
WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

June 30, 2010



**WALWORTH COUNTY FINANCE OFFICE
100 W. WALWORTH STREET
ELKHORN, WI 53121**

<http://www.co.walworth.wi.us/Government%20Center/Finance/Investments/InvestmentHomePage.aspx>

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EXECUTIVE SUMMARY

The County's total investment portfolio shall be defined as all county cash and investments not reserved in a separately maintained account for a specific purpose. Funds are valued in this report at bank statement value as of the date specified. Accounts not included in the total investment portfolio are restricted by a third party.

The key objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio within applicable laws. Cash flow projections match revenues with expenditures to ensure prudent investment principles to enable the County to soundly meet its financial obligations. The Investment Portfolio shall be structured in relation to prevailing budgetary and economic environments, taking into account the County's investment risk constraints and cash flow characteristics.

- Walworth County's investment portfolio is currently in compliance with Wisconsin statutes, the Walworth County Code of Ordinances and the County's Administrative Procedures Manual.
- Walworth County's investment portfolio has been maintained to provide safety of investments and cash flow needs. Investments are diversified into different investment vehicles to provide safety. In addition, all securities held are either backed by the U.S. Government or meet minimum ratings set by either Standard and Poor's or Moody's Investor Service.
- The Local Government Investment Pool (LGIP) yields have remained stable, yet still drastically low compared to last year. In January 2009 LGIP rates were 1.03%. This quarter the LGIP rate has averaged .22%. LGIP is no longer insured against credit loss, and the county has diversified into other safe and liquid vehicles with higher yields.
- As a result of collateral pricing changes at M&I Bank, we closed our M&I Bank money market account. The \$14.6 million balance from that account was transferred to various securities, certificates of deposit, and LGIP. We continue to maintain accounts with both Mid-America and JP Morgan Chase. Current money market yields at Mid-America and Chase are respectively 0.71%, and .30%. The money markets provide a higher yield while providing the county with a liquid investment.
- The result of the weakening economy has greatly affected the County's budgeted interest income; the 2010 non-departmental budget has been set at \$600,000 which is half the original 2009 budget.
- The investment portfolio with M&I Trust remains at \$5 million yielding 1.58% annually since inception. The portfolio effective duration as of June 30th is 1 year, indicating a shorter duration and less sensitivity to changes in interest rates.
- The brokered portfolio with Pershing continues to grow. At month end the portfolio reached \$16.5 million yielding 1.53% annually which includes over \$10 million in agency securities. Securities purchased in the second quarter, yield between 1.43% - 2.60% and maturing in 2-5 years. The Pershing portfolio effective duration as of June 30th is 2.30 years, indicating a longer duration and greater sensitivity to changes in interest rates.
- At the end of this quarter we have reached our portfolio maximum for callable securities of 50% of total securities. We will continue to monitor the callable portion of our portfolio to ensure we remain within policy limits.

EXECUTIVE SUMMARY (Continued)

- We recently received approval to expand the approved financial institution list to include credit unions. This quarter we have purchased a certificate of deposit from one of the approved credit unions.
- We continue to diversify by changing the investment ordinance “allowable investments section” to include municipal debt instruments. We have attempted several times since the change in ordinance to place municipal debt orders with no success in the second quarter. RW Baird has been added as an authorized company from whom we may purchase these debt instruments. For the month of July, we have successfully purchased municipal debt which totals approximately \$2.8 million.
- The portfolio clearly substantiates that we have worked hard to diversify and allocate investments over multiple agencies and securities in a conservative effort to reduce risk.

INVESTMENT OVERVIEW AND OBJECTIVES

As is mentioned above, the main objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio with applicable laws. The County's total investment portfolio currently has four separate investment portfolios. They are as follows:

LOCAL GOVERNMENT INVESTMENT POOL – The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The investment strategy of this fund is prioritized as: safety of the principal, liquidity, and the rate of return. The funds in LGIP may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities, and Repurchase Agreements (Repo) secured by the U.S. Government.

CERTIFICATES OF DEPOSIT – Certificates of deposit and other evidences of deposits from county board approved financial institutions which are authorized to transact business in the state, which time deposits mature in not more than three years.

THE CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICES, (CDARS) – Financial institutions can offer CDARS because they are members of a special network. When a large deposit is placed with a network member, that institution uses CDARS to place the funds into certificates of deposit issued by banks in the network. This occurs in increments of less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance.

With the help of a sophisticated matching system, network members exchange funds. This exchange occurs on a dollar-for-dollar basis, so that the equivalent of the original deposit comes back to the respective institution and effectively stays local (meaning the full amount can support lending initiatives that build a stronger local community). The full amount of the original deposit becomes eligible for complete FDIC protection, and the institution receives just one regular statement detailing all your holdings.

U.S. GOVERNMENT/TREASURY SECURITIES – Obligations of the United States of America, its agencies and instrumentalities, provided payment of the principal and interest is fully guaranteed by the issuer.

MUNICIPAL DEBT–instruments of any county, city, drainage district, vocational college, village, town or school district of the State of Wisconsin.

PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

REQUIREMENTS AND COMPLIANCE

ITEM	DESCRIPTION OF REQUIREMENT	ACTUAL PORTFOLIO
Credit Risk:		
Collateral Policy	Investments other than U.S. Treasury backed securities or investments not under FDIC or WI guarantee shall be collateralized for a minimum of 102-110% of the deposits.	Current financial institutions comply
Security Diversification	No single agency shall hold more than 75% of the total agency securities held.	Current investment holdings comply
Financial Institutions Limits	Investments held at any one institution shall be limited to 50% of the core portfolio, currently \$22,430,000.	All institutions comply
Liquidity Risk	Liquid cash shall be maintained at \$10 million and available with 1 day notice.	\$46.8 million or 58%
Reinvestment Risk	Callable securities shall not exceed 50% of agency securities held.	\$9.9 million or 46%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of portfolio.	\$15 million or 18%
	Investments greater than 1 year and less than 5 years shall not exceed 50% of portfolio.	\$16.5 million or 11%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Money Markets (w/LGIP)	N/A	95%	33%
LGIP	N/A	\$5 million min/75% max	21%
US Treasuries	5 years	75%	0%
Agency Securities	5 years	50%	27%
Municipal Debt	5 years	25%	0%
Certificates of Deposit	3 years	50%	15%
Operating Cash	N/A	N/A	4%
Other	5 years	25%	0%

INVESTMENT SUMMARY

INVESTMENT TYPE	BOOK/MARKET VALUE
Certificates of Deposit	\$11,750,000
Depository Bank	\$3,404,000
LGIP	\$17,089,000
Money Markets	\$27,332,000
Portfolio Money Markets	\$177,000
U.S. Gov. Agency Securities	\$21,605,000
Municipal Debt	\$0
Total	\$81,180,000

BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned through the second quarter for 2010 by investment type. The second table below shows the actual and budgeted interest earned through the second quarter for 2010 by account. The interest shown is on the county's total cash and investment portfolio. All accounts other than the non-departmental account receive interest based on the LGIP rate only.

INVESTMENT TYPE	INTEREST EARNED	2nd QUARTER BUDGET
LGIP	\$ 15,404	\$ 9,000
Certificates of Deposit	83,969	90,000
U.S. Treasury/Govt. Agency	96,863	79,200
Depository Bank	1,865	1,800
Money Markets	120,999	120,000
Unrealized Gain/(Loss)	94,911	-
TOTAL PORTFOLIO	\$ 414,011	\$ 300,000
Budget to Actual Variance		\$ 114,011

ACCOUNT NAME	INTEREST EARNED	2nd QUARTER BUDGET
Non-departmental	\$ 297,635	\$ 300,000
DPW Equipment Reserve	254	2,000
DPW Buildings Reserve	1,056	2,000
Health Insurance	8,384	12,726
Dental Insurance	297	650
Workers Compensation	1,854	7,500
Risk Management	9,620	9,000
SUBTOTAL PORTFOLIO	319,100	333,876
Unrealized Gain/(Loss)	94,911	-
TOTAL PORTFOLIO	\$ 414,011	\$ 333,876
Budget to Actual Variance		\$ 80,135

- The original annual budget is \$600,000 which we are forecasting to meet by year end.
- By diversifying into other investment vehicles, we have been able increase the County's yields by over three times as much as the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest for the 2010 second quarter would have approximated \$193,000 or only 28% of the actual interest earned.
- Certificates of Deposits averaged .42% return for the second quarter 2010, while the LGIP has remained around .22%.
- Security quarterly yields at cost are .40% for our brokered securities and .18% at M&I Trust.

INVESTMENT BENCHMARKS

Overall Investment Portfolio Benchmark

The county has selected the Local Government Investment Pool rate as the benchmark for achievement for the investment portfolio. The following rates and amounts are based on the daily average one year rolling portfolio balance and rate. This amount does not include unrealized gains or losses or premium adjustments.

Investment Portfolio	Benchmark (LGIP)	Actual
Average rate	0.24%	0.83%
Average daily account balance	\$80,440,000	\$80,440,000
12 month income to date	\$193,000	\$664,000

The results show that the county is currently exceeding expectations in comparison to the benchmark. The county has begun to change its investment strategy and expects interest rates to continue to remain low into the next year. The change in strategy should continue to increase the gap between the benchmark and actual investment returns.

M&I Benchmark

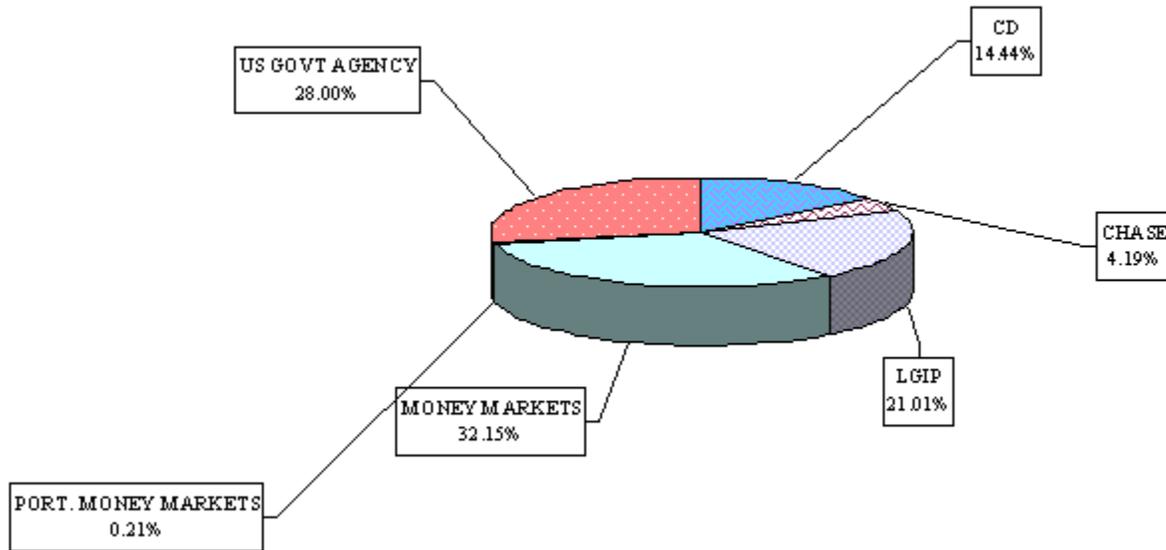
To review the performance of the M&I Short-term Portfolio, the Barclay Government 1-3 year index has been chosen. The investments within the index included US Treasury and Agency securities, which the M&I Short-term Portfolio holdings allow by the County's investment policy. The following shows the comparison of the M&I Short-term Portfolio to the benchmark selected, net of investments. The M&I Portfolio was started at the end of July, thus only has three full quarters are available for reporting results. The portfolio did not exceed the benchmark for the quarter.

