CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

CC: 18C
Amend No. _____

Date Prepared: October 21, 2010 **Council Meeting Date:** November 16, 2010

TO: Carl Swenson, City Manager

FROM: Brent D. Mattingly, Chief Financial Officer

THROUGH: Susan Thorpe, Deputy City Manager

SUBJECT: Investment Report for the Quarter Ended September 30, 2010

That the Mayor and Council review and accept the Quarterly Investment Report for the Period Ended September 30, 2010.

SUMMARY:

The Finance Department has prepared a quarterly report to summarize the City's investment activity for the period from July 1, 2010 to September 30, 2010. The City's total investment portfolio earned an average yield of 0.64% for the 1st Quarter of FY 2011. This represents investment income of $445,842 for the quarter. The average cash balance of the City's portfolio during the quarter was $303,467,694 and the ending balance for the total investment portfolio was $305,535,467 which represents all securities and money market funds.

The quarterly 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. Investment Report for Quarter Ended September 30, 2010
2. Inventory Holdings Report for Quarter Ended September 30, 2010

Contact:

Deborah Card, Treasury Manager, X7148

CITY CLERK USE ONLY:

Γ Consent Agenda
Γ Carry Over to Date:_____
Γ Approved
Γ Unfinished Business (Date heard previous:_____**)**
Γ New Business

ORD. #_____ **RES. #**
LCON#_____ **LIC. #**
Action Date:

CITY OF PEORIA, ARIZONA

INVESTMENT PERFORMANCE REPORT

Annual Report

Period Ended

September 30, 2010

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, 2010 to September 30, 2010 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 Ended September 30, 2010, the weighted average annualized yield on investments was as follows:

Table 1

AVERAGE ANNUALIZED INVESTMENT YIELD					
	FY 10 Q1	FY 10 Q2	FY 10 Q3	FY 10 Q4	FY 11 Q1
General Portfolio	1.46	1.26	0.93	0.68	0.69
Bond Funds	0.82	0.66	0.66	0.38	0.39
Total Portfolio	1.34	1.15	0.89	0.63	0.64

This quarter's average yield of 0.64% for the total portfolio represents an increase of 0.01% from the total portfolio annualized yield of 0.63% experienced for the Quarter Ended June 30, 2010.

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 10 – Q2**		**FY 10 – Q3**		**FY 10 – Q4**		**FY 11 – Q1**	
	Amt	**%**	**Amt**	**%**	**Amt**	**%**	**Amt**	**%**
Money Market	57.6	19.4	31.2	10.0	53.2	17.0	31.5	10.3
Agency Securities	196.4	66.2	229.7	73.7	190.2	60.7	186.4	61.0
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Notes	40.5	13.7	50.4	16.2	50.2	16.0	40.1	13.1
Commercial Paper	0.0	0.0	0.0	0.0	18.0	5.7	47.4	15.5
Repurchase Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Pool	2.1	0.7	0.4	0.1	1.9	0.6	0.1	0.1
TOTALS:	296.6	100.0	311.7	100.0	313.5	100.0	305.5	100.0

B. Average Invested Cash Balances. The average investment cash balance of the overall portfolio for the Quarter Ended September 30, 2010 was $303,467,694 as compared to $311,839,570 for the Quarter Ended June 30, 2010.

Fluctuations in the quarterly balances 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 1st Quarter of FY11 was $445,842, which represents a decrease of 17.9% from the $542,909 earned in the 4th Quarter of FY10. 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 1st Quarter of FY11 was 229 days. The average rates of comparable benchmarks are shown in the table below.

