
WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

December 31, 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. Rates have been under .30% since September, 2009. The annualized LGIP rate continues to average around .21%.
- Current collateralized money market annualized yields at Mid-America and Chase respectively remain at 0.73%, and .26%. The money markets provide a higher yield while providing the County with a liquid investment.
- The unrelenting weakened economy continues to affect the County's budgeted interest income; the 2010 non-departmental budget of \$604,000 which is half the original 2009 budget. The 2010 non-departmental budget for 2010, including unrealized gains, exceeded expectations by \$173,641.
- The investment portfolio with M&I Trust remains at \$5 million yielding 1.18% annually (net of fees). The portfolio effective duration at quarter end remains at 1.05, indicating a shorter duration and less sensitivity to changes in interest rates.
- During the fourth quarter, Canadian bank, Bank of Montreal, purchased M&I Bank. This buyout has not directly affected the services we receive from M&I Trust, M&I Bank, and M&I Capital Markets at this time. In a recent meeting with our M&I Capital Markets broker, we were assured this acquisition will provide M&I additional resources and backing in the future to allow them to expand the products and service they provide. No concerns are noted at this time.
- The brokered portfolio held at Pershing continues to grow. At month end the portfolio reached \$27.5 million yielding 1.57% annually which includes nearly \$23.2 million in agency securities, \$8.6 million in municipal debt and \$1 million in U.S. Treasury Securities. The Pershing portfolio effective duration at quarter end is 2.14 years, indicating a longer duration and greater sensitivity to changes in interest rates.

EXECUTIVE SUMMARY (continued)

- A new software called Tracker was purchased at the end of 2010 to create additional reporting opportunities and more accurate portfolio tracking. Tracker is an online based portfolio tracking and accounting software that came highly recommended by other local counties and the GFOA (Government Finance Officers Association). The conversion is complete and we have gained new reporting capabilities which we can provide the Finance Committee in 2011.
- On December 19, 2010, the Wisconsin Department of Financial Institutions closed First Banking Center and, in accordance with a purchase and assumption agreement with the FDIC, there was an orderly transfer of all of deposit and loan accounts, safe deposit boxes and other banking services, to the First Bank Michigan. First Banking Center, located in Lake Geneva, is on our approved Financial Institutions list. We currently hold one \$225,000 Certificate of Deposit with FBC and that certificate will remain insured within FDIC limits.

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.

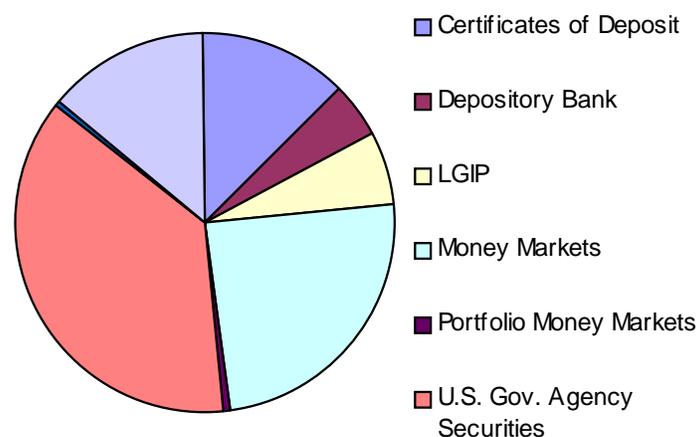
PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

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
Debt Limits	Government debt held with any one entity shall be limited to \$3 million.	All institutions comply
Liquidity Risk	Liquid cash shall be maintained at \$10 million and available with 1 day notice.	\$22.2 million or 35%
Reinvestment Risk	Callable securities shall not exceed 50% of agency securities held.	\$12 million or 38%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of portfolio.	\$6.6 million or 11%
	Investments greater than 1 year and less than 5 years shall not exceed 50% of portfolio.	\$30.5 million or 49%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Money Markets	N/A	95%	24%
LGIP	N/A	\$5 million min/75% max	6%
US Treasuries	5 years	75%	1%
Agency Securities	5 years	50%	37%
Municipal Debt	5 years	25%	14%
Certificates of Deposit	3 years	50%	13%
Operating Cash	N/A	N/A	5%

INVESTMENT TYPE	BOOK/MARKET VALUE
Certificates of Deposit	\$8,025,000
Depository Bank	\$2,962,000
LGIP	\$3,814,000
Money Markets	\$15,115,000
Portfolio Money Markets	\$266,000
U.S. Gov. Agency Securities	\$23,273,000
U.S. Treasury Securities	\$426,000
Municipal Debt	\$8,663,000
Total	\$62,544,000



BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned through the third quarter for 2010 by investment type. The second table below shows the actual and budgeted interest earned for year 2010 by account. The interest shown is on the county's total cash and investment portfolio. All accounts receive interest income based on the LGIP interest rate or actual interest earned based on investments help by fiscal agents.