Time Period	Benchmark	Actual
	Barclay 1-3YR Government	M&I Short-term Portfolio
2009		
4th Quarter	0.09%	0.20%
2010		
1st Quarter	0.72%	0.55%
2 nd Quarter	0.45%	0.18%

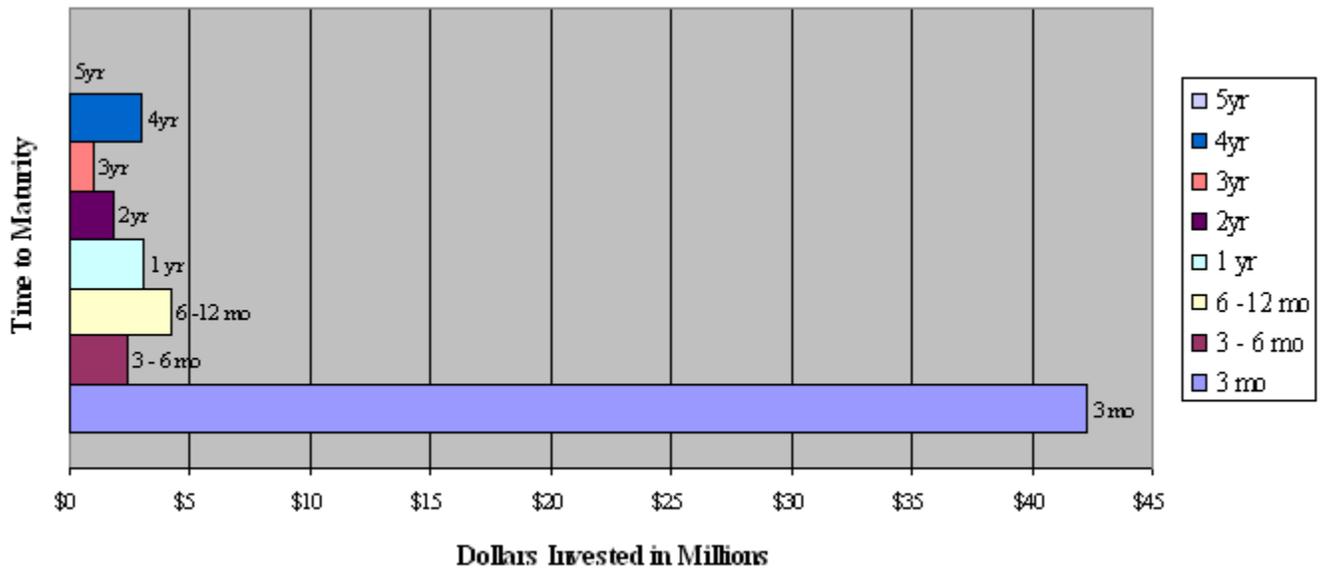
Note: Yields shown include unrealized gains or losses on securities which are usually not sold prior to maturity or estimated life of the security. See the U.S Government Agency/Treasury Securities Overview section on page 14 for actual return on investment.

TOTAL PORTFOLIO OVERVIEW

INVESTMENTS BY TYPE



INVESTMENTS BY MATURITY



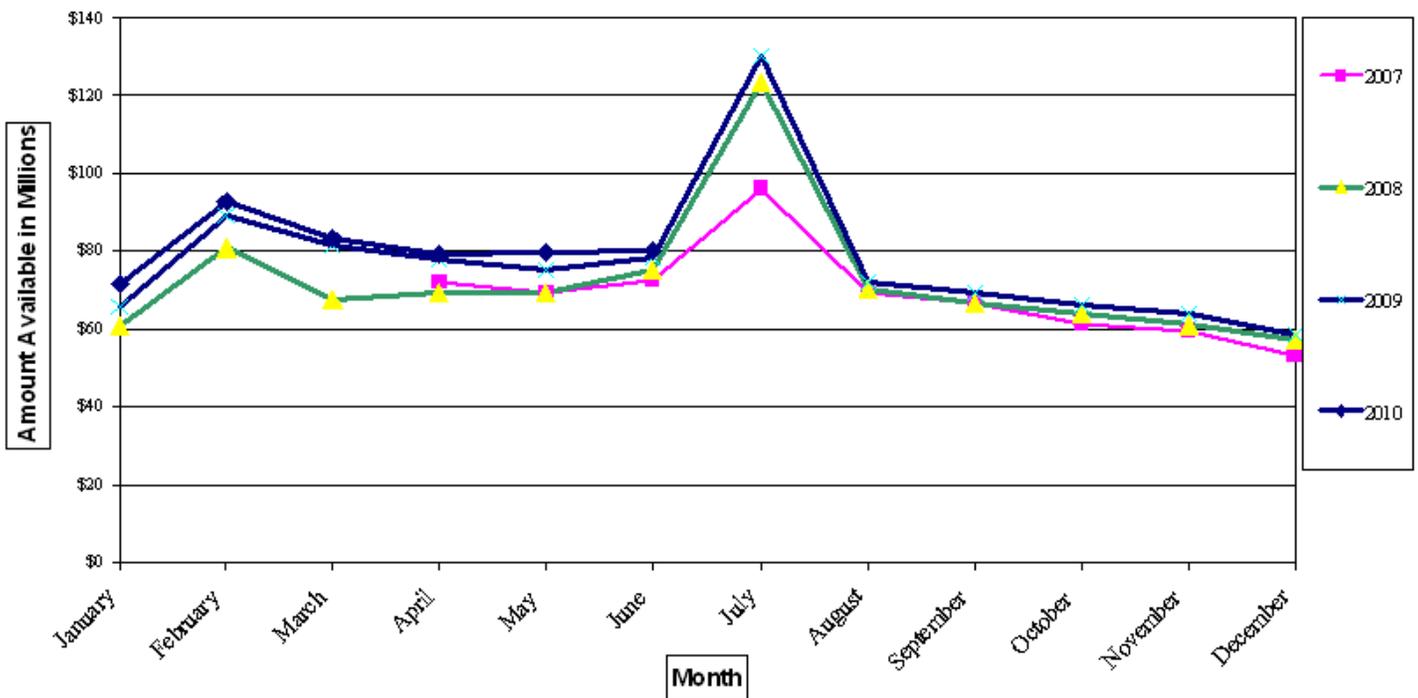
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

The following chart shows the historic cash balances with the average cumulative cash balance for the previous three years based on monthly balances.

