

**CITY OF PEORIA, ARIZONA  
COUNCIL COMMUNICATION**

cc: 20C  
Amend No. \_\_\_\_\_

**Date Prepared:** August 4, 2009

**Council Meeting Date:** August 25, 2009

**TO:** Carl Swenson, City Manager  
**THROUGH:** Susan Thorpe, Deputy City Manager *ST*  
**FROM:** Brent D. Mattingly, Finance Director *BDM*  
**PREPARED BY:** Deborah Card, Treasury Manager *DC*  
**SUBJECT:** Investment Report for the Year Ended June 30, 2009

**RECOMMENDATION:**

That the Mayor and Council review and accept the Annual Investment Report for the Year Ended June 30, 2009.

**SUMMARY:**

The Finance Department has prepared an annual report to summarize the City's investment activity for the period from July 1, 2008 to June 30, 2009. The City's total investment portfolio earned an average yield of 1.52% for the 4<sup>th</sup> Quarter of FY 2009 and 2.24% for the fiscal year. This represents investment income of \$1,427,660 for the quarter and \$8,256,601 for the fiscal year. The average cash balance of the City's portfolio during the quarter was \$361,484,704 and the ending balance for the total investment portfolio was \$335,559,268 which represents all securities and money market funds.

The annual report also provides comparative investment yields, portfolio composition, average maturity lengths, comparisons of market value and book value, and a brief summary of the economy. An Inventory Holdings Report, which itemizes each security in the City's investment portfolio by fund, security type, and cusip number has also been included as Attachment B.

**ATTACHMENTS:**

- 1. Annual Investment Report for Year Ended June 30, 2009
- 2. Inventory Holdings Report for Year Ended June 30, 2009

**CITY CLERK USE ONLY:**

Consent Agenda  
 Carry Over to Date: \_\_\_\_\_  
 Approved  
 Unfinished Business (Date heard previous: \_\_\_\_\_)  
 New Business

ORD. # \_\_\_\_\_ RES. # \_\_\_\_\_  
LCON# \_\_\_\_\_ LIC. # \_\_\_\_\_  
Action Date: \_\_\_\_\_

# **CITY OF PEORIA, ARIZONA**



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## **INVESTMENT PERFORMANCE REPORT**

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**Annual Report**

**Period Ended**

**June 30, 2009**

**Brent D. Mattingly, Chief Financial Officer**

**Finance Department**

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## I. INTRODUCTION

This report reflects investment activity for the period of July 1, 2008 to June 30, 2009 for the City's investment management program. The City's Investment and Portfolio Policies, approved and adopted in January 1992 by the City Council, with revisions approved in June 2005, requires that the City's investment program meet the following criteria, listed in order of importance:

- Safety - *Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.*
- Liquidity - *The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements.*
- Yield - *The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, while taking into account the City's strict risk constraints.*

In keeping with these principles, the Finance Department continued to invest the City's funds only in allowable, safe securities and to structure the maturity of the investment portfolio to assure liquidity. Short-term needs (6 months or less) are being met by investments in overnight repurchase agreements, commercial paper, money market funds, and the State's Investment Pool. Funds not required to meet specific short-term needs are invested primarily in Treasury Notes and U.S. Government Agency Securities.

Only after the safety and liquidity requirements are met does the Finance Department attempt to maximize earnings. For the Quarter and Year Ended June 30, 2009, the weighted average annualized yield on investments was as follows:

**Table 1**

AVERAGE ANNUALIZED INVESTMENT YIELD					
	FY 09 Q1	FY 09 Q2	FY 09 Q3	FY 09 Q4	YE 06/30/09
General Portfolio	3.07	2.59	2.03	1.68	2.34
Bond Funds	2.49	2.31	1.40	0.88	1.77
Total Portfolio	2.95	2.56	1.89	1.52	2.24

The average annual yield of 2.24% represents a decrease of 2.24% from the total portfolio annualized yield of 4.48% for the Year Ended June 30, 2008.

This quarter's average yield of 1.52% for the total portfolio represents a decrease of .37% from the total portfolio annualized yield of 1.89% experienced for the Quarter Ended March 31, 2009.