Table 3

COMPARATIVE ANNUALIZED INVESTMENT YIELDS					
	FY 10 Q1	FY 10 Q2	FY 10 Q3	FY 10 Q4	FY 11 Q1
City of Peoria (General Portfolio)	1.46	1.26	0.93	0.68	0.69
3 Month T-Bill	0.15	0.05	0.10	0.14	0.15
6 Month T- Bill	0.25	0.16	0.18	0.21	0.19
1 Year T-Bill	0.43	0.33	0.34	0.35	0.26
2 Year Treasury	1.01	0.86	0.90	0.86	0.54

E. Average Maturity of the Portfolio. For the Quarter ended September 30, 2010, the average maturity of the portfolio was 229 days as compared to 234 days on June 30, 2010. 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 market reflects the changes in market rates as well as the performance of the 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.....$313,506,556
Beginning Market Value.....$313,939,108

Ending Book Value.....$305,535,467
Ending Market Value.....$305,872,600

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 $337,133.

ECONOMIC REVIEW AS OF 9-30-10:

Gross Domestic Product (GDP). The 12-month (revised) contraction rate of 4.1% experienced during "the Great Recession" was the worst in seven decades. Fourth quarter 2009 growth was revised downward from 5.8% to 5.0%. More than half of this growth came from the inventory component. First quarter 2010 growth was revised upward from 2.7% to 3.7% as inventory levels were higher than previously reported. Second quarter 2010 growth was revised downward from 2.4% to 1.7%. The U.S. economy is officially out of recession and has been since June 2009, but economic growth has slowed as the Federal stimulus dollars are spent, business inventories are replenished and government support to the housing sector ends. Banks have available money to lend to businesses and individuals but credit standards have been tightened and deleveraging is prevalent. Few want to borrow, even at record low rates. Going forward, most economists expect moderate growth of 2% to 2.5% for the next year. This is well below the 3% historical average.

Employment. Late in 2009, some economists were predicting a jobless recovery, but non-farm payrolls turned positive in early 2010 and grew by nearly a million from February through May. Unfortunately, the bulk of these new jobs represented temporary census workers. This became clear in the June data as 225k census workers were laid-off, pushing overall non-farm payrolls down by a revised 175k. In both July and August, overall non-farm payrolls fell by 54k. By contrast, private sector employment, a more accurate indicator of hiring, has risen by an average of nearly 100k per month in 2010. Although this may seem like a lot, it doesn't keep pace with the estimated 125k new workers entering the labor force every month. The unemployment rate crept up from 9.5% to 9.6% in August and currently there's only one full-time position available for every five who would like a job. Fortunately, the experts are predicting a pick-up in private sector hiring later in 2010, but still not enough to make a significant dent in the unemployment rate.

U.S. Home Sales. Virtually all recent housing news has been abysmal. In fact, in many cases, the data appears worse than it did during the depths of the recent recession. The primary reason is that the government tax credit for first-time buyers ended in April 2010. In all likelihood, the program may have simply pulled future buyers into the present, which is expected to leave a big void going forward. New home sales immediately plunged a record 37% in May after rising by a combined 22% in the previous two months. Existing home sales plunged 27.2% in July, as the annual sales pace declined to 3.8 million, the slowest since 1995, before bouncing back to 4.1 million in August. The inventory of existing homes rose to 12.5 months, the most since 1999, then eased back to 11.6 months in August. New home sales for July unexpectedly fell by 12.4% to a 276k annual pace, the lowest since record keeping began in 1963. It was later revised to a 288k unit sales pace where it stood for the second straight month in August. The total estimated number of new homes on the market is approximately 200k. By comparison, in 2005, a record 1.28 million new single-family houses were sold.

Retail Sales. The consumer is still repairing a severely damaged balance sheet, with home and stock prices still down roughly 30% in the midst of painfully high unemployment. Monthly retail sales rose by 0.4% in August after increasing by 0.3% in July. On a year-over-year basis, sales are still well above 2009, but the rate of increase has recently slowed.

While spending has slowed, the savings rate has increased from just above 1% in 2005 to 6% in the second quarter of 2010. Because few have much of a nest egg to fall back on, a shift to saving mode means a shift away from spending, and the path to renewed economic prosperity here in the U.S. goes through the malls and strip centers. The key to recovery lies in the labor market. There are approximately 15 million unemployed workers. Until there is significant improvement here, consumer spending will likely remain feeble.