INVESTMENT TYPE	INTEREST EARNED	2010 BUDGET
Certificate of Deposit	\$ 161,888	\$ 180,000
U.S. Treasury/Govt. Agency	315,905	186,900
Local Gov Inv Pool (LGIP)	38,408	30,000
Depository Bank (Sweep)	4,387	3,600
Money Markets	177,103	240,000
Unrealized Gain/(Loss)	131,113	-
TOTAL PORTFOLIO	\$ 828,804	\$ 640,500

ACCOUNT NAME	INTEREST EARNED	2010 BUDGET
Non-Department	\$ 646,528	\$ 604,000
DPW Equipment Reserve	512	300
DPW Buildings Reserve	2,054	1,000
Children with Disabilities Ed Bd	13,254	-
School Donation Reserve	212	-
Health Insurance	20,963	22,550
Dental Insurance	754	750
Workers Compensation	4,847	4,500
Risk Management	8,567	7,400
SUBTOTAL PORTFOLIO	697,691	640,500
Unrealized Gain/(Loss)	131,113	-
TOTAL PORTFOLIO	\$ 828,804	\$ 640,500
Budget to Actual Variance		\$ 188,304

- The original annual budget of \$660,650 was revised to \$640,500. The budget was exceeded by \$188,304 for year 2010.
- By diversifying into other investment vehicles, we have been able to 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 fourth quarter would have approximated \$172,493 or only 26% of the actual interest earned.
- Certificates of Deposits averaged .36% return for the fourth quarter 2010 with a one-year rolling average of 1.71%. In December LGIP decreased from .22% to .19%.
- Security quarterly yields at cost are .37% for our brokered securities and .26% 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.

Investment Portfolio	Benchmark (LGIP)	Actual
Average rate	0.21%	0.82%
Average daily account balance	\$82,139,000	\$82,139,000
12 month income to date	\$173,000	\$698,000

The results show that the county is currently exceeding expectations in comparison to the benchmark. The county expects interest rates to continue to remain low into the next year. The change in strategy to include more diversity of investment types and maturity lengths 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. For three quarters consecutively, the portfolio did not exceed the benchmark.

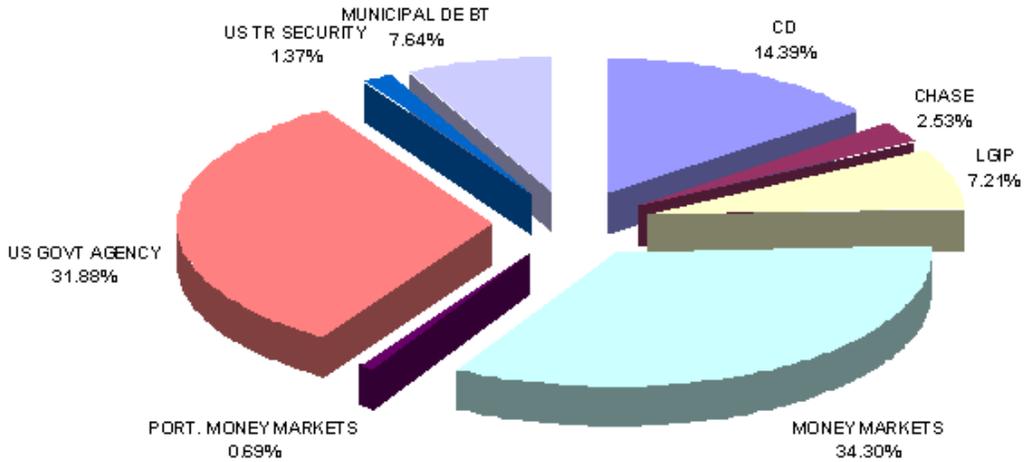
Time Period	Benchmark*	Actual
	Merrill Lynch 1-3YR US TRS	M&I Short-term Portfolio
2010		
1 st Quarter	0.72%	0.41%
2 nd Quarter	0.45%	0.18%
3 rd Quarter	0.62%	0.25%
4 th Quarter	0.20%	0.26%

Portfolio advisor response to underperformance in relation to benchmark: The portfolio was originally structured primarily into Agency securities which carry higher yields than Treasuries. Normally, this would produce a higher return; however, Treasury securities have seen significant short-term price increases due to fear-related purchases as a result of the situation in Europe earlier this year. We view the Treasury market as overbought at this time and susceptible to some price deterioration as investors move back out of this safe haven holding. This underperformance should, thus, prove temporary. The one year return, at 1.18% net of fees is running well ahead of the 0.21% the LGIP is earning.