## **II. TOTAL INVESTMENT PORTFOLIO STRUCTURE**

The City's overall portfolio is identified by source and use of funds in accordance with the City's investment policy. The general operating funds are composed of all funds of the City with the exception of restricted capital project funds containing direct bond proceeds and escrow funds. The interest from the operating fund portfolio is allocated pro rata to the General Fund and other commingled funds making up the portfolio. Funds identified in this category are:

- General Fund
- Special Revenue Funds
- Enterprise Funds
- Internal Service Funds
- Debt Service Funds
- Trust and Agency Funds

Capital project funds are managed in unique portfolios identified by individual bond issue in order to fulfill all U.S. Government tax requirements and to simplify reporting and arbitrage calculations.

During the past quarter, the City's investment portfolio has been divided between general funds and several bond fund accounts. For purposes of this performance report, however, the operating portfolio is reported as a whole and reference to performance and strategy are directed toward the portfolio in its entirety.

## **III. INVESTMENT POLICY COMPLIANCE**

The City's Investment Policy, as approved by City Council, applies to all the financial assets and funds held by the City of Peoria. All investments follow the provisions established in that Policy.

## **IV. INVESTMENT PERFORMANCE**

**A. Portfolio Composition.** It is the policy of the City to diversify its portfolio by security type and institution to minimize market volatility risk and credit risk. The Policy stipulates maximum investment levels by market sector to insure diversification. Diversification is further accomplished through the laddering of maturities, which mirror anticipated cash flows for the various funds. If not matched to specific cash flows, the funds are invested with a priority of liquidity and safety until specific cash flow needs are identified.

The table below illustrates the diversification structured into the portfolio composition with dollar amounts and percentages by investment type (market sector). The table shows the overall conservative nature of the portfolio and its diversified structure. The fluctuation in percentages between fiscal quarters represents a shifting of value between market sectors from the varying economic conditions throughout the year. The concentration on Treasury Notes and Agency Securities illustrates the portfolio's safety priority.

**Table 2**

TOTAL PORTFOLIO COMPOSITION (In Millions of Dollars)								
Security Type	FY 09 – Q1		FY 09 – Q2		FY 09 – Q3		FY 09 – Q4	
	Amt	%	Amt	%	Amt	%	Amt	%
Money Market	83.9	23.3	85.1	24.5	31.7	8.2	35.9	11.0
Agency Securities	243.6	67.6	227.9	65.7	290.0	74.6	242.1	74.4
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Notes	13.3	3.6	13.2	3.8	33.5	8.6	35.6	10.9
Commercial Paper	18.9	5.3	18.9	5.4	32.9	8.5	11.0	3.4
Repurchase Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Pool	0.8	0.02	2.0	0.6	0.2	0.1	1.0	0.3
<b>TOTALS:</b>	<b>360.5</b>	<b>100.0</b>	<b>347.1</b>	<b>100.0</b>	<b>388.3</b>	<b>100.0</b>	<b>325.6</b>	<b>100.0</b>

**B. Average Invested Cash Balances.** The average investment cash balance of the overall portfolio for the Year Ended June 30, 2009 was \$364,484,201 as compared to \$343,475,263 for the Year Ended June 30, 2009.

The average investment cash balance of the overall portfolio for the Quarter Ended June 30, 2009 was \$361,484,704 as compared to \$383,597,201 for the Quarter Ended March 31, 2009.

Fluctuations in the quarterly balances shown in the chart below represent normal cash flows throughout the fiscal year, the addition of new bond proceeds, investment of earned interest, and the spend down of existing bond proceeds for capital projects.

**C. Investment Income.** Total investment income for the Year Ended June 30, 2009 was \$8,256,601, which represents a decrease of 47% from the \$15,678,391 earned for the Year Ended June 30, 2008.

Total investment income for the 4th Quarter of FY 09 was \$1,427,660 which represents a decrease of 25% from the \$1,902,860 earned in the 3rd Quarter of FY 09. The earnings decrease is primarily due to the reinvestment of funds in a lower interest rate environment during the quarter.

**D. Comparative Investment Yields.** Since the Investment Policy of the City restricts investment primarily to the U.S. fixed income and money markets, the portfolio performance is measured directly against these markets for comparison purposes. The maximum maturity of securities purchased for the portfolio is restricted to five (5) years. The weighted average maturity should not exceed 365 days. The actual weighted average maturity for the 4th Quarter of FY 09 was 251 days. The average rates of comparable benchmarks are shown in the table below.

