.00 0.00	5,251,670.86 (128,329.14)	(128,329.14)	27,572.50	9,190.83	3,063.61	2.66	2.05
3136FMR30 FNMA	Call 07/22/10	2.000V	01/21/16 01/21/11	4,117,000.00	4,132,438.75 228.72	4,118,687.30 (2,615.30)	4,119,762.51 (5,026.85)	1,075.21	0.00	6,861.67	36,595.56	2.04	1.29
3128X4W72 FHLMC	Call 09/14/09	5.500	03/28/16 03/28/11	7,000,000.00	7,463,120.00 0.00	7,071,122.00 (25,637.00)	7,079,240.00 (30,282.00)	8,118.00	0.00	32,083.33	99,458.33	3.69	1.15
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	4,894,490.00 (81,695.00)	(105,510.00)	0.00	4,166.67	8,888.89	2.47	1.00
TOTAL				125,405,000.00	127,455,834.62 1,714.69	126,225,338.48 (77,376.17)	128,375,142.10 (779,023.70)	2,149,803.62	493,313.75	313,231.78	898,800.49	63.04	
GRAND TOTAL				197,536,231.42	202,191,557.49 1,714.69	200,790,252.82 (116,131.92)	202,513,322.02 (1,753,061.20)	1,723,069.20	746,438.75	460,671.61	1,198,353.11	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, 2010

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>												
912828EX4	U.S. Treasury	4.500	02/28/2011		AAA	Aaa	5,000,000.00	4,958,203.13	2.45	5,033,400.00	2.49	0.16
912828FK1	U.S. Treasury	5.125	06/30/2011		AAA	Aaa	5,000,000.00	5,046,093.75	2.50	5,121,290.00	2.53	0.50
912828MM9	U.S. Treasury	0.750	11/30/2011		AAA	Aaa	5,000,000.00	4,994,140.63	2.47	5,019,725.00	2.48	0.91
912828JD3	U.S. Treasury	3.375	06/30/2013		AAA	Aaa	5,000,000.00	5,035,937.50	2.49	5,323,830.00	2.63	2.41
912828KF6	U.S. Treasury	1.875	02/28/2014		AAA	Aaa	5,000,000.00	5,173,046.88	2.56	5,120,310.00	2.53	3.05
912828LZ1	U.S. Treasury	2.125	11/30/2014		AAA	Aaa	5,000,000.00	5,207,031.25	2.58	5,121,875.00	2.53	3.75
912828MR8	U.S. Treasury	2.375	02/28/2015		AAA	Aaa	5,000,000.00	5,258,593.75	2.60	5,153,150.00	2.54	3.93
912828EN6	U.S. Treasury	4.500	11/15/2015		AAA	Aaa	5,000,000.00	5,795,312.50	2.87	5,598,045.00	2.76	4.40
912828KS8	U.S. Treasury	2.625	02/29/2016		AAA	Aaa	5,000,000.00	5,287,890.63	2.62	5,131,640.00	2.53	4.78
912828KZ2	U.S. Treasury	3.250	06/30/2016		AAA	Aaa	2,500,000.00	2,732,617.19	1.35	2,635,742.50	1.30	5.04
912828MA5	U.S. Treasury	2.750	11/30/2016		AAA	Aaa	5,000,000.00	5,291,796.88	2.62	5,103,515.00	2.52	5.43
912828MS6	U.S. Treasury	3.000	02/28/2017		AAA	Aaa	5,000,000.00	5,360,156.25	2.65	5,156,250.00	2.55	5.56
ISSUER TOTAL							57,500,000.00	60,140,820.34	29.74	59,518,772.50	29.39	3.27
<u>FNMA</u>												
31398ALB6	U.S. Instrumentality	4.000	01/18/2013	01/18/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.47	5,006,350.00	2.47	0.05
3136FMR30	U.S. Instrumentality	2.000	01/21/2016	01/21/2011	AAA	Aaa	4,117,000.00	4,132,438.75	2.04	4,119,762.51	2.03	0.06
3136FMK29	U.S. Instrumentality	3.000	06/30/2015	12/30/2011	AAA	Aaa	7,000,000.00	7,155,120.00	3.54	7,155,792.00	3.53	0.99
31359MQV8	U.S. Instrumentality	4.750	02/21/2013	02/21/2013	AAA	Aaa	11,288,000.00	11,744,766.22	5.81	12,225,694.16	6.04	2.02
31398A4A7	U.S. Instrumentality	1.200	09/27/2013	09/27/2011	AAA	Aaa	5,000,000.00	5,007,750.00	2.48	4,990,970.00	2.46	2.68
31398A4N9	U.S. Instrumentality	1.000	10/15/2013	04/15/2011	AAA	Aaa	6,165,000.00	6,172,816.35	3.05	6,119,767.40	3.02	2.73
31398A2Y7	U.S. Instrumentality	1.500	08/26/2014	08/26/2011	AAA	Aaa	5,000,000.00	5,012,350.00	2.48	4,950,190.00	2.44	3.52
ISSUER TOTAL							43,570,000.00	44,225,241.32	21.87	44,568,526.07	22.01	1.79
<u>FFCB</u>												
31331TZN4	U.S. Instrumentality	3.750	04/07/2011		AAA	Aaa	5,000,000.00	5,131,700.00	2.54	5,046,070.00	2.49	0.27
31331XG30	U.S. Instrumentality	5.450	06/21/2012		AAA	Aaa	3,885,000.00	4,039,584.15	2.00	4,163,768.18	2.06	1.43
31331Y3X6	U.S. Instrumentality	3.950	07/23/2012		AAA	Aaa	5,000,000.00	4,988,100.00	2.47	5,261,725.00	2.60	1.50
31331YGE4	U.S. Instrumentality	4.250	12/04/2012		AAA	Aaa	5,000,000.00	5,040,100.00	2.49	5,342,605.00	2.64	1.86
31331GZL6	U.S. Instrumentality	2.800	06/03/2013		AAA	Aaa	3,000,000.00	3,018,360.00	1.49	3,136,305.00	1.55	2.35
31331GS83	U.S. Instrumentality	2.350	09/23/2013		AAA	Aaa	3,300,000.00	3,322,770.00	1.64	3,416,400.90	1.69	2.63
31331XSR4	U.S. Instrumentality	4.875	03/14/2014		AAA	Aaa	5,000,000.00	5,182,500.00	2.56	5,568,390.00	2.75	2.96
31331JQA4	U.S. Instrumentality	1.900	06/02/2014		AAA	Aaa	3,000,000.00	2,990,070.00	1.48	3,057,210.00	1.51	3.30
31331GY29	U.S. Instrumentality	2.900	10/09/2015		AAA	Aaa	1,905,000.00	1,890,712.50	0.94	1,976,458.45	0.98	4.42
31331JG98	U.S. Instrumentality	2.050	12/21/2015	01/21/2011	AAA	Aaa	5,380,000.00	5,380,000.00	2.66	5,251,670.86	2.59	4.69
ISSUER TOTAL							40,470,000.00	40,983,896.65	20.27	42,220,603.39	20.85	2.40