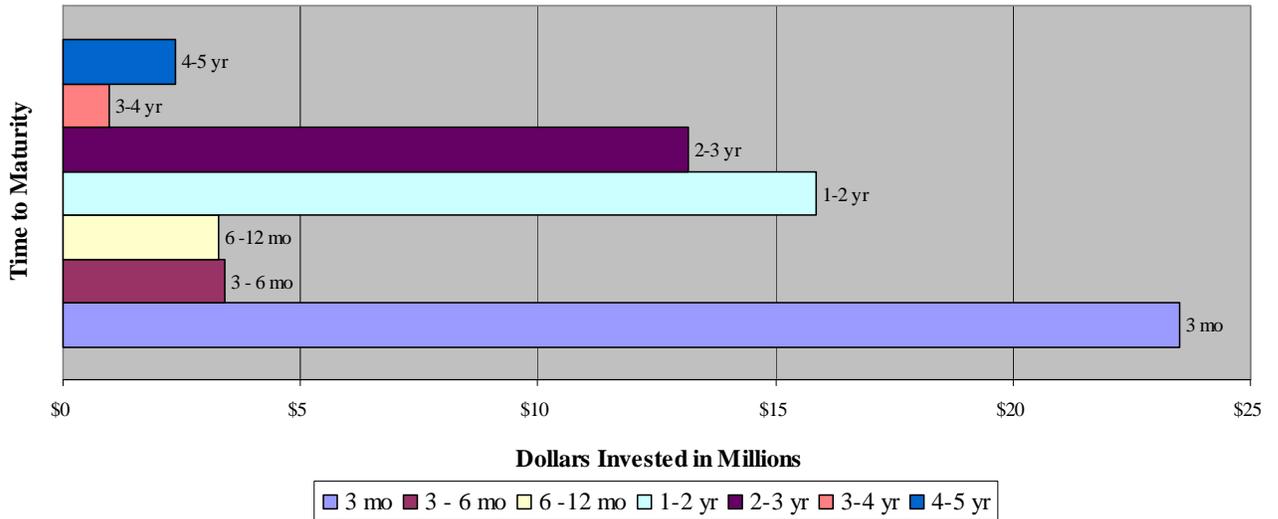
Note: Yields shown include unrealized gains or losses on securities which are usually not sold prior to maturity or estimated life of the security. See the U.S Government Agency/Treasury Securities Overview section on page 14 for actual return on investment.