Interest Rate Outlook. The Fed lowered the overnight interest rate target to a range of zero to 0.25% in December 2008, 20 months ago, to provide massive liquidity to the financial markets in the midst of near collapse. This was considered an emergency measure that few imagined would be sustained for a lengthy period. Although liquidity and confidence have been restored and the recession is officially over, most economists expect the accommodative target to remain in place until late 2011 or early 2012.

The September Bloomberg economist survey shows no expected change in the overnight target until the final quarter of 2011. This is a significant departure from the May survey in which the median forecast showed the Fed raising overnight rates later in 2010.

- Scott McIntyre, First Southwest Asset Management

SUMMARY DATA

Table 4

PORTFOLIO COMPOSITION General Funds				
Security Type	**FY 10 – Q2 Ending 12/31/09**	**FY 10 – Q3 Ending 03/31/10**	**FY 10 – Q4 Ending 06/30/10**	**FY 11 – Q1 Ending 09/30/10**
Money Market	$43,347,277	$20,394,141	$34,846,909	$24,247,559
Agency Securities	$163,237,819	$198,469,566	$148,776,380	$145,215,159
Treasury Notes	$40,547,346	$50,400,975	$50,226,038	$40,072,486
Treasury Bills	$0	$0	$0	$0
Commercial Paper	$0	$0	$18,000,000	$39,943,168
Repurchase Agreements	$0	$0	$0	$0
State Pool	$2,074,034	$439,716	$1,870,624	$44,062
Totals:	**$249,206,476**	**$269,704,398**	**$253,719,951**	**$249,522,434**
Avg Yield	1.26	0.93	0.68	0.69
Avg Maturity (Years)	0.88	0.86	0.66	0.67
State Pool Yield	0.04	0.09	0.10	0.14

Table 5

PORTFOLIO COMPOSITION G.O. Bonds 2007				
Security Type	**FY 10 – Q2 Ending 12/31/09**	**FY 10 – Q3 Ending 03/31/10**	**FY 10 – Q4 Ending 06/30/10**	**FY 11 – Q1 Ending 09/30/10**
Money Market	$4,417,206	$4,417,070	$2,223,614	$1,901,936
Agency Securities	$3,016,131	$3,002,312	$4,999,185	$2,499,943
Treasury Notes	$0	$0	$0	$0
Treasury Bills	$0	$0	$0	$0
Commercial Paper	$0	$0	$0	$2,494,965
Repurchase Agreements	$0	$0	$0	$0
Totals:	**$7,433,338**	**$7,419,382**	**$7,222,798**	**$6,896,844**
Avg Yield	0.30	0.76	0.18	0.27
Avg Maturity (Years)	0.38	0.81	0.21	0.17

Table 6

PORTFOLIO COMPOSITION MDA Transportation Sales Tax Revenue Bonds, Series 2008				
Security Type	**FY 10 – Q2 Ending 12/31/09**	**FY 10 – Q3 Ending 03/31/10**	**FY 10 – Q4 Ending 06/30/10**	**FY 11 – Q1 Ending 09/30/10**
Money Market	$679,334	$760,202	$1,213,038	$1,613,027
Agency Securities	$10,020,578	$5,000,746	$2,999,511	$1,499,966
Treasury Notes	$0	$0	$0	$0
Treasury Bills	$0	$0	$0	$0
Commercial Paper	$0	$0	$0	$0
Repurchase Agreements	$0	$0	$0	$0
Totals:	**$10,699,912**	**$5,760,948**	**$4,212,549**	**$3,112,993**
Avg Yield	0.55	0.45	0.18	0.18
Avg Maturity (Years)	0.30	0.15	0.21	0.07