Average Balance	<u>2007</u>	2008	<u>2009</u>	<u>2010</u>
Cash	\$70,201,000	\$72,171,000	\$77,439,000	\$81,129,000
Cumulative Cash			\$73,270,000	\$74,429,938

* Excludes Restricted Accounts

Walworth County Cash and Investment Balance



LOCAL GOVERNMENT INVESTMENT POOL (LGIP*) OVERVIEW**Overview of Fund**

The Wisconsin Local Government Investment Pool (LGIP) was created in 1975 to give local governments the opportunity to combine their idle cash to make short-term investments equal to those afforded to state government or large local governments. The LGIP has been designed to consistently maintain the integrity of local funds within a diversified and safe portfolio, provide liquidity, and offer rates of return competitive with comparable investments. The funds from the LGIP are combined with the cash balances of the State of Wisconsin and its agencies, the excess cash of the retirement funds invested by the State of Wisconsin Investment Board (SWIB) and managed as one fund called the State Investment Fund (SIF).

Investment Objectives

The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The strategy for meeting this objective is to apply the prudent investor standard and insure that the investment of pool assets is prioritized as follows: safety of principal, liquidity, and rate of return.

Liquidity Considerations

The investment portfolio needs to remain liquid to meet the daily operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

Walworth County expends approximately \$10 million per month. In order to keep cash in our checking account low and still pay bills on time, the County has invested largely with the LGIP as it offers same day liquidity.

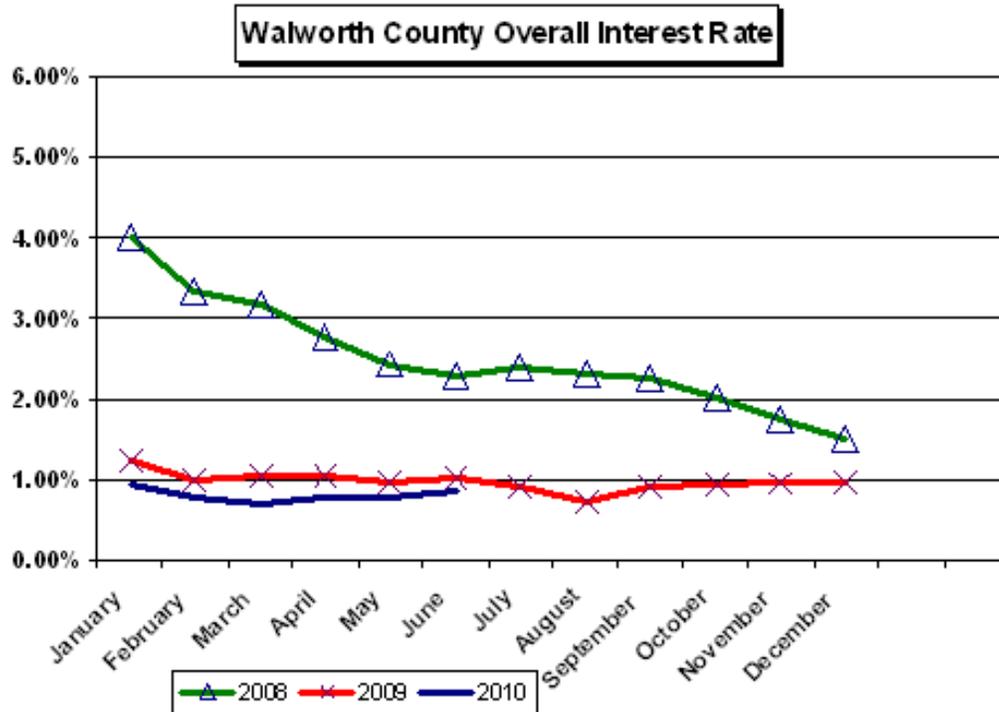
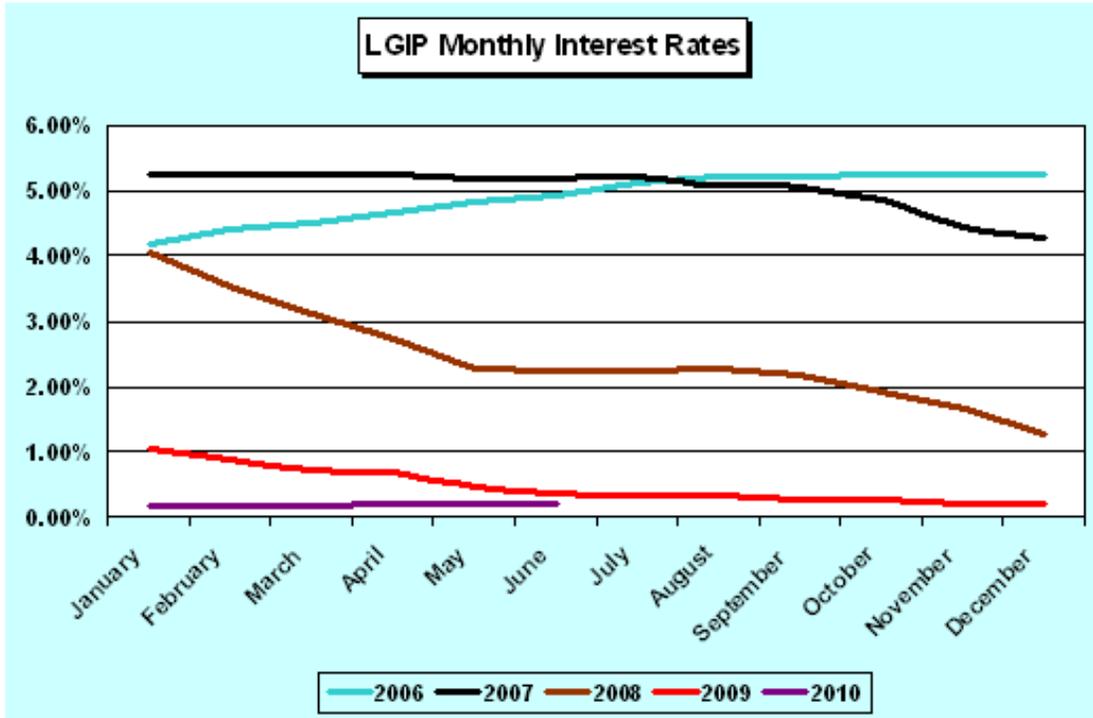
Over the past twelve months, the LGIP balance has averaged \$22 million. The spikes in February and July are the result of the temporary investment of property tax receipts. Most of these receipts are reinvested into securities within a month and no securities were required to be sold short in order to meet cash flow requirements.