TOTAL PORTFOLIO OVERVIEW

INVESTMENTS BY TYPE



Total Investments by Maturity

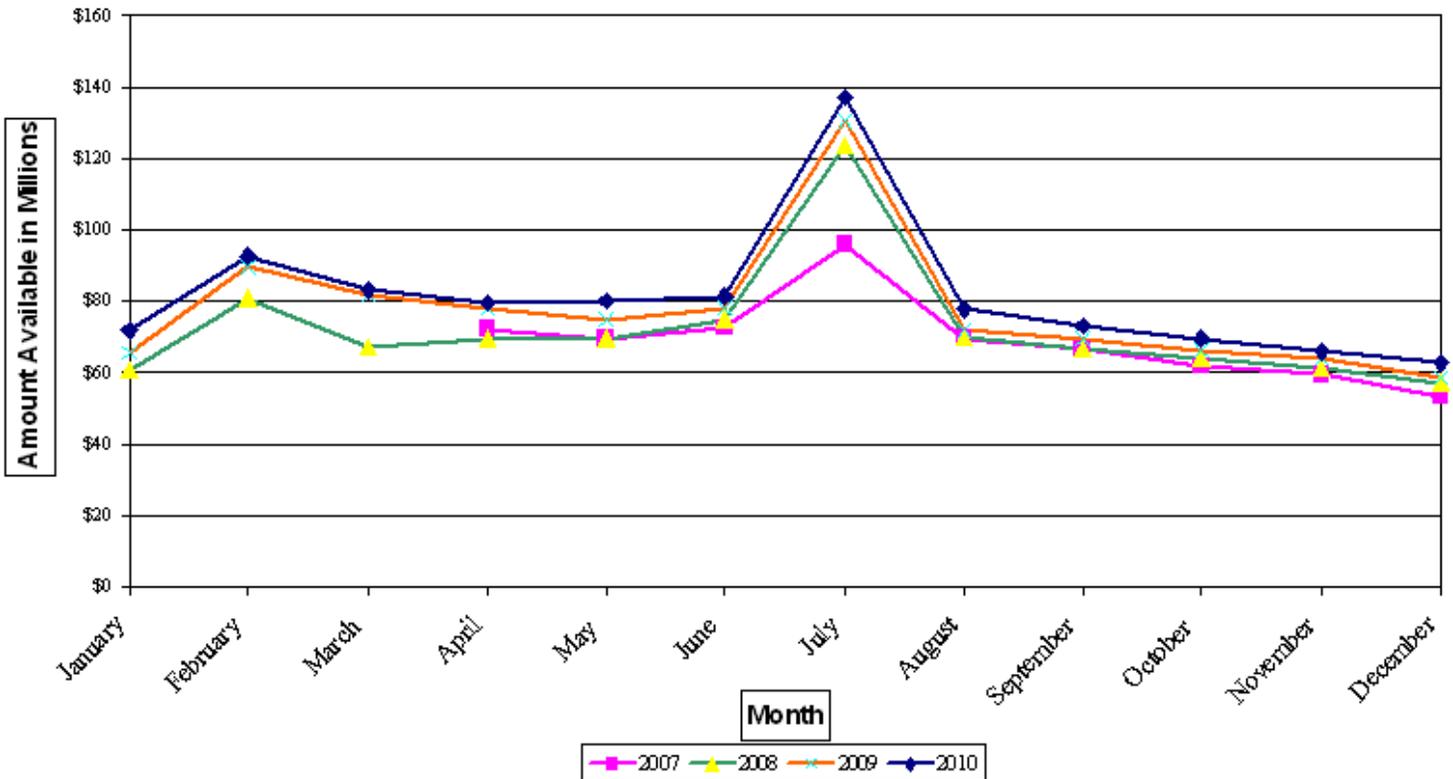


TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

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>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Cash	\$70,201,000	\$72,171,000	\$77,439,000	\$81,165,000
Cumulative Cash			\$73,212,000	\$75,333,000
* 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.

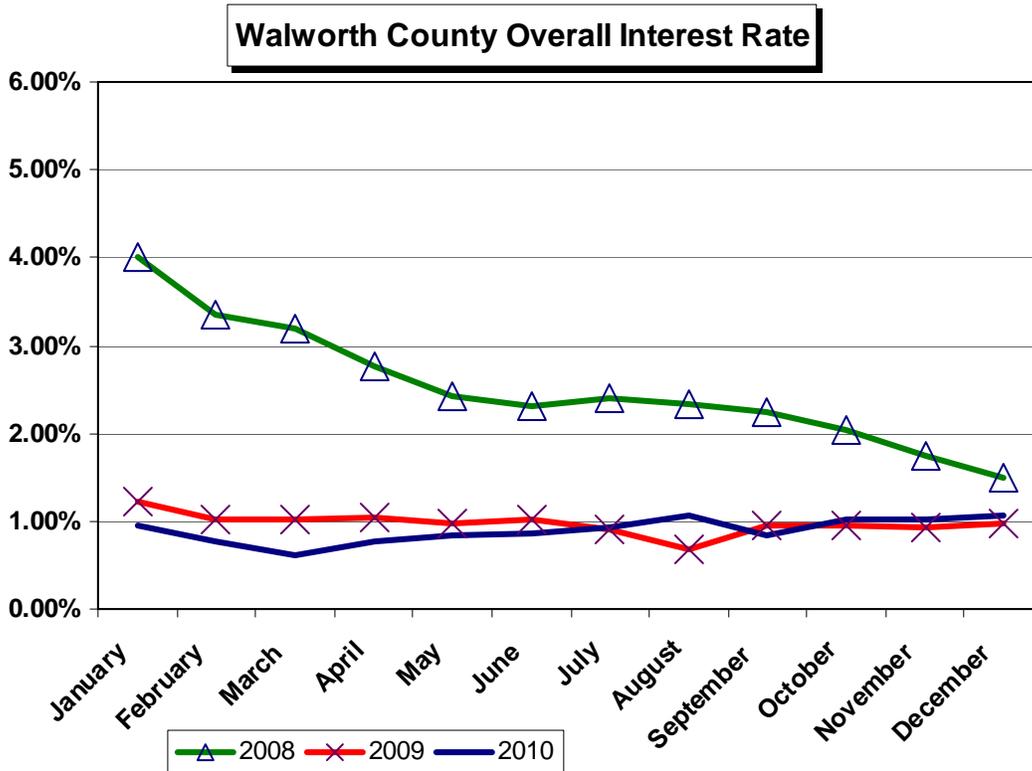
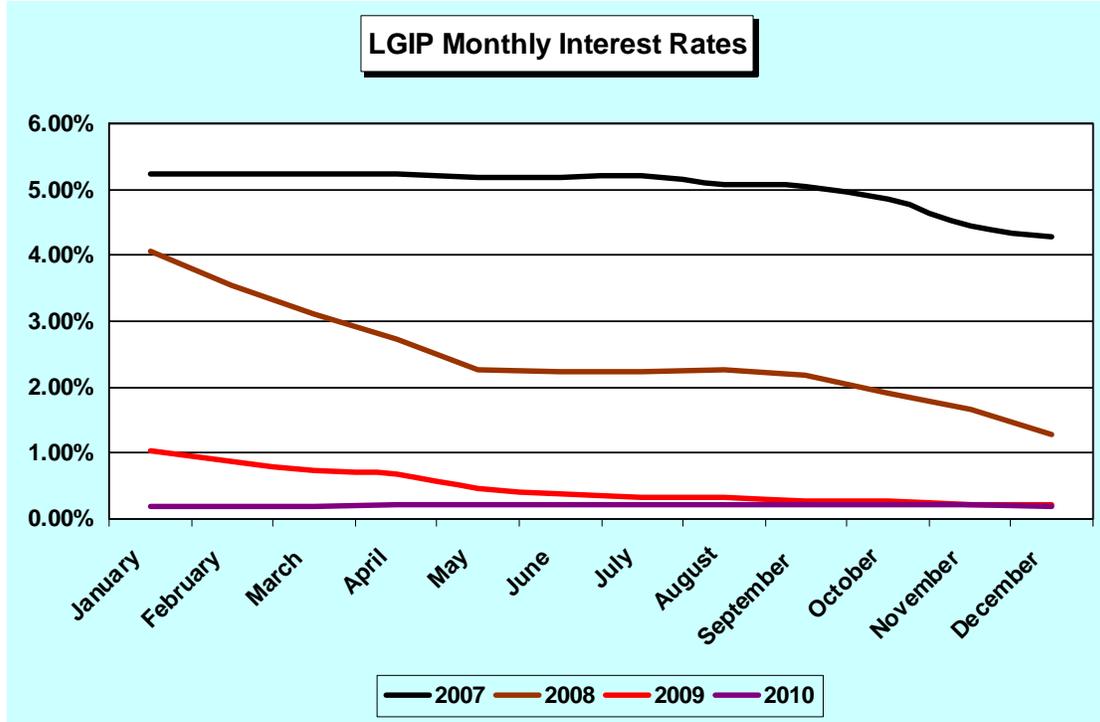
Over the past twelve months, the LGIP balance has averaged \$19 million. The spikes in February and July are the result of the temporary investment of property tax receipts. Most of these receipts are reinvested into securities within a month and no securities were required to be sold short in order 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 commercial paper and certificate of deposits no longer being insured, 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>Maturity Date</u>	<u>Amount</u>	<u>Rate %</u>
Citizens Bank	6/23/2012	\$ 1,500,000	1.25%
Citizens Bank	12/7/2011	225,000	2.00%
Citizens Bank of Mukwonago	2/6/2011	225,000	1.20%
Citizens Bank of Mukwonago	1/8/2011	225,000	1.85%
Commercial Bank WW	11/12/2011	225,000	0.79%
Community Bank of Delavan	8/10/2012	500,000	1.55%
First Banking Center	6/8/2011	225,000	1.45%
First Citizens State Bank	5/10/2011	225,000	1.30%
First Citizens State Bank	10/23/2011	226,804	1.60%
M&I Bank	6/8/2012	1,000,000	2.66%
Mid America Bank	5/12/2012	1,000,000	1.45%
Mid America Bank	11/12/2011	1,000,000	1.87%
Mid America Bank	2/14/2013	1,000,000	2.17%
Southern Lakes Credit Union	12/3/2012	225,000	2.15%
Walworth State Bank	5/10/2011	225,000	0.61%
One year rolling average	1.71%	\$ 8,026,804	