**Table 3**

COMPARATIVE ANNUALIZED INVESTMENT YIELDS				
	FY 09 Q1	FY 09 Q2	FY 09 Q3	FY 09 Q4
City of Peoria (General Portfolio)	3.07	2.59	2.03	1.68
Money Market Fds	1.95	0.85	0.40	0.01
3 Month T-Bill	0.67	0.27	0.20	0.16
6 Month T- Bill	1.52	0.70	0.38	0.32
1 Year T-Bill	1.73	0.96	0.55	0.50
2 Year Treasury	1.88	1.21	0.89	1.01

**E. Average Maturity of the Portfolio.** For the Quarter ended June 30, 2009, the average maturity of the portfolio was 251 days as compared to 272 days on March 31, 2009. Matching maturities to known cash flows requires the maintenance of a somewhat short portfolio. This assures the City's liabilities can be met as they come due. Cash not needed to match immediate cash flow needs (within a nine month rolling horizon of liabilities) is normally extended somewhat to take advantage of higher yields. Longer maturities are used to capture yields at purchase and to capture capital gains during the period.

**F. Comparison of Market Value and Book Value.** The book value of the portfolio is captured on an amortized cost basis recognizing the City's position in the securities on a straight-line amortization of premiums and discounts. Book and market values do not include accrued interest on the securities. The market value reflects the *then current* market price at which these securities could be sold in the open market. A comparison of book and

portfolio against the market. Since the shortest portion of the portfolio is matched against anticipated cash flows, rate changes will more directly affect their relative gain/loss positions. A summary of market and book values for the total portfolio for the Quarter are shown below.

Beginning Book Value.....	\$388,384,806
Beginning Market Value .....	\$389,724,017
Ending Book Value.....	\$325,559,268
Ending Market Value.....	\$326,997,338

At quarter's end, the market value of the portfolio exceeded the book value of securities resulting in an overall unrealized gain in value of \$1,438,070.

## **ECONOMIC REVIEW AS OF 06-30-09:**

The pace of decline slowed from the first to the second quarter of 2009 as Gross Domestic Product (GDP) fell by an annualized 1% after declining by a revised 6.4% in the first quarter of 2009. The median Bloomberg forecast has been for a 1.5% decline to follow the previously reported 5.5% first quarter drop. Almost all of the improvement during the recently completed quarter came from a few components - an increase in net exports, a surge in government spending, some improvement in business investment and a slower pace of inventory reduction accounted for most of the improvement from the revised 6.4% drop in the first quarter GDP. The second quarter contraction marked the fourth consecutive period of negative GDP, the first time since the Great Depression that this has occurred. On the bright side, a majority of economists are predicting that GDP will turn slightly positive in the third quarter. The question will be whether consistent consumer spending will be able to *sustain* positive growth going forward.

The labor market continues to deteriorate with 18 straight months of declining company payrolls. In May, non-farm payrolls surprised market participants with a smaller than expected 322k(r) decline leading many to believe that the recession was ending . . . but the June payroll numbers were much worse than expected, as another 467k jobs were lost. Since January 2008, when payroll turned negative for the first time in 4½ years, 6.5 million workers have been laid-off. The unemployment rate has increased from 4.8% to 9.5% in just the past 16 months. The current rate of unemployment is the highest in 26 years, but many experts believe it will continue to rise at least another full percentage point before year's end.

New home sales rose by 11% in June for the biggest gain in eight years. Since January, new home sales are up 17%. Existing home sales have risen for three straight months and are now up 9% for the year. However, new and existing home sales are still down 72% and 33% from their peaks during the summer of 2005. Home prices, according to the S&P Case-Shiller index, seem to be stabilizing somewhat. In May, the index posted its first monthly gain in three years, but still dropped 17.1% on a year-over-year basis.

Retail sales have crept into positive territory with small increases in both May (+0.5%) and June (0.6%). The U.S. consumer, the essential ingredient to sustained economic recovery, continues to worry about deteriorated net worth and unfavorable job prospects. As a result, the savings rate has risen from 0.8% to 6.9% in only nine months. Many experts have speculated that the savings rate will climb another two or more percentage points in the next year.

U.S. auto sales have climbed from an annualized rate of 9.1 million units in February to 9.7 million units in June. Although the 6.6% increase is encouraging, only 18 months ago, cars and trucks were selling at a brisk 16.1 million unit pace. With the average age of U.S. vehicles on the road already at a record 9.4 years, there could be some pent-up demand to fuel future purchases.