Table 7

PORTFOLIO COMPOSITION G.O. Bonds 2009				
Security Type	**FY 10 – Q2 Ending 12/31/09**	**FY 10 – Q3 Ending 03/31/10**	**FY 10 – Q4 Ending 06/30/10**	**FY 11 – Q1 Ending 09/30/10**
Money Market	$9,158,420	$5,662,028	$820,425	$2,500,915
Agency Securities	$20,109,498	$23,183,275	$24,135,343	$21,105,702
Treasury Notes	$0	$0	$0	$0
Treasury Bills	$0	$0	$0	$0
Commercial Paper	$0	$0	$0	$0
Repurchase Agreements	$0	$0	$0	$0
Totals:	**$29,267,918**	**$28,845,303**	**$24,955,768**	**$23,606,617**
Avg Yield	0.79	0.69	0.49	0.42
Avg Maturity (Years)	0.25	0.54	0.69	0.45

Table 8

PORTFOLIO COMPOSITION G.O. Bonds 2010				
Security Type	**FY 10 – Q2 Ending 12/31/09**	**FY 10 – Q3 Ending 03/31/10**	**FY 10 – Q4 Ending 06/30/10***	**FY 11 – Q1 Ending 09/30/10**
Money Market	$0	$0	$14,131,115	$1,286,187
Agency Securities	$0	$0	$9,264,375	$16,110,392
Treasury Notes	$0	$0	$0	$0
Treasury Bills	$0	$0	$0	$0
Commercial Paper	$0	$0	$0	$5,000,000
Repurchase Agreements	$0	$0	$0	$0
Totals:	**$0**	**$0**	**$23,395,490**	**$22,396,579**
Avg Yield	0.0	0.0	0.21	0.41
Avg Maturity (Years)	0.0	0.0	0.42	0.60