The county has had recent issues in obtaining certificate of deposit bids due to economic factors and lack of interest by our current approved financial institutions. Other options to allow additions to the list of allowable financial institutions may need to be considered in order to receive competitive bids and continue to purchase new certificates of deposit.

SECURITIES/DEBT PORTFOLIO 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.

Government Debt Instruments of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin, if the bond or security is rated in one of the two highest rating categories assigned by Standard and Poor’s Corporation, Moody’s Investors Service, Inc., or other similar nationally recognized rating agency.

Currently the County has agency securities with M&I Trust and agency, treasury, and debt instruments with Pershing. Please see Appendix B and C for individual holding details.

PORTFOLIO SUMMARY

Institution	Cost	Market Value	Unrealized Gain/(Loss)	Quarterly Yield	Rolling 1 Year Yield
M&I Portfolio	\$ 5,098,300	\$ 5,072,746	\$ 28,595	0.26%	1.18%
Pershing Portfolio	\$27,486,499	\$27,554,365	\$102,518	0.37%	1.57%
Total Securities	\$32,584,799	\$32,627,111	\$131,113		

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.

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 1.18% 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 1.57% 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	\$10,085,685
Chase Bank	Collateralized Money Market	5,029,215
M&I Portfolio Money Market	Government Money Market	265,536
Total Money Market		\$15,380,436

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. Current rate is at .73%. 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.