- Scott McIntyre, First Southwest Asset Management

## SUMMARY DATA

**Table 4**

<b>PORTFOLIO COMPOSITION</b>				
<b>General Funds</b>				
<b>Security Type</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09</b>	<b>FY 09 – Q4 Ending 06/30/09</b>
Money Market	\$76,904,902	\$77,510,108	\$15,851,767	\$30,167,979
Agency Securities	\$203,296,768	\$196,729,332	\$234,111,651	\$185,556,358
Treasury Notes	\$13,240,600	\$11,943,044	\$33,524,978	\$35,520,957
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$14,942,892	\$13,162,472	\$18,967,928	\$5,998,833
Repurchase Agreements	\$0	\$0	\$0	\$0
State Pool	\$756,603	\$2,042,616	\$246,278	\$1,034,834
<b>Totals:</b>	<b>\$309,141,765</b>	<b>\$301,387,572</b>	<b>\$302,702,602</b>	<b>\$258,278,961</b>
Avg Yield	3.07	2.59	2.03	1.68
Avg Maturity (Years)	0.92	0.88	0.91	0.74
State Pool Yield	1.62	0.38	0.27	0.16

**Table 5**

<b>PORTFOLIO COMPOSITION</b>				
<b>G.O. Bonds 2007</b>				
<b>Security Type</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09</b>	<b>FY 09 – Q4 Ending 06/30/09</b>
Money Market	\$2,465,935	\$2,728,988	\$2,746,291	\$1,640,194
Agency Securities	\$9,003,883	\$3,913,333	\$3,943,333	\$3,973,667
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$1,995,221	\$6,971,743	\$6,986,593	\$4,998,872
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$13,465,039</b>	<b>\$13,614,064</b>	<b>\$13,676,217</b>	<b>\$10,612,732</b>
Avg Yield	2.38	2.31	1.59	1.28
Avg Maturity (Years)	0.07	0.30	0.26	0.15

**Table 6**

<b>PORTFOLIO COMPOSITION</b>				
<b>MDA Transportation Sales Tax Revenue Bonds, Series 2008</b>				
<b>Security Type</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09</b>	<b>FY 09 – Q4 Ending 06/30/09</b>
Money Market	\$4,581,451	\$4,909,901	\$960,526	\$2,808,172
Agency Securities	\$31,361,137	\$27,252,029	\$17,271,681	\$18,155,692
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$1,995,221	\$0	\$6,991,600	\$0
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$37,937,809</b>	<b>\$32,161,930</b>	<b>\$25,223,807</b>	<b>\$20,963,864</b>
Avg Yield	2.51	2.31	1.67	0.92
Avg Maturity (Years)	0.45	0.30	0.22	0.67

**Table 7**

<b>PORTFOLIO COMPOSITION</b>				
<b>G.O. Bonds 2009</b>				
<b>Security Type</b>	<b>FY 09 – Q1 Ending 9/30/08</b>	<b>FY 09 – Q2 Ending 12/31/08</b>	<b>FY 09 – Q3 Ending 03/31/09*</b>	<b>FY 09 – Q4 Ending 06/30/09</b>
Money Market			\$12,123,673	\$1,270,379
Agency Securities			\$34,658,506	\$34,433,331
Treasury Notes			\$0	\$0
Treasury Bills			\$0	\$0
Commercial Paper			\$0	\$0
Repurchase Agreements			\$0	\$0
<b>Totals:</b>			<b>\$46,782,179</b>	<b>\$35,703,710</b>
Avg Yield			0.79	0.75
Avg Maturity (Years)			0.55	0.38