City of Ann Arbor
GASB 40 - Deposit and Investment Risk Disclosure
December 31, 2010

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>FHLMC</u>												
3134G1KZ6	U.S. Instrumentality	1.000	07/20/2012	01/20/2011	AAA	Aaa	5,000,000.00	5,004,300.00	2.48	5,001,235.00	2.47	0.05
3128X4W72	U.S. Instrumentality	5.500	03/28/2016	03/28/2011	AAA	Aaa	7,000,000.00	7,463,120.00	3.69	7,079,240.00	3.50	0.24
3134G1UE2	U.S. Instrumentality	1.000	09/23/2015	03/23/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.47	4,982,590.00	2.46	4.49
3134G1TY0	U.S. Instrumentality	1.250	09/24/2015	03/24/2011	AAA	Aaa	5,000,000.00	4,996,250.00	2.47	4,977,780.00	2.46	4.49
ISSUER TOTAL							22,000,000.00	22,463,670.00	11.11	22,040,845.00	10.88	2.12
<u>FHLB</u>												
3133XR4U1	U.S. Instrumentality	3.125	06/10/2011		AAA	Aaa	5,000,000.00	4,940,350.00	2.44	5,057,380.00	2.50	0.44
3133XHB43	U.S. Instrumentality	4.875	10/05/2011		AAA	Aaa	6,765,000.00	7,242,676.65	3.58	6,994,306.44	3.45	0.75
313371XS0	U.S. Instrumentality	1.000	12/16/2015	03/16/2011	AAA	Aaa	2,600,000.00	2,600,000.00	1.29	2,598,991.20	1.28	4.67
313371DT0	U.S. Instrumentality	1.000	10/27/2017	10/27/2011	AAA	Aaa	5,000,000.00	5,000,000.00	2.47	4,894,490.00	2.42	6.27
ISSUER TOTAL							19,365,000.00	19,783,026.65	9.78	19,545,167.64	9.65	2.57
<u>ING Funding</u>												
4497W1SL1	Commercial Paper	0.000	05/20/2011		A-1	P-1	8,000,000.00	7,963,671.11	3.94	7,988,176.00	3.94	0.38
ISSUER TOTAL							8,000,000.00	7,963,671.11	3.94	7,988,176.00	3.94	0.38
<u>BankOne</u>												
	Cash and Equivalents	0.000					6,631,231.42	6,631,231.42	3.28	6,631,231.42	3.27	0.00
ISSUER TOTAL							6,631,231.42	6,631,231.42	3.28	6,631,231.42	3.27	0.00
GRAND TOTAL							197,536,231.42	202,191,557.49	100.00	202,513,322.02	100.00	2.35