*Bonds issued in June 2010

City of Peoria
Detail of Security Holdings
As of 09/30/2010

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
General Fund																	
JPM-MM		MMF	JPM US Govt					24,247,558.85	100.000	24,247,558.85	24,247,558.85	100.000	24,247,558.85	1		0.050	0.050
54810SLR4	08/05/10	CP - INT	LCRA	0.280	10/13/10			8,000,000.00	100.000	8,000,000.00	8,000,000.00	100.000	8,000,000.00	13		0.280	0.280
3133XUVW0	02/08/10	AGCY BULET	FHLB	0.500	10/25/10			5,000,000.00	100.162	5,008,100.00	5,000,757.55	100.030	5,001,500.00	25		0.273	0.273
3137EABU2	03/15/10	AGCY BULET	FHLMC	3.125	10/25/10			2,000,000.00	101.714	2,034,280.00	2,003,740.76	100.190	2,003,800.00	25		0.315	0.315
57422CCB7	07/01/10	CP - INT	Johns Hopkins	0.320	11/04/10			10,000,000.00	100.000	10,000,000.00	10,000,000.00	100.000	10,000,000.00	35		0.320	0.320
912828EM8	10/13/09	TREAS NOTE	U.S. Treasury	4.500	11/15/10			10,000,000.00	104.332	10,433,203.13	10,048,691.30	100.530	10,053,000.00	46		0.508	0.508
3137EABV0	09/29/09	AGCY BULET	FHLMC	2.875	11/23/10			10,000,000.00	102.677	10,267,700.00	10,033,687.80	100.400	10,040,000.00	54		0.537	0.537
3128X2EV3	02/08/10	AGCY CALL	FHLMC	4.750	12/08/10	Expired	ONE TIME	5,000,000.00	103.664	5,183,175.00	5,040,937.50	100.840	5,042,000.00	69		0.343	0.343
31331YJZ4	06/12/09	AGCY BULET	FFCB	4.050	12/21/10			7,000,000.00	104.341	7,303,870.00	7,044,547.58	100.840	7,058,800.00	82		1.169	1.169
3133XWFF1	01/13/10	AGCY BULET	FHLB	0.250	12/21/10			10,000,000.00	99.884	9,988,400.00	9,997,252.50	100.000	10,000,000.00	82		0.374	0.374
912828JV3	02/18/10	TREAS NOTE	U.S. Treasury	0.875	12/31/10			10,000,000.00	100.480	10,048,046.88	10,013,751.10	100.160	10,016,000.00	92		0.318	0.318
912828JV3	04/30/10	TREAS NOTE	U.S. Treasury	0.875	12/31/10			10,000,000.00	100.369	10,036,914.06	10,013,661.20	100.160	10,016,000.00	92		0.322	0.322
3133XQJL7	05/14/09	AGCY CALL	FHLB	3.060	01/07/11	Expired	ONE TIME	3,000,000.00	100.000	3,000,000.00	3,000,000.00	100.660	3,019,800.00	99		3.061	3.061
3134A4VJ0	04/30/10	AGCY BULET	FHLMC	4.750	01/18/11			3,000,000.00	103.109	3,093,270.00	3,038,705.76	101.340	3,040,200.00	110		0.400	0.400
3024A1PP2	08/27/10	CP - DISC	FCAR Owner		02/23/11			10,000,000.00	99.750	9,975,000.00	9,979,861.10	99.818	9,981,750.00	146		0.501	0.501
3133XXEL7	04/30/10	AGCY BULET	FHLB	0.250	02/25/11			3,000,000.00	99.854	2,995,620.00	2,997,860.94	100.030	3,000,900.00	148		0.429	0.429