RESTRICTED ACCOUNTS OVERVIEW

PFM Advisors has been selected as the County's OPEB investment advisor as of March 2010. The OPEB portfolio will target a long-term investment yield and contain a portfolio mix of equities to core/fixed income investments. The Trust objectives are based on a 15-year investment horizon and 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	17%-37%	27%	17%
REITs	0%-5%	1.5%	0%
Inflation Hedge	0%-5%	1.5%	0%
Fixed Income	50%-70%	70%	70%
Other	0%-20%	5%	7%
Cash Equivalent	0%-20%	0%	3%

OPEB PORTFOLIO SUMMARY AND PERFORMANCE

Institution	Cost	Market Value	Unrealized Gain/(Loss)
Equity	\$1,919,394	\$ 3,500,625	\$ 1,581,230
Fixed Income	5,489,938	6,897,275	1,407,337
OTHER	24,295	771,569	747,274
Cash	377,651	377,651	0
Total Securities	\$ 7,811,278	\$ 11,547,120	\$ 3,735,841

Portfolio advisor quarterly update: "The Walworth County OPEB Trust was initially funded at the end of May 2010 and then each month going forward to complete the initial portfolio rollout. Since inception, the funds have performed well with a total return of 6.5%, which is the expected range for the County's 30% equity/ 70% fixed income portfolio. For the quarter, the OPEB funds had a periodic return of 2.3% (9.6% annualized). Domestic equities, international equities, and commodities added to performance during the quarter. Fixed-income mutual funds detracted from performance in the last three months due to a rise in bond yields throughout the quarter."

RESTRICTED ACCOUNTS OVERVIEW (Continued)

Due to significant amounts of the portfolio being invested into the market at different times throughout the quarter, benchmark comparisons are not meaningful. 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. The expectation for the County's 30/70 portfolio are returns of approximately 6%+ annually over the long term.

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 ANNUAL BUDGET 2010
Land Information Fees	\$ 890,030	\$ 1,163	\$ 1,050
Risk Management	4,197,181	11,397	10,600
Capital Project Bond Proceeds	1,796,902	3,933	1,300
Clerk of Courts	570,239	1,135	3,500
Waddell Donations	84,595	179	500
Harrison Trust	40,057	85	-
Total	\$ 7,579,004	\$ 17,892	\$ 16,950

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 12/31/2010

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	CD	Chase Money Market 2	Pershing Portfolio 3	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
1st Quarter	0.05%	0.21%	0.19%	0.44%	-	0.30%	0.41%	0.04%	0.19%
2nd Quarter	0.05%	0.17%	0.18%	0.42%	0.07%	0.40%	0.26%	0.03%	0.21%
3rd Quarter	0.06%	-	0.18%	0.36% 4	0.08%	0.42%	0.25%	0.04%	0.20%
4th Quarter	0.05%	-	0.18%	0.36% 4	0.08%	0.37%	0.26%	0.04%	0.26%
One Year Ending 2010									
1st Quarter	0.36%	0.89%	0.84%	1.85%	-	1.33%	1.73%	0.15%	0.74%
2nd Quarter	0.38%	0.77%	0.77%	2.08%	0.11%	1.53%	1.58%	0.17%	0.83%
3rd Quarter	0.22%	-	0.71%	1.67% 4	0.30%	1.60%	1.40%	0.15%	0.82%
4th Quarter	0.21%	-	0.73%	1.57% 4	0.26%	1.55%	1.18%	0.15%	0.84%

Investment Revenue (Net of Management Fees/Gross of Market Adjustments)

Time Period	State Investment Pool	M&I Money Market 1	Mid Amer Money Market	CD	Chase Money Market 2	Pershing Portfolio 3	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2010									
1st Quarter	11,539	34,728	24,878	44,906	135	14,622	20,355	1,036	152,199
2nd Quarter	3,865	26,468	23,924	38,631	10,865	45,671	12,932	823	163,179
3rd Quarter	16,909	-	23,295	40,458	11,095	87,218	12,794	1,678	193,447
4th Quarter	2,827	-	18,535	35,113	7,121	99,706	13,314	833	177,449
One Year Ending 2010									
1st Quarter	110,104	97,542	88,555	284,538	135	36,758	75,166	4,477	697,275
2nd Quarter	58,963	121,270	100,296	208,157	11,000	81,059	78,922	4,364	664,031
3rd Quarter	41,599	95,983	97,472	171,932	22,095	160,696	70,273	4,428	664,478
4th Quarter	35,140	61,196	90,632	159,108	29,216	247,217	59,395	4,370	686,274

Average Daily Balance

Time Period	State Investment Pool	M&I Money Market 1	Mid Amer Money Market	CD	Chase Money Market 2	Pershing Portfolio 3	M&I Portfolio	JP Morgan Chase Banking	Total Investments
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
3rd Quarter	30,147,887	-	13,014,172	11,236,111	14,692,156	20,725,649	5,027,260	4,350,278	99,193,513
4th Quarter	5,357,187	-	10,072,519	9,823,790	9,432,082	26,687,267	5,087,877	2,198,404	68,659,126
One Year Ending 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	15,519,004	15,824,483	13,109,083	10,016,954	10,023,861	5,294,857	5,000,352	2,571,589	77,360,182
3rd Quarter	19,181,788	11,867,744	13,085,357	10,323,217	8,684,969	10,063,252	5,007,079	3,016,055	81,229,461
4th Quarter	16,646,900	8,034,546	12,335,201	10,141,414	11,042,990	15,921,877	5,031,790	2,984,778	82,139,496

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

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

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

4 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.