Other Considerations

During the past year the investment yield of the LGIP has dropped significantly, similar to most major market returns. This coupled with the LGIP losing their insurance on commercial paper and certificate of deposits, resulted in the county looking at other investment vehicles, in order to diversify the portfolio.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP*) OVERVIEW (Continued)

• LGIP data provided from the Office of the State Treasurer



CERTIFICATES OF DEPOSIT OVERVIEW

CERTIFICATES OF DEPOSIT are short or medium-term, interest-bearing, FDIC-insured debt instrument offered by banks and savings and loans. CDs offer higher rates of return than most comparable investments, in exchange for tying up invested money for the duration of the certificate's maturity. Money removed before maturity is subject to a penalty. CDs are low risk, low return investments, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from three months to three years.

Due to the decreased yield with the LGIP, the County has been going out to bid with approved banks on at least a monthly basis in an attempt to increase return during this volatile time. This has increased our return dramatically on these dollars without affecting our ability to be liquid to meet operating needs.

<u>Financial Institution</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate %</u>
Walworth State Bank	8/10/2009	8/10/2010	225,000	1.10%
Mid America Bank	8/13/2009	8/12/2010	500,000	1.35%
Community Bank Delavan	8/13/2009	8/12/2010	500,000	1.88%
Community Bank Delavan	9/10/2009	9/9/2010	500,000	1.75%
Community Bank Delavan	10/15/2009	10/14/2010	500,000	1.30%
Commercial Bank	11/6/2009	11/6/2010	225,000	1.32%
Citizens Bank	5/11/2010	11/10/2010	2,000,000	0.45%
Citizens Bank of Mukwonago	1/8/2010	1/8/2011	225,000	1.85%
Citizens Bank of Mukwonago	2/6/2010	2/6/2011	225,000	1.20%
First Citizens State Bank	5/11/2010	5/10/2011	225,000	1.30%
Walworth State Bank	5/11/2010	5/10/2011	225,000	0.61%
First Banking Center	6/8/2010	6/8/2011	225,000	1.45%
First Citizens State Bank	6/23/2010	10/23/2011	225,000	1.60%
Mid America Bank	11/12/2009	11/12/2011	1,000,000	1.87%
Citizens Bank	12/7/2009	12/7/2011	225,000	2.00%
Mid America Bank	5/13/2010	5/12/2012	1,000,000	1.45%
M & I Bank	6/8/2009	6/8/2012	1,000,000	2.66%
Citizens Bank	6/30/2010	6/30/2012	1,500,000	1.25%
Mid America Bank	2/18/2010	2/14/2013	1,000,000	2.17%
Southern Lakes Credit Union	6/3/2010	12/3/2013	225,000	2.15%
<i>Weighted Average</i>			11,750,000	1.50%

U.S. GOVERNMENT AGENCY/TREASURY SECURITIES OVERVIEW

U.S. Treasury Securities – such as bills, notes and bonds are debt obligations of the U.S. government. When you buy a treasury security, you are lending money to the federal government for a specific period of time. Because these debt obligations are backed by the “full faith and credit” of the government, they are considered the safest of all investments. The primary advantage of the Treasury securities is safety; however, in addition Treasuries generally do not have a “call” provision.

U.S. Government Agency Securities are debt obligations issued by federal agencies or federally sponsored agencies. Federal agencies are direct arms of the U.S. government; federally sponsored agencies are privately owned and publicly chartered organizations which were created by acts of Congress to support a specific public purpose.

Currently the County has agency securities with M&I Trust and Pershing. Please see Appendix B and C for detail behind the securities.

U.S. GOVERNMENT AGENCY/TREASURY SECURITIES SUMMARY

Institution	Cost	Market Value	Unrealized Gain/(Loss)	Quarterly Yield	Rolling 1 Year Yield
M&I Portfolio	\$ 4,861,074	\$ 4,891,355	\$ 30,281	0.18%	* 1.58%
Pershing	\$16,571,682	\$16,713,265	\$141,583	0.40%	1.53%
Total Securities	\$21,432,756	\$21,604,620	\$171,864		

* M&I Portfolio has only been active since August thus rolling 1 year is since portfolio’s inception.

General Investment Portfolio Information

Further research and potential ordinance changes may be required to allow for additional investment types as well as safeguards on funds managed by non-county investment managers. Additional investment managers will also be researched to allow for diversification of fund management.

Finance has created additional investment summaries for comparison and review of the current investment tools. These can be found as appendixes to this report.

