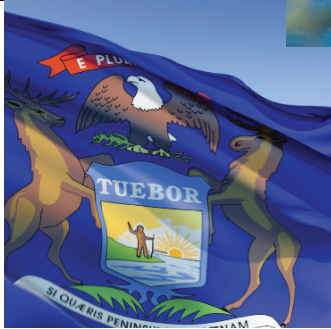


Michigan
CLASS[®]



Annual Report

June 30, 2011

(With report of independent auditors within)



Chairman's Letter

September 26, 2011

To the Participants of Michigan CLASS

On behalf of the Michigan CLASS Board of Trustees, I am pleased to present the annual financial statements for the Michigan Cooperative Liquid Assets Securities System Trust (CLASS) for the year ending June 30, 2011.

Although the economic slowdown that is now being called the Great Recession is over, and the past 18 months have offered slow but steady economic growth, there still remains a great many challenges facing the United States economy. Perhaps nowhere is this truer than in the local government investment pool (LGIP) space. The Federal Reserve has kept rates at close to zero for nearly two and a half years now and it is unlikely that we will see rates rise until 2012 at the earliest. In the meantime, Michigan CLASS remains focused on our primary principles of safety and liquidity. Despite the economic turmoil of the last few years, Michigan CLASS Participants have had and continue to have ready access to their funds. Michigan CLASS has maintained both its value of \$1.00 per share and its AAAM rating from Standard and Poor's Ratings Agency.

We continue to believe that Michigan CLASS offers a high quality, short-term investment product for local governments in the State of Michigan. Safety and liquidity are our paramount values, and it is our opinion that the services offered by Michigan CLASS are unparalleled. For over 19 years CLASS has preserved the principal and interest of the public's funds without

incident. Amidst an era of sustained economic turmoil, high unemployment, and unchartered market conditions, the Board's primary concern is maintaining the safety of our Participants' principal while continuing to garner a competitive yield.

As a reminder, Participation in Michigan CLASS is open to all local governments in the State of Michigan, without favor to any one participant type. The pool is governed by a Board of Trustees which approves investment parameters and ensures they are in compliance with any and all Michigan State Laws.

The Michigan CLASS Board of Trustees is grateful to all of the shareholders in Michigan CLASS for their continued confidence in the program. We look forward to a better year economically than the last and are committed to seeing the program grow. Regardless of rates, Michigan CLASS and Cutwater Investor Services Corp. (CISC), the program administrator, will continue to emphasize the safety and liquidity above all else. On behalf of the Board of Trustees we wish to thank you for your business and look forward to working with you all in the coming year.

Respectfully,

Kelly Corbett

Board of Trustees Chair, Michigan CLASS

Report of Independent Auditors

To the Participants of
Cooperative Liquid Assets Securities System – Michigan

In our opinion, the accompanying statement of assets, liabilities and joint value, including the portfolio of investments, and the related statements of operations and of changes in joint value and the selected data per dollar of joint value and ratios present fairly, in all material respects, the financial position of Cooperative Liquid Assets Securities System – Michigan ("CLASS") at June 30, 2011, the results of its operations for the year then ended, the changes in its joint value for each of the two years in the period then ended and the selected data per dollar of joint value and ratios for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and the selected data per dollar of joint value and ratios (hereafter referred to as "financial statements") are the responsibility of CLASS's

management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

New York, New York
September 26, 2011



Statement of Assets, Liabilities and Joint Value

June 30, 2011

Assets

Investments at amortized cost (market value \$157,821,286)	\$157,806,696
Repurchase agreements at amortized cost (market value \$86,573,031)	<u>86,573,031</u>
Total investments at amortized cost (market value \$244,394,317)	244,379,727
Interest receivable	<u>57,119</u>

Total assets

\$244,436,846

Liabilities and Joint Value

Management fee payable	\$ 32,609
Distributions payable	<u>634</u>

Total liabilities

33,243

Joint Value

244,403,603

Total liabilities and joint value

\$244,436,846

The accompanying notes are an integral part of the financial statements.