Walworth County Investment Portfolio
Portfolio Holdings as of 12/31/2010
M&I Portfolio

Description	Maturity Date	Quantity	Cost	Market	Unrealized Gain/Loss-BV
M&I Cash	N/A	2	\$ 2	\$ 2	\$ -
Marshall Government MM	N/A	265,536	265,536	265,536	-
Subtotal Cash & Cash Equivalent		265,538	\$ 265,538	\$ 265,538	\$ -

FHLB 1.625 1/21/2011	1/21/2011	300,000	\$ 303,475	\$ 300,215	\$ 80
FHLMC 3.25 2/25/2011	2/25/2011	300,000	310,649	301,259	223
FNMA 1.75 3/23/2011	3/23/2011	250,000	252,729	250,874	502
FNMA 1.375 4/28/2011	4/28/2011	300,000	301,309	301,176	934
FHLB 1.375 5/16/2011	5/16/2011	300,000	301,134	301,341	1,106
FHLB 1.625 7/27/2011	7/27/2011	300,000	301,981	302,238	1,672
FFCB 3.875 8/25/2011	8/25/2011	300,000	315,397	306,824	2,003
FHLB 3.625 9/16/2011	9/16/2011	300,000	314,427	307,098	2,301
FFCB 3.5 10/3/2011	10/3/2011	300,000	313,494	307,032	2,353
FNMA 2 1/9/2012	1/9/2012	300,000	303,649	304,908	3,381
FHLMC 2.125 3/23/2012	3/23/2012	300,000	303,491	306,072	4,456
FHLB 2.25 4/13/2012	4/13/2012	300,000	304,326	306,884	4,832
FHLB 1.875 6/20/2012	6/20/2012	300,000	300,222	306,051	5,938
FHLB 0.55 10/25/2012-11	10/25/2012	125,000	124,938	124,654	(289)
FHLMC 0.625 11/9/2012-11	11/9/2012	70,000	70,000	69,790	(210)
FNMA 0.375 12/28/2012	12/28/2012	110,000	109,574	109,355	(247)
FHLMC 2.875 2/9/2015	2/9/2015	125,000	129,478	130,268	799
Subtotal Government Agency Coupon Securities		4,280,000	\$ 4,360,271	\$ 4,336,036	\$ 29,835

T-Note 0.75 9/15/2013	9/15/2013	100,000	\$ 100,024	\$ 99,696	(328)
T-Note 0.75 9/15/2013	9/15/2013	25,000	24,923	24,924	(1)
T-Note 2.375 9/30/2014	9/30/2014	100,000	103,035	103,594	565
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,538	59,817	(1,679)
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,522	49,848	325
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,995	39,878	(117)
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,381	48,399	3
Subtotal US Treasury Notes		425,000	\$ 427,418	\$ 426,155	\$ (1,232)

Racine WI School District 1.75 2/1/2011	2/1/2011	45,000	\$ 45,073	\$ 45,017	(8)
Subtotal Municipal Debt		45,000	\$ 45,073	\$ 45,017	\$ (8)

TOTAL M&I WEALTH MANAGEMENT PORTFOLIO		5,015,538	\$ 5,098,300	\$ 5,072,746	\$ 28,595
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Diversification:					
Cash & Cash Equivalents	5%	265,538	\$ 265,538	\$ 265,538	\$ -
Government Agency Coupon Securities	85%	4,280,000	4,360,271	4,336,036	29,835
US Treasury Notes	8%	425,000	427,418	426,155	(1,232)
Municipal Debt	1%	45,000	45,073	45,017	(8)
Total M&I PORTFOLIO	100%	5,015,538	\$ 5,098,300	\$ 5,072,746	\$ 28,595

Breakout by Agency Type:

FHLB	\$ 2,076,582
FFCB	601,473
FHLMC	1,223,915
FNMA	434,067
Municipal Debt	45,017
Treasury Note	426,155
	\$ 4,807,208

Maturity Schedule as of 12/31/2010 (assumes no-call)

0-3 month	\$ 1,483,765
3 - 6 month	179,145
6 - 12 month	197,942
1 - 2 year	2,070,809
2 - 3 year	612,935
3 - 4 year	124,654
4 - 5 year	403,480
	\$ 5,072,729

Portion Callable or Mature within 2 years

Callable	\$ 195,000
Maturity	2,695,000
	\$ 2,890,000

Walworth County Investment Report
Portfolio Holdings as of 12/31/2010

Pershing (Custodian for Broker/Dealer Transactions)

Description	Maturity	Quantity	Cost	Market	Unrealized Gain/Loss-BV
Pershing Cash	N/A	-	\$ -	\$ -	\$ -
Pershing MM	N/A	-	-	-	-
Subtotal Cash & Cash Equivalent		-	\$ -	\$ -	\$ -