M& I Trust Short Term Investment Portfolio

This portfolio was established on July 29, 2009, within the current ordinance guidelines with the purchase of agency and treasury securities at an average of 1 to 3 years maturity. M&I Trust, separate from M&I Bank, does not charge commission fees per trade transaction. The cost is 20 basis points annually with a minimum balance of \$5 million. This account is yielding about 1.58% annually since inception, adjusted to market. The funds can be sold upon a day’s notice, however the more advance notice that can be given, the less chance of market volatility during the sale of the funds.

Pershing Portfolio

The County works with four brokers which are given the opportunity to bid on requested investments. The securities are then transferred to Pershing, a subsidiary of Bank of New York Mellon for safekeeping. The account is yielding about 1.53% annually, adjusted to market.

MONEY MARKET OVERVIEW

Money markets allow for liquid investments similar to the local government investment pool that may be drawn upon with less than one week advance notice. Open money markets are restricted to investments within the Wisconsin Statutes Section 66.063(1m) and limited to an average maturity of one hundred twenty days or less. The county also allows for collateralized public investment money markets with allowable investment types.

The county has begun to invest in money markets. The following is a summary of the current investment portfolios and money market accounts.

Financial Institution/Manager	Type of Account	Amount
Mid America	Collateralized Money Market	\$13,144,000
Chase Bank	Collateralized Money Market	13,000,000
Pershing*	Temporary Holding	1,000,000
Total Money Market		\$27,144,000

*\$1 million transfer for security purchase made with M&I Capital Markets on 6/30/2010. The transfer to Pershing was made but the security purchase has a one day delay.

Mid America Money Market

Rates are established by Mid America Bank at the end of each month based on the LGIP rate. Mid America has guaranteed to be at least .5% higher than the LGIP rate. These funds are collateralized and available with one week notice.

Chase Money Market

Rates are established by JPMorgan Chase and are adjusted once a month based on the market, with the intent to exceed the LGIP rate. Current rate is at 0.30%. Investment is collateralized at a cost included in the earned interest rate. This account can be withdrawn with one day's notice, up to 6 times per month.

M&I Bank Business Money Market

This account was closed due to an increase in collateralization fees by M&I Bank. The entire balance was transferred June 30, 2010 to various securities, M&I short term investment portfolio, LGIP account and certificates of deposit.

RESTRICTED ACCOUNTS OVERVIEW

PFM Advisors has been selected as the County's OPEB investment advisor. The new investment advisor presented to the March Finance Committee meeting regarding the target long-term investment yield and the portfolio mix of equities to core/fixed income investments. At April's Finance Committee meeting, a decision was made regarding portfolio holdings and an OPEB investment strategy. The Trust objectives are based on a 15-year investment horizon. It will hold up to twelve months of protected liquidity needs for Trust expenses in cash. These will be held exclusively in cash equivalent investments. The remaining assets will be invested in longer-term securities. The portfolio will be managed to always strive to be at or near the Target Asset Weightings. The portfolio will be rebalanced at least quarterly to be at or near Target Asset Weightings.

OPEB REQUIREMENTS AND COMPLIANCE

INVESTMENT ASSETS			
Asset Class	Range	Target	Actual
Domestic Equity	12%-22%	17%	32%
International Equity	5%-15%	10%	0%
REITs	0%-5%	1.5%	.78%
Inflation Hedge	0%-5%	1.5%	0%
Fixed Income	50%-70%	70%	21%
Cash Equivalent	0%-20%	0%	46%

OPEB PORTFOLIO SUMMARY AND PERFORMANCE

Institution	Cost	Market Value	Unrealized Gain/(Loss)
Equity	\$ 3,106,483	\$ 3,061,941	\$ (44,542)
Fixed Income	1,982,627	1,995,504	12,877
REIT	76,615	74,980	(1,636)
Total Securities	\$ 5,165,725	\$ 5,132,425	\$ (33,300)

Portfolio advisor quarterly update: The Walworth County OPEB Trust was funded at the end of May, 2010. Equity (stock) funds fell substantially in the month of June along with the stock markets in general. These types of funds make up 30% of the County's OPEB portfolio. This led to a small negative portfolio return for the one month period ended June 30, 2010. The other 70% of the portfolio is invested in fixed income funds and that portion of the portfolio produced positive returns that helped offset most of the negative returns in the equity funds. In the past two weeks since June 30, 2010, the equity markets have recovered very strongly!

The return is in line with the benchmark. The benchmark used as a comparison for the County's OPEB portfolio is 60% - S&P 500 Index and 40% - Barclays Aggregate Bond Index. The recent large price fluctuations in markets highlight that short term performance can and will be volatile. OPEB funds are invested for the long term and the appropriate focus for performance comparison should be the long-term over multiple years.

RESTRICTED ACCOUNT BUDGET PERFORMANCE SUMMARY

Restricted cash and investments in funds/departments receive interest income based on the LGIP interest rate or actual interest earned based on investments held by fiscal agents.

ACCOUNT NAME	CURRENT INVESTMENT BALANCE	INTEREST EARNED 2010	REVISED BUDGET 2010
Land Information Fees	\$ 534,576	\$ 537	\$ 4,500
WMMIC Risk Management	4,054,551	10,358	18,000
Capital Project Bond Proceeds	1,890,644	1,310	-
Clerk of Courts	569,616	607	3,500
Employment Benefits	843,550	13,001	42,550
Waddell Donations	84,502	15	500
Harrison Trust	40,013	33	-
Total	\$8,017,452	\$ 25,861	\$69,050

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 6/30/2010

Definitions of each section below:

Investment Yield is the investment revenue divided by the average daily balance to show the quarterly yield and a one year rolling yield.

Investment Revenue shows the interest earned by each investment tool on a quarterly and one year rolling period.

Average Daily Balance shows the average daily cash balance invested for each investment tool on a quarterly and one year rolling period.