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, 2010 - December 31, 2010**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield	
<u>U.S. Instrumentality</u>									
31331JG98 FFCB	Call	12/01/2010	2.050	12/21/2015 01/21/2011	5,380,000.00	100.000	5,380,000.00	21,445.28	2.05
313371XS0 FHLB	Call	12/16/2010	1.000V	12/16/2015 03/16/2011	2,600,000.00	100.000	2,600,000.00	0.00	1.00
TOTAL					7,980,000.00		7,980,000.00	21,445.28	
GRAND TOTAL					7,980,000.00		7,980,000.00	21,445.28	

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

City of Ann Arbor
Securities Sold and Matured
for the period December 1, 2010 - December 31, 2010

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
Cash and Equivalents													
BankOne	12/31/10	0.000 V		21,724,758.83	21,724,758.83	21,724,758.83 0.00	100.00	21,724,758.83 0.00	0.00	0.00	0.00	0.00	0.00
TOTAL				21,724,758.83	21,724,758.83	21,724,758.83 0.00		21,724,758.83 0.00	0.00	0.00	0.00	0.00	
U.S. Instrumentality													
3128X2EV3 FHLMC	12/08/10	4.750	12/08/10	3,000,000.00	3,017,250.00	3,000,000.00 0.00	100.00	3,000,000.00 (2,670.00)	0.00	0.00	71,250.00	2,770.83	4.28
3128X8DF6 FHLMC	12/29/10	2.200	06/29/12	4,000,000.00	4,014,000.00	4,000,000.00 (791.92)	100.00	4,000,000.00 (4,884.00)	0.00	0.00	44,000.00	6,844.44	1.94
3128X9TD2 FHLMC	Call 12/29/10	1.570	06/29/12 03/29/11	2,500,000.00	2,498,750.00	2,499,235.49 39.06	100.00	2,500,000.00 (2,222.50)	764.51	0.00	19,625.00	3,052.78	1.59
TOTAL				9,500,000.00	9,530,000.00	9,499,235.49 (752.86)		9,500,000.00 (9,776.50)	764.51	0.00	134,875.00	12,668.05	
GRAND TOTAL				31,224,758.83	31,254,758.83	31,223,994.32 (752.86)		31,224,758.83 (9,776.50)	764.51	0.00	134,875.00	12,668.05	