FFCB 1.875 12/7/2012	12/7/2012	1,000,000	\$ 1,016,800	\$ 1,023,020	\$ 10,289
FFCB 1.95 5/6/2013-11	5/6/2013	2,000,000	2,013,760	2,009,380	(1,509)
FHLB 1 9/13/2013	9/13/2013	1,000,000	998,440	999,120	525
FHLB 1.7 6/3/2013-11	6/3/2013	1,000,000	1,000,000	1,004,380	4,380
FHLB 1.75 12/14/2012	12/14/2012	1,000,000	1,006,810	1,019,760	15,391
FHLB 1.75 8/22/2012	8/22/2012	2,000,000	2,028,600	2,038,360	19,461
FHLB Step 11/18/2014-11	11/18/2014	500,000	500,000	508,010	8,010
FHLMC 1.75 12/24/2013-11	12/24/2013	1,000,000	1,000,000	1,005,390	5,390
FHLMC 2.6 6/30/2015-11	6/30/2015	1,000,000	1,000,000	1,008,440	8,440
FHLMC Step 6/30/2015-11	6/30/2015	1,000,000	1,000,000	1,009,040	9,040
FNMA 1 9/23/2013	9/23/2013	1,000,000	998,514	998,490	(171)
FNMA 1.715 10/29/2012-11	10/29/2012	2,000,000	2,000,000	2,008,060	8,060
FNMA 1.75 2/22/2013	2/22/2013	2,000,000	2,014,540	2,042,220	31,781
FNMA 2 4/15/2013-11	4/15/2013	2,000,000	2,000,000	2,007,880	7,880
Subtotal Government Agency Coupon Securities		18,500,000	\$ 18,577,464	\$ 18,681,550	\$ 126,969

Madison Wisconsin Taxable Prom Nts 1 10/1/2	10/1/2012	500,000	\$ 500,000	\$ 497,170	\$ (2,830)
Oshkosh Wisconsin Refunding 1 12/1/2012	12/1/2012	380,000	380,000	378,073	(1,927)
Outagamie County 0.75 9/1/2011	9/1/2011	365,000	365,000	365,500	500
Outagamie County 1 9/1/2012	9/1/2012	125,000	125,000	125,143	143
Outagamie County 1.3 9/1/2013	9/1/2013	825,000	825,000	821,875	(3,125)
Pewaukee Wisconsin 1.25 3/1/2012	3/1/2012	105,000	105,000	105,385	385
Pewaukee Wisconsin 1.65 3/1/2013	3/1/2013	105,000	105,000	105,332	332
Pewaukee Wisconsin 2 3/1/2014	3/1/2014	110,000	110,000	109,632	(369)
Racine County 1.05 6/1/2012	6/1/2012	200,000	200,000	200,334	334
Racine County 2.55 6/1/2015	6/1/2015	285,000	285,000	283,370	(1,630)
Waukesha County 2 4/1/2013	4/1/2013	1,025,000	1,055,145	1,048,227	(2,241)
Waukesha County Wisconsin 2 4/1/2012	4/1/2012	990,000	1,012,909	1,006,068	(1,151)
Winnebago 0.7 4/1/2011	4/1/2011	500,000	500,000	499,625	(375)
Winnebago 0.85 4/1/2012	4/1/2012	640,000	640,000	636,390	(3,610)
Beaver Dam 1 4/1/2011-11	4/1/2011	1,325,000	1,325,981	1,325,292	(446)
Dane County 0.6 6/1/2011	6/1/2011	305,000	305,000	304,390	(610)
Dane County 0.9 12/1/2012	12/1/2012	1,070,000	1,070,000	1,062,168	(7,832)
Subtotal Municipal Debt		8,855,000	\$ 8,909,034	\$ 8,873,972	\$ (24,451)

TOTAL PERSHING PORTFOLIO	27,355,000	\$ 27,486,499	\$ 27,555,522	\$ 102,518
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Diversification:

Cash & Cash Equivalents	0%	-	\$ -	\$ -	\$ -
Government Agency Coupon Securities	68%	18,500,000	18,577,464	18,681,550	126,969
US Treasury Notes	0%	-	-	-	-
Municipal Debt	32%	8,855,000	8,909,034	8,873,972	(24,451)
Total PERSHING PORTFOLIO	100%	27,355,000	\$ 27,486,499	\$ 27,555,522	\$ 102,518

Breakout by Agency Type:

FHLB	\$ 5,569,630
FFCB	3,032,400
FHLMC	3,022,870
FNMA	7,056,650
Municipal Debt	8,873,972
Treasury Note	-
	\$ 27,555,522

Maturity Schedule as of 12/31/2010 (assumes no-call)

0-3 month	\$ -
3 - 6 month	593,335
6 - 12 month	636,390
1 - 2 year	13,307,709
2 - 3 year	10,253,451
3 - 4 year	210,717
4 - 5 year	2,553,919
	\$ 27,555,522

Portion Callable or Mature within 2 years

Callable	\$ 11,885,872
Maturity	8,091,868
	\$ 19,977,739