Investment Yield (Net of Management and Banking Service Fees)										
Time Period	State Investment Pool	M&I Money Market ¹	Mid Amer Money Market ²	CD	Chase Money Market ⁶	Pershing ³	M&I Portfolio ⁴	JP Morgan Chase Banking	Total Investments	
2009										
3rd Quarter	0.07%	0.23%	0.22%	0.48%	-	0.46%	⁵ 0.36%	0.04%	0.20%	
4th Quarter	0.06%	0.23%	0.19%	0.44%	-	0.41%	0.48%	0.04%	0.24%	
2010										
1st Quarter	0.05%	0.21%	0.19%	0.44%	-	0.30%	0.55%	0.04%	0.20%	
2nd Quarter	0.05%	0.17%	0.18%	0.42%	⁵ 0.07%	0.40%	0.18%	0.03%	0.20%	
One Year Ending										
2009										
3rd Quarter	0.89%	0.28%	0.36%	2.04%	-	3.59%	⁵ 0.35%	0.11%	0.94%	
4th Quarter	0.57%	0.51%	0.45%	1.91%	-	0.90%	0.85%	0.13%	0.79%	
2010										
1st Quarter	0.36%	0.89%	0.84%	1.85%	-	1.33%	⁵ 1.73%	0.15%	0.89%	
2nd Quarter	0.26%	0.83%	0.78%	1.80%	⁵ 0.11%	1.53%	1.58%	0.15%	0.83%	
Investment Revenue (Net of Management Fees/Gross of Market Adjustments)										
Time Period	State Investment Pool	M&I Money Market ¹	Mid Amer Money Market ²	CD	Chase Money Market ⁶	Pershing ³	M&I Portfolio ⁴	JP Morgan Chase Banking	Total Investments	
2009										
3rd Quarter	34,273	25,287	26,110	78,313	-	7,581	17,892	1,614	191,070	
4th Quarter	9,286	34,787	25,384	46,307	-	13,185	24,192	891	154,032	
2010										
1st Quarter	11,539	34,728	24,878	44,906	135	14,622	27,583	1,036	159,427	
2nd Quarter	3,865	26,468	23,924	38,631	10,865	45,671	9,255	823	159,502	
One Year Ending										
2009										
3rd Quarter	453,386	28,027	38,293	274,299	-	80,602	17,477	3,007	895,091	
4th Quarter	220,296	62,814	51,494	294,618	-	20,766	42,353	3,618	695,959	
2010										
1st Quarter	110,104	97,542	88,555	284,538	135	36,758	75,166	4,477	702,213	
2nd Quarter	58,963	121,270	100,296	208,157	11,000	81,059	78,922	4,364	664,031	
Average Daily Balance										
Time Period	State Investment Pool	M&I Money Market ¹	Mid Amer Money Market ²	CD	Chase Money Market ⁶	Pershing ³	M&I Portfolio ⁴	JP Morgan Chase Banking	Total Investments	
2009										
3rd Quarter	45,888,680	11,135,528	11,860,476	16,324,457	-	1,652,070	4,982,653	4,210,422	96,054,287	
4th Quarter	15,499,354	15,335,265	13,074,136	10,545,109	-	3,252,767	4,989,036	2,324,338	65,020,005	
2010										
1st Quarter	23,641,260	16,173,045	13,103,249	10,292,089	5,500,045	4,862,352	4,996,998	2,857,301	81,426,339	
2nd Quarter	7,416,397	15,965,139	13,149,863	9,213,665	14,547,676	11,412,240	5,015,022	2,533,127	79,253,129	
One Year Ending										
2009										
3rd Quarter	51,085,158	10,039,923	10,508,986	13,429,521	-	2,248,164	4,982,653	2,789,447	95,083,851	
4th Quarter	38,833,045	12,428,018	11,526,201	15,406,301	-	2,304,343	4,985,845	2,795,229	88,278,982	
2010										
1st Quarter	30,577,364	10,934,829	10,560,422	15,400,475	1,375,011	2,770,160	4,347,011	2,959,283	78,924,555	
2nd Quarter	23,111,423	14,652,244	12,796,931	11,593,830	10,023,861	5,294,857	4,995,927	2,981,297	80,438,440	

¹ M&I Money Market was closed this quarter as of 6/30/2010.

² Mid America Money Market was funded May 14, 2009 with rate of 50 basis points (bps) above LGIP.

³ Custodian for brokered securities based on County's purchases.

⁴ M&I Portfolio was funded on July 29, 2009.

⁵ Due to the start of using these tools the rates are based on the start date, thus do not include a full quarter or one year.

⁶ Chase Money Market fund was funded March 31, 2010 with rate currently at 30 basis points.

Walworth County Investment Portfolio
Portfolio Holdings as of 6/30/2010

M&I PORTFOLIO

Description	Maturity	Quantity	Cost	Market	Unrealized Gain/(Loss)
Cash & Cash Equivalents					
Marshall Government Money Market Fund		171,970	\$ 171,970	\$ 171,970	\$ -
Miscellaneous		2	\$ 2	\$ 2	
Subtotal Cash & Cash Equivalents		171,972	\$ 171,972	\$ 171,972	\$ -

Government Agency Coupon Securities

FHLMC, 2.875%	11/23/2010	300,000	\$ 303,222	\$ 303,270	\$ 48
FHLB 3.625%	12/17/2010	300,000	304,239	304,641	402
FHLB 1.625%	1/21/2011	300,000	302,358	302,204	(155)
FHLMC, 3.250%	2/25/2011	300,000	306,792	305,297	(1,496)
FNMA, 1.750%	3/23/2011	300,000	301,992	302,954	962
FNMA, 1.375%	4/28/2011	300,000	300,750	302,438	1,688
FHLB 1.375%	5/16/2011	300,000	300,633	302,532	1,899
FHLB 1.625%	7/27/2011	300,000	301,497	303,657	2,160
FFCB, 3.875%	8/25/2011	300,000	311,187	311,720	533
FHLB 3.625%	9/16/2011	300,000	310,200	311,625	1,425
FFCB, 3.500%	10/3/2011	300,000	309,336	311,157	1,821
FNMA, 2.000%	1/9/2012	300,000	302,997	306,188	3,191
FHLMC, 2.125%	3/23/2012	300,000	302,649	307,548	4,899
FHLB 2.250%	4/13/2012	300,000	303,219	308,391	5,172
FHLB 1.875%	6/20/2012	300,000	300,156	306,704	6,548
FNMA, 2.000%, Callable 9/28/2010	9/28/2012	300,000	299,847	301,032	1,185