31331ST94	03/15/10	AGCY BULET	FFCB	4.375	02/28/11			2,000,000.00	103.709	2,074,180.00	2,031,644.38	101.720	2,034,400.00	151		0.491	0.491
31398AVQ2	03/15/10	AGCY BULET	FNMA	1.750	03/23/11			2,000,000.00	101.298	2,025,954.00	2,012,146.14	100.720	2,014,400.00	174		0.476	0.476
912828KH2	10/26/09	TREAS NOTE	U.S. Treasury	0.875	03/31/11			5,000,000.00	100.273	5,013,671.88	5,004,775.50	100.330	5,016,500.00	182		0.682	0.682
31398AWQ1	08/27/09	AGCY BULET	FNMA	1.375	04/28/11			5,000,000.00	100.538	5,026,885.00	5,009,317.25	100.630	5,031,500.00	210		1.049	1.049
3133XVLE9	02/17/10	AGCY BULET	FHLB	0.850	05/04/11			8,000,000.00	100.376	8,030,080.00	8,014,688.96	100.340	8,027,200.00	216		0.539	0.539
3128X7MN1	05/14/09	AGCY CALL	FHLMC	3.500	05/05/11	Expired	ONE TIME	3,000,000.00	100.000	3,000,000.00	3,000,000.00	101.900	3,057,000.00	217		3.500	3.500
3133XR4U1	01/21/10	AGCY BULET	FHLB	3.125	06/10/11			10,000,000.00	103.406	10,340,600.00	10,170,318.10	101.750	10,175,000.00	253		0.652	0.652
36959JTE3	09/17/10	CP - DISC	GE Capital		06/14/11			12,000,000.00	99.678	11,961,300.00	11,963,306.64	99.707	11,964,876.00	257		0.431	0.431
3137EABN8	01/26/10	AGCY BULET	FHLMC	3.875	06/29/11			10,000,000.00	104.617	10,461,700.00	10,241,662.10	102.660	10,266,000.00	272		0.616	0.616
3133XTXH4	04/30/10	AGCY BULET	FHLB	1.625	07/27/11			3,300,000.00	101.200	3,339,600.00	3,326,259.95	101.060	3,334,980.00	300		0.653	0.653
912828LG3	08/05/09	TREAS NOTE	U.S. Treasury	1.000	07/31/11			5,000,000.00	99.602	4,980,078.13	4,991,607.00	100.610	5,030,500.00	304		1.204	1.204
3133MGYH3	08/27/09	AGCY BULET	FHLB	5.750	08/15/11			5,000,000.00	108.562	5,428,100.00	5,191,180.75	104.590	5,229,500.00	319		1.325	1.325
3134A4HF4	03/19/10	AGCY BULET	FHLMC	5.500	09/15/11			2,000,000.00	107.057	2,141,136.00	2,090,749.22	104.940	2,098,800.00	350		0.726	0.726
3128X9KL3	11/25/09	AGCY CALL	FHLMC	2.000	11/05/12	11/05/10	ONE TIME	12,715,000.00	100.750	12,810,362.50	12,724,565.37	100.140	12,732,801.00	767	36	1.199	1.199
3136FMWT7	09/17/10	AGCY CALL	FHLMC	1.375	12/14/12	06/14/11	ONE TIME	4,675,000.00	100.647	4,705,247.25	4,703,664.30	100.590	4,702,582.50	806	257	1.082	0.500
31331JBJ1	08/19/10	AGCY CALL	FFCB	2.000	01/14/13	01/14/11	CONT	5,000,000.00	100.602	5,030,100.00	5,021,381.40	100.380	5,019,000.00	837	106	1.743	0.501
3134G1JG0	07/08/10	AGCY STEP	FHLMC	1.000	07/08/13	07/08/11	ONE TIME	4,430,000.00	100.199	4,438,815.70	4,436,787.25	100.180	4,437,974.00	1,012	281	1.758	0.800