\* Bonds issued in February 2009

City of Peoria  
 DETAIL OF SECURITY HOLDINGS  
 As of June 30, 2009

Security Description	Security CUSIP	Coupon	Settlement Date	Maturity Date	Next Call Date	Par Value	Purchase Price	Purchase Cost	Book Value	Market Price	Market Value	Accrued Interest	Days to Maturity	Days to Next Call	Yield to Maturity
<b>FSAM - General Fund</b>															
JPMorgan Chase Bank MMF	jpmorgan	0.220				30,167,979.39	100.000	30,167,979.39	30,167,979.39	100.000	30,167,979.39	-	1		0.220
FNMA	31398AFA5	5.125	11/28/2008	7/13/2009		5,400,000.00	102.173	5,517,369.00	5,406,204.53	100.156	5,408,437.50	129,150.00	13		1.613
GE Capital Corp CP TLP (FDIC)	36161CUF7	0.000	1/16/2009	7/15/2009		6,000,000.00	99.750	5,985,000.00	5,998,833.33	99.991	5,999,448.00	-	15		0.508
U S T-Note	912828GY0	4.625	8/6/2008	7/31/2009		5,000,000.00	102.227	5,111,328.13	5,009,303.19	100.375	5,018,750.00	96,480.64	31		2.322
FFCB	31331XH47	5.250	5/20/2008	8/3/2009		2,907,000.00	103.189	2,999,704.23	2,913,919.71	100.437	2,919,718.12	62,742.75	34		2.538
FNMA Disc Note	313589LW1	0.000	10/15/2008	9/18/2009		6,000,000.00	97.183	5,831,000.00	5,960,500.00	99.970	5,998,200.00	-	80		3.130
FFCB Disc Note	313313MR6	0.000	11/19/2008	10/7/2009		10,000,000.00	98.256	9,825,583.33	9,946,916.67	99.950	9,995,000.00	-	99		2.012
FFCB	31331GDT3	3.050	11/3/2008	11/3/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.937	5,046,875.00	24,569.44	126		3.050
FHLB	3133XSKM9	3.110	11/3/2008	11/3/2009		5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.969	5,048,437.50	25,052.78	126		3.110
FHLB	3133XGYT5	5.000	11/14/2008	12/11/2009		3,270,000.00	102.888	3,364,437.60	3,309,335.20	102.094	3,338,465.62	9,083.33	164		2.264
FHLB	3133XGYT5	5.000	11/14/2008	12/11/2009		3,000,000.00	102.964	3,088,920.00	3,037,037.01	102.094	3,062,812.50	8,333.33	164		2.193
U S T-Note	912828HL7	3.250	2/27/2009	12/31/2009		10,000,000.00	102.109	10,210,937.50	10,125,737.99	101.437	10,143,750.00	883.15	184		0.725
FHLMC	3128X6K54	3.250	2/1/2008	1/29/2010		8,000,000.00	100.000	8,000,000.00	8,000,000.00	101.438	8,115,064.00	109,777.78	213		3.250
FHLMC	3128X7U77	3.125	2/27/2009	2/1/2010		5,000,000.00	101.891	5,094,565.00	5,060,278.27	101.546	5,077,315.00	63,802.08	219		1.088
FNMA	31398AKX9	3.250	6/17/2009	2/10/2010		5,000,000.00	101.834	5,091,700.00	5,086,305.88	101.719	5,085,937.50	63,645.83	225		0.409
FHLMC	3137EABG3	2.875	2/26/2009	4/30/2010		10,000,000.00	101.992	10,199,200.00	10,141,392.40	101.875	10,187,500.00	48,715.28	304		1.166
FHLMC	3137EABG3	2.875	3/2/2009	4/30/2010		5,000,000.00	101.993	5,099,650.00	5,071,203.49	101.875	5,093,750.00	24,357.64	304		1.141
FFCB	31331XWL2	4.750	12/24/2008	5/7/2010		8,000,000.00	104.767	8,381,360.00	8,237,322.08	103.594	8,287,500.00	57,000.00	311		1.228
FNMA	31359MC50	4.625	2/9/2009	6/1/2010		4,000,000.00	104.345	4,173,800.00	4,122,257.16	103.594	4,143,750.00	15,416.67	336		1.271
FFCB	31331IGS2	2.000	12/11/2008	6/1/2010		10,000,000.00	100.000	10,000,000.00	10,000,000.00	101.281	10,128,125.00	11,111.11	346		2.000
FNMA	3136F87J2	4.625	1/28/2009	6/16/2010		5,000,000.00	104.588	5,229,390.00	5,159,480.20	103.844	5,192,187.50	9,635.42	351		1.268
U S T-Note	912828JC5	2.875	2/27/2009	6/30/2010		10,000,000.00	102.687	10,268,750.00	10,200,821.78	102.312	10,231,250.00	781.25	365		0.853
FNMA	3136F94Q3	1.250	1/28/2009	7/28/2010	7/28/2009	8,000,000.00	99.850	7,988,000.00	7,991,375.34	100.031	8,002,500.00	42,500.00	393	28	1.351
FHLB	3133XCSY0	4.875	2/9/2009	8/16/2010		8,000,000.00	105.180	8,414,400.00	8,308,252.51	104.781	8,382,500.00	146,250.00	412		1.417