Subtotal Government Agency Coupon Securities		4,800,000	\$ 4,861,074	\$ 4,891,355	\$ 30,281
TOTAL M&I PORTFOLIO		4,971,972	\$ 5,033,046	\$ 5,063,327	\$ 30,281

Diversification:

Cash & Cash Equivalents	3%	171,972	\$ 171,972	\$ 171,972	\$ -
Government Agency Coupon Securities	97%	4,800,000	4,861,074	4,891,355	30,281
Total M&I PORTFOLIO		100%	4,971,972	\$ 5,033,046	\$ 5,063,327

Breakout by Agency Type:

FHLB = Federal Home Loan Bank	\$ 2,139,753
FFCB = Federal Farm Credit Bank	622,877
FHLMC = Federal Home Loan Mortgage Corp	916,115
FNMA = Federal National Mortgage Association	1,212,611
	<u>\$ 4,891,355</u>

Maturity Schedule (Call Date) as of 6/30/2010

3 mo	\$ 473,004
3 - 6 mo	\$ 607,911
6 - 12 mo	\$ 1,515,423
1 yr - 2 yr	\$ 2,466,989
2yr - 3 yr	\$ -
3yr - 4 yr	\$ -
4yr - 5 yr	\$ -
5yr - 6 yr	\$ -
Total	\$ 5,063,327

Callable and Mature within 2 years

FNMA, 2.000%, Callable 9/28/2010	\$ 301,032
6 - 12 mo	\$ 2,123,334
1 yr - 2 yr	\$ 2,466,989
Total	\$4,891,355

Walworth County Investment Report Portfolio Holdings as of 6/30/2010

Pershing (Custodian for Broker/Dealer Transactions)

Description	Maturity	Quantity	Cost	Market	Unrealized Gain/(Loss)
Cash & Cash Equivalents					
First American Funds -Gov't Money Market	N/A	5,000	\$ 5,000	\$ 5,000	\$ -
Subtotal Cash & Cash Equivalents		5,000	\$ 5,000	\$ 5,000	\$ -

Government Agency Coupon Securities

FHLB, 2%, Callable 12/17/2010	6/17/2013	1,000,000	1,000,000	1,006,250	6,250
FNMA, 2.0%, Callable 4/15/2011	4/15/2013	2,000,000	2,000,000	2,020,000	20,000
FNMA, 1.715%, Callable 4/29/2011	10/29/2012	2,000,000	2,000,000	2,016,880	16,880
FFCB, 1.950%, Callable 05/06/2011	5/6/2013	2,000,000	2,012,986	2,019,380	6,394
FHLMC 1.75%, Callable 6/24/2011	12/24/2013	1,000,000	1,000,000	1,006,110	6,110
FHLMC 2.00%, Callable 6/30/2011	6/30/2015	1,000,000	1,000,000	1,009,780	9,780
FHLB, 2%, Callable 11/18/2011, Step to 4.2%	11/18/2014	500,000	500,000	508,595	8,595
FHLB, 1.75%	8/22/2012	2,000,000	2,024,642	2,038,760	14,118
FFCB, 1.875%	12/7/2012	1,000,000	1,015,702	1,021,560	5,858
FHLB, 1.75%	12/14/2012	1,000,000	1,005,488	1,019,380	13,892
FNMA, 1.75%	2/22/2013	2,000,000	2,012,864	2,038,760	25,896
FNMA, 1.7%	6/3/2013	1,000,000	1,000,000	1,007,810	7,810
Subtotal Government Agency Securities		16,500,000	\$ 16,571,682	\$ 16,713,265	\$ 141,583

TOTAL Brokered Security Account		16,505,000	\$ 16,576,682	\$ 16,718,265	\$ 141,583
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Diversification:

Cash & Cash Equivalents	0%	5,000	\$ 5,000	\$ 5,000	\$ -
Government Agency Coupon Securities	100%	16,500,000	16,571,682	16,713,265	141,583
Total Brokered Securities		100%	16,505,000	\$ 16,576,682	\$ 16,718,265

Breakout by Agency Type:

FHLB = Federal Home Loan Bank	\$ 6,085,950
FFCB = Federal Farm Credit Bank	2,525,475
FHLMC = Federal Home Loan Mortgage Corp	2,027,190
FNMA = Federal National Mortgage Association	6,074,650
	\$ 16,713,265

Maturity Schedule (Call Date) as of 6/30/2010

3 mo	\$ 5,000
3 - 6 mo	\$ 1,006,250
6 - 12 mo	\$ 8,072,150
1 yr - 2 yr	\$ 508,595
2yr - 3 yr	\$ 7,126,270
3yr - 4 yr	
4yr - 5 yr	
5yr - 6 yr	\$ -
Total	\$ 16,718,265

Callable or Mature within 2 years:

FHLB, 2%, Callable 12/17/2010	\$1,006,250
FNMA, 2.0%, Callable 4/15/2011	\$2,020,000
FNMA, 1.715%, Callable 4/29/2011	\$2,016,880
FFCB, 1.950%, Callable 05/06/2011	\$2,019,380
FHLMC 1.75%, Callable 6/24/2011	\$1,006,110
FHLMC 2.00%, Callable 6/30/2011	\$1,009,780
FHLB, 2%, Callable 11/18/2011, Step to 4.2%	\$508,595
Total	\$9,586,995