City of Peoria
Detail of Security Holdings
As of 09/30/2010

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
3133702W7	08/23/10	AGCY CALL	FHLB	1.400	07/12/13	01/12/12	ONE TIME	5,000,000.00	101.103	5,055,125.00	5,050,941.50	100.840	5,042,000.00	1,016	469	1.011	0.600
3136FPAK3	08/26/10	AGCY STEP	FNMA	0.550	08/26/13	08/26/11	ONE TIME	4,020,000.00	100.000	4,020,000.00	4,020,000.00	99.880	4,015,176.00	1,061	330	1.509	0.550
31398A4A7	09/27/10	AGCY CALL	FNMA	1.200	09/27/13	09/27/11	ONE TIME	10,000,000.00	100.125	10,012,500.00	10,012,361.50	100.250	10,025,000.00	1,093	362	1.157	1.074
Total for General Fund								**248,387,558.85**	**101.272**	**251,510,573.380**	**249,478,371.25**	**100.567**	**249,776,498.35**	**275**		**0.704**	**0.62**
GO Bond - Series 2007 A																	
JPM-MM		MMF	JPM US Govt					1,901,936.42	100.000	1,901,936.42	1,901,936.42	100.000	1,901,936.42	1		0.050	0.050
3133XYCF0	04/29/10	AGCY BULET	FHLB	0.270	10/29/10			2,500,000.00	99.985	2,499,625.00	2,499,942.63	100.000	2,500,000.00	29		0.300	0.300
3024A1PP2	08/27/10	CP - DISC	FCAR Owner		02/23/11			2,500,000.00	99.750	2,493,750.00	2,494,965.28	99.818	2,495,437.50	146		0.501	0.501
Total for GO Bond - Series 2007 A								**6,901,936.42**	**99.904**	**6,895,311.420**	**6,896,844.33**	**99.934**	**6,897,373.92**	**64**		**0.304**	**0.30**
GO Bond - Series 2009																	
JPM-MM		MMF	JPM US Govt					2,500,915.36	100.000	2,500,915.36	2,500,915.36	100.000	2,500,915.36	1		0.050	0.050
3133XYCF0	04/29/10	AGCY BULET	FHLB	0.270	10/29/10			3,000,000.00	99.985	2,999,550.00	2,999,931.15	100.000	3,000,000.00	29		0.300	0.300
3133XWFF1	01/13/10	AGCY BULET	FHLB	0.250	12/21/10			7,000,000.00	99.884	6,991,880.00	6,998,076.75	100.000	7,000,000.00	82		0.374	0.374
31398AVQ2	03/15/10	AGCY BULET	FNMA	1.750	03/23/11			3,000,000.00	101.298	3,038,931.00	3,018,219.21	100.720	3,021,600.00	174		0.476	0.476
3133XY3K9	05/12/10	AGCY BULET	FHLB	0.520	04/12/11			3,000,000.00	100.002	3,000,060.00	3,000,035.34	100.130	3,003,900.00	194		0.518	0.518
31331JCT8	03/19/10	AGCY BULET	FFCB	0.550	06/28/11			3,000,000.00	99.925	2,997,750.00	2,998,689.87	100.160	3,004,800.00	271		0.609	0.609
3134A4HF4	03/19/10	AGCY BULET	FHLMC	5.500	09/15/11			2,000,000.00	107.057	2,141,136.00	2,090,749.22	104.940	2,098,800.00	350		0.726	0.726
Total for GO Bond - Series 2009								**23,500,915.36**	**100.745**	**23,670,222.360**	**23,606,616.90**	**100.566**	**23,630,015.36**	**140**		**0.423**	**0.42**
GO Bond - Series 2010																	
JPM-MM		MMF	JPM US Govt					1,286,186.71	100.000	1,286,186.71	1,286,186.71	100.000	1,286,186.71	1		0.050	0.050
88256BG88	08/04/10	CP - INT	TX Muni Pwr	0.310	11/03/10			5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.000	5,000,000.00	34		0.310	0.310
3137EABK4	09/30/10	AGCY BULET	FHLMC	2.750	04/11/11			3,850,000.00	101.323	3,900,935.50	3,900,669.16	101.310	3,900,435.00	193		0.253	0.253
31398ARH7	06/29/10	AGCY BULET	FNMA	3.375	05/19/11			3,000,000.00	102.596	3,077,880.00	3,055,517.97	101.970	3,059,100.00	231		0.445	0.445
3133XWGD5	06/29/10	AGCY BULET	FHLB	0.760	07/19/11			3,000,000.00	100.267	3,008,010.00	3,006,074.58	100.340	3,010,200.00	292		0.506	0.506
3134A4HF4	06/29/10	AGCY BULET	FHLMC	5.500	09/15/11			3,000,000.00	105.995	3,179,835.00	3,141,996.60	104.940	3,148,200.00	350		0.527	0.527
3133XWPU7	07/21/10	AGCY CALL	FHLB	1.125	01/25/12	01/25/11	CONT	3,000,000.00	100.330	3,009,900.00	3,006,134.13	100.250	3,007,500.00	482	117	0.905	0.478
Total for GO Bond - Series 2010								**22,136,186.71**	**101.506**	**22,462,747.210**	**22,396,579.15**	**101.269**	**22,411,621.71**	**226**		**0.440**	**0.38**

City of Peoria
Detail of Security Holdings
As of 09/30/2010

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
MDA Series 2008 Transportation Bonds																	
JPM-MM		MMF	JPM US Govt					1,613,027.20	100.000	1,613,027.20	1,613,027.20	100.000	1,613,027.20	1		0.050	0.050
3133XYCF0	04/29/10	AGCY BULET	FHLB	0.270	10/29/10			1,500,000.00	99.985	1,499,775.00	1,499,965.58	100.000	1,500,000.00	29		0.300	0.300
Total for MDA Series 2008 Transportation Bonds								**3,113,027.20**	**99.993**	**3,112,802.200**	**3,112,992.78**	**100.000**	**3,113,027.20**	**14**		**0.170**	**0.170**
State Pool											**44,062.00**		**44,062.00**				
Total for City of Peoria								**304,039,624.54**	**101.190**	**307,651,656.57**	**305,535,466.41**	**100.584**	**305,872,598.54**	**254**		**0.649**	**0.575**