FNMA	3136F9B36	3.530	11/28/2008	8/25/2010	8/25/2009	10,000,000.00	100.566	10,056,600.00	10,011,529.63	100.406	10,040,625.00	123,550.00	421	56	3.191
U S T-Note	912828JJ0	2.375	6/12/2009	8/31/2010		10,000,000.00	101.934	10,193,359.38	10,185,093.85	102.062	10,206,250.00	79,381.79	427		0.776
FFCB	31331XE40	5.250	2/9/2009	9/1/2010		3,250,000.00	106.037	3,446,202.50	3,397,553.23	105.250	3,420,625.00	51,187.50	440		1.426
FFCB	31331GCM9	3.490	12/3/2008	9/29/2010	9/29/2009	8,000,000.00	100.859	8,068,720.00	8,020,616.00	100.656	8,052,500.00	71,351.11	456	91	3.000
FHLMC	3128X8U59	1.375	6/17/2009	12/17/2010	9/17/2009	7,000,000.00	100.000	7,000,000.00	7,000,000.00	100.155	7,010,843.00	3,743.06	535	79	1.375
FFCB	31331YJZ4	4.050	6/12/2009	12/21/2010		7,000,000.00	104.341	7,303,870.00	7,293,492.12	104.594	7,321,562.50	7,875.00	539		1.169
FHLMC	3128X8EQ1	1.800	2/9/2009	12/22/2010	12/22/2009	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.566	5,028,285.00	2,250.00	540	175	1.800
FHLB	3133XQJL7	3.060	5/14/2009	1/7/2011		3,000,000.00	100.000	3,000,000.00	3,000,000.00	102.562	3,076,875.00	21,420.00	556		3.061
FNMA	3136FHAA3	2.000	2/11/2009	2/11/2011	2/11/2010	8,000,000.00	100.000	8,000,000.00	8,000,000.00	100.687	8,055,000.00	62,222.22	591	226	2.000
FHLB	3133XSWT1	1.750	2/17/2009	2/17/2011	2/17/2010	8,000,000.00	100.000	8,000,000.00	8,000,000.00	100.594	8,047,500.00	52,111.11	597	232	1.750
FHLMC	3128X7MN1	3.500	5/14/2009	5/5/2011		3,000,000.00	100.000	3,000,000.00	3,000,000.00	103.829	3,114,873.00	16,333.33	674		3.500
FNMA	31398AST0	4.150	2/9/2009	1/13/2012	1/13/2010	5,000,000.00	102.807	5,140,350.00	5,081,386.39	101.875	5,093,750.00	96,833.33	927	197	3.138
		<b>2.630</b>				<b>254,994,979.39</b>	<b>101.300</b>	<b>258,262,176.06</b>	<b>257,244,127.36</b>	<b>101.409</b>	<b>258,643,941.14</b>	<b>1,637,526.94</b>	<b>296</b>		<b>1.811</b>
<b>GO Bonds - Series 2007 A</b>															
JPMorgan Chase Bank MMF	jpmorgan	0.220				1,640,193.57	100.000	1,640,193.57	1,640,193.57	100.000	1,640,193.57	-	1		0.220
GE Capital Corp CP TLP (FDIC)	36161CUF7	0.000	2/12/2009	7/15/2009		5,000,000.00	99.753	4,987,675.00	4,998,872.22	99.991	4,999,540.00	-	15		0.590
FNMA Disc Note	313589LW1	0.000	10/15/2008	9/18/2009		4,000,000.00	97.183	3,887,333.33	3,973,666.67	99.970	3,998,800.00	-	80		3.130
		<b>0.034</b>				<b>10,640,193.57</b>	<b>98.829</b>	<b>10,515,201.90</b>	<b>10,612,732.46</b>	<b>99.984</b>	<b>10,638,533.57</b>	<b>-</b>	<b>37</b>		<b>1.484</b>
<b>GO Bonds - Series 2009</b>															
JPMorgan Chase Bank MMF	jpmorgan	0.220				1,270,379.10	100.000	1,270,379.10	1,270,379.10	100.000	1,270,379.10	-	1		0.220
FHLB	3133XGEQ3	5.250	3/27/2009	8/5/2009		3,000,000.00	101.965	3,058,950.00	3,013,225.96	100.469	3,014,062.50	63,875.00	36		0.612
FHLMC	3134A3M78	6.625	2/27/2009	9/15/2009		3,000,000.00	103.260	3,097,800.00	3,037,164.00	101.312	3,039,375.00	58,520.83	77		0.676
FHLMC Disc Note	313397NH0	0.000	3/4/2009	10/23/2009		4,000,000.00	99.586	3,982,654.44	3,991,513.33	99.950	3,998,000.00	-	115		0.682
FHLMC	3137EABB4	4.125	2/27/2009	11/30/2009		4,000,000.00	102.463	4,098,520.00	4,054,257.39	101.594	4,063,750.00	14,208.33	153		0.858
FHLB Disc Note	313385QP4	0.000	3/4/2009	12/16/2009		3,000,000.00	99.322	2,979,670.83	2,988,100.00	99.870	2,996,100.00	-	169		0.868
FHLB	3133XNTD1	3.750	3/2/2009	1/8/2010		4,000,000.00	102.340	4,093,600.00	4,057,300.00	101.750	4,070,000.00	72,083.33	192		0.978
FHLMC	3128X7U77	3.125	2/27/2009	2/4/2010		4,000,000.00	101.891	4,075,652.00	4,048,222.62	101.546	4,061,852.00	51,041.67	219		1.088