Portfolio of Investments

June 30, 2011

<u>Principal Amount</u>		<u>Value</u>
Repurchase Agreements - 35.4%		
\$86,573,031	Agreement with Wells Fargo, 0.25%, dated 06/30/11, to be repurchased at \$86,573,624 on 07/01/11, collateralized by \$84,921,755 (current face) FNMA Mortgage Bond, 4.50%, due 05/01/40 (collateral value \$88,304,492)	\$ 86,573,031
Total Repurchase Agreements (market value \$86,573,031)		<u>86,573,031</u>
U.S. Government Agencies - 13.4%		
Federal National Mortgage Association Discount Notes (a)		
3,000,000	0.32%, maturity date 07/11/11	2,999,741
3,000,000	0.12%, maturity date 11/23/11	2,998,550
Federal Home Loan Mortgage Corporation		
4,000,000	0.15%, maturity date 12/14/11	3,999,912 (b)
Federal Home Loan Mortgage Corporation Discount Notes (a)		
3,000,000	0.17%, maturity date 07/18/11	2,999,759
3,250,000	0.20%, maturity date 07/07/11	3,249,892
Federal Farm Credit Bank Discount Notes (a)		
3,000,000	0.34%, maturity date 12/16/11	2,995,376
3,250,000	0.31%, maturity date 09/13/11	3,247,992
3,250,000	0.25%, maturity date 10/05/11	3,247,831
Federal Home Loan Bank		
3,000,000	1.13%, maturity date 05/18/12	3,023,544
4,000,000	0.25%, maturity date 05/23/12	4,000,000
Total U.S. Government Agencies (market value \$32,766,912)		<u>32,762,597</u>
U.S. Treasury Securities - 1.2%		
U.S. Treasury Notes		
3,000,000	1.00%, maturity date 08/31/11	3,003,655
Total U.S. Treasury Securities (market value \$3,004,686)		<u>3,003,655</u>

The accompanying notes are an integral part of the financial statements.