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

**City of Ann Arbor
Transaction Report
for the period December 1, 2010 - December 31, 2010**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
12/01/2010	31331JG98	Bought	INS	FFCB	12/21/2015	5,380,000.00	5,380,000.00	21,445.28	(5,401,445.28)	(5,401,445.28)
12/02/2010	31331JQA4	Interest	INS	FFCB	06/02/2014	3,000,000.00	0.00	28,500.00	28,500.00	(5,372,945.28)
12/03/2010	31331GZL6	Interest	INS	FFCB	06/03/2013	3,000,000.00	0.00	42,000.00	42,000.00	(5,330,945.28)
12/04/2010	31331YGE4	Interest	INS	FFCB	12/04/2012	5,000,000.00	0.00	106,250.00	106,250.00	(5,224,695.28)
12/08/2010	3128X2EV3	Maturity	INS	FHLMC	12/08/2010	3,000,000.00	3,000,000.00	0.00	3,000,000.00	(2,224,695.28)
	3128X2EV3	Interest	INS	FHLMC	12/08/2010	3,000,000.00	0.00	71,250.00	71,250.00	(2,153,445.28)
12/10/2010	3133XR4U1	Interest	INS	FHLB	06/10/2011	5,000,000.00	0.00	78,125.00	78,125.00	(2,075,320.28)
12/16/2010	313371XS0	Bought	INS	FHLB	12/16/2015	2,600,000.00	2,600,000.00	0.00	(2,600,000.00)	(4,675,320.28)
12/21/2010	31331JG98	Interest	INS	FFCB	12/21/2015	5,380,000.00	0.00	27,572.50	27,572.50	(4,647,747.78)
	31331XG30	Interest	INS	FFCB	06/21/2012	3,885,000.00	0.00	105,866.25	105,866.25	(4,541,881.53)
12/29/2010	3128X8DF6	Interest	INS	FHLMC	06/29/2012	4,000,000.00	0.00	44,000.00	44,000.00	(4,497,881.53)
	3128X8DF6	Call	INS	FHLMC	06/29/2012	4,000,000.00	4,000,000.00	0.00	4,000,000.00	(497,881.53)
	3128X9TD2	Interest	INS	FHLMC	06/29/2012	2,500,000.00	0.00	19,625.00	19,625.00	(478,256.53)
	3128X9TD2	Call	INS	FHLMC	06/29/2012	2,500,000.00	2,499,235.49	0.00	2,500,000.00	2,021,743.47
12/30/2010	3136FMK29	Interest	INS	FNMA	06/30/2015	7,000,000.00	0.00	105,000.00	105,000.00	2,126,743.47
12/31/2010	912828FK1	Interest	TSY	T-Note	06/30/2011	5,000,000.00	0.00	128,125.00	128,125.00	2,254,868.47
	912828JD3	Interest	TSY	T-Note	06/30/2013	5,000,000.00	0.00	84,375.00	84,375.00	2,339,243.47
	912828KZ2	Interest	TSY	T-Note	06/30/2016	2,500,000.00	0.00	40,625.00	40,625.00	2,379,868.47
		Sold	CE	BankOne		21,724,758.83	21,724,758.83	0.00	21,724,758.83	24,104,627.30
Portfolio Activity Total									24,104,627.30	

Net Contributions

0.00

Net Withdrawals

24,091,650.89

Fees Charged

14,284.78

Fees Paid

12,976.41

City of Ann Arbor
Securities Purchased Bid and Offer
for the period December 1, 2010 – December 31, 2010

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
12/1/2010	FFCB	2.050	12/21/2015 12/21/2010	5,380,000.00	Nomura Securities #5222	YTM 2.05	FFCB Call 2.05% 12/21/15(12/21/10)	x
					UBS Financial Services DTC # 0221	YTM 1.84	FHLB Call 1.75% 12/03/15(01/03/11)	
					Merrill Lynch, Pierce, Fenner & Smith Inc. DTC# 772	YTM 1.66	FHLB 1.375% 12/11/15	
12/16/2010	FHLB	1.000	12/16/2015 3/16/2011	2,600,000.00	UBS Financial Services DTC # 0221	YTM 2.94	FHLB Call-Step 1.00% 12/16/15(03/16/11)	x
					Merrill Lynch, Pierce, Fenner & Smith Inc. DTC# 772	YTM 1.71	FFCB 4.875% 12/16/15	
					CitiGroup DTC# 418	YTM 1.45	T-Note 1.375% 11/30/15	

**City of Ann Arbor
Repurchase Agreement Bid and Offer
for the period December 1, 2010 - December 31, 2010**

Date	Description	Rate	Maturity	Par Value/Shares	Broker	Bid/Offer	*Accepted	Comments
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Purchases

No Repurchase Agreements for Ann Arbor in December 2010

City of Ann Arbor
Securities Sold Bid and Offer
for the period December 1, 2010 – December 31, 2010

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
01/13/2011	Interest	3136FMR30	FNMA	0.000	01/21/2016	01/21/2011	4,117,000.00	0.00	39,340.22	39,340.22
01/18/2011	Interest	31398ALB6	FNMA	4.000	01/18/2013	01/18/2011	5,000,000.00	0.00	100,000.00	100,000.00
01/20/2011	Potential Call	3134G1KZ6	FHLMC	1.000	07/20/2012	01/20/2011	5,000,000.00	5,000,000.00	25,000.00	5,025,000.00
01/21/2011	Potential Call	3136FMR30	FNMA	0.000	01/21/2016	01/21/2011	4,117,000.00	4,117,000.00	2,744.67	4,119,744.67
01/23/2011	Interest	31331Y3X6	FFCB	3.950	07/23/2012		5,000,000.00	0.00	98,750.00	98,750.00