City of Peoria  
 DETAIL OF SECURITY HOLDINGS  
 As of June 30, 2009

Security Description	Security CUSIP	Coupon	Settlement Date	Maturity Date	Next Call Date	Par Value	Purchase Price	Purchase Cost	Book Value	Market Price	Market Value	Accrued Interest	Days to Maturity	Days to Next Call	Yield to Maturity
FHLB	3133XJUS5	5.000	3/2/2009	3/12/2010		4,000,000.00	103.952	4,158,080.00	4,107,047.25	103.187	4,127,500.00	60,555.56	255		1.121
FHLMC	3128X3AA1	4.125	3/2/2009	4/14/2010		2,000,000.00	103.276	2,065,514.00	2,046,045.99	102.776	2,055,526.00	17,645.83	288		1.163
FFCB	31331XWL2	4.750	3/2/2009	5/7/2010		3,000,000.00	104.193	3,125,790.00	3,090,454.03	103.594	3,107,812.50	21,375.00	311		1.162
		<b>3.486</b>				<b>35,270,379.10</b>	<b>102.103</b>	<b>36,006,610.37</b>	<b>35,703,709.87</b>	<b>101.527</b>	<b>35,804,357.10</b>	<b>359,305.56</b>	<b>173</b>		<b>0.894</b>
<b>MDA Series 2008 Transportation Bonds</b>															
JPMorgan Chase Bank MMF	jpmorgan	0.220				2,808,171.75	100.000	2,808,171.75	2,808,171.75	100.000	2,808,171.75	-	1		0.220
FHLB	3133XGYT5	5.000	3/16/2009	12/11/2009		3,000,000.00	103.049	3,091,470.00	3,055,220.78	102.094	3,062,812.50	8,333.33	164		0.835
FNMA	31398AKX9	3.250	6/17/2009	2/10/2010		5,000,000.00	101.834	5,091,700.00	5,086,305.88	101.719	5,085,937.50	63,645.83	225		0.409
FHLB	3133XTHZ2	0.875	6/15/2009	4/16/2010		5,000,000.00	100.299	5,014,950.00	5,014,165.74	100.312	5,015,625.00	9,114.58	290		0.516
FHLB Step-up	3133XTXY7	0.500	6/19/2009	6/15/2010	12/15/2009	5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.062	5,003,125.00	833.33	350	168	0.752
		<b>1.875</b>				<b>20,808,171.75</b>	<b>100.961</b>	<b>21,006,291.75</b>	<b>20,963,664.15</b>	<b>100.812</b>	<b>20,975,671.75</b>	<b>81,927.08</b>	<b>231</b>		<b>0.553</b>
State Pool									<b>1,034,834.00</b>		<b>1,034,834.00</b>				
<b>GRAND TOTAL</b>		<b>2.590</b>				<b>321,713,724</b>	<b>101.286</b>	<b>325,780,280</b>	<b>325,559,268</b>	<b>101.337</b>	<b>326,997,338</b>	<b>1,978,760</b>	<b>270</b>		<b>1.459</b>