Portfolio of Investments continued
June 30, 2011

<u>Principal Amount</u>		<u>Value</u>
Commercial Paper (a) - 48.7%		
\$4,000,000	Alpine Securitization Corp, 0.26%, maturity date 10/31/11	\$ 3,996,474
3,000,000	Amsterdam Funding Corp, 0.19%, maturity date 09/08/11	2,998,907
3,000,000	Amsterdam Funding Corp, 0.22%, maturity date 10/03/11	2,998,276
4,000,000	Amsterdam Funding Corp, 0.25%, maturity date 08/22/11	3,998,555
2,500,000	Atlantic Asset Securitization, 0.20%, maturity date 08/22/11	2,499,278
3,000,000	Atlantic Asset Securitization, 0.21%, maturity date 08/03/11	2,999,422
3,000,000	Atlantic Asset Securitization, 0.19%, maturity date 09/07/11	2,998,923
4,000,000	Atlantic Asset Securitization, 0.36%, maturity date 08/17/11	3,998,170
480,000	BG Energy Finance Inc, 0.20%, maturity date 07/07/11	479,984
3,000,000	BG Energy Finance Inc, 0.33%, maturity date 09/20/11	2,997,840
3,500,000	Credit Suisse New York, 0.33%, maturity date 08/03/11	3,498,972
3,000,000	Fairway Finance Corp, 0.21%, maturity date 10/13/11	3,000,000
4,000,000	GOVCO Inc, 0.19%, maturity date 08/19/11	3,998,965
3,000,000	ING Funding, 0.31%, maturity date 10/06/11	2,997,574
3,500,000	ING Funding, 0.23%, maturity date 09/06/11	3,498,501
4,000,000	ING Funding, 0.32%, maturity date 10/03/11	3,996,761
3,000,000	Kells Funding LLC, 0.32%, maturity date 09/19/11	2,997,932
3,000,000	Market Street Fdg, 0.25%, maturity date 07/18/11	2,999,646
3,000,000	Rabobank USA Fin Corp, 0.29%, maturity date 10/11/11	2,997,533
3,000,000	Rabobank USA Fin Corp, 0.27%, maturity date 10/14/11	2,997,636
3,000,000	Rabobank USA Fin Corp, 0.24%, maturity date 11/14/11	2,997,279
2,000,000	Scaldis Cap LLC, 0.26%, maturity date 07/13/11	1,999,827
3,000,000	Scaldis Cap LLC, 0.25%, maturity date 07/18/11	2,999,646
3,000,000	Scaldis Cap LLC, 0.25%, maturity date 08/15/11	2,999,062
3,500,000	Scaldis Cap LLC, 0.25%, maturity date 08/05/11	3,499,149
3,000,000	Societe Generale North America, 0.33%, maturity date 08/03/11	2,999,119
4,000,000	Societe Generale North America, 0.30%, maturity date 08/16/11	3,998,466
3,000,000	Starbird Funding Corp, 0.20%, maturity date 08/23/11	2,999,117
3,000,000	Starbird Funding Corp, 0.18%, maturity date 09/06/11	2,998,995
2,750,000	Surrey Funding Corp, 0.20%, maturity date 08/08/11	2,749,419
3,000,000	Surrey Funding Corp, 0.27%, maturity date 08/02/11	2,999,280
3,000,000	Surrey Funding Corp, 0.21%, maturity date 10/04/11	2,998,337
4,000,000	UBS Finance (DE) LLC, 0.33%, maturity date 07/29/11	3,999,003
4,000,000	UBS Finance (DE) LLC, 0.36%, maturity date 09/02/11	3,997,512
2,750,000	Windmill Funding Corp, 0.21%, maturity date 10/04/11	2,748,476
3,000,000	Windmill Funding Corp, 0.20%, maturity date 08/15/11	2,999,250
3,000,000	Windmill Funding Corp, 0.19%, maturity date 09/21/11	2,998,702
3,000,000	Windmill Funding Corp, 0.22%, maturity date 10/03/11	2,998,276
Total Commercial Paper (market value \$118,935,985)		<u>118,928,264</u>

The accompanying notes are an integral part of the financial statements.



Portfolio of Investments continued
June 30, 2011

<u>Principal Amount</u>		<u>Value</u>
Municipal Bonds - 1.3%		
\$3,100,000	State of Michigan, 0.42%, maturity date 09/30/11	\$ 3,112,180
Total Municipal Bonds (market value \$3,113,703)		\$ 3,112,180
Total Investments - 100.0% (market value \$244,394,317)		244,379,727
Other assets in excess of liabilities - 0.0%		23,876
Joint Value - 100.0%		<u>\$244,403,603</u>

(a) Represents effective yield at June 30, 2011.

(b) Interest rate is reset monthly based on 1-month LIBOR minus 4 bps.
bps -Basis points (100 basis points equals one percentage point).

The accompanying notes are an integral part of the financial statements.



Statement of Operations

For the Fiscal Year Ended June 30, 2011

Investment income:	
Interest income	\$ 937,464
Expenses:	
Management fee (net of fees waived of \$623,110)	<u>562,312</u>
Net investment income	<u>375,152</u>
Net realized gain on investments	<u>-</u>
Net increase in joint value from operations	<u>\$ 375,152</u>

The accompanying notes are an integral part of the financial statements.





Statement of Changes in Joint Value For the Fiscal Year Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Decrease in joint value		
Operations:		
Net investment income	\$ 375,152	\$ 863,156
Net realized gain on investments	<u>-</u>	<u>3,810</u>
Net increase in joint value from operations	<u>375,152</u>	<u>866,966</u>
Distributions to participants	(375,152)	(866,966)
Participants' transactions:		
Contributions	895,769,051	1,128,206,409
Reinvestment of distributions	376,309	868,812
Withdrawals	<u>(955,884,074)</u>	<u>(1,210,060,127)</u>
Net decrease in joint value from participants' transactions	<u>(59,738,714)</u>	<u>(80,984,906)</u>
Total decrease in joint value	(59,738,714)	(80,984,906)
Joint value		
Beginning of year	<u>304,142,317</u>	<u>385,127,223</u>
End of year	<u>\$ 244,403,603</u>	<u>\$ 304,142,317</u>

The accompanying notes are an integral part of the financial statements.

1. Description of CLASS

The Cooperative Liquid Assets Securities System - Michigan ("CLASS") is a Participant controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150 and was established for participating Michigan municipalities on October 1, 1991 under the participation agreement (the "Participation Agreement") and commenced operations on January 17, 1992. CLASS is available for investment by Michigan municipalities, school districts, and public agencies. The purpose of CLASS is to enable such entities to cooperate in the investment of their available funds.

At June 30, 2011, certain participants held a significant participation interest in CLASS. Investment activities of these participants could have a material impact on CLASS.

2. Significant Accounting Policies

The following significant accounting policies are consistently followed by CLASS in the preparation of the financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Valuation of investments

CLASS has elected to use the amortized cost method of valuation consistent with the provisions of a 2a-7 like pool as defined by Statement No. 31 of the Governmental Accounting Standards Board provided that amortized cost approximates the fair value of a security as defined by ASC 820. This involves valuing a security at its cost initially and thereafter assuming a constant amortization to maturity of any discounts or premium, regardless of the impact of fluctuating interest rates on the market value of the security. This method may result in periods during which value, as determined by amortized cost, is higher or lower than the price CLASS would receive if it sold the security. The fair value of securities in CLASS can be expected to vary inversely with changes in prevailing interest rates. Investments in money market funds are valued at the current day's closing net asset value per share.

In accordance with ASC 820-10, Fair Market Measurements and Disclosures, the various inputs that are used in determining the fair value of CLASS's investments are summarized into the three broad levels listed below.

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including CLASS's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, money market securities are valued using amortized cost, in accordance with the provisions of Statement No. 31 of the Governmental Accounting Standards Board. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

Notes to Financial Statements continued
June 30, 2011

The following table summarizes the valuation of CLASS's investments by the fair value hierarchy levels described above as of June 30, 2011, in valuing CLASS's assets carried at amortized cost which approximates fair value:

Description	Total	Level 1	Level 2	Level 3
Repurchase Agreements	\$ 86,573,031	\$0	\$ 86,573,031	\$0
U.S. Government Agencies	\$ 32,762,597	\$0	\$ 32,762,597	\$0
U.S. Treasury Securities	\$ 3,003,655	\$0	\$ 3,003,655	\$0
Commercial Paper	\$118,928,264	\$0	\$118,928,264	\$0
Municipal Bonds	\$ 3,112,180	\$0	\$ 3,112,180	\$0
Total Investments	<u>\$244,379,727</u>	<u>\$0</u>	<u>\$244,379,727</u>	<u>\$0</u>

CLASS did not invest in any level 3 securities during the year ended June 30, 2011. There were no transfers between level 1 and level 2 during the year ended June 30, 2011.

Accounting for investments

Security transactions are accounted for on the trade date. Realized gains and losses on sales of investments are calculated on an identified cost basis. Interest income, including any amortization of discount or premium, is recorded on an accrual basis.

Credit, market and interest rate risks

CLASS is exposed to various types of risks, including market risk, interest rate risk, and credit risk. Market risk is the risk in decline in value of the investments held by CLASS because of a number of reasons, including changes in prevailing market and interest rates, increases in defaults, increases in voluntary prepayments for investments subject to prepayment risk, and widening credit spreads. Interest rate risk is the risk associated with the effects of the fluctuations in the prevailing level of market interest rates. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques.

CLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

Concentration risk

CLASS's policy is to limit its exposure to any non-government issuer to 5% of joint value.

Income taxes

CLASS is not subject to federal, state or local income taxes, and accordingly no tax provision has been made. CLASS files tax returns annually. CLASS is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. CLASS's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

Distributions to participants

Net investment income, adjusted for net realized gains or losses, is declared and distributed to participants daily. Such amounts are automatically reinvested the following business day.

Joint value

The joint value of CLASS is its assets less its liabilities. The joint value represents the value of the beneficial interests of the participants in CLASS.

Repurchase agreements

CLASS enters into repurchase agreements whereby the seller of the security agrees to repurchase that security at a later date at a fixed price. Generally, the effect of such a transaction is that CLASS can invest its excess cash balances at competitive interest rates. CLASS places no limit on the amount that it may invest in any one repurchase agreement.

The custodian of CLASS, for the benefit of the participants, takes possession of the purchased securities in repurchase agreements as collateral. It is the policy of CLASS to value the underlying collateral daily on a mark-to-market basis to determine that the value, including accrued interest, is at least equal to 102% of the repurchase price as required by the Participation Agreement. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by CLASS may be delayed or limited. There are repurchase agreements outstanding as presented on the Portfolio of Investments at June 30, 2011.

3. Management

CLASS has an agreement with Cutwater Investor Services Corp. ("CISC") to act as investment adviser and program administrator. As investment adviser, subject to the supervision of the participants, CISC advises on permitted investments, executes securities transactions, reviews the permitted investments and the investment guidelines, provides advice to the participants on matters related to investments as may be requested by such participants, prepares such information as may be required in the implementation of the valuation procedures and the computation of the joint value and the participants' balances in CLASS, and prepares records and reports required by the Participation Agreement or applicable laws. As administrator, subject to the supervision of the participants, CISC provides administrative services including, but not limited to, accounting and related services, joint value calculation and participant account reporting.

CISC is entitled to a fee payable monthly at an annual rate of 0.40% of the average daily joint value. Fees may be waived at any time at the sole discretion of CISC. For the year ended June 30, 2011, CISC was entitled to fees equal to \$1,185,422 and waived fees totaling \$623,110. All other expenses related to the operations of CLASS are paid by CISC.

4. Contingencies and Commitments

In the course of business, CLASS enters into contracts that contain representations and warranties and which provide general indemnifications. CLASS's exposure, if any, under these arrangements is unknown, as this would involve future claims that may be made against CLASS that have not yet occurred. To date, no claims have been brought against CLASS for any of these provisions. Based on experience, CLASS expects the risk of liability to be remote.

5. Subsequent Events

Management has evaluated all subsequent transactions and events after the balance sheet date through September 26, 2011, the date on which these financial statements were available to be issued, and has determined that no additional items require disclosure.



Selected Data per Dollar of Joint Value and Ratios

Selected data per dollar of joint value and ratios for the years presented are as follows:

Data per dollar of joint value (1):

	For the Fiscal Year Ended June 30,				
	2011	2010	2009	2008	2007
Net investment income and net realized gain on investments (2)	\$0.001	\$0.002	\$0.013	\$0.042	\$0.051
Distributions to participants	\$(0.001)	\$(0.002)	\$(0.013)	\$(0.042)	\$(0.051)
Total Return:	0.12%	0.23%	1.31%	4.26%	5.11%
Ratios/Supplemental data:					
Joint value, end of period (000's)	\$244,404	\$304,142	\$385,127	\$514,354	\$390,178
Ratios to average joint value:					
Net investment income	0.13%	0.24%	1.38%	4.12%	5.12%
Management fee expense (3)	0.19%	0.13%	0.20%	0.20%	0.20%

(1) Calculated based upon average joint value during the period.

(2) Includes realized gains per share amounting to less than \$0.001, if applicable.

(3) If not for the voluntary waiver of management fees, the management fee expense ratio would have been 0.40% for each period presented.



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